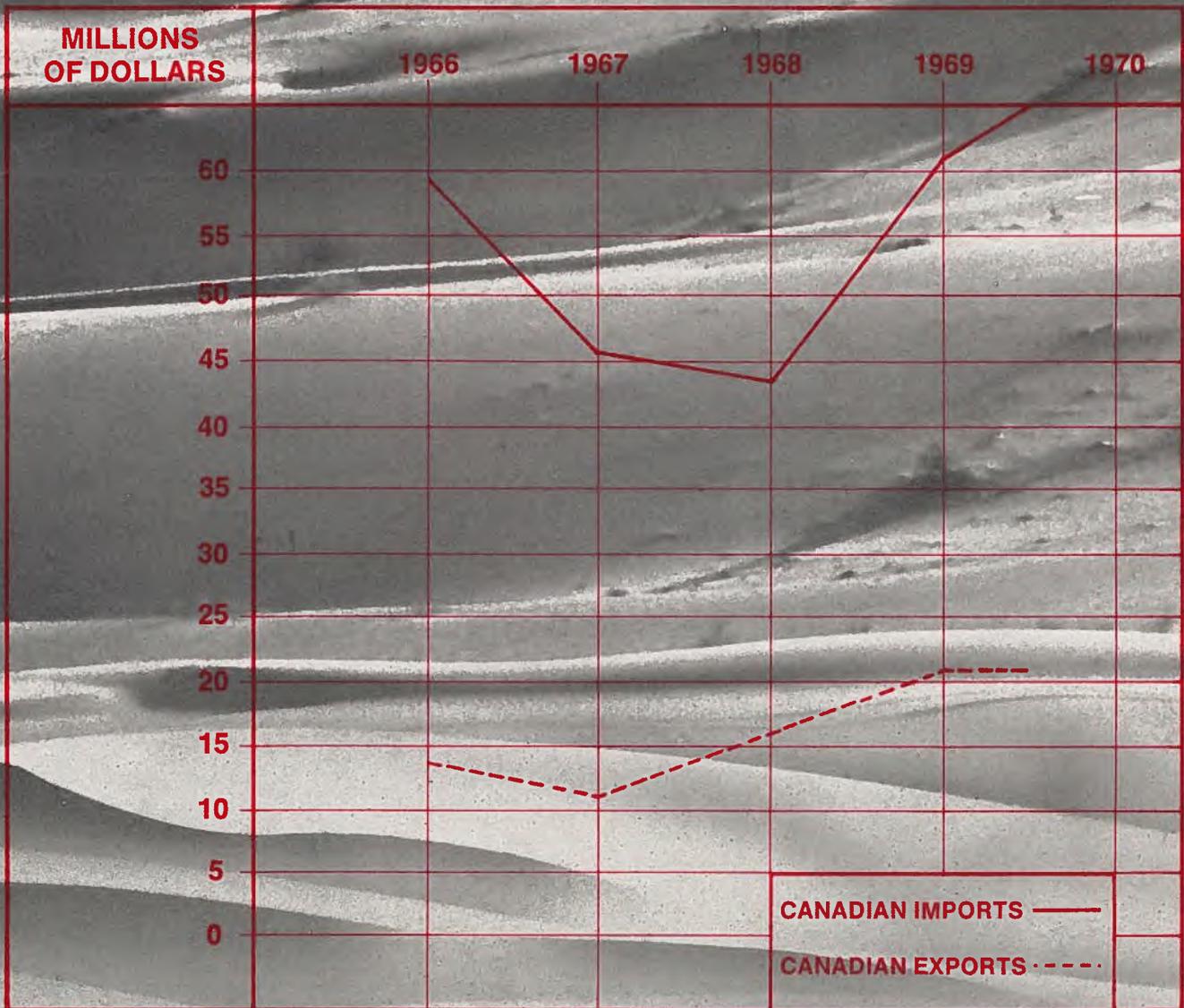


foreign trade

Department of Industry, Trade and Commerce, Canada

September 26/70

CANADA AND THE MIDDLE EAST



In This Issue

Canada's trade balance with the Arab nations of the Middle East continues to be unfavorable, despite slight export increases achieved in the past two years. As the graph on the cover of *Foreign Trade* reveals, Canadian exports are lagging severely behind imports.

This issue of *Foreign Trade* tells why those import figures have remained strong and where Canadian industry may achieve marketing that would close the deficit and generate new sales that could have long range total production affects.

Lebanon, Kuwait, Yemen, Syria, Iraq, Jordan, Iran and the Lower Gulf States are studied in the market reports and the centre of the book contains brief country facts in point-by-point order to provide businessmen with easily kept reference material.

This issue has information on selling meat products in the vast Japanese market and also tells about joint industrial projects in Spain that create possibilities for Canadian investment.

D. I. Campbell, Canada's consul and trade commissioner in San Juan, Puerto Rico, passes along a copy of a letter he received from a Canadian company that's finding business abroad to be very interesting—and profitable.

Jack Goodson, president of Hotel Printing Limited, Montreal, writes in part, "At your suggestion we were at the Caribbean Hotel Association convention in Curacao. Not only have I got work from one hotel in Curacao, but am working on designs for a few

other large hotels there. I stopped off in Barbados and secured business from hotels there and was able to arrange to have a representative appointed.

"I have not been able to add up in terms of money how much business resulted, but there are many things on the fire."

That sort of letter keeps Trade Commissioners young.

The next issue of *F.T.* will not feature any one particular world market area. According to Miss Margot Martin of *F.T.*'s editorial staff, "it's a gubbins" that includes something about a lot of things. Real mixed up—like eating onion rings with ice cream sundaes—or whatever.

foreign trade

Vol. 134 No. 4

September 26/70



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

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Canada in the Middle East

The \$110.4 million trade between Canada and the Arab nations of the Middle East in 1969 indicates only a slight increase from the 1966 trade totals of \$109.8 million. These totals, however, mask the gradual revival of Middle East trade in 1968 and 1969 after the sharp decrease in over-all trade levels owing to the tense political-military situation in that area in 1967.

Despite a small increase in Canadian exports since 1966, Canada continues to maintain a highly unfavorable balance of trade with the oil-exporting states of Iran, Iraq, Kuwait, Saudi Arabia and the Trucial States. In 1969 Canadian petroleum imports from these five countries, following a consistent pattern, accounted for over 95 per cent of total Canadian imports from the Middle East (\$84.2 million out of \$87.6 million).

Canada's favorable balance of trade with Lebanon, Syria, Bahrain and Qatar has had little effect on the over-

all trade picture in the Middle East owing to the comparatively low levels of trade involved, (1969—\$8 million Canadian sales, \$860,000 purchases). Significantly, these countries, with the exception of Lebanon in 1966, have not exported petroleum to Canada, although Syria has found markets for its oil in Rumania, Poland and the U.S.S.R.

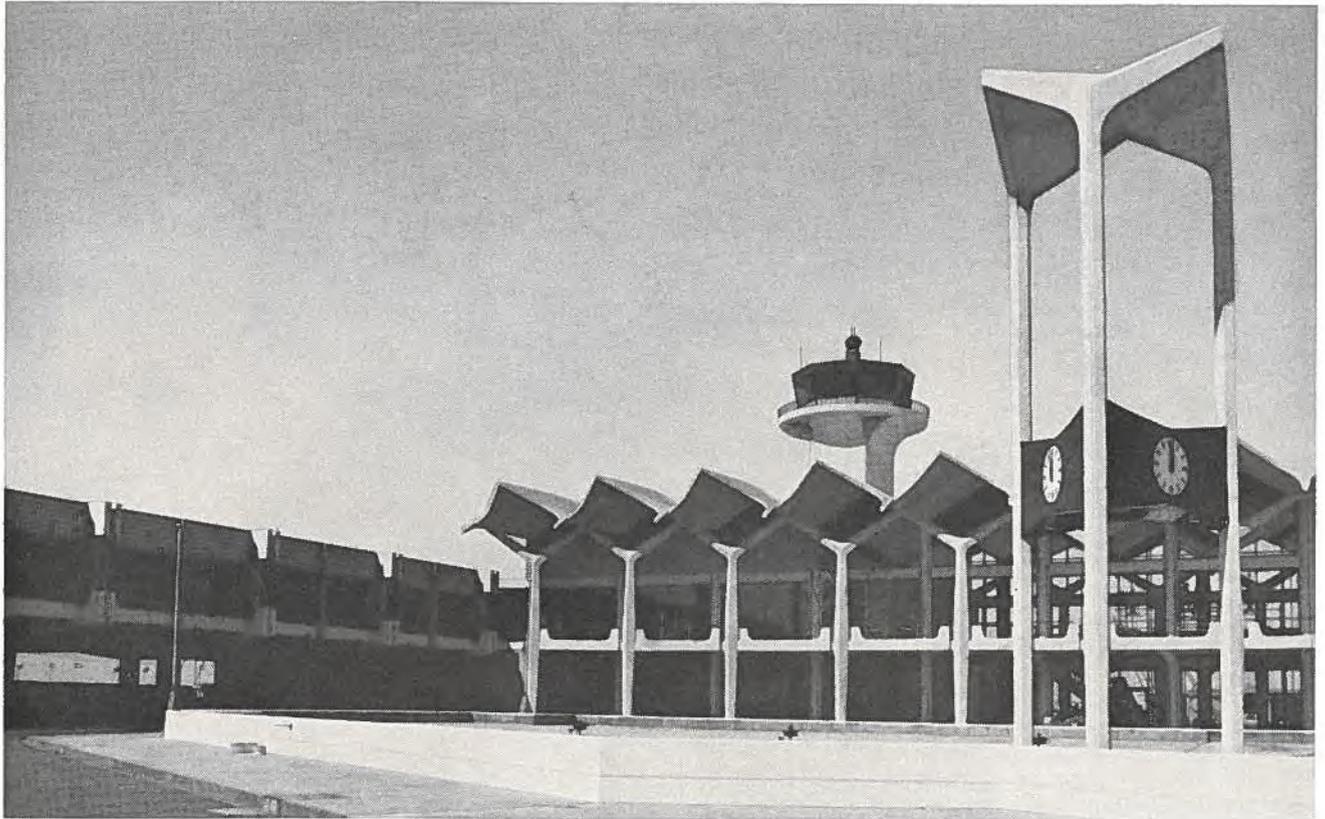
Although non-petroleum imports from the Middle East countries have continued to make only a relatively minor impact upon the Canadian economy, Iraq and Iran supplied Canada with \$1,674,000 worth of dates in 1969. In addition, Iran continued to find a moderate market in Canada for oriental rugs (almost \$260,000 in 1969). From Lebanon came purses (over \$340,000), gems (\$210,000) and collectors' items (\$102,000).

Canada's export trade with the Middle East benefitted in 1969 from the \$3,675,000 sale of four aircraft to the

Trucial States. Canada continued to increase its exports to Iraq, Jordan, Kuwait, Lebanon and Saudi Arabia of washing machines and parts (\$1,164,000 in 1969), although sales of automobiles to Kuwait, Lebanon, Saudi Arabia, Bahrain, Qatar and the Trucial States declined from \$2.1 million in 1968 to \$1.4 million in 1969. Iraq and Iran purchased large amounts of copper wire and cable in 1969 (\$1,700,000) while sales of asbestos to Iran and Lebanon fell from slightly under \$1,500,000 in 1968 to \$1,250,000. Sales of wheat products to Lebanon and Saudi Arabia rose above \$1,600,000. As can be noted, Canadian exports to the Middle East, thus far, have consisted mainly of the type of products for which we have demonstrated an export capacity in other world markets.

The country reports which follow indicate the growth potential in the Middle East for these and other less traditional but important Canadian exports such as telecommunications equipment.

Figures on trade between Canada and the Middle East show only a small increase. Not shown are the figures for such things as consulting services and design. Here, for instance, is the Abu Dhabi airport designed by Consult Ltd. of Canada.



Lebanon: Major Setbacks Overcome

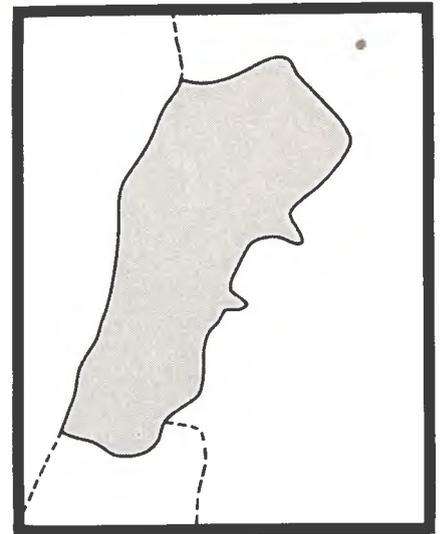
YVES TREPANIER
Assistant Commercial Secretary
Beirut

Although the country seems to have overcome such difficulties as the collapse of Intrabank in 1966, which threw the banking system into grave uncertainty, and the six-day war of 1967, the fact remains that 1969 did not bring progress comparable to Lebanon's advance during the period 1960 to 1965.

Although most main sectors have shown little or no growth, recorded

decreases indicate only a drop in general activity. Conditions both within and without the country must be taken into consideration when looking at the nation's balance sheet for 1969. For instance, trade was at a standstill between Lebanon and Saudi Arabia during July and August last year, and the border with Syria was closed for about three weeks. Despite such conditions, many sectors of the country's economy continued to grow.

The agricultural sector represents about 15 per cent of the Lebanese national product and provides work



for nearly 50 per cent of the population. Despite its diminished economic importance within the national product, it still provides more than a third of Lebanon's exports. Citrus production in 1969 showed a slight deficit at 230,000 tons, or 11 per cent less than the previous year. The production of apples dropped 54 per cent to 68,000 tons. However, the price increase for these products seems to

An aerial view of the city of Beirut, showing the Place de L'Etoile. Lebanon is a good, though small, market for luxury goods, and may well become a promising market for beef and dairy cattle and other agricultural products.



conceal the poor harvest (see Table 1). Other agricultural products do not seem to have been affected by the severe winter of 1969. The substantial increase in olive production is due to the natural cycle of this crop, 1968 having been a poor year compared to the average. Lebanon has a shortage of livestock and imports more than 80 per cent of its meat and 60 per cent of its milk requirements. The Ministry of Agriculture is making considerable efforts to increase the beef and dairy cattle population, and to increase agricultural production. Canadian sunflower seed, for instance, is undergoing intensive testing to improve local varieties.

Unlike most countries in the Middle East, Lebanon has found no oilfields or mineral wealth. However, a major cement-producing industry is developing in the Chekka area, and secondary industry is developing at a remarkable rate, as witnessed by exports of industrial products. These reached the record figure of \$55 million in 1969 compared with \$43 million in 1968 and \$29 million in 1967. The main industrial sectors include the food product and processing industries, cement, paper and cardboard, and weaving and textiles industries. There is also a major concern producing refrigerators, and 1969 saw the start of an electric cable industry. The total investment in new public companies incorporated in 1969 reached \$107 million, compared with \$16.5 million in 1968.

During 1969, Lebanon continued to develop its infrastructure. Several projects are under way and surveys have been undertaken on others. Expansion of the port of Beirut is continuing at an accelerated pace with the completion of the third basin and the construction of grain silos with a total storage capacity of 105,000 tons. The project should be completed before the end of this year. The port now has 3,300 meters of wharfage, a hauling berth of 1,000 tons, and can accommodate up to 30 ships. The annual movement of goods is now 3.5 million tons.

Negotiations are under way with the World Bank for the financing of superhighway projects along the main axes of the country, Beirut-Tripoli, Beirut-Saida and Beirut-Chtaura (the

TABLE 1
LEBANON'S AGRICULTURAL PRODUCTION AND IMPORTS

Production	\$ million		
	1967	1968	1969
Wheat	7.5	3.6	2.8
Potatoes	5.8	3.6	4.1
Onions	1.3	1.2	2.3
Sugarbeet	2.0	1.6	1.5
Citrus fruits	25.0	27.0	33.5
Apples	8.0	8.0	10.0
Bananas	5.3	5.6	5.8
Grapes	6.6	5.3	6.7
Olives	8.3	5.0	8.3
Tobacco	9.6	11.3	12.5

Major Imports	\$'000		
	1967	1968	1969
Animal, animal products	50.8	58.4	43.2
Fats, oils, other food products	78.3	67.8	69.3
Beverages, tobacco, cigarettes	24.5	24.8	28.3
Mineral products	33.9	40.7	41.0
Chemicals	45.1	43.9	48.0
Hides, leather, leather goods	9.9	10.2	9.7
Wood, wood products	24.2	31.0	23.2
Textiles, textile products	55.2	63.3	71.2
Stone, cement, ceramics	8.5	8.3	8.8
Coins, jewellery, precious metals	115.3	97.2	98.1
Metals, metal products	42.3	46.0	50.4
Machines, mechanical & electrical equipment	66.7	61.7	72.2
Transportation equipment	27.1	41.3	40.1
Others	11.9	31.7	37.4

TABLE 2
CANADIAN EXPORTS TO LEBANON

	\$'000		
	1967	1968	1969
Wheat	73	—	69
Flour	420	430	801
Powdered skimmed milk	—	380	19
Asbestos fibers	479	417	438
Lumber and plywood	30	13	23
Newsprint	198	219	412
Automobiles	82	197	94
Steel	36	42	23
Aluminum	15	—	106
Aircraft motors, spare parts	218	455	185
Refrigerators and parts	30	135	168
Washing machines and parts	201	196	251
Firebrick	39	15	69
Asbestos brake linings	18	40	61
Drugs	154	198	224
Spark plugs and parts	—	47	89
Total exports	2,497	3,383	3,524

road to Damascus). Surveys for the latter projects are almost completed and work should start soon. Rural electrification has just been completed and a major thermo-electric plant is going up a few kilometers south of Beirut, at Jieh. It will have three phases of 120 mw each. The first phase is nearing completion, with others to be built as demand for electric power increases. The communications systems in Lebanon are dealt with in another article on page 31.

The Beirut International Airport is planning an \$18 million expansion, including a new 3,690-meter runway. Work should start this year. The project is to be carried out under the direction of the Société Française de l'Aéroport de Paris and will enable Beirut to accommodate jumbo jets. In 1969, general traffic (commercial, private and state) of the Beirut International Airport reached 40,053 aircraft movements, 1,571,726 passengers, 47,636 tons of freight and 2,274 tons of mail. This represents an increase of about 4.4 per cent over the previous year for aircraft and for passengers, 2.9 per cent for freight and 35.7 per cent for mail.

Despite the present situation in Lebanon and the Middle East, the country's tourist trade has gone up by 5.7 per cent and tourist income has remained at about \$115 million. A noteworthy fact is that the number of non-Arab visitors increased 12 per cent in 1969, compared to the preceding year. About 5,000 visitors came from Canada.

According to preliminary figures, imports in 1969 increased by 8.9 per cent and exports by 17 per cent. But despite this, the trade deficit increased from \$452 million in 1968 to \$479 million last year. Imports, excluding gold and currency, totalled \$514 million last year and exports \$175 million.

In 1968 and 1969, imports from North America increased by 10 per cent (from \$63 million to \$70 million), and exports to the same area increased 66 per cent from 4.9 million to \$8.1 million.

Canada's trade position in Lebanon is still marginal (\$3,524,000 in 1969),



From May to December skiing is a popular sport in the Lebanese mountains, where resorts bear comparison with the best in Europe, both in slope quality and comfort.



Khalde International Airport at Beirut is Lebanon's main link with the outside world and is served by all major international airlines. An \$18 million expansion is planned.

although some products, such as newsprint, aluminum, washing machines, refrigerators and pharmaceutical products, are finding bigger markets.

Lebanon is a very competitive market and prices paid for mass-consumption goods are low. On the other hand,

luxury goods are expensive. This group includes sporting goods (tennis, waterskiing, yachting), radios and stereo sets. Though this is not a large market, Canadian manufacturers of such products could find it a profitable one. The Beirut office can help you get details on the market and give you an introduction.

Kuwait: A Challenge to Beirut?

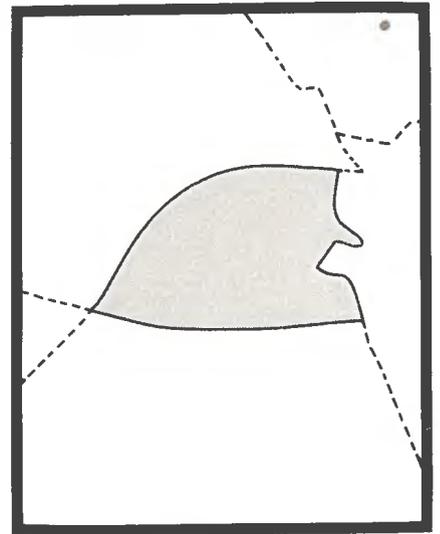
D. I. DITTO
Commercial Secretary, Beirut

Oil dominates Kuwait's economy. It generates over 90 per cent of the Government's revenue, 96 per cent of its exports and about 56 per cent of its GNP. In 1969 Kuwait continued as one of the world's leaders in the production and export of crude oil; it is the world's sixth largest petroleum producer and has about 17 per cent of the total world oil reserves. Additional oil deposits are believed to exist in the offshore area between Kuwait and Iraq.

The oil boom which started in the 1950's and nurtured concentrated development throughout the 1960's is now over, and the country is consolidating its past economic advancement. Furthermore aid payments to the UAR and Jordan of over \$192 million per year, or more than 21 per cent of its annual \$928 million oil income, have strained even Kuwait's vast wealth and have prevented it from undertaking some of the projects planned in the 1971-77 \$2.4 billion economic development plan. Top

priority infrastructure projects that will probably take place are highway construction, expansion of airport and port facilities, a hospital, a radio-TV center. A pharmaceutical plant, aluminum smelter and a water front development project are also planned for soon.

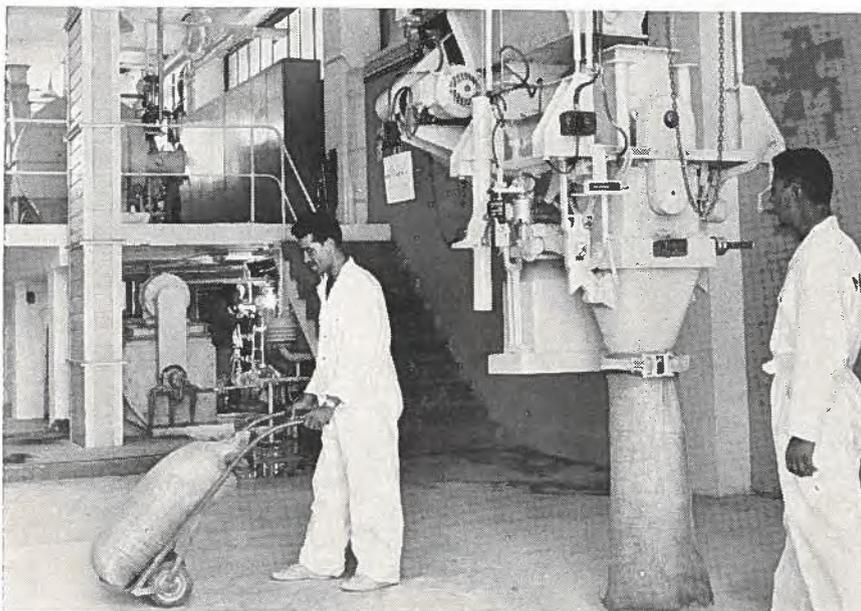
Kuwait's imports continued to increase as they have done for more than a decade. In 1967 total imports were \$636 million; in 1968 they were \$655 million and rose again in 1969. A good market exists for a wide range of Canadian products, including domestic appliances, transportation equipment and parts, foodstuffs, electrical supplies and machinery. Kuwait enjoys one of the highest per capita incomes in the world and its people are willing to pay for high quality North American and European-styled products. Although Canadian goods are not yet well-known in Kuwait, merchants do show interest in Canadian items that can compete in this increasingly sophisticated market. Competition in 1969 was mainly from the U.S. (17 per cent of total imports), and Britain (12.7 per cent).



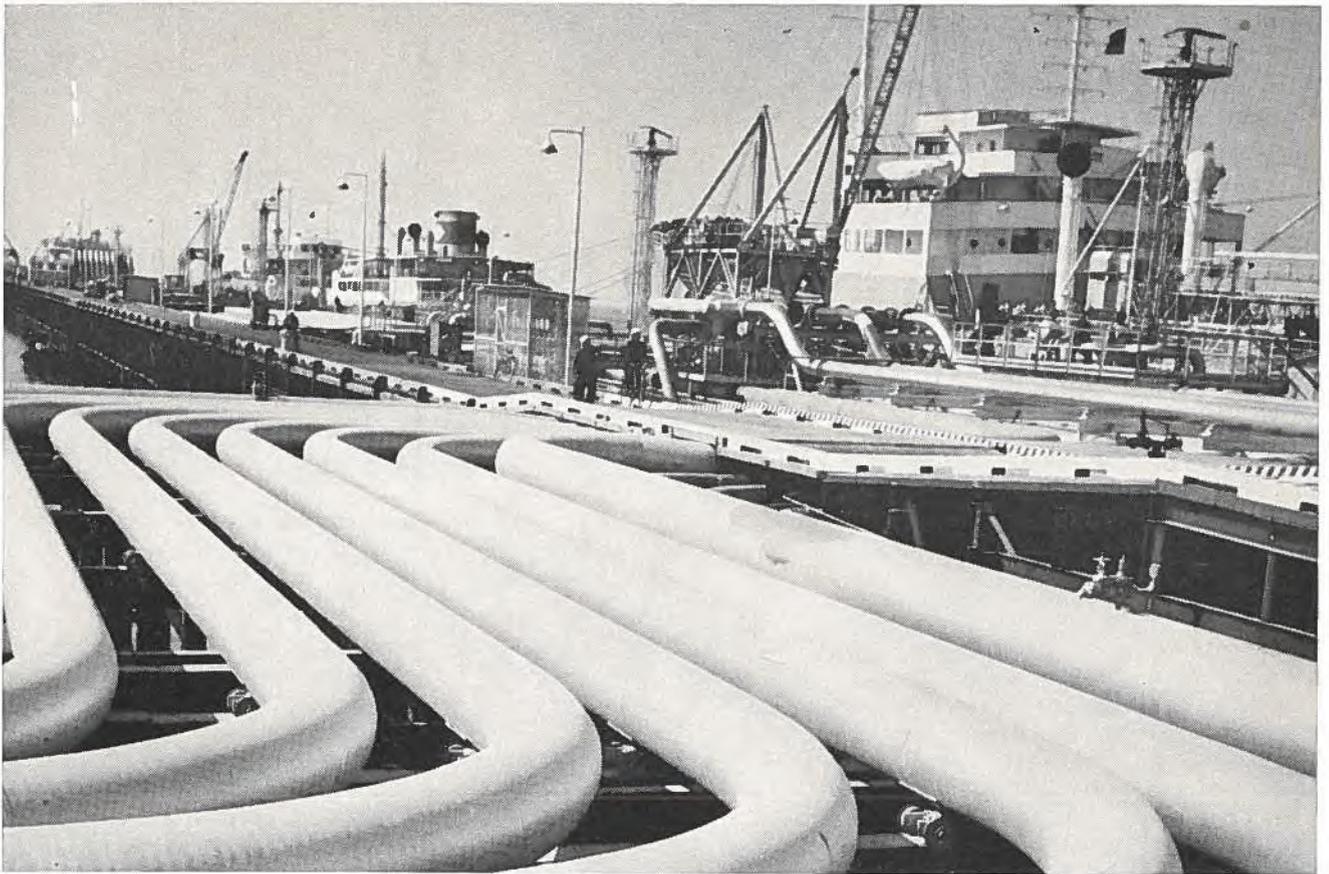
Although most of Kuwait's requirements are imported, several new local industries have appeared. Government-financed heavy industries include the Kuwait Chemical Fertilizer Company, which produces about 500 tons a day of liquid ammonia, sulphuric acid, urea and ammonium sulphate and the Kuwait National Petroleum Company's refinery which produces about 95,000 b/d of petroleum products. There are three local private shrimp fishing companies which sell mainly to the U.S. Mixed public-private investment in light industry is proposed for 33 factories, mainly assembly plants that include a cement clinker grinding plant, air conditioner assembly and electric cable production.

Kuwaiti investors appreciate the quality of Canadian technology and would welcome Canadian participation in joint ventures involving local funds and Canadian capital and knowhow.

Over recent years, as sound financial institutions have become established, Kuwait has become the major financial center in the Gulf. The Kuwait banking system was further streamlined



This chemical fertilizer plant produces about 500 tons a day of liquid ammonia, sulphuric acid, urea and ammonium sulphate. This is one of several new industries financed by the Government.



Although oil still dominates the Kuwait economy, the boom is over and consolidation is now the country's keynote.

when on April 1, 1969, the Central Bank of Kuwait began operation and assumed a regulatory function over the five commercial banks and the country's monetary and credit policy. Two Kuwait investment companies handle most of the Government's foreign investments which totalled \$2,106 million in 1969. As Kuwait's affluence continues to increase and its financial community becomes more sophisticated, it may challenge Beirut as the financial center for the Middle East.

Canadian exporters who want to sell to Kuwait should first contact the Canadian Embassy in Beirut for a preliminary market survey; later the names of potential Kuwaiti agents can be provided so Canadian companies can forward c.i.f. Kuwait prices and brochures to enable trial orders to be placed.

If business develops the Canadian exporter should visit Kuwait. Kuwait city, the capital with a population of 450,000, is a modern and pleasant city. It has an international airport, two new luxury hotels and modern shops. Visits between mid-May and mid-September

should be avoided because of the heat and humidity and because many local businessmen and officials are on holidays at this time. Travel during the month-long Ramadhan fast (in 1970 October 29 to November 30) should also be avoided.

Canadian passport holders can obtain visas for Kuwait and other Middle

East countries in Beirut. Visitors should allow two days for this and should bring extra passport photographs. When planning the visit to Kuwait Canadian businessmen should write beforehand to the following address: Commercial Counsellor, Canadian Embassy, Rue Clemenceau, Alpha Building, Post Box 2300, Beirut, Lebanon.

Puerto Rico Gets Steel Mill

A steel mill to be built in Puerto Rico by two United States companies will be one of the most advanced integrated plants in the world when it begins production early in 1972. The Lykes-Youngstown Corp. and Midland Ross Corp. will initially invest \$30 million in the \$100-million project which will have a staff of about 425 people.

Initially the mill will produce approximately 400,000 tons of steel annually and gradually increase production to 1.2 million tons. The Midland Ross process—one of the many direct reduction methods which eliminates the iron-making blast furnace—will be employed. Pellets of concentrated

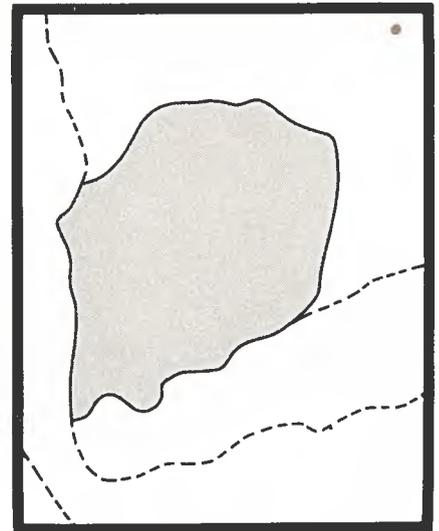
ore are fed directly into the steelmaking furnace. Production is expected to include carbon steel re-bars, wire rods, shapes, bars, pipe and carbon steel billets.

The companies are seeking permission to import 12,000 barrels of naphtha a day, which is used to degranulate the ore.

The impact of this venture on the Caribbean area is difficult to estimate at this early date. Most of the production is expected to be shipped to the United States. However, once the mill is firmly established, quantities of the finished products will probably be shipped to Caribbean markets.

Yemen:

Mini-Boom Conditions



STUART B. McDOWALL, Commercial Secretary, Beirut

Yemen has been one of the world's least known countries. Although Yemen gave the world the Queen of Sheba, frankincense and myrrh, and, later, Mokha coffee, it had been almost completely cut off from the rest of the world until 1962, when it achieved independence from its past rulers the Immams. Even then, civil war and internal strife until this year occupied much of the country's energies and resources. Now, however, with the political situation seemingly taking a new turn, and with an increased interest and presence of Western countries in Yemen, "mini-boom" conditions exist and it may well be time to take a closer look at this country with a population equal to that of Quebec, yet only one seventh its size.

Yemen is an Islamic, independent, sovereign, democratic, Arab nation nestled in the southwest corner of the Arabian Peninsula, bordering with Saudi Arabia and the People's Republic of South Yemen, which was formerly known as Aden.

There are three principal market areas.

Hodeida, with a population of 80,000, is located on the hot coastal plain called Tihama where cotton is now grown and which has great agricultural potential for cash crops such as sugar cane. Hodeida is also the major port to which all goods should be shipped (quote c.i.f. in U.S. dollars or pounds sterling). It receives an average of one ship a day at its modern port on the Red Sea, but three ships can come alongside at a time. Nearby is Salif,

site of a large coastal salt deposit and of some proposed oil exploration activity, as well as a fishing industry.

Sana'a, capital of the Yemen Arab Republic, has a population of 100,000. It is located 7,000 feet up on the high central plateau, an area that receives 15 to 30 inches of rainfall. The mountain peaks here reach over 12,000 feet and sometimes receive snow in the winter. It is also the site of a major textile mill using Yemeni-grown cotton.

Taiz has a population of 80,000. It is located in the south, which is the center of an agricultural area for quat, a mild narcotic that is chewed, and the famous Mokha coffee. Development work is expected to take place for copper and other minerals in this area.

Yemen probably buys about \$75 million worth of goods per year, including an estimate for the large amount that is smuggled into the country. Traditionally all imports came via Aden and there was a large preference for British goods. However, with the present facilities for direct shipment to Hodeida, goods come from all over the world and particularly from those countries that give aid.

Importers more than welcome offers from Western countries, because they have been cut off from the outside world for years and are not aware of what we have to offer. On the other hand, many of the importers' letters abroad are often answered by a request from the supplier to please help them locate Yemen on the map. This know-

ledge gap is changing however with the setting up of offices in Yemen by many of the companies which used to sell to the country via Aden.

A complete range of goods is required in Yemen although luxury items are still in small demand. We feel there are opportunities for flour, wheat, paper, newsprint, machinery, foodstuffs, household appliances, building materials, plus a wide range of other everyday consumer items. Canada sells very little to Yemen, but our Beirut office now has a comprehensive list of the major importers in the country and welcomes any inquiries.

Exports have been falling due to the past years of civil unrest and today are composed mainly of Mokha coffee sold to the U.S.S.R., the U.S. and Eastern Europe; quat, which is sold to the People's Republic of South Yemen and Ethiopia; hides and skins for Italian and other European handbag manufacturers; salt to Japan. Canada buys nothing from Yemen.

There are more than one million Yemenis abroad, including some in Canada, and almost all remit earnings to their families. These remittances are the life blood of the economy to date, and pay for most of the imports.

Confirmed letters of credit, the accepted method of payment for imports, are only opened after the importer has purchased hard currency locally and deposited this with Yemen's only bank, the Yemen Bank for Reconstruction and Development.



Terraced hillsides are a common sight in Yemen, the land of Mokha coffee. Western products are more than welcome here, but Canadian goods are not well known.

This prohibits the country from importing more goods than there is hard currency to pay for them but puts a heavy strain on the value of the Yemeni Riyal, the local unit of currency. The riyal is divided into 40 buqshas, and has decreased drastically in value in the past few years from the official rate of £1 to 3 riyals to about half. Yemen has recently joined the IMF and is about to form a Central Bank. It is expected that this will re-establish and stabilize the value of the riyal.

The budget of Yemen is estimated to be about \$30 million of which about three quarters is spent on defence. It is expected that, with internal order returning, more money will be available for development projects and for repaying the foreign debt.

Import licences are freely granted although prior approval is necessary. There are also restrictions on the amounts of money that may be taken out of the country, although allowances are made for businessmen and special arrangements can be made for

new business under the terms of the investment tax laws that give up to five years income tax exemption.

Customs duties, when applied, are not too onerous and often range between 5 per cent and 10 per cent for foodstuffs and 20 per cent to 30 per cent for other items. In addition, there is a general defence tax of 5 per cent and a handling tax of 2 per cent on almost all imports. There is as well a nominal general assessment tax of 2 buqshas (approx. 1¢) per package imported which is used to finance local projects for public use.

The climate of Yemen is the most varied of all the Arab countries and ranges from very chilly in winter in Sana'a to very hot and humid at Hodeida on the Red Sea. General health standards are low, but rapidly improving with the development of new hotels and water and sewerage projects in the three major towns. Although Arabic is the official language, the long history of an English presence in Aden makes English fairly widely understood—many of

the businessmen today in Yemen are people who have returned from Aden. Weights and measures are in the English system, but the metric system is also used. The electrical system is mostly 220V/50 cycle.

Moslem social customs are strict, and businessmen should avoid November, the month of Ramadan, and February during which most of the pilgrimage ceremonies take place. Each Friday is a holiday and most business is closed during the early afternoon, but except the banks and Government departments, re-opens in the late afternoon and evening.

Direct flights to Yemen are available from Cairo, Asmara, Djibouti, Addis Ababa and Aden, and visas are usually obtained fairly easily from any of the Yemen Arab Republic embassies abroad. One must also possess a vaccination certificate for smallpox, yellow fever and cholera. Once inside the country you can travel by Yemeni Airlines, Basco Airservices or private taxi. About two thirds of the major roads are paved and plans are under way to pave the others.

Post by airmail is regular but slow, and telegrams are sent by radio telephone and are expensive. An internal telephone system is being built. There is no TV in Yemen.

The usual method of doing business is through agents, although for technical products it is difficult to find a qualified agent who can give after-sales service. Credit information can be obtained through the Yemen Bank for Reconstruction and Development. There are no legal courts for debt collection and no patent or trade mark protection laws. Some advertising is done in the local daily newspaper and on roadside sign boards, but there is no commercial radio in Yemen. The three major towns have a Chamber of Commerce that can assist in local problems of doing business. However, in planning your marketing approach to Yemen, we suggest you contact the Commercial Counsellor, Canadian Embassy, P.O. 2300, Beirut, Lebanon.

Depending upon your product or service, there may be some opportunity for you and if you are interested in the Middle East, we suggest you give consideration to this market as well.

Lower Gulf States: Cash Available for Needed Imports

D. I. DITTO, Commercial Secretary, Beirut

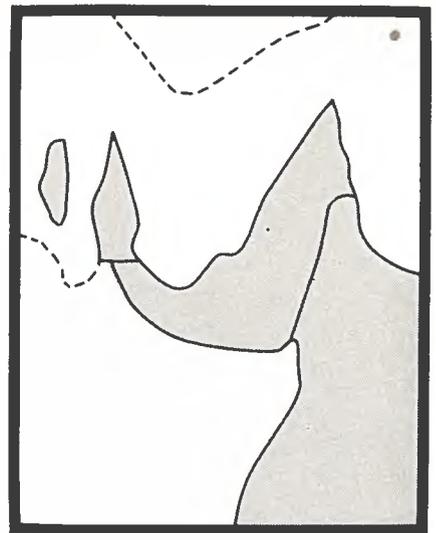
Although the total population of the Lower Gulf States is only slightly over one million, the opportunities for Canadian exporters are good. The combined total imports of Bahrain, Qatar, Trucial States and Muscat-Oman are estimated at \$450 million per year and, with steeply rising oil revenues in several of the states and few indigenous goods and services, imports should continue to soar.

Since 1962, Abu Dhabi, Dubai and Muscat-Oman have joined Bahrain and Qatar as oil producers, and their combined 1969 oil revenue was approximately \$479 million. This wealth has transformed essentially medieval societies into some of the fastest growing markets in the Middle East. Numerous development projects and rapidly increasing personal incomes should provide excellent markets for Canadian exporters, especially for

building materials, electrical equipment, vehicles and spares, machinery, home appliances, oilfield equipment and services and foodstuffs. Canadian sales to these markets rose from \$800,000 in 1968 to \$4,413,288 in 1969, but our share of the market could be better with more sales effort, particularly during the present period of major changes.

Britain's decision to withdraw from its responsibilities for defence and external affairs in the Lower Gulf States has already had a profound effect on the Gulf. Bahrain and Qatar have elected to become independent and negotiations between the Trucial States are under way for the formation of a Federation of Arab Emirates.

Recently Muscat-Oman concluded negotiations for economic, technical and cultural co-operation with Abu



Dhabi, which could be a first step towards its applying for membership in the Federation. Union between at least some of these states would likely alleviate the economic disparity between the oil-rich states of Abu Dhabi and Dubai and the "have not" northern Trucial States. This could spur development in Muscat-Oman, which has had an oil income only since 1968 but has not yet experienced the import and development boom seen in the other oil-producing Gulf countries.

Bahrain, Qatar, Abu Dhabi, Dubai (which also serves the other northern Trucial States) and Muscat-Oman should generally be treated as separate markets with agents for each. Merchants located in Kuwait, Bahrain or even Beirut often ask Canadian exporters for exclusive agencies for the whole Gulf, but such arrangements often prove unsatisfactory and sometimes are not easily changed. Exclusive agencies in each market are common but exporters of consumer



A geological survey party prospects for oil in the desolate sand dunes of Abu Dhabi. Oil is the major source of income for the Gulf States and has transformed the areas into some of the fastest growing markets in the Middle East, especially for such things as building materials, electrical equipment, goods and services.

goods should consider, initially at least, selling to several importers. Medium sized importing firms should not be overlooked.

Bahrain—Bahrain has been producing oil since 1932 and is the most developed of the Gulf States. Its relatively small but steady oil income of approximately \$30 million annually has allowed Bahrain to develop a sound system of social services and has helped its well-established commercial community to flourish.

A need for industrial diversification has been met primarily by the Aluminum Bahrain (ALBA) \$91 million smelter project which will use natural gas produced by the Bahrain Petroleum Company, the country's only oil company. This smelter, to be completed in 1972, will produce 90,000 tons per year of aluminum, using alumina imported from Australia, and will provide 25,000 badly needed jobs in the construction stage and 450 in the operation stage. This development will provide a base for related industries.

Other proposed industrial projects include a flour mill, graving dock and production of magnesium, chemicals, furniture, vegetable oil and prefabricated houses. The Government has also recently completed about half of a project to provide housing for 35,000 people and is extending its port facilities. Canadian offers for joint participation on industrial projects would be welcomed.

Muscat-Oman—Muscat-Oman has a population of nearly three quarters of a million scattered widely over its vast and rugged territory. There is little development, even in Muscat, the capital city, and neighboring Muttrah, but the approximate \$130 million oil revenue is expected to produce an import boom when money begins to filter into all sectors of the economy. The ruler has started to re-organize his administration and to set up development priorities before commencing major projects.

So far developments have been limited to a water supply system for Muscat and Muttrah, a limited harbor development, modest increases in power installations and the construction of government buildings, roads, hospitals



Shrimp fishing in the Gulf is becoming an important export earner of foreign exchange. British and U.S. firms have joined forces with local companies, supplying trawlers and shrimp processing plants. Here fishermen haul in a catch of large prawn.

and schools. Plans have also been made to capitalize on the considerable agricultural potential and raise farm production from its present subsistence level. Now is the time to establish contacts and agents in Muscat.

There are no comprehensive foreign trade statistics, but total imports, excluding imports by the Government and oil companies, came to, according to the best available source, \$14 million in 1969 compared with \$10 million in 1968. They included rice (from Burma, People's Republic of China and Pakistan), wheat (from Australia), textiles and clothing (from People's Republic of China, India and Japan), cement (from India and Pakistan), coffee (from East Africa and Britain) and sugar (from the U.S.S.R.). Exports (excluding oil) may average \$2 million annually; chief exports, apart from oil, are dates, fresh and dried limes, and hides and skins.

Qatar—Qatar is a peninsula, 4,300 square miles in area, ruled by a Sheikh, but has recently developed

a modern administration when Sheikh Ahmed Bin Ali Al Thani declared its first constitution in April 1969 and formed the first cabinet in June. It has had modest but steadily rising oil incomes since 1949. Expansion plans of existing oil companies, and concessions let to three new oil companies, have raised hopes of an increased oil income in the future. Oil revenues have risen from \$46.9 million in 1965 to \$126.3 million in 1969.

In an effort to reach national self sufficiency, the Government has an industrial diversification plan which includes a fishing industry, cattle and poultry production and a fertilizer plant. This will be built by mid 1972 and produce 990 tons a day of ammonia and 1,100 tons a day of urea. The State is also completing a gas-fired power and desalination plant, a \$7 million port modernization, airport runway extensions at the Doha International Airport and a highway link with Saudi Arabia. A cement factory started production last year and a flour mill is expected to start production next year.

Other development spending has been directed towards power, water supply, roads, hospitals and government buildings. Qatar's first (100 KW) broadcasting station began transmission in 1968, and a contract was signed last December with Marconi of England for the construction of a TV station to cost \$1,117,600.

Abu Dhabi—Unlike Bahrain and Dubai, Abu Dhabi (part of the Trucial States) was not a trading center before it started to receive oil revenues in 1962. Even now Abu Dhabi's oil income is far higher than its neighbors' and its vast oil reserves should allow revenues to soar even higher. Several new oil concessions have been given to Japanese, U.S. and Canadian interests recently. Government expenditures in 1968 amounted to \$165.4 million for a population of 46,375, compared with \$93.8 million in 1967. Revenue in 1968 stood at \$165.8 million (\$119 million in 1967) of which \$159.1 million were oil royalties.

Of all the states, Abu Dhabi is now the most engaged in development activities, so far mainly infrastructure: a Canadian-designed bridge and international airport, a \$20 million housing scheme, a corniche, a 75-mile water pipeline, roads, sewers and schools. Future projects include an agricultural experimental station, a desalination plant and power generation complex, a gas liquification plant and a water resources study. The five-year (1968-72) economic development plan allocated \$665.8 million, with the largest allocations in communications, (\$159.8 million) and industry (\$133.5 million). Cash flow difficulties, however, have retarded developments over the last 18 months but, nonetheless, the country's imports have risen. Since virtually all the country's requirements are imported, an excellent market should continue to exist for Canadian goods and services.

Dubai and the Northern Trucial States—Dubai was a well established trading center before it started to produce oil in 1969. Initial output was at the rate of 30,000 to 40,000 b/d rising to about 100,000 b/d in 1970. Revenue is expected to be about \$30.7 million a year. It is now the second richest and most developed of the Trucial States. Dubai is also a good trading center and in



A long-range view of Bahrain city. Bahrain is the most developed of the Gulf States and has a well-established commercial community. It is one of the five states that should be treated as a separate market, and offers joint venture possibilities.

1968 about \$230 million worth of gold was imported from England and other European countries for re-export to India and Pakistan.

To consolidate the country's leadership in entrepot trade the Government has invested \$72 million in a port expansion scheme to provide 15 berths and ancillary warehousing and loading facilities. It will be the largest harbor in the Middle East. A new air terminal and a well-organized expanding banking community will continue to make Dubai a focal point in Gulf commerce.

A National Bank was established in 1963 with two branches. Eleven foreign banks also have branches in Dubai. Over-all total assets of the banks rose from \$130 million at the end of June 1968 to \$170 million at the end of March 1970.

Imports in 1969 are expected to be not far short of \$250 million, compared with \$167 million in 1968. However, the official revenue from this is small because customs duty is only 4 5/8 per cent. The main

suppliers are Japan, Britain and Switzerland.

The five northern Trucial States of Sharjah, Fujaira, Ajman, Umm Al-Qaiwan and Ras Al-Khaimah are much less developed than neighboring Dubai and Abu-Dhabi, but oil exploration and federation give them hopes of becoming more affluent in the future. The Trucial States Development Council, with a 1968 budget of \$5.6 million contributed mostly by Abu Dhabi, has provided some electricity, water, roads and social amenities. As Abu Dhabi has substantially raised its 1970 contribution, further projects are imminent.

Canadian businessmen should contact the Canadian Embassy in Beirut before making arrangements to visit the Gulf. Bahrain, Qatar, Abu Dhabi and Dubai have good hotels but reservations should be made well in advance. Muscat-Oman has no hotel yet. Visas are usually not granted unless a local official or businessman has offered accommodations; otherwise visas for the Gulf can be readily obtained in Beirut.

Syria:

Industrialization Needs Supplies

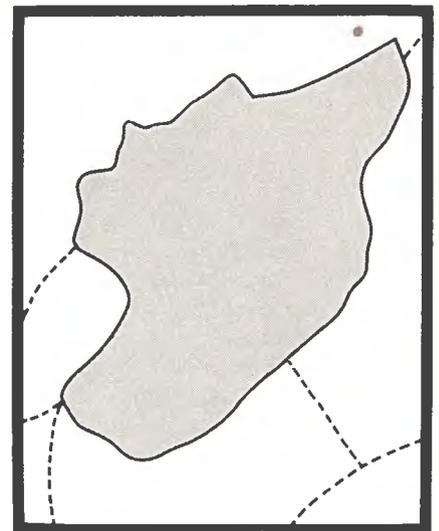
YVES TREPANIER, Assistant Commercial Secretary, Beirut

The Government of Syria is making considerable efforts to develop the country, improve agriculture, beef up the infrastructure and increase the rate of industrialization in order to make the economy healthier and more stable. Petroleum revenue has started rolling in and a 43 per cent increase over last year's figure is forecast for 1970. The phosphate mines should start producing this year.

As are all developing countries, Syria is considered an agricultural country, and the private agricultural sector is one of the main sources of national revenue (30-40 per cent). Agricultural

exports make up 80-85 per cent of the total. Similarly, agriculture provides work, directly or indirectly, for two thirds of the population.

The 1969 harvest showed considerable gains over the previous years, with 1,004,000 tons of wheat (67 per cent increase) and 624,000 tons of barley (22 per cent increase). But the rainfall last year was poor and consequently the harvest this year was well below average with 625,000 tons of wheat and 235,000 tons of barley. As a result Canada has clinched important sales: 300,000 tons of wheat (11 million bushels) and 37,000 tons of barley for



delivery in 1970 and the first few months of 1971.

Petroleum receipts, which reached \$35.5 million in 1969, will probably total about \$50 million this year. Syrian oil is now destined for Rumania, Poland and U.S.S.R. Projects are under way to increase the present average production of 90,000 barrels a day to about 300,000, over a period of four or five years. Reserves stand at nearly 225 million tons.

The phosphate mines are ready for production and it is estimated that 300,000 tons will be mined this year. Production should increase to 1,200,000 tons a year by 1973, providing an income of \$12.5 million a year.

The secondary industry sector is still underdeveloped, making up 12 per cent of the national product and providing work for 10 per cent of the labor force. Food products and textiles represent 40 and 20 per cent respectively of the country's total production. The greater part of the major manufacturing concerns have been nationalized and are organized under groups, or unions, with similar products: the Union of Textile Industries; the Union



A housing development goes up near Damascus. Construction offers a large market for asbestos products, but Canada last year sold only \$23,000 worth of this product to Syria. Syria's total imports of stone, cement and asbestos, glass and related manufactures amounted to \$4 million. Total Canadian exports to this country last year were less than \$1 million.

of Food Industries; the Union of Mechanical Industries; and the Union of Chemical Industries.

Each of these unions represents considerable buying power and their needs range from raw materials to the most sophisticated components and essential production machinery. Each has a separate board of directors with a general purchasing manager. These central organizations handle technical and production matters as well as commercial, financial and administrative questions.

During the second Five Year Plan, which ends this year, several major projects were undertaken or completed. The most ambitious of these is certainly the Euphrates Dam, second largest in the Middle East after the Aswan Dam. Syria is receiving financial, material and technical aid from the U.S.S.R. for this project. The agreement, signed in 1966, calls for a loan of U.S.\$125 million for the first stage of the project, bearing interest at 2.5 per cent with repayment over a 12-year period beginning one year after the end of work on the first stage. The total cost of the project is expected to be U.S.\$628 million.

Railroads are also receiving special attention in Syria. The present lines were built 60 years ago and have not been renovated or modified since. Railway equipment is also obsolete and insufficient. The total length of the network is about 600 miles, including 185 miles of narrow-gauge track. The rolling stock consists of 15 electric cars, 81 locomotives, 106 passenger cars, 1,437 freight cars, 132 tank cars and 69 miscellaneous cars. There are nearly 700 miles of railroad under construction or planned, including the construction of many important bridges. Additional equipment will have to be obtained and present equipment will soon have to be modernized. A call for tenders for about 600 cars recently

An oil refinery at the city of Homs. Receipts from the sale of petroleum will probably amount to around \$50 million this year, and projects are under way to boost production to around 300,000 barrels a day. But agriculture is still the mainstay of the economy and Canada has recently made important sales of wheat here (11 million bushels).

TABLE 1
SYRIAN IMPORTS

	\$ million	
	1967	1968
Live animals and animal products	7.0	9.7
Vegetable products	34.2	44.5
Beverages, including alcoholic, tobacco	8.8	7.4
Mineral products	25.0	34.6
Chemicals	21.7	28.9
Plastics, rubber and manufactures	8.4	9.6
Wood, charcoal and manufactures	7.4	5.3
Pulp and paper	6.4	4.6
Textiles and manufactures	22.4	27.8
Stone, cement and asbestos, glass and manufactures	3.0	4.0
Jewels and precious metals	—	9.3
Base metals and manufactures	49.1	43.8
Electrical machinery and equipment	43.9	52.3
Transportation equipment	10.9	10.6
Others	5.8	9.1
Total	254.0	301.5

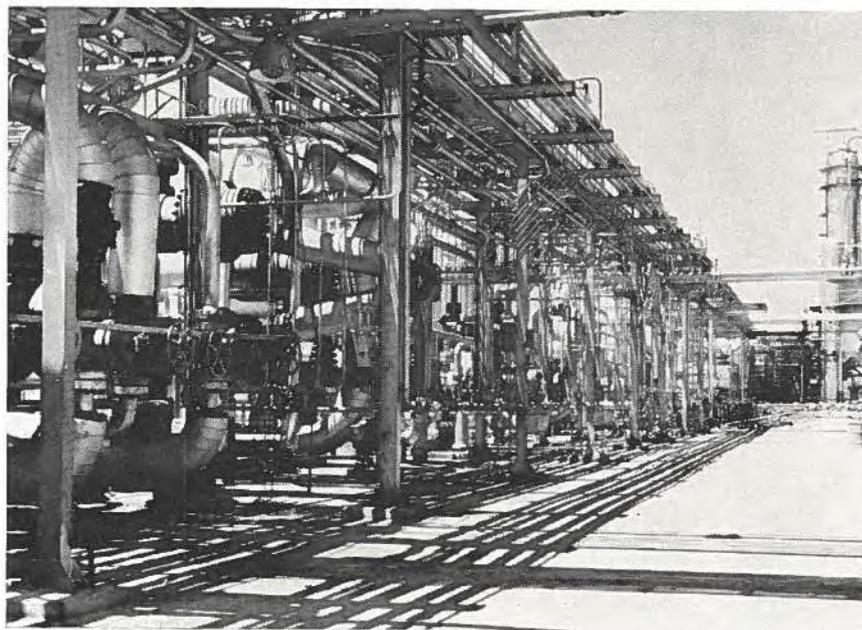
went out, first phase of a comprehensive project involving nearly 2,000 cars of all types. New locomotives are also required.

Syria, a major producer of barley and wheat, will soon be equipped with grain elevators. Construction will begin at 11 different sites, each with a

capacity of 20,000 to 52,000 tons, the over-all capacity reaching 294,000 tons. The whole project is expected to cost about \$25 million. A call for tenders went out last spring and work will begin immediately after the signing of the contract is announced.

For the first time in Syrian history, a general unified budget has been established. This budget, which was implemented at the beginning of fiscal year 1970, includes current and capital expenditures of the various ministries, administrations and public bodies. Credits in this unified budget for 1970 total \$705 million, divided into two parts: \$315 million covering credits for current or operating expenses, and \$390 million for investment or capital credits. The latter amount represents the fifth annual portion of total credits allocated to the second Five Year Plan for social and economic development.

In the development budget, \$82.5 million is devoted to the Public Organization for the Euphrates Project and \$21 million to the Public Establishment for the Development of the Euphrates Basin. Credits of \$115 million will be devoted to the industrial and mining sector for projects in the food, chemical, mechanical and textiles industries. This also includes the development of phosphate mines and oilfields. In the communications field, \$52 million is earmarked for the completion of roads, rail lines, postal, telegraph and telephone systems and telecommunications.



Importing Agencies

PHARMEX—Pharmaceutical Products Foreign Trade Organization, C.P. 3053, Damascus

Pharmaceutical products, antibiotics, serums, vaccines, veterinary and laboratory products, bandages, baby food.

AFTOMACHINE—Foreign Trade Organization for Machinery and Equipment, C.P. 3130, Damascus

Vehicles, automobiles, trucks, combines, tractors and agricultural equipment, all types of tires.

TAFCO—Foreign Trade Organization for Chemicals and Foodstuffs, C.P. 893, Damascus

Newsprint, all types of paper, fertilizer, canned food (fish, meat, etc.), raw hides.

AFTOMETAL—Foreign Trade Organization for Metals and Building Materials, C.P. 3136, Damascus

All domestic lumber requirements: Douglas fir, spruce, etc. All types and forms of metal and steel.

AFTOTEX—Textile Foreign Trade Organization, C.P. 814, Damascus

Synthetic fibers, viscose, nylon, polyamid, polyester.

GOTA—General Organization for Trade and Craft Products, C.P. 15, Damascus

Alcoholic beverages, preserves, cosmetics, typewriters, calculating machines, watches and alarm clocks, photographic products, agricultural produce, blades and razors, chemicals etc.

In 1964 and 1965, the Syrian Government nationalized about 70 per cent of the foreign trade and created responsible organizations to direct this activity. Since then, the volume of imports and nationalized products has been increasing. The initial organization (SIMEX—Syrian Import and Export) was subdivided into several specialized autonomous organizations in accordance with a decree issued September 1, 1969. Other nationalized groups also can import directly and put out calls for tenders.

As of April 21, 1970, the Ministry of Economy and Foreign Trade announced a reorganization of foreign trade through an annual import quota system for a great many essential products. Imports of luxury goods were suspended until further notice.

In spite of repeated efforts in the past, Syria has not been able to reduce its increasingly unfavorable trade balance. The 1969 deficit was \$157 million, nearly three times that of 1964. Imports are increasing faster than exports in spite of the high rate of industrial investment. It must be added that development and industrialization projects have contributed substantially to this increase. Requirements of raw materials, equipment and machinery are constantly rising, and caused an increase

of 25.6 per cent from 1967 to 1968 compared to 18.3 per cent for total imports. The Canadian contribution to Syrian imports has always been marginal. But Canadian companies are now more interested in Syria. Generally speaking, Canadian prices are considered high, but there is often a readiness to sacrifice a little to obtain the higher quality characteristic of Canadian products.

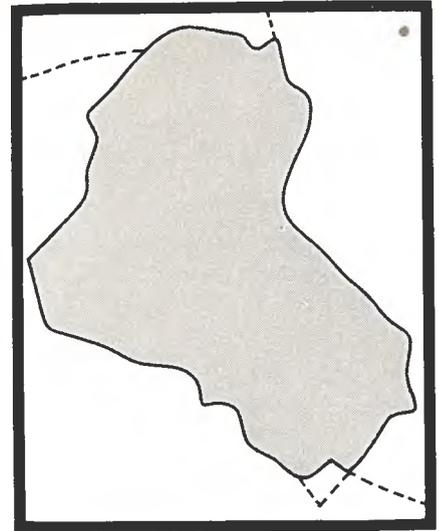
As a major part of the purchases are made through calls for tenders, companies interested in finding new outlets must either write directly to nationalized organizations in order to be included on the supplier lists or indicate their interest to the commodity officer in Ottawa or write to our Beirut office, which will mail calls for tenders directly to them.

TABLE 2
CANADIAN EXPORTS TO SYRIA

	\$'000	1967	1968	1969
Wheat	—	65	3,464	—
Oats	—	47	409	110
Nickel and alloys	—	—	135	398
Parts of washing machines	5	23	19	49
Asbestos—cement and fibers	42	—	95	23
Cheese	—	171	46	13
Milk powder	6	12	85	—
Textile rags	85	16	20	15
Yarns and thread, synthetics	119	43	69	18
Metal and products	—	—	22	71
Writing and reproduction paper	—	—	—	76
Nuts and bolts	28	2	14	6
Asbestos brake linings	16	12	8	11
Textile machinery	10	10	11	10
White pea beans	—	48	16	—
Narrow fabric	—	—	30	24
Others	243	61	235	86
Total	554	510	4,678	910

Iraq:

Prosperity Should Follow Peace



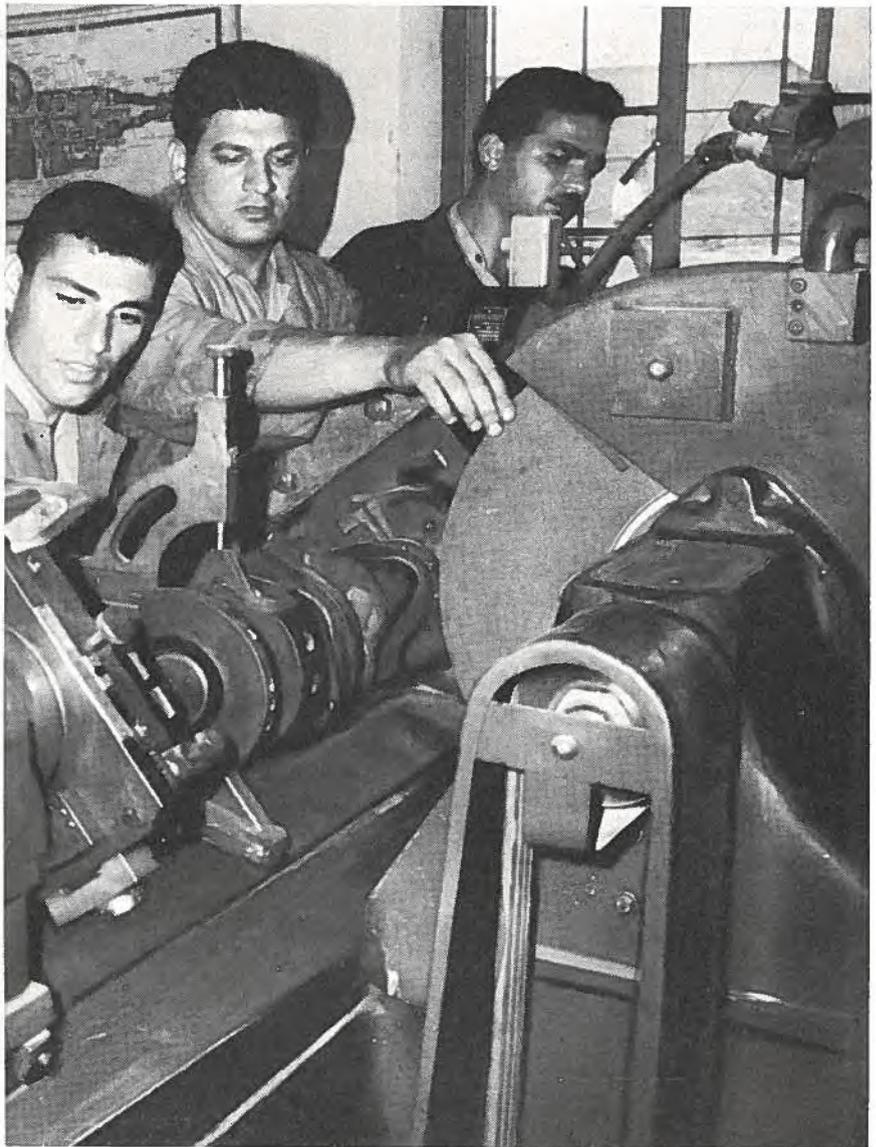
J. MARROW, Commercial Officer, Beirut

Iraq has great economic potentialities that may now be realized. After eight years of civil war a peace settlement, announced last March, ended a conflict that had dissipated Iraqi income considerably. Now it will be possible for the country to spend its extensive oil revenues in a long-term productive manner.

A record budget for fiscal year 1970/71 (April 1–March 31) has been announced with a deficit of \$106 million. Expenditures will be \$2,260 million, an increase of \$430 million over the figure budgeted for the previous year, and revenues will be \$2,154 million, an increase of \$582 million.

The main spending sectors will be the Defence and Police Departments (allocated \$318 million), the municipalities (\$134 million), transportation, communications and buildings (\$85 million), industry and agriculture (\$84 million each) and education and health with \$82 million allocated.

Although Iraq's foreign and local borrowings are increasing tremendously year after year, it stands in a secure foreign exchange position, bolstered by a much improved influx of currency from abroad through an increase in the volume of oil exports and improved terms gained from oil companies. Total holdings of the Central Bank of Iraq were reported at \$533.4 million at the end of September 1969 (compared with \$475.5 million at the end of September 1968); this included \$305.7 million in



Iraq this year budgeted for \$84 million to help industry, a sector of the economy that has shown little growth since 1964. Agreements with foreign countries also help.

foreign exchange, \$233.8 million in gold and \$3.9 million reported in the IMF gold tranche. On the liability side, loans as of September 30, 1969, totalled \$498.5 million.

The only producer of crude oil in Iraq at present is the Iraq Petroleum Company (BP, Royal Dutch Shell Group, Standard Oil of New Jersey, Mobil Oil, Compagnie Française des Pétroles and the Gulbenkian interests) and its associated companies. Crude production in 1969 showed only a slight increase (less than 1.2 per cent) over the preceding year with some 74,700,000 metric tons against 73,848,000 metric tons in 1968.

Acting as a contractor under the 1968 agreement with the state-owned Iraq National Oil Company (INOC), the French company ERAP has located commercial quantities of oil in a recently drilled well in southern Iraq reported to have tested at over 3,000 b/d, an amount sufficient to qualify as commercial.

Two major oil agreements were signed with the Soviet Union in 1969. Under the first agreement the U.S.S.R. will grant Iraq a loan of \$74.9 million over a period of 12 years at 2.5 per cent interest to develop the huge North Rumailah oil field. Initial output from this field is scheduled to run at 100,000 b/d as from the first quarter of 1972. The second agreement embodies the grant of short-term credits up to \$77 million to INOC to buy equipment and services for oil exploration and development in various parts of the country.

Production of minerals other than oil is as yet unimportant. A National Minerals Company, however, was established in 1969 and is planning to undertake a geological survey. Preliminary studies indicate the existence of salt, low-grade coal, gypsum, ceramic clay, glass sand, sulphur, phosphates and iron and copper ores.

In May 1969, a contract with CENTROZAP of Poland was signed for the development of Iraq's major sulphur deposits at Al Mishraq. The Polish firm will be responsible for marketing an initial 250,000-350,000 tons per year, though production will ultimately reach one million tons a year.

Although many industries have been started by the Government in recent



Swamps and marshes are not usually associated with the Middle East, but here an amphibious machine ploughs through a swamp during a seismic survey undertaken in Iraq. The country is now in a position to develop industrial potential.

years, there has been no significant progress in the private sector since 1964, when all major industries were nationalized.

Iraq has concluded several agreements recently to develop industry, in return for which Iraq is to export crude oil and dates. According to these agreements, East Germany is providing an \$84 million industrial development loan to Iraq, 70 per cent of which will be repaid in crude oil; Czechoslovakia is building a 70,000 b/d oil refinery in Basra and will be supplying several industrial plants in return for deliveries of crude oil; Spain is supplying a plant to manufacture spiral weld pipes (\$5.5 million) and will construct seven crude-oil tankers, each with a capacity of 35,370 tons at a total cost of about \$75 million, payment for which will be made in crude oil.

Most plants in Iraq produce construction materials or process agricultural products. In the first group are cement, tile and brick-making, asbestos-cement and pre-cast concrete items, metal furniture, windows and doors. In the second group are cotton-ginning, spinning and weaving of cotton, wool and silk, tanning and production of vegetable oils, soap and detergents, dairy products, beer, alcoholic and soft drinks, grain-milling, date-packing,

sugar refining, canning of fruits and vegetables and production of cigarettes.

During recent years, however, the Iraqi authorities have devoted considerable attention to the development of heavy industries. Among the projects that have been completed or scheduled for completion in the next two years are plants for paper, sugar, drugs and antibiotics and refrigerators, and factories for farm machinery and equipment, chemical fertilizer, glass and bicycles.

Official figures indicate that at the beginning of 1968 there were 1,382 large industrial establishments (those employing over 10 persons) and 26,285 small establishments. These establishments had a labor force of 145,332 workers with an annual salary of \$90.4 million.

Iraq is predominantly an agricultural country. About 55 per cent of the population live on farms. Yet, with the old irrigation methods and lack of agricultural techniques, the farmers cannot provide sufficient food and the country depends on foreign markets to satisfy its requirements.

It is estimated that 50 per cent, about 91,000 square miles, of the land surface of the country is potentially agricul-

tural land, but less than 25 per cent of this is actually used and, in any one year, half of what is used is under fallow. Only 4 per cent of land is classified as pasture. About 9,600 square miles are officially reported under forest, of which 6,500 square miles remain commercially important. The most important agricultural region is within the Tigris-Euphrates plain, though much of the southern reaches of this area is marsh and swamp.

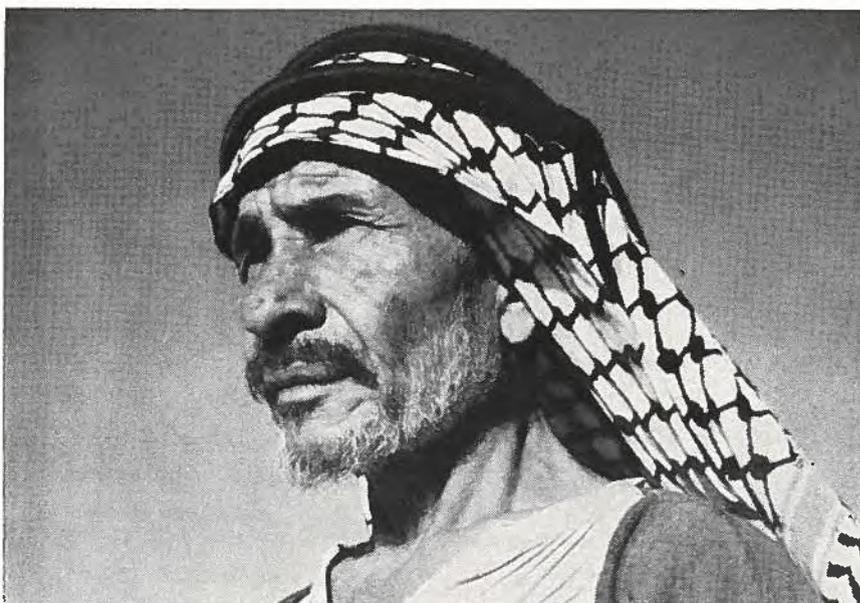
The principal crop of Iraq is dates, with an average annual production of 350,000 tons. Other important crops include wheat, barley, rice, sugarbeet, vegetables, fruits and tobacco.

Crop output varies considerably from year to year, depending on rainfall and the flood flow in the major river systems. Low rainfall in 1969 greatly reduced the 1970 harvests and Iraq imported some 53,500 tons of wheat from Australia at the beginning of 1970. Additional quantities have to be imported as a result of the spring drought. The 1969 crop season, however, was good, with wheat production reaching some 1.2 million tons. Iraq was able to export both wheat and barley in 1969.

Regulation of foreign trade is an integral part of Iraq's policy of Government supervision of the country's economy. All imports are subject to import licences and foreign exchange permits.

The Government is the major importer and monopolizes imports of the following: Automotive vehicles, genuine auto parts, tires and tubes, household appliances, drugs and pharmaceuticals, industrial chemicals, tractors, iron and steel, paper and news print, tea, sugar, coffee, poultry and poultry products, and wheat.

Imports in 1969 totalled \$571 million, an increase of \$39 million over that of 1968; exports, excluding oil, totalled \$66 million, \$3 million less than that of the preceding year. The embargo on imports from Britain was lifted in June 1968, while the one on imports from the U.S. and West Germany remains in force, except when there is no other source of supply. Major suppliers to Iraq in 1969 were Britain, U.S.S.R., Japan, Italy, People's Republic of China, France, U.S. and



A typical Iraqi villager near Baghdad. As they have done for thousands of years, Bedouin tribes still migrate south for the winter and north for the summer months.

West Germany. Major customers were Lebanon, U.A.R., Kuwait, People's Republic of China, U.S.S.R., and India.

Canadian exports to Iraq in 1969 reached \$2,791,580, an increase of \$1,909,644 over the 1968 figure. They consisted mainly of copper wire and cable, household appliances, foodstuffs and building materials. Our imports from Iraq totalled \$8,839,037 and consisted mainly of crude oil (\$7.8 million) and dates (\$1 million).

Canadian suppliers interested in doing business in Iraq should establish direct

business relationships with the various government purchasing agencies and state-owned commercial companies. They are also advised to appoint agents to develop markets for their products. The agent must be an Iraqi, residing in Iraq with headquarters in Baghdad, the capital, which is the largest market.

The Commercial office of the Canadian Embassy in Beirut (P.O. Box 2300, Beirut, Lebanon) will provide classified lists of purchasing agencies, state-owned commercial companies and agents to any Canadian firm which needs them.

WHAT IRAQ BUYS FROM CANADA

	Value in \$			Value in \$	
	1968	1969		1968	1969
Cheese	—	64,769	Spark plugs and parts	—	79,124
Milk	44,962	221,189	Washing machines and parts	95,321	209,606
Wheat and wheat flour	147,543	354,969	Pharmaceuticals	51,960	32,443
Asbestos milled fibers	46,212	128,587	Sugar preparations and confectionery	—	187,901
Textile rags	43,832	37,547	Industrial chemical specialties and explosives	146,923	27,032
Copper wire and cable, excluding insulated	—	798,429	Cooking stoves, non-electric	18,492	26,947
Nuts, bolts, screws and washers	11,772	20,196	Wr ting and reproduction paper	—	15,056
Floor and ceiling tiles	2,019	420,435	Other commodities	272,891	119,310
Marine engines and parts	—	21,093			
Industrial control equipment	—	26,947			
			Total	881,936	2,791,580

Jordan: Sales Prove Market

J. YVES TREPANIER, Assistant Commercial Secretary, Beirut

Canada is clean in front in the Jordanian washing machine market, one instance where a special need was supplied to advantage. Despite this success, Canada's total sales there were only \$660,000 in 1969. While generally exports to Jordan were few and sporadic (in machinery, for example), the washing machine sales show what can be done. Canada won 44 per cent of the 1968 domestic washing machine market with 665 units out of 1,524—twice as many as our nearest competitor, the U.S.

Statistics for 1969 are not yet final but Canadian sales increased to 1,922 machines.

One of the direct consequences of the 1967 six day war was the considerable drop in Government revenue. In addition to the losses suffered in industrial and agricultural production, occupation of the country's richest province has resulted in a substantial decrease of returns from direct and indirect taxation. The revenue decline was countered by the temporary and artificial boom produced by the war itself and in the inclusion of a large refugee population.

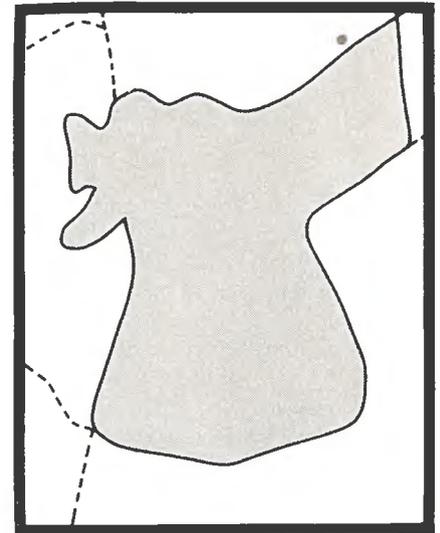
The most pressing economic problems caused by the war were mitigated, if not eliminated, by substantial cash grants. This aid is the result of the 1967 Arab-world summit conference in Khartoum. Kuwait, Saudi Arabia and Libya have undertaken to provide Jordan with £40 million a year. Loans and financial aid from other sources—some \$12.7 million—brings the total to \$140 million, nearly 60 per cent of total government income. This special funding makes Jordan only seemingly prosperous, and it must be remembered that this aid from abroad will not be extended forever.

A prosperity based on an excessive level of consumer spending, sparked by a sudden increase in population rather than a sound economic infra-

structure, is bound to be superficial. The Government still has to contend with the revenue decline, too. School, hospital and residential construction is in full swing. Small service and consumer goods industries are developing concurrently at a fast pace.

Before the war taxation brought the Government nearly two thirds of its over-all revenue: a total of \$61 million in 1966, with nearly \$41 million being drawn from customs duties and indirect taxes. In 1968, tax proceeds did not exceed \$48 million, with \$43 million coming from customs duties and indirect taxes. Other government income, derived from the operation of the postal, telegraph and telephone systems, among others, has scarcely changed since 1966, running at a little more than \$18 million a year.

New government obligations calling for additional outlays render the situation more serious. In 1966, such expenditures totalled nearly \$144 million, of which \$58 million (about 40 per cent) went to defence and public



safety. The total 1969 figure is 72 per cent more: \$221 million, with \$117 million (about 53 per cent) going to defence and public safety.

There have also been losses in the private sector. Remittances from Jordanians abroad, most of them of Palestinian origin, fell from a total of \$25 million in 1966 to \$10 million in 1968, but rose again to \$18 million in 1969. The number of tourists dropped significantly from 205,000 in 1966 to less than 2,000 in 1969 due to fewer visits from West Europeans and Americans with their "hard currency". Consequently, tourist income has diminished by more than half, from \$29.5 million to \$13 million.



Relics and ruins of the past are still common in the Middle East and provide lures for the tourist. An Iraqi signpost points the way to Jerash, a former Roman city.

TABLE 1
CANADIAN EXPORTS TO JORDAN

	Cdn.\$'000				
	1965	1966	1967	1968	1969
Passenger automobiles and parts	19	125	12	—	5
Washing machines	62	119	78	63	187
Laminated plastic material	29	37	10	—	—
Wheat flour	0.6	25	138	—	12
White winter wheat	—	—	—	24	—
Cheese	—	—	—	57	—
Sanitary paper	9	20	5	4	—
Asbestos brake linings and facings	8	13	7	—	1
Textile rags	6	13	4	5	1
White pea beans, dried	—	6	33	—	2
Construction maintenance industry	—	—	—	12	179
Apparel and apparel accessories	29	6	—	—	71
Antibiotics for human use and pharmaceuticals	19	5	6	3	—
Laboratory instruments	—	—	—	23	—
Combine reapers-threshers and parts	31	0.1	0.1	—	1
Total exports	306	429	411	300	645

TABLE 2
JORDAN'S MAJOR IMPORTS

	Cdn.\$'000	
	1968	1969
Machinery and transport equipment	28,200	26,200
Textiles, yarn and clothing	18,100	17,600
Cereals and flour	8,800	5,300
Petroleum products	8,200	9,500
Coffee, tea, tobacco and spices	9,100	7,100
Sugar	4,700	5,500
Medical and pharmaceutical products	4,800	3,800
Fruit and vegetables	8,000	5,300

The gross national product, which for several years, including 1967, had been growing at an annual rate of 8 to 10 per cent, lost the equivalent of more than two years' growth. In 1967, the GNP totalled \$523 million or \$250 per capita. Although the provisional statistics for 1969 indicate that the over-all figure for 1967 may have been reached once again, the per capita product will not reach its previous level before 1971 or 1972, due to the increase in population.

The development projects which had been launched as part of the seven year program (1963 to 1970) were the first to suffer. Some of these projects, such as the Dead Sea potash mines and the development of certain copper deposits, had to be abandoned because the work site was in occupied territory or in areas which had become too vulnerable. Other projects were suspended because there were not enough funds to sustain them at the previous rate.

By the Khartoum agreement, financial aid is to be maintained until the consequences of Israel's action have been met. However, three years after the war Jordan still has not regained its West Bank. Although the foreign aid is pledged it could cease at any moment, a prospect which must be foreseen, especially should there be a change in

regime or in the general position of the present regime.

One of the direct consequences of this external aid is the country's mounting external debt. Although this aid assumes the form of donations, loans are accumulating too: from 1966 to 1969, Amman's external obligations increased nearly 50 per cent, from \$63 to \$94 million.

The \$165 million for administration accounts for 75 per cent of over-all government expenditures. During this same year, a quarter of Jordan's budget, that is, \$55 million, was available for development projects.

From 1966 to 1969, the country's foreign exchange reserves increased considerably thanks to foreign aid. From \$220 million in 1966, they rose to \$320 million at the end of 1969. The money supply increased similarly, rising from \$178 million in December 1966 to \$306 million in December 1969.

There has been an extraordinary expansion in the volume of imports since 1968. In 1966 imports were valued at \$139 million, representing foreign purchases on both banks of the Jordan, but the value of imports for the two areas through Amman rose to \$172 million in 1969. Two items in particu-

lar were at the root of this increase: clothing and electrical machines.

Canadians ought to be able to improve on that \$660,000 figure for last year's trade. In spite of Jordan's present economic difficulties, the washing machine sales indicate that Canadian products can sell. Industrial, public works, road and construction machinery and equipment could offer excellent competition. Patience and persistence could win entry into this market.

Building Expansion in Trinidad

An extensive building program to be undertaken in Trinidad and Tobago could cause shortages in the supplies of local and imported building materials. In addition to the regular program of apartment and other housing unit construction, the National Housing Authority is committed to completing 2,100 houses by the end of 1971.

In both 1968 and 1969 there were shortages in local and imported building materials and because of this new program of increased building activity resulting from easier lending and mortgage facilities from both government and financial sources, the Authority foresees a continuing materials shortage. It has called on the Federation of Chambers of Industry and Commerce to encourage its members to co-operate in this building program.

Markets in Brief

Lebanon

Area: 4,000 square miles.

Population: 2,500,000.

Climate: typical Mediterranean—summer warm and damp in coastal areas, pleasant in the mountains, winter wet and mild. Cold and dry in the mountains, with snow above 4,000 feet.

Language: Arabic, French and English widely used.

Currency: Lebanese pound equals 1,000 piastres. One pound equals Cdn.\$0.32; U.S. dollar equals Leb.£3.08 official rate.

Foreign exchange and import controls: except for some 50 products which require prior import licence before firm orders are placed abroad and a few prohibited goods, no import licences are required. Imports are paid for with foreign exchange bought on the free market.

Weights and measures: metric system; U.S. and British measures are understood by business community.

Capital: Beirut—at sea level.

Chief ports: Beirut—largest, with a free zone; handles more than 2,000,000 tons a year. Tripoli—second port and terminal of oil pipeline from Iraq; Sidon—port and terminal of oil pipeline from Saudi Arabia.

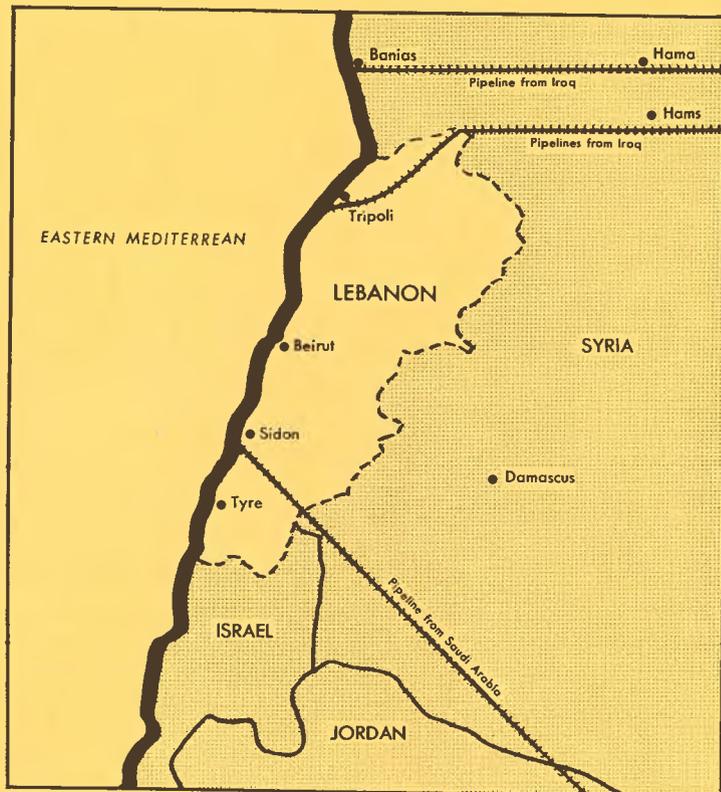
Marketing centers: Beirut (population) 600,000; Tripoli 150,000; Sidon 50,000 and Zahle 40,000.

Economy: estimated gross national product=U.S.\$1,350 million. Estimated per capita income=U.S.\$480. Based on agriculture (cereals, vegetables, fruits); industry (cement, textiles, tanneries, oil refining); free trade, including transit; free exchange; and tourist trade. Also large currency transfers from Lebanese living overseas and royalties for oil transit via pipelines.

Total Lebanese imports: 1968—Cdn.\$650 million (estimated); 1967—\$610 million.

Chief imports: (per cent) 1967—gold 20, cereals and colonial products 13, machines 10, textiles 9, metal products 7.

Chief suppliers: (per cent) 1967—Britain 20 (gold accounting for more than half), Syria 12, Australia 11, France 9, United States 8, Italy 6, Germany 6.



Value of imports from Canada: 1969—\$3.5 million; 1968—\$3.4 million.

Chief imports from Canada: (\$'000) 1969—wheat flour 733, asbestos 438, newsprint paper 412, washing machines and parts 251, aircraft engines and parts 181, refrigerators and freezers 168, pharmaceuticals 109.

Total Lebanese exports: 1968—\$168 million (estimated); 1967—\$150 million.

Chief exports: (per cent) 1967—gold 20, fruits 22, textiles 8, foodstuffs 6, machinery 5.

Transit: 1967—crude oil 28 million tons; commercial goods 243,000.

Value of Canadian purchases: 1969—\$853,582; 1968—\$408,535.

Chief Canadian purchases: 1969—women's handbags and purses \$342,000, gems and ornamental stones, \$210,000, collectors' items \$102,000.

Prices: quote c.i.f. Beirut whenever possible in U.S. or Canadian dollars.

Usual terms of payment: sight to 120 days; 90 days is most common. For some imports, such as agricultural or construction machinery, terms are 6, 12, or 18 months.

Samples: free if of no commercial value; subject to import duties if of any commercial value.

Visas: visa is required. **Inoculations:** smallpox

Trade agreements: most-favored-nation treatment accorded by Canada under Order in Council of November 19, 1946, as long as Lebanon accords Canada the same treatment.

Gulf States

Muscat and Oman, Bahrain, Qatar and Trucial States (Abu Dhabi, Dubai, Sharjah, Fujairah, Ajman, Ras Al-Khaimah and Umm Al-Qaiwan)

Area: 92,130 square miles, mostly desert.

Population: one million.

Climate: very hot and humid in summer, mild in winter.

Language: Arabic; leading firms employ English-speaking Arab and Indian nationals.

Currency: Muscat and Oman: Dinar=Cdn.\$2.56 at official rate. Bahrain and Abu Dhabi: Dinar=1,000 fils=Cdn.\$2.25 at official rate. Qatar, Dubai and others: Riyals=Cdn.\$0.22 at official rate.

Foreign exchange and import controls: import licences are not required except for arms and ammunition, explosives, narcotic drugs and alcohol.

Weights and measures: metric system, although local weights and measures are also used in Abu Dhabi.

Chief ports: Dubai and Abu Dhabi.

Economy: based mostly on oil. In non-oil-producing states, inhabitants depend on fishing, tobacco crops and the annual rental paid by oil exploring companies. National revenue in 1969 (estimated) \$500 million and expected to reach \$600 million in 1970.

Total imports: 1968—\$474 million.

Chief imports: air conditioning equipment, motor vehicles and parts, foodstuffs, clothing and textiles, household appliances and oil-fired machinery and equipment.

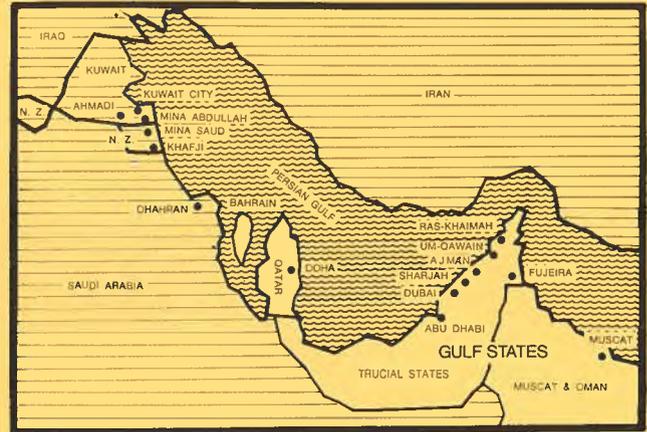
Chief suppliers: Britain, United States, Japan and Pakistan.

Value of imports from Canada: 1968—\$798,000. 1969—\$4,413,388.

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

Correspondence: airmail only; letters 25 cents per half ounce.

For more information on this market write to: Asia Division, Pacific, Asia, Africa Affairs Branch, Office of Area Relations, Department of Industry, Trade and Commerce, Ottawa, or Commercial Counsellor, Canadian Embassy, P.O. Box 2300, Beirut, Lebanon.



Chief imports from Canada: aircraft, pumps, appliances.

Chief exports: crude oil (99 per cent).

Value of Canadian purchases: 1968—\$4,631,000. 1969—\$14,922,308.

Chief Canadian purchases: crude oil (100 per cent).

Trade agreements: none between Gulf States and Canada.

Customs regulations: rates of duty apply equally to all countries, including Canada, and are usually very low.

Prices: quote in U.S. dollars or pound sterling.

Samples: free if of no commercial value.

Visas: required, and obtainable from the British Embassy.

Correspondence: airmail only.

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

For additional information on these markets, write to: Asia Division, Pacific, Asia, Africa Affairs Branch, Office of Area Relations, Department of Industry, Trade and Commerce, Ottawa, or Commercial Counsellor, Canadian Embassy, Post Box 2300, Beirut, Lebanon.

Syria

Area: 71,000 square miles.

Population: 6 million.

Climate: warm and damp in coastal area; hot summer and moderately cold winter in the interior, with frost on many nights.

Language: Arabic, French widely used, English understood by merchant community.

Currency: Syrian pound equals 100 piastres. One pound equals Cdn.\$0.2819.

Foreign exchange and import controls: import licence and exchange permits are required, but a number of non-essentials or items in competition with local manufacture (e.g. cotton fabrics, hosiery, washing machines, refrigerators) are prohibited or restricted. Motor vehicles, foodstuffs, lumber, paper, steel, chemicals, pharmaceuticals, textiles, machinery, tires and other major commodities are reserved to the public sector. Licences are valid for six months and under certain conditions for an additional three months. Foreign exchange allocations are granted (or withheld) on basis of precedence for essential commodity needs, as hard currency position requires.

Weights and measures: metric system.

Capital: Damascus.

Chief ports: Latakia, Baniyas (oil terminal), Tartous.

Marketing centers: Damascus (population) 599,000, Aleppo 580,000, Homs 150,000, Hama 130,000, Latakia 100,000, Deir-ez-Zor 90,000, Hasakeh 70,000.

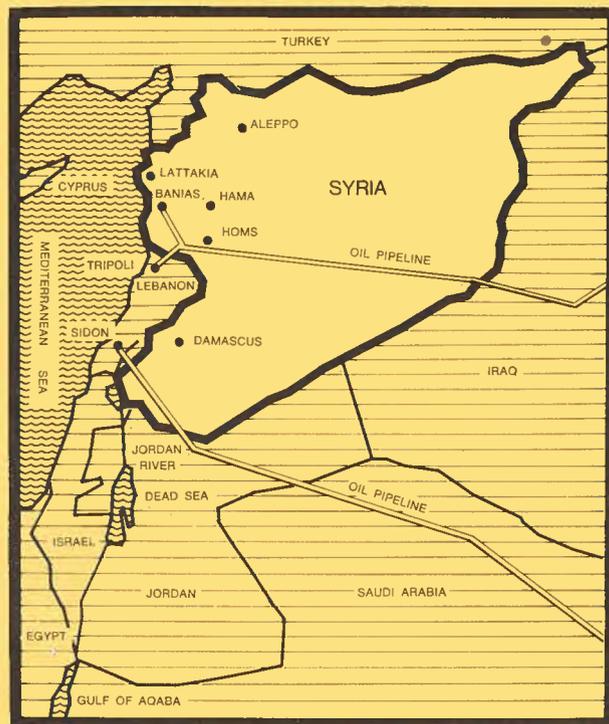
Economy: gross national product \$1.5 billion; per capita income \$200, based on agriculture (cotton, cereals), industry (textiles, oil, cement), transit (oil pipeline). Major imports as well as export of cereals and cotton are monopoly of Government. Industry and banks are nationalized.

Total Syrian imports: 1968—\$338 million; 1967—\$286 million.

Chief imports: (per cent) 1968—machinery 15, metal product 12, petroleum 11, wheat and rice 10, fruits 5, pharmaceuticals 5.

Chief suppliers: (per cent) 1968—Czechoslovakia 12, U.S.S.R. 9, Italy 8, France 8, United States 6.

Value of imports from Canada: 1969—\$909,957; 1968—\$4,678,815.



Chief imports from Canada: (\$'000) 1969—nickel 398, milk powder 110, writing and reproduction paper 76, metal end products 72, washing machines and parts 59.

Total Syrian exports: 1968—\$190 million. 1967—\$167 million.

Chief exports: (per cent) 1968—cotton 37, livestock 15, cereals 5, oilcakes 4, textiles 4.

Transit: (1968) crude petroleum 65 million tons.

Value of Canadian purchases: 1969—\$5,110. 1968—\$41,616.

Chief Canadian purchases: 1968—cotton linters, \$38,000.

Prices: quote c.i.f. Latakia whenever possible in U.S. or Canadian dollars.

Usual terms of payment: sight to 120 days; 90 days is most common. For some imports, such as agricultural or construction machinery, terms are 6, 12, or 18 months.

Samples: free if no commercial value; subject to import duties if of any commercial value.

Visas: visa is required. **Inoculations:** smallpox.

Trade agreements: most-favored-nation treatment accorded by Canada under Order in Council of November 19, 1946, as long as Lebanon accords Canada the same treatment.

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

Correspondence: airmail only; letters 25 cents per half ounce.

Yemen Arab Republic

Area: 75,000 square miles.

Population: five million.

Climate: very hot and humid coastal strip along the Red Sea called Tihama; cool central mountainous and high plateau region; low barren hot desert region in the east along the Rub-al-Khali.

Language: Arabic—English fairly widely understood. Strict Moslem customs and religion and Sharia law.

Currency: Yemeni riyal; actual rate is 15 riyals to the £1 in the officially sanctioned "gray" market. Rate fluctuates widely and devaluation is talked about. The republic recently became a member of the International Monetary Fund.

Foreign exchange and import controls: no imports may be made without first obtaining Exchange Control Authority approval, which is almost always given. No exporter will accept payment in Yemeni riyals and hard currency must be purchased in the open market and then 50 per cent of value of any L/C deposited with Yemen's only bank, the Yemen Bank for Reconstruction and Development, with the remainder of the hard currency deposited upon receipt of documents. No riyals or hard currency is allowed out of the country without prior approval.

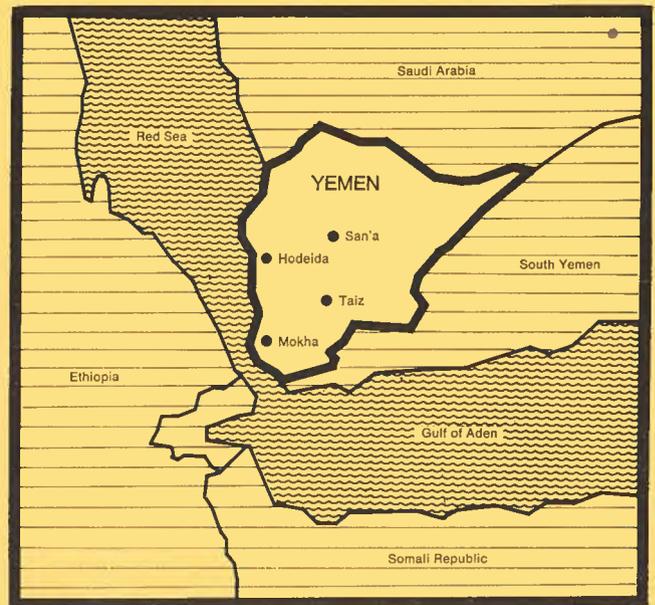
Weights and measures: no official system, a wide variety is used including many local units. Metric and English systems most widely used. Electricity is 220 V—50 Cycle.

Capital: Sana'a, located in central highland plateau. Population 100,000.

Chief ports: Hodeida, the largest, averages one ship per day, 21-foot draught, three ships can come alongside at one time. Mokha, old port famous for coffee, lighters are used, now of minor importance, but re-dredging and development is planned.

Marketing centers: Hodeida, population 80,000, Sana'a 100,000, Taiz 80,000.

Economy: estimated GNP \$300 million. Agriculture is base, producing quaat, coffee, cotton and cereals. Little industry with a few packaging, assembling and bottling operations, textile mill and fishing operations and aluminum plant for household goods; plans for more including a cement plant. Exception is Yemen Salt Company producing 120,000 tons



a year. No minerals or oil production, but indications of some copper and other minerals. Budget: \$27 million and foreign debt \$150 million.

Total Yemen Arab Republic imports: \$74 million, almost all financed by foreign remittances from the one million Yemenis living abroad.

Chief imports: wheat flour, sugar, cigarettes, machines, motor vehicles, foodstuffs, machinery, building materials, cement petroleum products—mostly essentials with some consumer goods and whisky smuggled in. Most business in the hands of private traders.

Potential Canadian exports: includes almost all items, especially wheat, flour, timber, household appliances, paper, machinery.

Chief exports: Mokha coffee \$5 million, hides and skins \$2 million, salt \$500,000, quaat \$2 million. Yemen also re-exports small quantities to tribesmen living along its borders. Total exports, \$12 million.

Chief markets: U.S.S.R., East European countries, Italy, United States, South Yemen, Japan.

Usual terms of payment: confirmed letter of credit; sight draft terms for a few large companies with long established relationships.

Prices: c.i.f. Hodeida in U.S. dollars or pounds sterling.

Samples: irregular policy, usually no problems.

Visas: required, obtained fairly easily from Yemen Ambassador to U.N. in New York or Yemen Ambassador in Beirut. Exit permits also necessary from local immigration officials.

Inoculations: smallpox, yellow fever and cholera.

Trade agreements: one column tariff schedule, rates apply equally to imports from all countries. Rates usually 20-30 per cent except for foodstuffs (5-10 per cent).

Correspondence: airmail only, Arabic is preferable, but English understood, telegrams possible but expensive, via

radio telephone. Internal telephone link in process of construction.

Travel: via air from either Aden, Djibouti, Asmara or Cairo. Also overland from Aden. Internally, via taxi or Yemeni Airlines.

Hotels: poor, but available in all major towns.

Kuwait

Area: 9,050 square miles plus the 25,000 square mile Neutral Zone jointly administered with Saudi Arabia; 99 per cent desert.

Population: 600,000; some 50 per cent are foreigners (mostly nationals from other Arab countries, India, Iran and Pakistan).

Currency: Kuwait dinar: one dinar equals \$3.006.

Banking: Central Bank; four private commercial banks.

Finance: Gold and foreign exchange holdings (1968) \$1.2 billion (equivalent). Oil revenues (1969) \$886 million.

Economy: GNP (1968/69) \$2,849 million. Per capita income (1968) \$4,734. GNP rate of annual increase (1960/69) 8-10 per cent.

Political Status: Independent constitutional Emirate (monarchy) since 1961; Prime Minister appointed by Emir; National Assembly elected by adult male Kuwaitis.

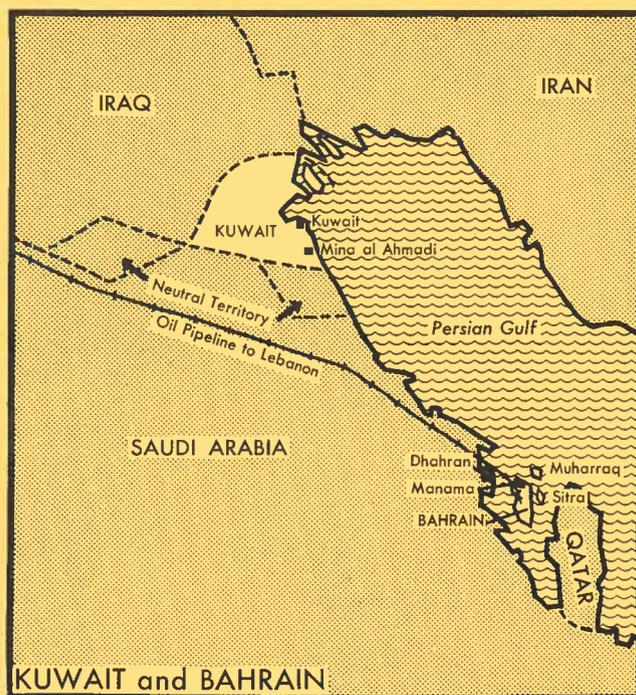
Chief Imports: (\$ million) 1968—Machinery other than electric 78; electric machinery and equipment 71; motor vehicles and parts 79; textiles 51; iron and steel 29.9; non-ferrous metals 26.7; fruits and vegetables 26.8; grains 21.3; animals and animal products 19.5; dairy products 13; tobacco and tobacco products 19.6; wood 6.5; medical and pharmaceutical products 6; all other chemicals 22.6 paper and paperboard 6.7; rubber articles 8.8; clothing 36.9.

Total Imports: 1968—\$655 million; 1967—\$636 million.

Chief Suppliers: (\$ million) 1968—U.S. 111.9; Japan 83.7; Britain 83.6; W. Germany 62.2; Italy 33.6; India 26.4; People's Republic of China 24.9; Lebanon 24; Holland 14.3; France 14.2.

Total Kuwait Exports: (excluding oil) 1968—\$50.2 million; 1967—\$39 million.

Trade Policy: Four per cent ad valorem duty on most imports. Commercial imports made only by Kuwaiti firms



and nationals. Trade prohibited with Israel, Portugal and Union of South Africa.

Public Holidays for 1970: New Year's Day, January 1; Kuwait National Day, February 25; Eid al Adha* Day, February 16/18; Hijra New Year* Day, March 8; Easter, March 28/30; Birthday of the Prophet,* May 17; Ascension of the Prophet,* September 27; Eid al Fitr,* November 29/December 1; Christmas, December 24/26.

*The dates of the Moslem holidays, marked with an asterisk, are only approximate as they depend upon sightings of the moon, hence there may be divergencies of one or more days from the dates given. In general Moslem holidays recur 10 or 11 days earlier each year. In Kuwait the Moslem week-end is from mid-day Thursday and all day Friday.

For more information on this market write: Asia Division, Pacific, Asia, Africa Affairs Branch, Office of Area Relations, Department of Industry, Trade and Commerce, Ottawa, or Commercial Counsellor, Canadian Embassy, P.O. Box 2300, Beirut, Lebanon.

Iraq

Area: 170,000 square miles.

Population: 8,826,000.

Climate: sub-tropical; in summer warm and dry, winter cold.

Language: Arabic, English widely used among leading government and business officers.

Currency: Iraqi dinar equals 1,000 fils. One dinar equals Cdn.\$2.841.



Foreign exchange and import controls: all imports are subject to quota allocations and individual import licensing on the basis of essentiality and estimated market demand. Import licences are only granted to established importers and foreign exchange permits are granted through the opening of letters of credit.

Weights and measures: metric system.

Capital: Baghdad.

Chief ports: Basra (Iraq's only commercial port), Umm Qasr (under construction for oil export).

Marketing centers: Baghdad (population) 2,000,000; Basra 700,000; Mosul 950,000; Kirkuk 460,000.

Economy: total revenue 1967/68: \$849 million (oil: \$468; customs \$131; other taxes \$56; operations of other government departments \$76; local loans \$242). Per capita income 1968 about \$260. National income during 1958-68 increased by around 50 per cent. In addition to oil, 60 per cent of population make their livelihood from agriculture (wheat, barley, rice, dates). Industry: oil refinery, textiles, cigarettes, cement, foodstuffs, tanneries.

Total imports: 1968—\$432 million; 1969—\$474 million (estimated).

Chief imports: machinery and boilers, automotive vehicles, sugar, tea and foodstuffs, iron and iron products, textiles and ready-made clothing.

Chief suppliers: (\$ million) Britain \$37.8, U.S.S.R. \$37.5, West Germany \$31.2, France \$22.3, Italy \$22.3.

Chief imports from Canada: (\$'000) copper wire and cable 798, engines turbines and parts 420, wheat and flour 355, milk powder and evaporated milk 221, washing machines and parts 210, edible gelatin 188, asbestos 129.

Value of imports from Canada: 1969—\$2,791,580. 1968—\$881,936.

Total exports: 1968—\$69 million, 1967—\$61 million (excluding oil).

Chief exports: oil, dates, cement, wood, hides and skins.

Transit: 1968—\$61 million, 1967—\$34 million.

Value of Canadian purchases: 1969—\$8,838,037. 1968—\$553,904.

Chief Canadian purchases: 1969—crude petroleum \$7,802,379, dates \$1,029,140.

Prices: quote c. and f. Basra whenever possible or c. and f. Beirut in U.S. dollars or pounds sterling.

Inoculation: smallpox.

Usual terms of payment: letters of credit. Certain government departments, however, prefer buying on long credit terms.

Samples: free if of no commercial value and c. and f. Baghdad value shown on the invoice is less than \$28.

Visas: entry visa is required and exit visa is also required if staying one month or more.

Trade agreements: with all communist countries, most Arab countries, France, Turkey and several others; none with Canada.

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

Correspondence: airmail only; 25 cents per half ounce.

Iran

Area: 630,000 square miles.

Population: approximately 27 million.

Climate: temperatures about 10 degrees warmer than Southern Ontario, but humidity much lower. Short rainy season in spring and early winter.

Topography: arid tableland encircled, except on the east, by mountains.

Language: Persian (Farsi), Azar-bayejan Turkish; English and French also spoken.

Currency: rial (100 dinars); one rial = Cdn.\$0.0141.

Weights and measures: metric system.

Capital: Tehran.

Chief ports: Khorramshahr, Bushire, Bandar Shahpur, Abadan.

Marketing centers: Tehran (population) 2,700,000, Tabriz 350,000, Isfahan 250,000, Meshed 220,000, Resht 135,000.

Economy: essentially agricultural; oil is the principal export.

Total Iranian imports: 1968-69—U.S.\$1.4 billion; 1967-68—U.S.\$96 billion.

Chief imports: base metals and their products; electrical machinery; paper and paper products; chemicals; agricultural implements; foodstuffs, machinery.

Chief suppliers: 1968-69—West Germany, United States, Britain, Japan, France, Italy.

Value of imports from Canada: 1968—Cdn.\$6.6 million; 1967—Cdn.\$3.1 million.

Chief imports from Canada: 1968—sheet and strip steel, asbestos, aluminum, motor vehicles and parts, copper and copper alloy pipe and tubing, excavating, dredging equipment and parts.



Total Iranian exports: 1968-69—U.S.\$1.2 billion.

Chief exports: 1968—oil, cotton, carpets.

Chief markets: West Germany, U.S.S.R., Britain, United States.

Value of Canadian purchases: 1968—Cdn.\$33.6 million; 1967—Cdn.\$33.2 million.

Chief Canadian purchases: crude petroleum, dates, oriental rugs.

Dollar exchange: foreign exchange freely allocated for goods which may be imported.

Prices: quote in U.S. dollars, c. and f. or c.i.f. Khorramshahr.

Usual terms of payment: sight to 180 days, sometimes longer.

Samples: dutiable only if of commercial value.

Trade agreements: Canada accords most-favored-nation tariff rates to Iran subject to reciprocity under a special arrangement by Order in Council.

Correspondence: airmail only; letters 25 cents per half ounce.

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

Jordan

Area: 34,500 square miles, three quarters desert.

Population: 1.5 million, of which 500,000 are officially classed as refugees from Palestine.

Climate: summer hot and dry, but pleasant in the evenings; winter mild, with rain from November to March.

Language: Arabic, English spoken by most merchants in the principal towns.

Currency: Jordanian dinar equals 1,000 fils. One dinar equals Cdn. \$2.78.

Foreign exchange and import controls: import licence and exchange permit required for all imports.

Weights and measures: metric system.

Capital: Amman, also main marketing center (population 361,662).

Chief port: Aqaba on the Red Sea (population 10,000); Jordan also imports through Beirut, Lebanon.

Economy: estimated gross national product U.S.\$274 million; estimated per capita income U.S.\$150. Basically agricultural (cereals, fruits, vegetables, olives); industry (olive oil, soap, coarse textiles, marble, phosphate mining, potash).

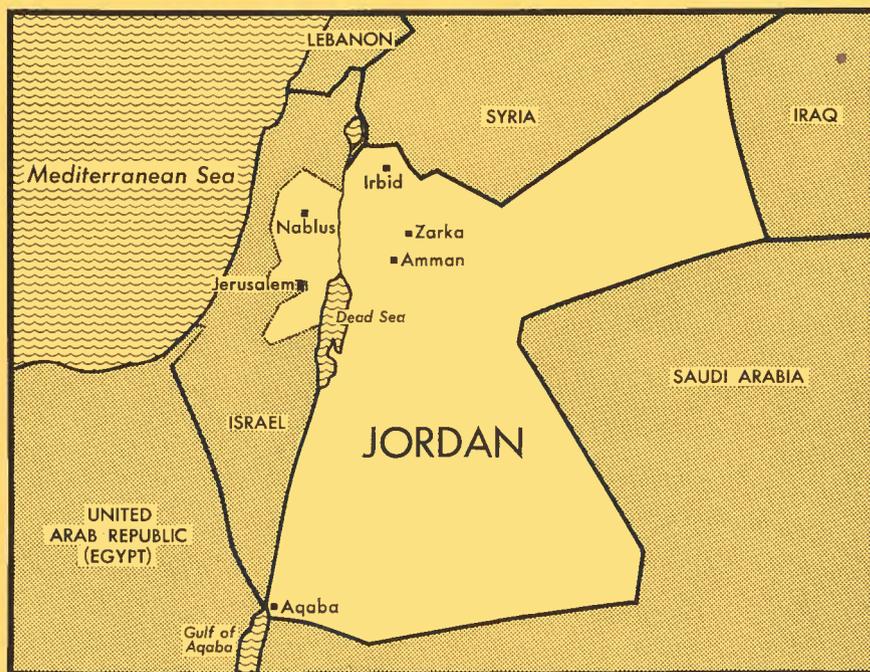
Total Jordanian imports: 1968—\$172 million.

Chief imports: (per cent) 1968—foodstuffs 28, consumer goods 16, raw materials 15, machinery 13.

Chief suppliers: (per cent) 1968—Britain 12, United States 12, West Germany 11, Lebanon 6, Syria 5.

Value of imports from Canada: 1969—\$644,530. 1968—\$299,991.

Chief imports from Canada: (\$'000) 1969—washing machines and parts 195, construction maintenance machinery and parts 179, wearing apparel 71, milk powder 68, bedding 37.



The Kingdom of Jordan west of the Jordan River has been occupied by Israel since the 1967 Arab-Israeli war.

Total Jordanian exports: 1968—\$36 million.

Chief exports: (per cent) 1968—foodstuffs 50, phosphate 35.

Chief markets: (per cent) 1968—Kuwait 19, India 15, Lebanon 15, Syria 11.

Value of Canadian purchases: 1969—nil. 1968—\$4,352.

Trade agreements: none between Jordan and Canada.

Customs regulations: rates of duty apply equally to all countries, including Canada, but special tariff reductions for Arab states.

Prices: quote in U.S. dollars c.i.f. Aqaba, or c.i.f. Beirut, Lebanon, if shipping connections with Aqaba are not available.

Samples: free if of no commercial value; subject to customs duty when of commercial value.

Visas: visa is required.

Correspondence: airmail only; 25 cents per half ounce.

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

Iran: Riding the Oil Boom

G. C. LAMBERT
Assistant Commercial Secretary,
Tehran

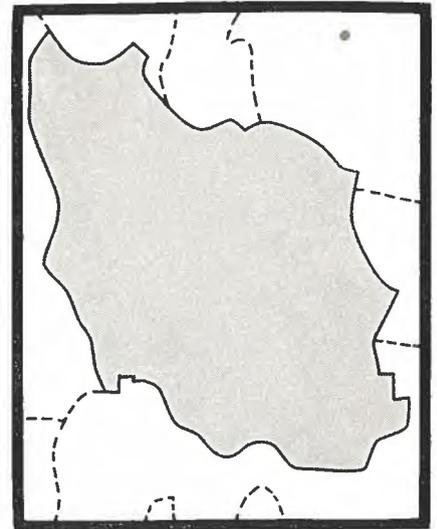
Last May senior officers of 35 major North American companies, among them representatives of two Canadian companies—International Nickel and MacMillan Bloedel—met in Iran to discuss investment opportunities for their respective firms. The fact that they were in Iran is a good indicator of the very healthy state of business conditions in this country.

Between 1963 and 1969 foreign investment in Iran totalled about U.S. \$1 billion, of which 10 per cent went into non-oil sectors. Two thirds of this total came from the U.S., with Britain and Germany the next largest investors. Most of the non-oil investment went into industries which are import substitute oriented, but since imports last year were U.S. \$1.4 bil-

lion, and are expected to rise to \$5 billion by 1978, there is ample scope for both sales and investment.

The average annual growth rate in the gross national product—about U.S. \$9 billion in 1969—over the past five years has been 10 per cent. Manufacturing industries have expanded at the rate of 13 per cent annually, with a corresponding increase in other sectors, so that today the industrial and resource sectors account for 45 per cent of GNP as opposed to 33 per cent in 1962. Agriculture has dropped from 28 per cent to 19 per cent, in spite of an average growth rate of 5 per cent.

The industrial labor force now stands at 1.5 million out of a total population of 27 million, and the educational systems are stressing the training of engineers and technicians. Last year 541 new licensing agreements



were concluded, and 20,000 new jobs created. The three major activity sectors are hydro-electric facilities construction, the metal industries, and the auto industry. The latter produces Ramblers, Hillmans, Citroen Deux Chevaux, Land Rovers, Jeeps and Mercedes buses and trucks. New joint venture projects include an aluminum smelter, a machine tool plant, and two new tractor plants. According to plans, the Soviet-built steel mill at Esfahan will begin producing 500,000 tons per year in 1971, with a projected

A view of the Mohammed Reza Shah Pahlavi Dam across the Dez River in the Bakhtiari Mountains of Southwest Iran.





This handsome building is the headquarters of the National Iranian Company and is located on the same street in Tehran as the Canadian Government offices.

output of 1.5 million tons. The petrochemicals industry will include plastics production at Abadan, sulphur from Kharg Island, and a fertilizer plant at Bandar Shahpour. Petroleum production in 1969 was 167 million tons, a 17 per cent increase over 1968.

One of the major factors in this development has been the political stability of the Iranian Government and the capacity of the king and his ministers. The real impetus has come from the judicious use by the Government of the financial resources provided from the exploitation of Iran's enormous petroleum reserves. The Government derives more than U.S. \$1 billion annually from oil, and plows this back into the economy in many forms, not the least of which are joint venture industrial projects with private Iranian or foreign partners. The capital investment program for the fourth Five-Year Plan—1968 to 1973—involves more than \$12 billion in new investment in all sectors of the economy. This money will come from basically two sources: oil (63 per cent) and foreign loans (24.6 per cent).

Of course, there have been negative aspects as well, pressures on foreign exchange reserves being one of them. Government action to preserve the stability of the rial has been quick and effective in the past, and has taken many forms including higher tariffs on luxury goods, and restrictions on imports of some non-essential items. The Government is now making a strong push to encourage exports of Iranian manufactures. If this program is to succeed, a marked increase in domestic plant efficiency will be needed to bring production costs in line with international levels. The Government, nevertheless, has committed itself to the objective of raising exports to a level of U.S. \$4.2 billion by 1973.

The outlook for this year is continuing economic expansion, but at a slightly lower rate. Negotiations with the oil consortium have been completed and government revenues established. The other resource sectors of the economy, notably mining and forestry, are to receive increasing attention in order to develop the vast

potential which so far has gone relatively untapped.

Industrial expansion via joint ventures with foreign capital will continue at about 11 per cent. Investment in telecommunications will make itself felt this year as deliveries of equipment for the Integrated National Telecommunications System begin. This project is now valued at almost U.S. \$200 million.

The Government will continue its attempts to increase the rate of agricultural expansion to 7 per cent annually, and will seek large amounts of foreign capital investment and technology for the operation of agro-industry complexes in the south. Internal transportation systems will continue to be improved with the completion of eight provincial airports, improvement in harbor facilities and major investment in the expansion of roads and rail lines.

Serious talks will begin with industry on the construction of the billion dollar Ahwaz (in the south of Iran) to Iskenderun (on the Turkish coast) pipeline, which will give Iranian oil a direct outlet to the Mediterranean and European consumers. Finally, barter agreements with East Bloc countries should not markedly affect imports of Western capital and consumer goods.

Canada's balance of trade with Iran should continue to improve this year. In 1967 our exports to Iran amounted to about \$3 million, and we bought about \$35 million worth of oil and carpets. In 1968 our exports rose to \$6.6 million, but dropped to \$5.2 million last year. This year, however, our sales figure will be helped by the export of around \$7 million worth of electronic equipment for telecommunications projects in Iran.

Every time a Canadian businessman comes to Tehran, and every time we make a sale, our prospects for the next sale are improved, as the Iranian business and government purchasing agencies become aware of Canada as a source of supply to meet the demands of their expanding economy. Iranian imports this year will be more than U.S. \$2 billion and will increase again next year. Canada's share should continue to increase.

Middle East Communications Imports Exceed \$20 Million



Al-Khobar, a few years ago a small fishing village on the Persian Gulf, was transformed into this bustling town with a present population of 40,000 by discovery of oil at nearby Dhahran by the Arabian American Oil Co. in the 1930's.

EMILE A. MAKLOUF, Commercial Officer, Beirut

In the past decade about \$20 million worth of telecommunications equipment has been imported annually into the Arab countries of the Middle East. Due to its unique position at the center of three continents and its fabulous oil wealth, this area is now more than ever an attractive market. In fact, together with rapid economic progress, the involvement of the Middle East in modern technology is providing striking evidence that even greater business lies ahead. The following rundown gives a general synopsis of current and forthcoming projects and opportunities open to Canadian manufacturers.

Lebanon—In addition to improvements to the telephone networks of Beirut and the principal towns, a list of projects over the next eight years, estimated at \$33 million, is under study by the Government. Included is the extension of the automatic telephone circuit to the whole country, and plans are already made for the construction of regional switch centers for 85,000 lines. These, when installed, will bring the total number of lines to 300,000 and raise the average to over 100 lines per 1,000 people.

A recent development has been the installation of an earth satellite sta-

tion. Another project under way is a submarine cable between Beirut and Marseilles, financed by a French loan, with plans for extension from Beirut to Alexandria. This will give direct dialling facilities with Europe, forecast for March 1971. Expansion is also planned for radio-telegraphic communications, and priorities have been set for the purchase of new equipment once the concession now held by the French group of Radio-Orient, due to expire in 1973, is taken back by the Lebanese Government.

There will soon be a requirement for radio broadcasting equipment. Lebanon

has a 100 kilowatt transmitter and is contemplating the installation of a station with an output of 1,000-1,500 kilowatts. With regard to television, one of the two private companies operating in Lebanon has gone to color television with the French Secam system, and it may not be long before the second company also will need the necessary equipment.

Other projects under way are the civil works for the extension of the telephone circuit in the port area of Beirut, after the construction of a third basin, and civil engineering for telephone and radio communications at the Beirut International Airport, due for expansion to receive jumbo jets.

Syria—Although austerity measures on imports have recently been introduced, few restrictions have been made regarding the purchase of equipment to modernize Syria's international communications services. Contracts for \$1.5 million have been awarded to two European firms for the installation of automatic telephone centers, and a project has been designed for 80,000 lines for the urban and rural areas in accordance with the Five Year Plan of 1970-75. These are in addition to 5,000 lines for the eastern region, especially along the Euphrates River. Invitations have been sent out to international firms, including three Canadian, by the Euphrates Power Authority to bid for telephone, teleprinter and HF equipment. Among the projects is a French Thomson-Houston 1,200 kilowatt radio broadcasting station.

The most talked about project is the 800-mile underground coaxial cable from Damascus to Medina in Saudi Arabia, through Jordan. This scheme is related to the plan to recommission the Syria-Jordan-Hedjaz Railway and will cost approximately \$10 million. The tender specifications, to be published soon, will cover the building of an overhead open wire line as a possibly cheaper alternative.

Iraq—A \$20 million internal microwave circuit designed by a U.S. consulting company is now under study by the Iraqi Communications Ministry and the World Bank. Briefly, it consists of 960 telephone channels over a total distance of 700 miles, and two television channels. The frequency

will be 2-7 GHz. It will require some 30 stations. Additional requirements over the next five years will be specified as the program continues.

A contract has been awarded for 58,000 lines to the French firm Le Matériel Téléphonique, and negotiations are underway for another 40,000 lines. It is expected that many more automatic telephone lines will soon be needed.

Another interesting project concerns an outside telephone plant to be built near Baghdad, with financing from the World Bank. The total cost is estimated at approximately \$30 million and though the large part is for civil works, there remains good scope for manufacturing equipment and materials. But the competition is very keen.

The Basra TV station, one of four owned by the Ministry of Information, is to be equipped with new transmitters to extend its range over all the Gulf States. HF and VHF systems are used extensively by the police, whose growing needs could also facilitate the entry of Canadian equipment into the Iraqi market.

Jordan—New switching centers and microwave links may be tendered for in Jordan when the internal situation improves. Projects under consideration include:

(a) 2,000 telephone lines for the port of Aqaba.

(b) 7,000 lines for Amman. This project comprises a high capacity system of 120 to 300 channels and will require underground repeaters, multiplex equipment, termination equipment, etc.

(c) A microwave system between Amman and Baghdad with the possibility of including one TV channel. Financing might be needed for this project.

(d) A microwave circuit between Amman and Beirut with a basic capacity of 600 channels and one TV channel. Foreign financing is likely to be sought for this purpose by Lebanon and Jordan.

(e) A third microwave circuit between Amman and Aqaba. Tropo-scatter is

a possibility for this link because of dry and inaccessible terrain. Much, however, will depend on the construction of the Hedjaz Railway communications line which runs along the same path.

Consulting services may be needed soon for the expansion of Jordan's television. TV broadcasting is now on three channels at 5 Kw and 10 Kw, and plans are being prepared for the purchase of VHF equipment to link the various stations. Equipment will also be needed for the Aqaba airport now under construction, financed partly by an interest-free loan from Britain, and for the new Amman International Airport designed by a Yugoslav firm.

Saudi Arabia—Despite substantial improvements, telecommunications in Saudi Arabia are still fragmented. There is, however, a growing awareness that the country's subdivided markets—the western, central and eastern regions—must extend their networks into a fully integrated system that will permit total coverage. Six transmitters and 12 long-range receiving sets with 18 dual-channel terminals have already been installed. Thirteen new automatic telephone exchanges are being built in the principal cities under an agreement with the Swedish firm of L. M. Ericsson. Up to June 1969 there had been 28,000 telephone subscribers in Saudi Arabia, but by the end of 1971, when the agreement will be terminated, an extra 76,000 lines will have been added, with ample room for future expansion.

Three projects are also in sight: a coaxial cable or microwave between Jeddah, Riyadh and Damman, another cable from Damman to Kuwait, and two satellite ground stations near Jeddah and Damman. Studies have already been done on these projects.

Contracts are to be awarded this year for two international airports, at Jeddah and Riyadh, designed by a U.S. engineering firm. A program has been designed by a Dutch consulting firm for 13 domestic airports to be completed over the next five years. These are being tendered for separately, and for each airport there will be a breakdown for runways, terminals, lighting, electric work and telecommunications. Work has begun on four of the airports.

Kuwait—Kuwait has inaugurated its own satellite ground station built by

the Nippon Electric Company. A British firm has been awarded a contract worth \$4.5 million for a number of broadband microwave and coaxial cable links. Kuwait also needs several thousand telephone lines, TV equipment, and communications equipment for the civil aviation department. The latter has budgeted \$147,000 in the fiscal year 1970-71 for Kuwait airport.

Lower Gulf States—The telephone, telex and telegraph systems in Bahrain, Qatar, Dubai and Muscat are operated by the British firm, Cable & Wireless Limited, which has already installed a satellite station in Bahrain and a troposcatter link between Bahrain and Dubai. While this company has full concession in the major areas, the market is still open to competition. Equipment will be required for the extension of the Bahrain and Dubai airports, and for the new international airport in Abu-Dhabi designed by Consult of Canada and due for completion in 1972. Four million dollars has been earmarked for telephones in Abu-Dhabi.

It is clear from the above that the chief buyers are the Governments and that purchases are mostly by tender. The main Departments are: Ministry of Posts, Telegraphs and Telephones, for all telecommunications products; Ministry of Information, for television and voice broadcasting systems, TV cables and microwave (in Lebanon, TV companies are private); Civil Aviation Directorate, for HF ground to air radio links, radio beacons, radar and meteorological instruments; Ministry of Defence, for various types of military radio equipment, mobile equipment, radar, command pack, portable switchboard, field telephones, etc.; Ministry of Interior, for HF and VHF mobile and portable equipment, telephone switchboards, etc.; Railways, for signalling and despatching systems, teleprinters, open wire hardware and carrier, VHF mobile units, microwave links and switchboards.

Good opportunities are also offered by the oil and pipeline companies,

whether independent or state-owned. If dealing with the former, you should register as an approved supplier with the companies' regional offices and purchasing offices located in Europe and the U.S. A list is available at our office in Beirut and at the Department in Ottawa.

Where does Canada stand in this telecommunications market? Compared to the U.S., Britain, France, Germany and Japan, who have been the major suppliers, Canadian exporters are latecomers. Their sales, though small (less than 1 per cent of the market), are increasing. The market is, of course, price conscious, but the Canadian companies that have been successful have proved that our products can compete. If you are interested in getting a share of this lucrative business, contact our office in Beirut and send us illustrated literature and, if possible, c.i.f. prices. We can put you in touch with some of the most aggressive agents in the Middle East.

International Loans

The Canadian Government has agreed to finance the preparation of master plans for the systematic development of the Palisades (Kingston) and Montego Bay airports in Jamaica from 1970 to 1990. Detailed recommendations will be included for Phase One of the development to meet demands for airport facilities by 1975. Work on this first phase will include cost/benefit analysis, preliminary engineering designs, and recommendations on the type of organization required to operate the airport complexes.

Cost of the project is expected to be \$300,000 and will be financed from a \$500,000 loan to Jamaica for the preparation of feasibility studies. Previous projects financed by this loan were an aerial survey, a transportation study and a survey of storm and sanitary sewerage requirements in the Kingston-St. Andrew metropolitan area.

The approval of this project brings total Canadian financial assistance in recent years for the development of air transportation in the Commonwealth Caribbean to over \$12 million, including both airfields in the Eastern Caribbean and equipment, services and aircraft to strengthen the operations of Guyana Airways Corporation.

A Canadian development loan of \$2 million will help to finance major improvements to the Port of Acajutla in El Salvador. The loan includes \$1,700,000 to cover foreign exchange costs of a \$2,900,000 breakwater, and \$300,000 for structural strengthening of a 1,200-foot pier. The loan will be administered by the Inter-American Development Bank.

The addition of 970 miles of feeder roads to the Colombian highway system will be undertaken by the Government with the help of a \$17 million Inter-American Development Bank loan. Specifically it will be used to build 56 miles of road designed for a traffic load of more than 100 vehicles daily, 30 primary roads totalling 672 miles and designed for 50 to 100 vehicles daily, and 14 secondary roads of 240 miles for less than 50 vehicles daily. The lack of feeder and access roads has contributed to the relatively slow growth of Colombia's agricultural sector.

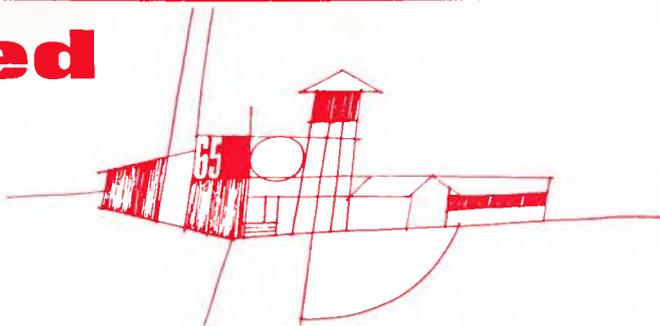
Costa Rica will increase its program of agricultural research with the aid of a \$2.5 million Inter-American Development Bank loan. It will build or expand experimental farms, agricultural extension and research centers and meteorological stations throughout the country. The loan

will be used to purchase laboratory materials, vehicles, audiovisual units, grain graders and harvesters; construct eight regional centers, expand 33 agencies and build houses for technicians. Up to \$100,000 will be used to secure technical assistance related to the program.

Kenya, with its largely rural population, will increase its agricultural training facilities with the aid of a \$6.1 million International Development Association loan. The loan will be used to establish a Faculty of Agriculture at University College, Nairobi, expand two institutes for training agricultural technicians and establish a third, and to construct six training centers and three mobile units for on-the-spot instruction.

Agriculture in Papua and New Guinea, the mainstay of the economy, will be improved with a \$5 million credit from the International Development Association. Projects to be aided include the planting and replanting of 10,000 acres of coconut trees, the developing and stocking of 150,000 acres of cattle ranches, improving government services to the beef cattle industry, the establishing of 980 smallholders on 7,840 acres to grow oil palms, and the building of a wharf at Kimbe, New Britain, to serve them.

Wanted



Manufacturers

Plastic Window Frames

German firm offers under licence the Canadian manufacturing and marketing rights to its patented plastic window frames. The frames are manufactured in one mould, the advantage being that the cavities contained in the frame can functionally serve to house rods for "pivot and tilt" fixing systems. They are superior to wooden frames inasmuch as they do not warp, thus preventing drafts and jamming, and they do not require maintenance such as painting. The frames are claimed to be hygienic, termite-resistant and easily installed all year round. They are not affected by weather, sea-water, base acids or rotting. The licensor will provide technical information. Literature available. **Item 2290**

Portable Dryer

American firm offers under licence the Canadian manufacturing rights and the Canadian and American marketing rights, and the possibility of worldwide marketing rights, for a portable, non-vented electric clothes dryer which operates on 110 V—60 C AC. It is claimed that the dryer has a larger capacity than similar units currently available and offers the consumer greater efficiency at lower operating costs. The licensor will provide technical know-how, drawings, technicians. Literature available. **Item 2291**

Electric Motor

Austrian inventor offers for sale the Canadian patent rights, including worldwide marketing rights, for his electric motor with a built-in braking mechanism. This new electric motor for up-to-date automation comprises a combined standard and brake motor with no axial shaft shifting. The brake torque is easily adjustable by an external screw. It is claimed that, by using the inventor's manufacturing process, construction size IEC 80/4 poled, 1.1 H.P. motors can be produced with the following savings: 60 per cent working time, 10 per cent dynamo sheet metal, 10 per cent dynamo wire, 40 per cent insulation material. The

unit is both a standard drive motor and a brake motor for use with programmed controls, conveyor belts, cranes, etc. Literature available. **Item 2292**

Encapsulation Process

American firm offers a licensing arrangement for the Canadian production and marketing rights of its special patented encapsulation process with wide application in the adhesive, agricultural, chemical, food products, detergent, paint, cosmetic, pharmaceutical and other industries. It is claimed that the major advantages of this process include the separation of reacting materials; reduction of volatility; and sustained, delayed or controlled release of contents. Literature available. **Item 2293**

Air Cushion Lift Pad

American Government agency offers a manufacturing licence to a Canadian firm to produce and market its air cushion lift pad. The pad has a plenum chamber defined by an enclosing side wall skirt and an upper wall converging downwards to form an inverted truncated cone. Should the pad tilt, the vertical lift force is lowered on the high side and raised on the low side with the result that the torque created stabilizes the pad. It is claimed that flutter, vibration, heaving and pitching are eliminated. Literature available. **Item 2294**

Thermosetting Plastics Material Powder

Austrian inventor offers a licensing arrangement for the Canadian manufacture of one-component thermosetting plastics material powder. It is claimed this novel process of manufacturing synthetic resin powder results in a reaction chemism which produces thermosetting resin powders having physical, chemical and thermal properties which were not attainable previously. These novel thermosetting plastics material powders can be processed with the same convenience as thermo-plastics. They are absolutely free of solvent and, as a result, no bubbles are formed even when the material is cured at high speed. The material is claimed to offer

excellent resistance to moisture, acids, alkalies and solvents. It provides corrosion protection and is weather resistant. Literature available. **Item 2295**

Motor System for Multiple Toy Train Operation

Hungarian state licensing agency offers under licence the Canadian production and marketing rights for its synchronous motor driven multiple toy train system. It is designed as a remote control synchronous electronic motor system that permits as many as five locomotives, with trains attached, to be driven at various selected speeds, in the same or different directions, completely independent one from the others. The main advantages claimed by the licensor are that this system maintains consistent speed levels and allows easy track switching and reverse operations. The licensor will provide technical knowhow, drawings and technicians if required. Marketing rights outside Canada are subject to negotiation. Literature available. **Item 2296**

Self-Contained Burglar Alarm Unit

American firm offers a licensing arrangement for the Canadian manufacturing and marketing rights for its newly developed, low cost, compact, self-contained burglar alarm unit designed for use on any window. It is claimed that its major features are that it cannot be controlled from the outside, thus preventing tampering; can be easily installed in minutes; works on open or closed windows; and has no outside wiring. The unit can be battery or AC/DC operated. Literature available. **Item 2297**

Liquid Filter Plant

Hungarian state trading agency offers a licensing arrangement for the Canadian production and marketing rights, and the possibility of additional marketing rights, for its liquid filter plant. The filter is a gravitation-operated water clarifier of horizontal flow with a static sand bed. The filter column is clarified by recirculation and regeneration. It is claimed that this equip-

ment is ideally suited for producing potable water as well as for supplying industrial plants with water of high quality. Literature available. **Item 2298**

Industrial Furnaces

Hungarian state agency offers for sale, or under a licensing arrangement, the Canadian production and marketing rights, with the possibility of additional marketing rights, for its system of producing industrial furnaces. It is claimed that this system makes it possible for easier and faster construction of industrial furnaces by reducing the design work and using prefabricated units. The units are composed of 4 groups, namely, wall units, furnace armature units, pipe units and furnace control. Each unit is designed to allow for easy conversion or replacement. Literature available. **Item 2299**

Carbonation Additive

American inventor offers the Canadian manufacturing rights and a choice of the domestic or worldwide marketing rights for his carbonation additive which is formulated for "locking" carbonation into beverages. This product is claimed to enhance the flavor of carbonated beverages since the effervescence is released in the consumer's mouth; to retain substantially higher levels of effervescence in beverages which are left standing after the containers have been opened; to prevent pressure build-up which can cause explosions in thin walled non-returnable bottles; to eliminate foaming during the bottling or canning process. Literature available. **Item 2300**

Plastic Toys, Games and Wall Plaques

British firm offers a licensing arrangement for the Canadian manufacturing and marketing rights for its line of plastic toys, games and wall plaques. An interested Canadian company should have the necessary technical expertise and factory capability. The licensor will provide tools and moulds; technical information; technicians on loan if required; drawings, etc. Literature available. **Item 2301**

Alternating Fluid Ring Heat Exchanger

French inventor is offering a Canadian manufacturer the production and marketing rights for his alternating fluid ring heat exchanger. The principle of this invention is based on the flowing of the fluids in opposite directions in alternating ring-like jets. This invention provides the following advantages; the coefficients of transfer between the two fluids are very high, with a resultant decrease in the operating costs through low pressure losses and an appreciable reduction in the forming of scale. This appliance is made of welded monobloc and is absolutely leak-proof with no joints or detachable parts. According to the inventor, this appliance is an excellent substitute for the standard multitubular exchangers in a growing number of uses. Interested firms should have good contacts in the food, chemical, heating and refrigeration industries, etc. Literature available. **Item 2302**

Agricultural Environmental Control Products

British firm is seeking a licensing arrangement with a Canadian firm to produce and

market its line of agricultural environmental control products. It is claimed that these products reduce the environmental germ level in enclosures used for keeping and rearing poultry, livestock and plants. Technical knowhow would be provided. Literature available. **Item 2303**

Coin-operated Vocation Advisor

Canadian inventor is offering a licensing arrangement for the Canadian manufacturing and marketing rights to his patented coin-operated vocation advisor. This device is for dispensing printed answers relative to a person's vocation based on information supplied through manipulation of knobs provided for that purpose. It incorporates an answer device which utilizes preprinted information on answer cards stored in rolled form within the device and a movable printing means for imprinting a variety of information on the card. A means for shearing card material into individual cards and a dispensing device are also included. Literature available. **Item 2304**

More Information

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

IADB Increases Resources

The board of governors of the Inter-American Development Bank has proposed that the resources of the bank be increased by a total of \$3.5 billion to enable the bank to meet increased responsibilities in fostering Latin America's development during the 1970's.

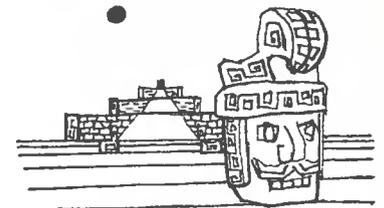
Specifically, the board recommended that the bank's 23 member countries adopt measures necessary to increase the ordinary capital resources—the bank's hard loan window—by \$2 billion. Up to \$400 million of this sum would be paid in, and \$1.6 billion would be callable. It also recommended that the Fund for Special Operations—the concessional or soft-loan window—be increased by \$1.5 billion.

The bank's callable capital is subject to call only when required to meet obligations created by borrowings and thus constitutes, in effect, a guarantee of the

securities the bank places in the world's capital markets.

The increase in the ordinary capital resources would become effective when at least 16 member countries agree to subscribe a minimum of \$1.5 billion of the increase. The "paid-in" portion would be due in from three to five years, depending on the size of the contribution, in equal annual installments beginning in 1971 and would be payable half in gold and/or dollars and half in the members' national currency.

The increase in the "callable" portion would be subscribed by the member countries in two equal installments, the first due in the first half of 1971 and the second in the first half of 1973. The United States would contribute a total of \$823,520,000—\$150 million to the paid-in capital and \$673,520,000 to the callable; the Latin Americans would contribute \$1,115,440,000,



of which \$236,410,000 would be paid in and \$879,030,000 would be callable. The remaining \$61,040,000 would be available for subscription of future members.

The increase in the Fund for Special Operations would be made in three annual installments, the first of \$150 million by June 30, 1971, and the remainder in two equal installments before June 30, 1972, and June 30, 1973, respectively. The increase would become effective when at least 16 member countries whose increased contributions total not less than \$1,350,000,000 have approved it.

Bulls, Beef and Good Red Meat

With an expected change in consumer habits to high-protein foods, Japan aims to increase the number of beef cattle from just over 1.5 million head to 10 million head during the next 20 years.



Japanese consumer habits are changing with rising incomes, and the search for higher protein food is just one result. Here members of a Japanese mission tour a meat-packing plant in Canada to see what we have to offer. The average consumption of meat in Japan is about four times less than what it is in Canada but is expected to rise sharply.

C. D. CALDWELL
Assistant Commercial Secretary
(Agriculture), Tokyo

In a country where the normal growth rate is consistently two or three times as high as that of most successful western economies it is not surprising that the resulting per capita wealth in Japan is being directed to more expensive food products that are higher in protein. Increased per capita GNP means increased net per capita take-home pay, and since the Japanese

consumer is well above the subsistence level it is interesting to study where these additional dollars will be spent.

About 35 per cent of the average Japanese wage earner's income goes on food. This is a high figure, and it is on the decline, but it is expected that the more affluent consumer will change from foods with a high fat and carbohydrate content to more expensive and higher quality protein foods such as red meats. The scope of this change becomes apparent when

it is noted that the per capita consumption of meats in Japan, including poultry but not fish, is less than 30 pounds a year. As a comparison, Canadians eat about 120 pounds a year.

The implication is that there should be a marked shift toward greater consumption of meat during the next decade. This is substantiated by numerous projections made by Japanese and foreign institutions, both private and government, extending from imports through consumption require-

ments and production requirements within Japan.

Beef cattle—Of the estimated 1,577,000 head of beef cattle in Japan at the beginning of 1969, 84.5 per cent were Japanese native Black (Kuroge Washu); 13 per cent were Japanese native Brown (Akage Washu); 1.7 per cent were Japanese Shorthorn, and 0.5 per cent were Japanese Polled Black. Imported breeds, an insignificant proportion of the total, consisted of 1,211 head of imported and domestically bred Aberdeen Angus, 708 head of Hereford, 291 Charolais and 3,081 head of cross-breeds.

Carcass production of beef from domestic sources in 1968 was 160,600 tons, of which 87,000 (350,000 head) came from beef breeds and 68,000 tons (275,000 head) came from dairy breeds. Calves for veal contributed 5,750 tons. Thus, it is seen that steer, cull, and cross-bred animals from the dairy sector contribute a good deal to the total beef production in Japan. This is becoming more and more true and it is expected that the imported breeds will contribute to this commercial quality beef production in Japan. From the foregoing figures, it can also be seen that the fallacy that all beef produced in Japan is "Kobe-type", or prime beef, is less than half correct.

From domestic breeds, three types of beef are produced: fat young steers (16-17 months of age) with a body weight of approximately 1,100 pounds; good fattened steers (age 23-24 months) with a weight of around 1,300-1,400 pounds; and fattened heifers (32-34 months of age) weighing 1,300-1,400 pounds.

Fattening the young steer approximates the North American system of beef cattle feeding, and produces a type of beef not dissimilar in quality and conformation. The true Kobe-type beef is produced only from heifers that have been bred once or not at all. They are fed for 30-34 months before slaughter with enough rations to provide them with sufficient energy to continue a change of conformation. The resulting meat is very definitely tender, succulent, and well-marbled, whether or not a result of feeding or genetic factors. The finished animal does not appear to have as much

cover as many of our finished steers would have at 18-20 months, although there is considerable waste on the dressed carcass. The live animal's conformation is somewhat 'dairy' by our standards with a heavy fore-quarter compared to what we desire from our beef animals.

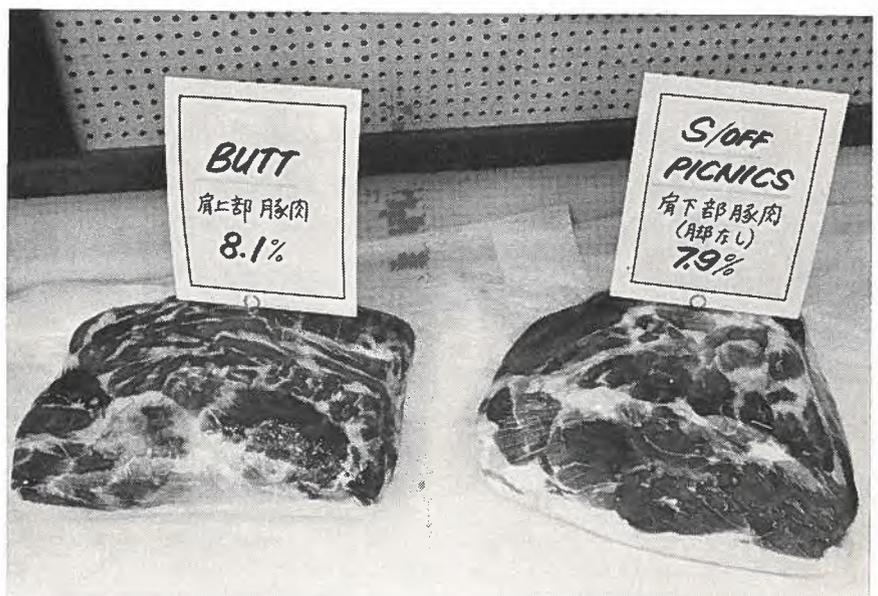
The finished Kobe-type fed heifer will bring the producer more than \$2 per pound on the rail. In the fattening process, it is interesting to note that an average daily gain of little more than 1.5 pounds per day is considered normal for heifers, if not desirable. Some people claim that this slow-fattening process contributes to the marbling phenomenon in Kobe-type beef.

The interest in imported breeds shown by Japan in recent years stems directly from the estimate of production requirements which are detailed later in this report. Although it is felt that the high-quality marbled beef produced by the native breeds will remain in demand, it is only by producing beef in the North American way that sufficient production can be maintained to cope with the forecast demands. There are, therefore, numerous research programs being carried out in Japan by both national and provincial research organizations to determine which of the imported breeds are best suited for cross-breeding. To date, the programs have concentrated on the Angus and Hereford breeds and fairly good results

have been achieved, particularly in cross-breeding with the native Japanese breeds. The requirement seems to be for as large an animal as possible that can survive well in rather rugged, steep country, in a climate which varies considerably from very hot and humid to that similar to the coastal and interior regions of Canada.

Most of the importing has been done by either provincial or federal Governments, but as numbers buildup, these will be let out to private breeders and some demand from these sectors is anticipated. The prefectural Governments are developing about 200,000 acres in some of the more mountainous country in the northern part of Japan, and federal grants will likely increase this program over the next decade. The federal Government has set a target over the next two decades to increase the beef cattle population to 10,000,000 head, most of these to be raised on newly-developed country in the northern regions of Japan in the Hokkaido, Iwate, Akita, Aomori and Fukushima prefectures. Total development costs will amount to something over \$3 billion in the next 20 years.

The major objective at this stage is to increase the head count of foreign cattle, partly by breeding and also by further imports. Once numbers have been built up, cattle will be farmed out to private breeders so that a purebred industry, once established, will proli-



Canadian pork shoulder cuts are displayed with Japanese descriptions. Authorities in Japan believe the country will become self-sufficient in the production of pork.



R. K. Bennett, former director, livestock division of the production and marketing branch of the Dept. of Agriculture, describes quality to be found in Canadian meat to Japanese mission members. Japanese interest in imported cattle breeds has increased, and Angus and Hereford breeds have shown good results there, particularly in cross-breeding with Japanese stock.

ferate throughout Japan. Imports have been increasing over the last three or four years, and are likely to continue to do so, if the massive growth target is to be realized. Because of climate and the size of the cattle in our major beef breeds, we anticipate that a good share of the required imports will be obtained from Canada.

Unfortunately, it appears that the Japanese in their desire to expand rapidly on a limited budget have to some extent foregone quality for quantity and are not always getting the type of animal required for a good breeding program. It would seem that some expenditure in the form of good bulls will be needed in the near future to upgrade and maintain those cattle that have already been imported.

In the Japanese import program, only purebred animals are allowed import licence, and no imports of semen have or will be authorized. Results of cross-breeding programs being carried out by several of the prefectural Governments within Japan should be ready

towards the end of this calendar year when it is hoped that a more definite statement of requirements will be possible. But it is unlikely that the Japanese will be any more successful than we have been in North America in determining which of the breeds is best suited for beef production. We will probably see a continued mixed import program based on the particular whims of different organizations and individuals as well as on the ability of some breeds to do better under different climatic and geographical conditions.

Pork production—The situation for pork production is quite different, because this industry has been well-developed for many years in Japan. There have been and continue to be imports of specific breeds from Europe and North America for special breeding programs designed to improve and up-grade the quality of existing animals. Since there are no indigenous swine breeds in Japan, this up-grading program will probably continue. There are some 500,000 hog producers, although the vast majority of these are

very small, raising from two to six sows, or feeding a few hundred weaner pigs. Sophisticated production techniques are creeping slowly into the hog business, and more rapid development in this area is foreseen over the next decade.

There are still a great number of hogs produced on swill, which has tended to down-grade the over-all quality. The feeling on the part of government authorities is that self-sufficiency is obtainable, and it is expected that relying on feed imports will enable Japan to produce all her requirements, with the possible exception of some years when imports would be required on a spot basis.

Sheep and poultry—Lamb and mutton production has decreased considerably and there is no aggressive move afoot to increase it. Some interest has recently been shown in the straight meat-type breeds and as this fits into beef production, it is possible that sheep numbers could increase from the very few head at present. Austra-

lian and New Zealand imports of mutton and lamb have virtually killed the market for local producers as they find it impossible to compete with the very low prices from these two countries.

Poultry production relies heavily on imports of genetic stock, largely from North America. Estimates of productive potential in poultry meat indicate close to self-sufficiency over the next decade, since production is fairly sophisticated and requires little land.

The meat industry—Total meat consumption in Japan, including poultry but not fish, was 1,387,341 metric tons in 1969, an increase of 526 per cent over total consumption in 1955. Of this, 17 per cent was beef, 40 per cent pork, 30 per cent poultry, 9 per cent sheep, and others making up the balance. Of this total, 248,021 metric tons were imported.

Long-term forecasts to 1977 indicate that the total demand for meat will be from 2,439,000 metric tons to 2,771,000 metric tons. Imports are likely to total between 139,000 and 471,000 metric tons in 1977. It is the current feeling of responsible officials in the Ministry of Agriculture that the higher estimate is likely to be more correct, and if current plans and trends continue, these will consist mainly of beef and mutton.

Imports of beef are subject to quota and to a 25 per cent duty. The quota in 1969 was 24,000 metric tons. Production, on the other hand, has always been short and it is anticipated that the import quota will be expanded in future years. Australia and New Zealand contribute the bulk of the imports. From these two countries come grass-fed beef which is considered of lower quality by Japanese standards so that there is still some demand for high-quality grain-fed beef such as that available from North America. Because it is possible that the production gap in beef will widen in future, it is probably in this sector that Canada has the greatest potential. Although the demand for Kobe-type will remain, there will be an increasing demand for medium-quality lower-priced beef of the type produced in North America.

Australian beef lands c. and f., including prime cuts, at approximately 90¢ per kilogram, whereas North American beef lands c. and f. around \$4.50.

Although Canadian shipments to date have been frozen primal cuts, there is some evidence that either carcass or primal cuts could be shipped, chilled and aged in transit in the future. This would, no doubt, require an increase in volume and some negotiations on freight by the importing companies.

Pork imports are only on a so-called "emergency quota basis". That is, when the domestic price exceeds a certain maximum, emergency quotas are issued for imports to stabilize prices on the domestic market. In 1969 a 50,000 ton emergency quota was issued of which 15,000 tons still remain to be used. The hog cycle being rather erratic in Japan makes it difficult to predict or forecast whether or not a continuing market will exist in pork in the future.

There were rather heavy imports by Japan of pork products from North America in 1969, whereas this year the pork price is low again and imports have been stopped in spite of outstanding quotas from last year. It is not sure at this stage whether or not domestic prices will increase and until they do, the remaining 1969 quotas will not be released and it is now doubtful whether new quotas will be issued for 1970.

Imports of pork are subject to a 10 per cent import tariff. Recent imports have not been subject to the tariff if the foreign price, c. and f., plus duty is higher than the domestic price, and if the wholesale market price is higher than the maximum price set at the beginning of each year.

TABLE 1

JAPAN'S IMPORTS OF PORK

Fresh, Chilled or Frozen

	1968 Kg.	Y'000*	1969 kg.	Y'000*
Ryukyu	84,304	37,708	391,841	180,884
Republic of Korea	19,992	7,313	674,298	258,821
People's Republic of China	910,402	463,725	6,046,851	2,815,960
Ireland	—	—	32,883	12,295
Canada	230,012	81,172	1,964,681	1,142,723
United States	8,895,100	3,439,042	28,982,822	12,582,918
Australia	137,759	46,755	4,428,808	1,583,920
New Zealand	206,132	56,795	128,901	46,265
Total	10,483,701	4,132,510	42,651,085	18,623,786

*Y333 = Cdn.\$1.00.

Meats from Ryukyu are free from import restrictions.

TABLE 2

JAPAN'S IMPORTS OF BEEF

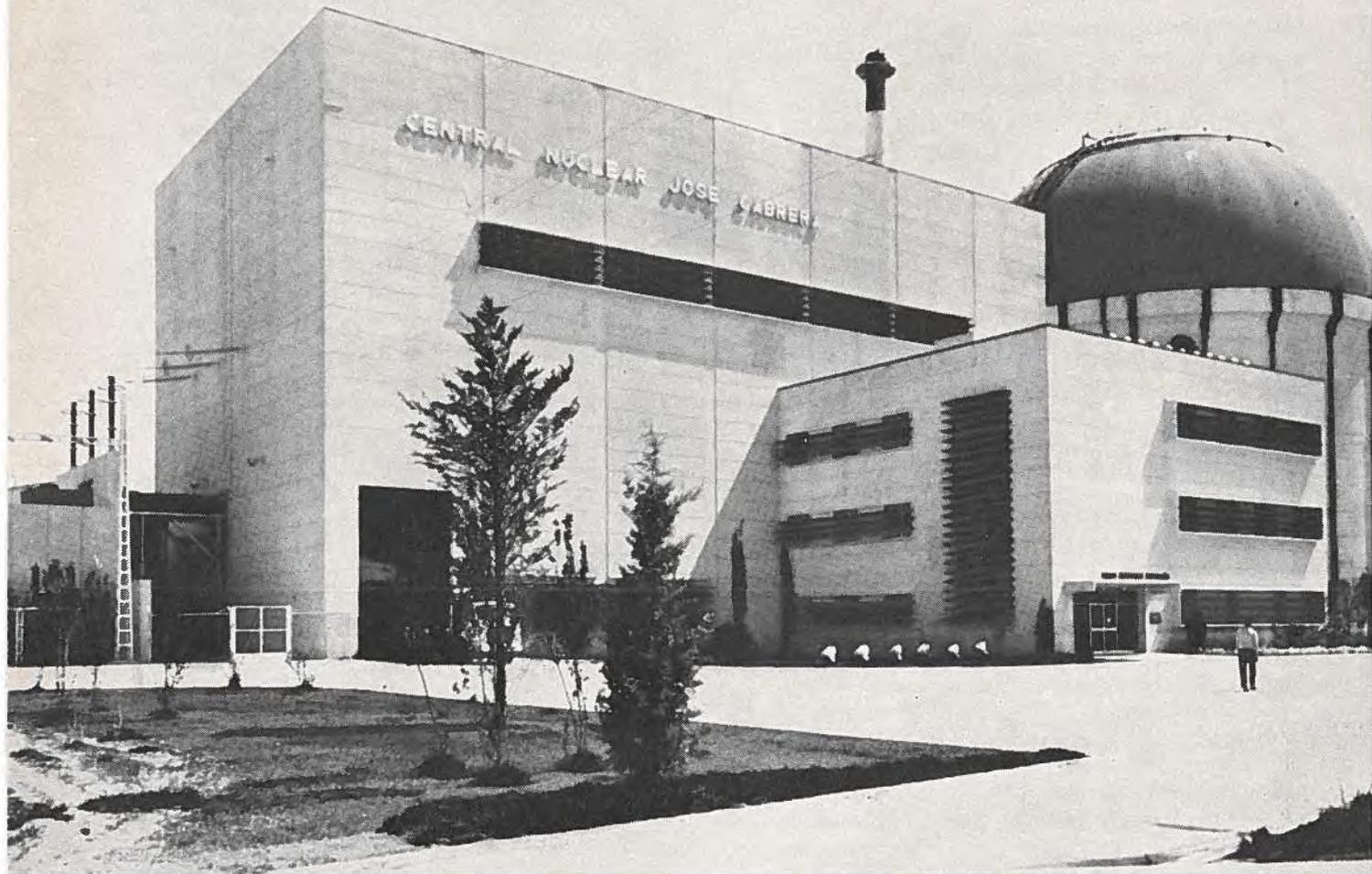
Fresh, Chilled or Frozen

	1968 kg.	Y'000*	1969 kg.	Y'000*
Ryukyu	1,132,696	704,428	383,156	198,290
Canada	—	—	452	847
United States	41,073	64,001	97,115	136,874
Argentina	125	268	—	—
Australia	10,031,347	3,273,038	15,061,765	4,409,290
New Zealand	2,297,768	678,249	3,081,326	933,026
Total	13,503,009	4,719,984	18,623,314	5,678,327

*Y333 = Cdn.\$1.00.

Meats from Ryukyu are free from import restrictions.

Joint Ventures in Spain



The nuclear power station at Zorita de los Canes is indicative of Spanish achievement in the past decade. This station helped to increase electrical generating capacity last year by 14 per cent. Spain is a member of OECD.

J. MEDCALF, Commercial Officer, Madrid

Spain is becoming an attractive market for a wide range of Canadian exports. In the past decade, Spanish achievements in the industrial sphere have created a demand for increasing quantities of raw materials, capital goods, technical expertise and other services. The likelihood of a favored trading position with the EEC, combined with relatively low labor costs and government incentives, also makes Spain an appealing investment area. Many foreign companies have recently established subsidiaries or joint ventures here.

In 1969 the over-all growth of industrial production was estimated at more

than 10 per cent and estimated gross national production at approximately 8 per cent. Electricity generating capacity increased by 14 per cent; steel production by 15 per cent; and domestic oil production totalled 1,350,000 barrels compared with 750,000 the previous year. Production of cement for the last ten months of 1969 reached 13.5 million barrels, an increase of 8.3 per cent over the same period in 1968.

Both imports and exports have increased considerably over the last few years. For instance, in 1966 exports (f.o.b.) were U.S. \$1,253.5 million and in 1969 reached U.S. \$1,900 million.

For the same years imports (c.i.f.) in U.S. \$ million were 3,590.7 and 4,232.8. The considerable trade deficit is mitigated to a great extent by large revenues from more than 21 million tourists (including over 100,000 Canadians) that Spain attracts each year and by the remittances of Spaniards resident abroad.

The Spanish Government is endeavouring to encourage a more favorable balance of trade, and in December last year inaugurated a system which necessitates the deposit with the Government of 20 per cent of the value of goods imported. Considering Spain's

desire for an economic relationship with the EEC, however, authorities believe that the restriction will be removed later this year.

Canadian exports to Spain have nearly doubled over the past few years, from U.S. \$31.3 million in 1965 to \$59.1 million last year, while our imports during the same period rose from U.S. \$8.7 million to \$26.5 million. Canada, however, is not one of Spain's main trading partners: the U.S. holds the dominant position, followed by West Germany, France, Britain, Italy and Saudi Arabia. We believe, therefore, that there are still numerous opportunities for profitable Canadian penetration of the Spanish market, more particularly in areas shown in the accompanying table.

Spain is a member of OECD and GATT and was an adherent to the Kennedy Round of tariff negotiations. Slightly over 70 per cent of her imports have been liberalized and applications to import such products are authorized automatically. Other products are divided into the following categories:

Globalized imports—Global quotas for certain products are set annually by the Spanish Ministry of Commerce. Importers must apply to the Ministry for import allocations within the quota. Applications frequently exceed global quotas, in which cases the authorities grant those applications considered of major interest to the Spanish economy.

Bilateral imports—For some categories of products Spain has bilateral quotas with countries for their tra-

ditional exports. Imports not classified under any other heading are included under this title.

State trading imports—The Ministry of Commerce itself imports certain types of products. This category also includes items for which a monopoly has been conceded to private or mixed private and state-owned concerns (tobacco, mineral oils) and for goods in short supply that are to be offered for sale at controlled prices (meat and condensed and powdered milk for human consumption).

Temporary imports—Raw materials and manufactured or semi-manufactured goods for incorporation into Spanish export orders are included in this category.

Replacement imports—This heading applies to goods to replace imported goods incorporated into export orders. As in the case of temporary imports, no Customs duties are charged under normal circumstances.

Spain is a signatory of the Brussels Customs Convention. In the Spanish Customs tariff three rates of duty appear: the full rate, the maximum which Spain charges; the transitory rate, the rate (usually lower than full) temporarily in force to meet certain special circumstances; GATT concession rates, low rates made as a concession under the Kennedy Round. On the whole, raw materials or essential goods not available locally are subjected to a very low rate of duty between 1 and 5 per cent ad valorem. Some are exempted.

Duty on luxury goods ranges from 2 or 3 per cent to 60 per cent, to which a Home Compensation Tax and other charges must be added. The Home Compensation Tax, which is equivalent to the Canadian sales tax, can vary from about 2 per cent to more than 20 per cent, and is calculated on the duty-paid value of the product. The over-all charge on automobiles, for example, is approximately 100 per cent, but on specialized machinery, tools and instruments can vary from 25 to 50 per cent.

Spain is essentially a centrally-controlled economy based on objectives set out in four-year development plans. The current plan (1967-1971)

has as one of its primary objectives the economic preparation of Spain for eventual membership in the EEC.

One of the immediate aims is to reduce the imbalance in Spain's foreign trade. Spain is also anxious to reduce her dependence on notoriously fickle tourist revenues. To this end the Government offers many incentives for the establishment of joint ventures, if they result in the manufacture or assembly of capital goods in Spain. But Canadian firms thinking of this type of investment in Spain should know something of the applicable regulations.

Commercial operations are primarily governed by the Commercial Code of 1889, which although modified by a series of decrees and orders since then, still has general application.

Under the Commercial Code foreign investments of up to 50 per cent of the capital of any Spanish enterprise are automatically authorized (except in some specialized fields) by notifying the Institute of Foreign Exchange. Profits and dividends from such investments can be freely remitted abroad. Participation amounting to more than 50 per cent in a Spanish company requires prior authorization from the Council of Ministers.

Spanish law provides for eight basic types of commercial organization as follows:

1. Partnership (Compania colectiva): All partners are fully responsible for the acts and debts of the firm to the full extent of their common and personal property. The name of the firm may comprise either the names of all partners, or the names of some or one of the partners followed by the words "y compania" (and company).

2. Limited Partnership (Sociedad en Comandita): This type of company may include one or more limited or silent partners, who invest capital but have no participation in the management of the firm, and one or more active partners who manage the business. Responsibility of the limited partners is only to the extent of their investment, but of the active partners is unlimited. The name of the firm must include the words "Sociedad en Comandita", and must include the

SELECTED SPANISH IMPORTS

	January-November		
	U.S.\$million	1969	% Change
Vegetable products,			
prepared food	313	335	7.0
Drink, tobacco	126	174	38.1
Minerals	581	589	1.4
Chemicals	297	369	24.3
Rubber, plastics,			
resins	98	127	29.6
Textiles and prod-			
ucts	153	493	47.1
Machinery (electric-			
al and mechanical)	648	776	19.7
Transport			
equipment	165	164	-0.6

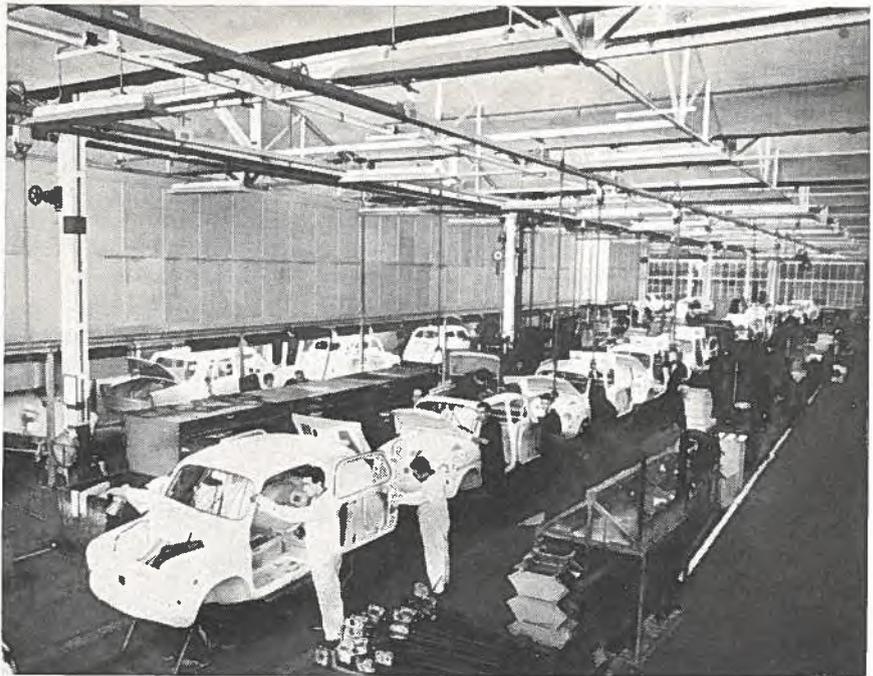
names of some or all the active partners followed by the words "y compañía" (and company).

3. Limited Liability Company (Sociedad de Responsabilidad Limitada): Such a company may not have more than 50 shareholders, and its capital may not exceed five million pesetas (\$75,000). This type of company has no issued shares, the capital being subscribed by "participations" on which there are transfer restrictions. Capital must be fully paid in at the time of establishment.

4. The Joint Stock Company (Sociedad Anonimal): It must be established by at least three shareholders who may be individuals or legal entities. After incorporation, however, shareholders may consist of any number, even one. The responsibility of the stockholders is limited to the amount of capital for which they have subscribed. A joint stock company is the only type of limited liability company that may be formed if the capital is to exceed five million pesetas. All shares for the company must be issued at once, and although they need not be immediately paid for in full, the shareholders undertake an obligation to pay when the company calls them up. A minimum of 25 per cent of the issued share must, however, be paid in at the time of incorporation. This type of company must be domiciled in Spain and be established by public contract inscribed in the Mercantile Register.

5. Branch of a company domiciled abroad: A branch company must preserve the original name of the parent company. (A change in name would render it liable to be regarded as a new company that had not observed the legal procedure). The company must register the name of its parent firm in the Industrial Property Register and in the Mercantile Register. At the time of registration certified copies of the Articles of Association (in Spanish) of the parent company and powers of attorney in favor of the local management must be lodged. There is no specific Spanish legislation governing the right to remit branch profits or repatriate its capital.

6. Joint Ventures (Asociación de Empresas en Participación): This is a separate legal entity from existing companies, with capital of agreed propor-



An example of a licensing venture is this assembly line of S.E.A.T. cars, a branch of the Fiat line. Many foreign firms have set up subsidiaries or joint ventures in Spain.

tions put up by all involved in the joint venture. The venture must record its formation in the Mercantile Register and its name can be that of one or more of the joint venturers with the addition of "y empresarios agrupados". Liability is joint, several and unlimited. There are certain tax advantages to this form of association. A growing number of companies are choosing this form of investment. Often foreign companies are joint ventures as a vehicle to form temporary associations with Spanish companies for particular projects. When the project is completed the companies are often disbanded. This type of company has the advantage of combining foreign expertise and local capabilities and facilities and enables the group to ten-

der for public works contracts which are restricted to firms established in Spain and registered in the Mercantile Register and the Industrial Register of the Ministry of Industry.

7. Sociedad Civil: Such companies are subject to the Spanish Civil rather than Commercial Code, and have unlimited liability. Professional bodies usually choose this form of company.

8. Sole Trading: Sole trading involves unlimited liability. The trader must register in the "Colegio Oficial de Agentes Comerciales" as a commission agent, paying an entrance fee plus a small monthly subscription. One man retailers follow the same procedure.

Spain Sets Steel Target

Spain has set 1971 as the target year for its steel industry to take over the supply of the major portion of domestic steel requirements. The country has been dependent on the import of finished steel products; 2.3 millions tons in 1969, despite constant development and modernization of facilities.

During the past 15 years production of steel in Spain increased by 573 per cent, surpassed only by Japan's 661 per cent. Spain is in eighth place among OECD countries in the use of steel.

In 1969 just over 50 per cent of the 2.3 million tons imported—which was more than double the record 1968 total—were semi-finished products. The main finished items were flat rolled sheet (mostly cold rolled) and tinplate. Also in 1969 the industry imported 1.2 million tons of scrap, double the amount purchased in 1968.

This year Spain continues to import finished steel products. Recently an agreement was signed with Japan for 692,000 tons of steel products, mostly hot rolled sheet, ship-plate and cold rolled steel.

Trade Lines

Consulting Economists

Mexico's newly formed National Association of Consulting Economists will specialize in feasibility and economic studies, fiscal consulting, industrial location, corporate development and other similar tasks. The new organization, made up of 100 economists, will also assist other organizations or agencies in the public sector—Mexico D.F.

Germanconsult

The leading consulting firms in Germany, meeting in Frankfurt, have formed an association to be known as Germanconsult. The new group is set up as a joint stock company with the shares held in trust under the supervision of KfW, the Government's reconstruction agency. Members include the Association of Independent Industrial Consultants, with 91 member firms; the Association of German Engineers, with 2,000 members, and several large banks—Bonn.

Aluminum

Work on the \$100 million British Aluminium Company smelter at Invergordon, near Inverness, Scotland, has now passed the halfway mark. Production is expected to start in April next year rising to full output by December 1971. Capacity will be 100,000 tons annually and the plant will eventually require 550 employees. Alumina (aluminum oxide) will be shipped, at the outset, from the Caribbean. The 3,400 feet long Saltburn jetty at Invergordon is capable of taking self-unloading ships up to 50,000 tons—Glasgow.

Remote Access Computing

Germany has taken steps to ensure that remote access computing and the retrieval of information remain in German control by forming Deutsche Datel GmbH., a company which will concentrate on remote access computing. Specifically, the new firm will sell computer power by telecommunications facilities, sell and rent the terminals necessary to the above facilities, develop software and provide consulting services and training for users. The Postmaster General, with 40 per cent of the company's shares, is a major partner in the venture. Other partners are AEG-Telefunken, Siemens, Nixdorf and Olympia Werke. Fifteen other German firms have expressed an interest in joining the company—Bonn.

Mining

The Mexican mining complex at La Caridad, now under construction, will begin production in late 1973. Studies valued at Cdn.\$2 million reveal an approximate 600 million ton ore deposit with a copper content of 0.8 per cent and an equivalent proportion of molybdenum. The complex represents an investment of some Cdn.\$240

million. The mining-metallurgical unit will process 30,000 metric tons of ore daily, while the smelter will have a capacity of 75,000 metric tons of metallic copper annually. Value of refined products is estimated at more than Cdn.\$80 million yearly—Mexico D.F.

Pulp and Paper

Construction of what will be one of Spain's major pulp mills will begin later this year at Teruel in the northeast. The \$21.5 million plant will be constructed for the firm of IMPACSA. Production will be in the neighborhood of 500 tons daily of both pulp and paper and will provide employment for over 1,000 workers. When the mill goes on stream, it is expected that annually Spain will save approximately \$11 million on imports of pulp and paper—Madrid.

Beer

Heineken Brewery of Holland will open a \$1.77 million brewery in the Bahamas in 1971. The Dutch firm will benefit from a tariff which will set the price of imported beer at \$10.50 per case. Annual capacity of the plant will be about 650,000 imperial gallons, which amount will be doubled after three years. The company retains a 20 per cent equity in the venture and local participation will be through General Bahamian Companies Ltd., and the general public—Kingston.

Imports

The Colombian Government will increase its import budget for the second half of 1970 to \$65 million for raw materials, equipment and semi-finished products. This is an increase of \$2 million from the first half of the year. The increase was made necessary by the import needs of Colombia's growing industrial sector and was made possible by greater export earnings, mainly due to higher coffee prices—Bogota.

Television

Approximately 1.2 million television sets have been sold in Switzerland during the past 17 years. Now slightly more than 50 per cent of Swiss families own a set as compared to more than 90 per cent of Canadian families. Sales of color sets have been slow, less than 40,000, because of limited production of SECAM/PAL receivers in Switzerland—Berne.

Steel

The Colombian Steel Plant Siderurgica de la Sabana—SIDESA will start production of cast iron for making steel in August 1971. This enterprise is financed by the Colombian Institute of Industrial Development, and by four local industrial firms who invested approxi-

mately U.S.\$4.5 million in the installation. The initial capacity of the plant will be 30,000 metric tons of cast iron, with provision for an increase of 9,000 metric tons—Bogota.

Beef Cattle

Soviet officials report that Canadian beef cattle have successfully withstood the climatic and range conditions of the Soviet Kazakhstan region. The U.S.S.R. expects to receive a large proportion of its beef cattle imports from Canada. Imports from the United States and Australia will be secondary, and select animals will continue to be purchased in Britain—Moscow.

Under the U.S.S.R.'s coming five-year plan emphasis will be placed on increasing the present four million head of beef cattle to 10 million by 1975. Some 360 million hectares, mainly in the steppe regions of Kazakhstan, are being opened up for ranging beef cattle. At present

there are approximately 40 million head of cattle in the Soviet Union, mainly dual purpose animals. The Kazakh white face—a Hereford-Kazakh cross—makes up nearly 22 per cent of cattle—Moscow.

Nylon Cord

A Dutch-Turkish joint enterprise, expected to begin production in 1973, will initially manufacture 6,000 tons of nylon cord for the Turkish tire industry. The company, formed by A.K.U. of the Netherlands and Bossa of Turkey, plans to expand production to 22,000 tons of tire cord and to manufacture other synthetic threads. The Dutch firm, at present a major exporter to Turkey of nylon tire cord, will initially have a 65 per cent share in the plant. It is expected that Bossa will purchase A.K.U.'s shares gradually through the firm's export earnings. Initial investment will be between U.S.\$31 to \$33 million and, with planned expansion, this will increase to about U.S.\$40 million—Ankara.

Foreign Tariffs and Trade Regulations

Bermuda

A new tariff which affects products of interest to Canada was issued by the Bermuda Government on August 1, 1970. It contains a number of increases in rates of duty and reductions in margins of preference. The Caribbean Division of the Office of Area Relations is analyzing the effects of these changes on Canadian exports and would welcome information from exporters whose sales are being adversely affected.

Argentina

Tariff Changes—The Argentine Government by Decree No. 191 of July 6, 1970, has reduced the import duties to compensate for the effects of the devaluation established by Decree No. 6 of June 18. The tariffs have been reduced as follows:

up to 15%—lowered to 0
between 20 & 50%—lowered by 15 percentage points
between 60 & 90%—lowered by 20 percentage points
between 100 & 130%—lowered by 25 percentage points
140%—lowered by 30 percentage points

Decree 509 dated August 4, 1970, has restored import duties on 24 different items to the General Tariff levels that were in effect prior to the imposition of Decree 191 of July 6. This action was taken in order to continue to grant preferential treatment to suppliers in LAFTA countries.

The following table shows how products of interest to Canadian exporters have been affected by Decrees 191 and 509.

Tariff Item and Description	Lowered Tariff Decree 191	New Rates Decree 509	LAFTA Rates
47.01.01.03—Mechanical wood pulp, unbleached, long fibered	5%	20%	free
47.01.04.02—Soda and/or sulphate wood pulp, unbleached, long fibered	5%	20%	free
47.01.05.01—Soda and/or sulphate wood pulp, bleached, short fibered	5%	20%	6%
47.01.05.02—Soda and/or sulphate wood pulp, bleached, long fibered	5%	20%	free
47.01.06.02—Sulphite and/or bisulphite wood pulp, unbleached, long fibered	5%	20%	free
74.01.04.01—Electrolytic copper (ingots, cathodes or wire bars)	free	10%	free
74.01.04.02—Fire-refined copper of a purity of not less than 98% (ingots or wire bars)	free	10%	free
76.01.02.01—Unwrought aluminum in blocks, lumps, ingots, billets and plates of a purity of at least 99.5%	free	5%	free

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:

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:

Toronto: Sept. 30-Oct. 9

Winnipeg, Regina, Saskatoon,

Edmonton, Calgary: Oct. 19-23

Vancouver: Oct. 26-29

United States

W. F. Hart, Commercial Officer, Chicago:

Toronto: November 2-4

Montreal: November 9-10

Temporary Duty in Ottawa

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

W. F. Hart

Commercial Officer
Chicago, Illinois
November 5-6

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.

Ghana

J. D. Tennant, Commercial Secretary in Lagos, Nigeria, will visit Ghana October 4-10.

Libya

C. Renaud, Commercial Secretary in Rome, Italy, will visit Libya November 1-7.

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.

West Africa

J. Fillion, Assistant Commercial Secretary in Abidjan, Ivory Coast, will visit Bamako and Tombouctou, Mali; Niamey, Niger; Ouagadougou, Upper Volta, and Monrovia, Liberia. October 8-23.

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 September 11	Canadian dollar in foreign currency units		foreign currency unit in Canadian dollars at September 11	Canadian dollar in foreign currency units
Algeria Dinar	.1862	5.37	Denmark Krone	.1353	7.39
Argentina Peso (free)	.2537	3.94	Dominican Republic Peso	1.0147	.99
Australia Dollar	1.129	.8857	Ecuador Sucre (official) (free)	.0406 .0511	24.63 19.49
Austria Schilling	.0393	25.45	El Salvador Colon	.4059	2.46
Bahamas Dollar	1.0147	.99	Fiji Dollar	1.171	.85
Belgium and Luxembourg Franc	.02044	48.92	Finland Markka	.2416	4.14
Bermuda Dollar	1.027	.97	France, Monaco, etc.² Franc	.1839	5.44
Bolivia Peso	.0852	11.74	Franco-African Republics³ Franc	.0037	270.27
Brazil Cruzeiro (official free)	.2189	4.57	French Pacific⁴ Franc	.0101	99.01
Britain Pound	2.457	.40	Germany D Mark	.2795	3.58
British Honduras Dollar	.5364	1.86	Ghana New Cedi	.994	1.01
Burma Kyat	.2131	4.69	Greece Drachma	.0338	29.59
Ceylon Rupee	.1705	5.87	Guatemala Quetzal	1.0147	.99
Chile Escudo (bank rate) (free)	.0858 .0708	11.66 14.12	Guyana Dollar	.5367	1.86
China, Republic of New Taiwan Dollar (official)	.027	37.04	Haiti Gourde	.2029	4.93
Colombia Peso (fixed)	.054	18.52	Honduras Lempira	.5073	1.97
Congo (Kinshasa) Zaire	2.144	.46	Hong Kong Dollar	.1674	5.97
Costa Rica Colon	.1532	6.53	Hungary Forint (official)	.0921	10.85
Cuba¹ Peso	Iceland Krona (official)	.0115	86.96
Czechoslovakia Koruna	.1409	7.10	India Rupee	.1347	7.42
			Indonesia⁵ Rupiah

Country and Currency	Value of		Country and Currency	Value of	
	foreign currency unit in Canadian dollars at September 11	Canadian dollar in foreign currency units		foreign currency unit in Canadian dollars at September 11	Canadian dollar in foreign currency units
Iran Rial	.0142	70.42	Peru Sol (free)	.0234	42.74
Iraq Dinar	2.841	.35	Philippines ⁶ Peso (free)	.1624	6.16
Ireland Pound	2.411	.41	Poland Zloty (fixed basic rate)	.2700	3.71
Israel Pound	.2899	3.45	Portugal & Colonies ⁷ Escudo	.0353	28.33
Italy Lira	.0016	625.00	Saudi Arabia Riyal	.2062	4.84
Jamaica Dollar	1.201	.83	Sierra Leone Leone	1.508	.66
Japan Yen	.0028	357.14	Singapore Dollar	.3507	2.85
Kenya Shilling	.1526	6.55	South Africa Rand	1.413	.71
Lebanon Pound (free)	.3146	3.18	Spain & Dependencies Peseta	.0146	68.49
Malaysia Dollar	.3315	3.02	Sweden Krona	.1948	5.13
Mexico Peso	.0819	12.21	Switzerland Franc	.2360	4.24
Morocco Dirham	.2038	4.91	Syria Pound (free)	.2819	3.55
Netherlands Florin	.2819	3.55	Thailand Baht (free)	.0492	20.33
Netherlands Antilles Florin	.5380	1.86	Trinidad & Tobago ⁸ Dollar	.5073	1.97
New Zealand Dollar	1.133	.88	Tunisia Dinar	1.933	.52
Nicaragua Cordoba	.1450	6.90	Turkey Lira	.0677	14.77
Nigeria Pound	3.017	.33	United Arab Republic Pound (official)	2.36	.42
Norway Krone	.1421	7.04	United States Dollar	1.015	.99
Pakistan Rupee	.2131	4.69	Uruguay Peso (free)	.0041	243.90
Panama Balboa	1.015	.99	Venezuela Bolivar (official free)	.2259	4.43
Paraguay Guarani (free)	.0081	123.46	Yugoslavia Dinar (official)	.0812	12.32

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

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

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

Arctic Char Debuts in London

The weather was hot and unbelievably dry, just the right combination for sophisticated Londoners to sample Canadian Arctic gourmet foods topped with chilled Canadian white wines.

The Canadian Department of Industry, Trade and Commerce, in co-operation with the Province of Ontario, invited a selection of food importers and distributors, department store buyers, chefs and The Holy Circle of food critics and correspondents from the national press to try these Arctic delights. Among the guests was the food correspondent for The Sunday Times, who will this fall be opening a French-style restaurant in London's gourmet district on Charlotte Street.

After a brief introduction and welcome by Henry Pauls, director of the Agriculture and Food Branch at Ontario House, the session was turned over to C. J. Van Tighem, Minister (Commercial) of the London office of Canada's Industry, Trade and Commerce. He told guests that Arctic char is not quite salmon, not quite brook

trout but a rare in-between that captures the best of both. Little known five years ago, it is now a restaurant specialty in Canada and the United States, Mr. Van Tighem told the guests.

Then followed the opportunity to sample Arctic char products, such as char chowder, smoked char slices and char in aspic, all beautifully prepared and spread out in buffet style. To give the sampling the right atmosphere, the room was air-conditioned and decorated with Eskimo artwork and handicrafts along with that friendly, flat-footed legendary Arctic owl—Ookpik. The little fellow is the registered trademark on all the canned and packaged food products marketed by Canadian Arctic Producers Ltd., which supplied the gourmet food for this occasion.

The evening went over well with buyers and distributors as well as the press. There was scarcely any food left which proves that Arctic char lives up to its reputation as a gourmet's delight!

Londoners sample Arctic foods at Ontario House. Eileen Mills, home economist with the Ontario Food Council, explains preparation of Arctic char to interested food writers Helen Burke of the London Evening Standard and Edward Nelson of the Daily Telegraph.



C. J. Van Tighem, Canada's Minister (Commercial) in London, tells J. W. Fenn, food importer (left) and Dr. Joy Barnett, food writer for The People, that Arctic char is caught by Eskimos and processed in Rankin Inlet. The food proved popular.

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