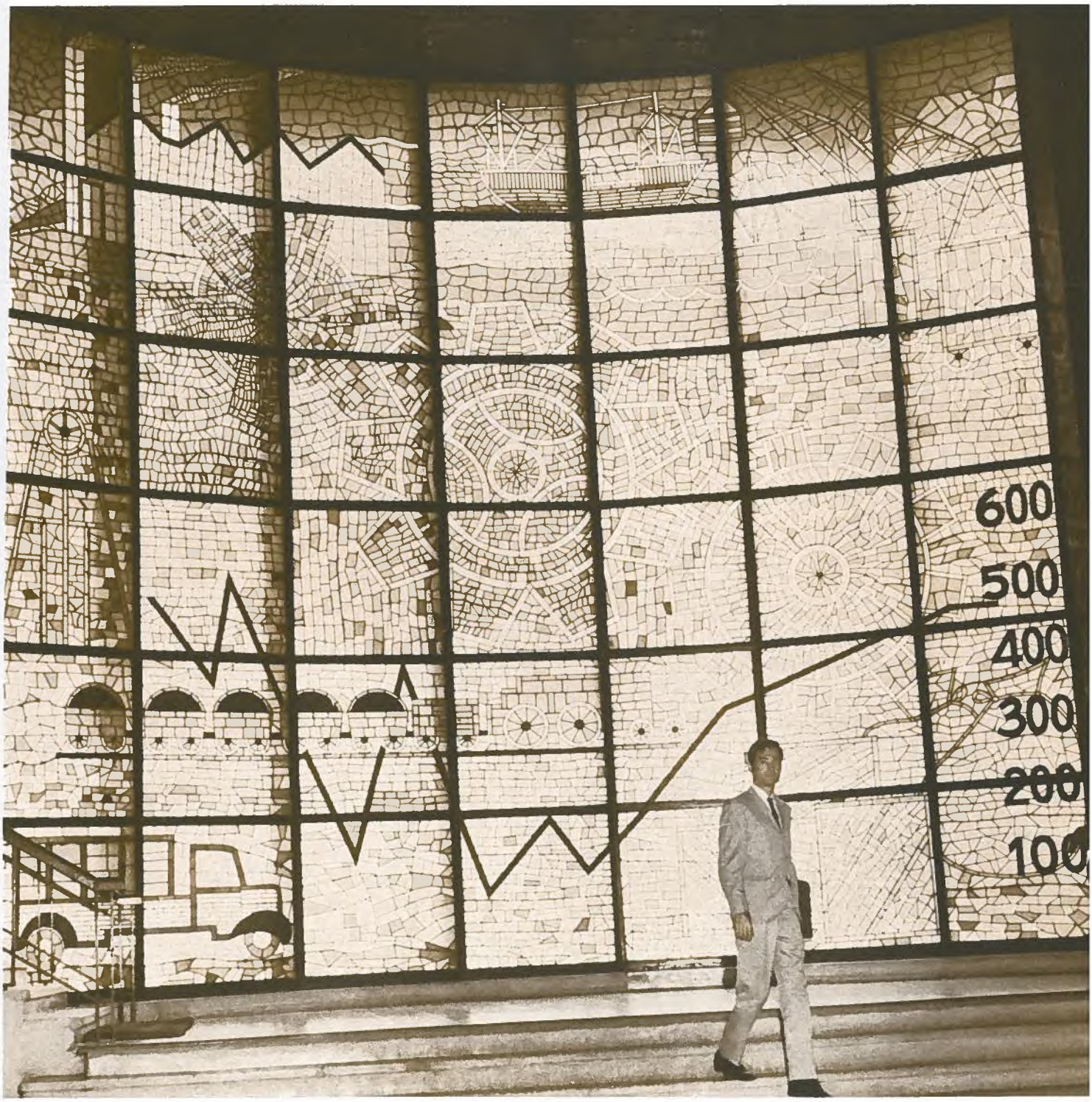
foreign trade

The Far East — dynamic new west

Department of Industry, Trade and Commerce, Canada

October 24/70



In This Issue

When Prime Minister Trudeau visited Osaka 70 to mark Canada Day there last July, he termed the area of the world known to us as the Far East "the new west," suggesting that we no longer consider it a far away place—divorced from us by miles of water.

The "new west" then is our theme for this series of reports from the Far East. Oops... we've just done it again.

Japan—whose economic pace is fracturing the record levels established by other countries; Hong Kong—the tiny colony of big business; Indonesia and the Philippines are described herein.

Over the past few months *Foreign Trade* has carried country reports and studied market potential from a variety of world areas, but few if any hold the promise of business development that can be found in the Pacific.

So, if you're really looking for international business excitement— this is where it's at.

Our front cover shows the stained glass window in the Indonesia Department of Trade, Djakarta. Depicting the main sectors of the country's economy, it covers, starting from the top, secondary industries, manufacturing and shipping, agriculture (in the middle of the window with stylized windmills symbolizing the importance of irrigation), and mining and transport at the bottom. The graph, again stylized, is the production index.

It has been brought to our attention by officials of the Embassy of Iran that the Markets in Brief section of our Mid East issue (September 26, 1970) showed languages of Iran to be Persian (Farsi), Azarbayejan Turkish, English and French Azarbayejan Turkish is a dialect spoken in some areas of Iran, but is not an official language of the country. The only official language of Iran is Persian.

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Dynamic "new west" Beckons Canadian Exports

R. BRAULT, Pacific Division

The countries and territories of the Pacific* range from the most highly industrialized—Japan—to the least developed—New Guinea. Some of the developing countries such as Taiwan are well on the way to the "take-off" point, others such as Indonesia are in the process of putting their economies on a sound basis for future development. They, therefore, provide a wide spectrum of opportunities and problems.

The area as a whole, with a population of 300 million, has an annual import bill of $24 billion. This fast growing market offers wide opportunities and challenges for the Canadian businessman. In 1969 Canadian exports to the area amounted to nearly $900 million and contributed 3.7 per cent of the region's import needs. For the first seven months of 1970 Canadian exports reached $663 million, an increase of 27 per cent over the same period last year when our exports stood at $552 million. Should this trend continue until the end of the year our total exports should reach $1.1 billion in 1970.

This area is an important outlet for the products of Canada's resource industries. This is particularly true of Japan which is now Canada's third largest trading partner. The area also includes Canada's largest overseas market—Australia—for fully manufactured products. Other markets such as New Zealand and the Philippines are also import markets for Canadian manufactured and semi-manufactured products.

It is common knowledge that investment is conducive to trade. Canadian investment in this area is rapidly nearing the $1 billion mark. At present our heaviest involvement is in Australia where Canadian interests are to be found in the resource industries and in manufacturing. Major Canadian investments are being made in mining developments in New Caledonia and in Indonesia. Canadian capital and knowledge could probably find use in the forest industries of Papua-New Guinea and Indonesia while opportunities exist in the area of manufacturing in Taiwan and the Philippines. With Japan liberalizing access for foreign capital, Canadian businessmen would be well advised to start exploring investment opportunities.

The Government, in the course of its foreign policy review, has identified the Pacific as an area for increased involvement. With added resources devoted to this area, the business community should find increasing support in its endeavours. The following reports outline the business development of some countries of the Pacific and commodity requirements in those areas.

This expressway through Seoul, the highrise buildings and the older two-storey ones are symbolic of the growing modernization of the countries in this region.

*Japan, Taiwan, Philippines, Indonesia, Australia, New Zealand, Papua-New Guinea and the lesser islands of the Pacific.

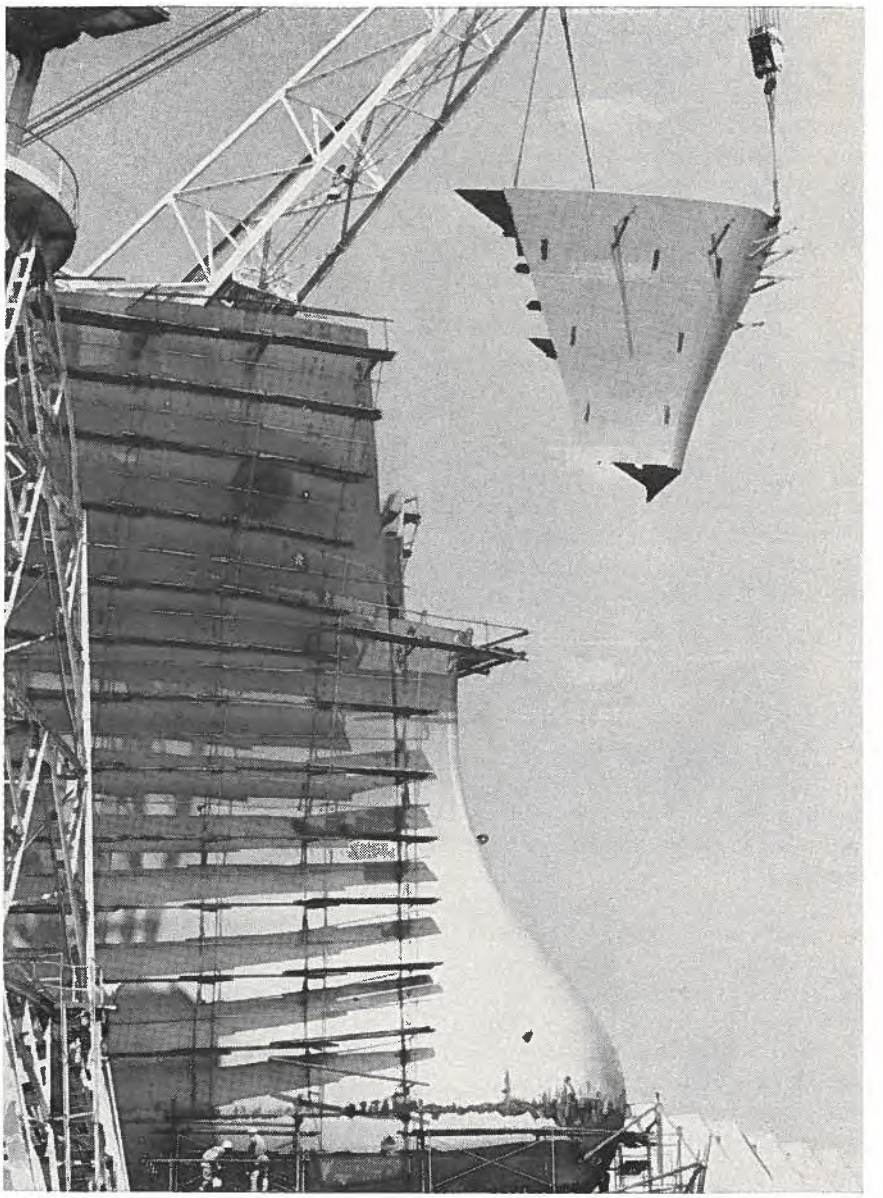
Japan - Where the Action Is

S. G. HARRIS
Commercial Counsellor, Tokyo

The year 1970 marks the 25th anniversary of the end of the Second World War which saw the almost complete destruction of Japan. From that inauspicious beginning 25 years ago to the enormously successful world's biggest exhibition, Expo '70, in Osaka, an era of achievement for Japan has passed comparable to the industrial revolution in Great Britain and the opening up of the West in the United States. So wondrous and swift has been this transformation from complete destruction to present-day prosperity that many cannot bring themselves to believe the basic fact of Japan as the number two economic power in the free world after the United States. To quote from another time and another place, "Look West young man. That's where the action is!"

Despite recessions in North America, falling prices on world stock exchanges, the war in Viet Nam, unrest in the Middle East, and trouble on the Sino-Soviet border, the Japanese economy booms on. Fiscal 1969-1970 has set new records in economic progress in every sector. The Japanese gross national product has passed that of West Germany and now ranks third in the world after the giants of the United States and the U.S.S.R. In the four years that the present boom has continued, Japan has experienced growth in real terms of 12 per cent per annum. During the same period, per capita GNP has increased to U.S. $1,640, ranking Japan with West European countries in terms of per capita income. The GNP is predicted to double again between 1970 and 1975, and some economists predict that before the end of the century (only 30 years away), the Japanese per capita GNP will be the largest in the world.

During this same period, export trade has made great strides, so much so that gold and foreign exchange reserves in 1970 have reached an all-time post war high of U.S.$4.2 billion. Japanese exports in the calendar year 1969 totalled more than $15.7 billion and imports around $12 billion. The projections as of mid-1970 are that the Japanese economy will continue its upward trend and that exports will grow even more during the present year. Japan's exports are expected to exceed $37 billion in fiscal 1975, by which time imports will have expandcd to $30 billion.



Japan as an economic power ranks third in the world. Its GNP is expected to again double within the next five years. Shipbuilding has played a major part in the country's phenomenal rise since 1945, but is now experiencing a shortage of labor.

Partly as a consequence of the overwhelming success of her economy and export position, Japan is under pressure from her international trading partners, (which, of course, includes Canada) to disembark her restrictive trade system and to implement a more liberal international trading policy. Not only would such a move forestall criticism from abroad, it would also help to stem the flow of foreign funds into the Japanese economy, which is causing the government to think of revaluating the yen upwards.

How has Japan been able to achieve so much against such adversity in the last 25 years? This is an interesting

subject for academic debate but a number of factors are clear. The Japanese labor force is one of the country's major assets; well-educated (one of the highest literacy rates in the world), disciplined, and well-served by Japanese social and domestic customs. There is much debate in modern Japan about changes in the traditional pattern of lifelong employment and wages based on age and experience, but this is still very much the rule.

Wages and fringe benefits are increasing year by year, but so far productivity has managed to keep up with wage increases. Recently, however, there is talk of a shortage of labor which is hitting the less-desirable job categories first, notably shipbuilding and the heavy steel industry. Despite this, there is considerable over-employment in Japanese offices and factories which, coupled with a continuing move from farms producing unwanted rice, should allow a certain flexibility for at least another five years.

Some labor intensive Japanese industries foreseeing future labor shortages are already establishing plants in nearby labor surplus and low wage countries, such as Taiwan and Korea. We expect this trend will become more pronounced.

Another important factor is the frugal habits of Japanese families generally and their propensity to put a large portion of their earnings into savings. The custom of paying bonuses of three or four months' salary in a lump sum at year-end supports this natural tendency and these funds deposited in Japanese banks have been in large part responsible for the financing of the enormous expansion of the Japanese industry in recent years.

CANADIAN EXPORTS TO JAPAN

Major Commodities	$'000 f.o.b. 1967	1968	1969
Meat and meat preparations	29	345	3,138
Salmon, frozen, smoked and canned	25	276	1,708
Fish roe	2,352	4,052	1,924
Skim milk powder	1,054	—	574
Barley	16,526	13,270	3,729
Buckwheat	776	1,378	1,424
Rye	5,763	3,822	1,226
Wheat (including durum)	107,518	95,085	76,222
Malt	917	1,702	1,951
Feeds and feedings	4,454	4,561	5,178
Fur, hides and skin, raw	3,331	2,808	4,991
Flaxseed	13,701	13,090	17,329
Mustard seed	1,047	1,332	1,300
Rapeseed	25,506	24,648	24,447
Iron ores, concentrates and agglomerates	17,291	19,479	21,955
Scrap iron and steel	5,093	1,106	1,191
Aluminum (all basic forms)	51,989	46,896	61,384
Copper (all basic forms)	96,822	118,404	134,437
Brass and bronze scrap	7,303	4,545	3,595
Nickel (all basic forms)	14,989	14,026	12,935
Zinc (all basic forms)	12,487	12,879	9,911
Lead (all basic forms)	7,612	6,384	7,458
Radioactive ores and concentrates	55	—	3,564
Silver ores and concentrates	1,787	8,509	2,959
Scrap, sweepings of precious metals	1,224	1,413	604
Molybdenum and metal bearing ores and concentrates	8,887	10,935	9,011
Pig iron	2,056	2,842	7,295
Coal	13,333	14,768	7,417
Asbestos (all forms)	12,254	11,685	18,143
Logs and poles (all species)	12,950	11,433	7,199
Lumber (all species)	36,184	46,011	39,387
Plywood, softwood	1,723	392	321
Wood pulp (all forms)	39,138	49,638	62,358
Newsprint paper	4,391	11,919	18,581
Tallow	1,850	3,043	3,534
Basic chemicals	1,132	1,311	1,921
Potassium chloride	10,060	12,440	12,583
Plastic and synthetic rubber	3,585	2,456	2,202
Liquefied propane and butane gas	4,679	4,522	6,760
Special industry machinery and parts	1,277	1,291	2,139
Card punch machines, computer and parts	7,127	6,208	3,873
Medical and pharmaceutical products	1,208	1,304	2,525
Others	10,671	14,579	14,454
Total	**572,156**	**606,787**	**624,837**

Source: DBS

There is also an intangible but very important close liaison between the Japanese Government and industry, through which yearly production plans and forecasts of output and investment are worked out. In Japan, planning is very much a fact of life and, unlike most other planned economies, Japanese programs have a habit of becoming reality not only on schedule, but often ahead of schedule. The complete dedication of all sectors—Government, industry, labor—toward achieving a set objective has inspired one foreign economist to talk of Japan as one large company, "Japan Incorporated", for which everyone commits his labor in common cause. It is a concept not too far from reality.

Finally, over the last 20 years it has been a very definite Japanese policy to remain masters of their own economy. The Government has always maintained close surveillance over foreign investments, a policy born from dire economic necessity after the War. These restrictive policies have now outrun their need, but are still very much entrenched and receive strong support from those who benefit by them. The Government, with one eye on its foreign trading partners in GATT, is endeavoring to dismantle these controls and, despite strong domestic opposition, some progress is being made.

Japan has implemented a few liberal policies in recent years and more are promised. First, the allowance for Japanese tourists going abroad has been increased. Secondly, the remittances of funds through Japanese

foreign exchange banks have been eased. New and more favorable procedures for discounting export bills and handling export paper have been introduced that allow a cheaper and freer flow of imported goods. Import deposits under the import guarantee system have been suspended and the system of usance for export documents has been simplified. Securities firms have been permitted to purchase up to a total of $100 million in foreign securities abroad.

Further, the third round of capital liberalization, originally due in October, is likely to be advanced and, for the first time the industries that will become eligible for 50 per cent foreign joint ventures may include a number in areas of real interest to non-Japanese, including Canadian, firms. The Ministry of Finance has announced that it will give automatic approval to foreign direct investment of up to $1 million for individual enterprises. This marks an increase from the $200,000 ceiling introduced as recently as September last year.

When the Canadian Fur Mission visited Tokyo last year there was a shortage of models so Jane Wansbrough (below), wife of Assistant Commercial Secretary G. M. Wansbrough, now in Madrid, and Miss Albery of the Tokyo office volunteered.

Finally, authorities now allow the use of Japanese currency to finance Japanese imports, a practice similar to all other world trading nations. Previously, foreign borrowing was required to finance imports.

So far, Canada has been largely a source of natural resource materials and crude agricultural products for Japan. Something like 95 per cent of our present exports fall into these categories, and we see these materials dominating our export trade for many years to come. As an example, by 1975 our exports of coking coal alone will be equal in value to our entire 1968 trade in all commodities.

Last year copper concentrates became our largest single export commodity to Japan, replacing wheat. Exports of iron ore, lead and zinc, lumber, pulp and paper are all likely to increase. With Japan's overwhelming reliance on overseas sources for industrial materials, Japanese industry makes it a matter of policy to contract for raw materials on a long-term basis to insure continuity of supply. This has the advantage from the seller's viewpoint of guaranteeing a market and usually a price, and provides a form of insurance to finance major projects. This overcomes one of the major hazards of financing large mineral developments by removing the project from reliance on short-term contracts based on fluctuating world commodity prices.

When long-term supply contracts have not provided sufficient inducement for foreign investment capital, Japanese interests have been investing directly in productive enterprise in Canada. Many of the new projects in coal and non-ferrous metal mining and in the forest industries in the Canadian West have been brought into production almost entirely on the basis of Japan's requirement for raw material. With the improved Japanese balance of payments situation and the easing of restrictions on overseas investments, we may expect to see more Japanese activity in developing resources and in investing in productive industrial enterprises overseas.

Aside from the raw material sector, Canadian exports of secondary products to Japan have increased notably in recent years. The program to convert farmland now growing surplus rice into livestock production has resulted in increased exports of Canadian breeding stock of dairy and beef cattle, pigs, sheep and live chicks. We look forward to continuing sales in all these items. Along with this, of course, a greater need is emerging for feed grains and formulated poultry feeds.

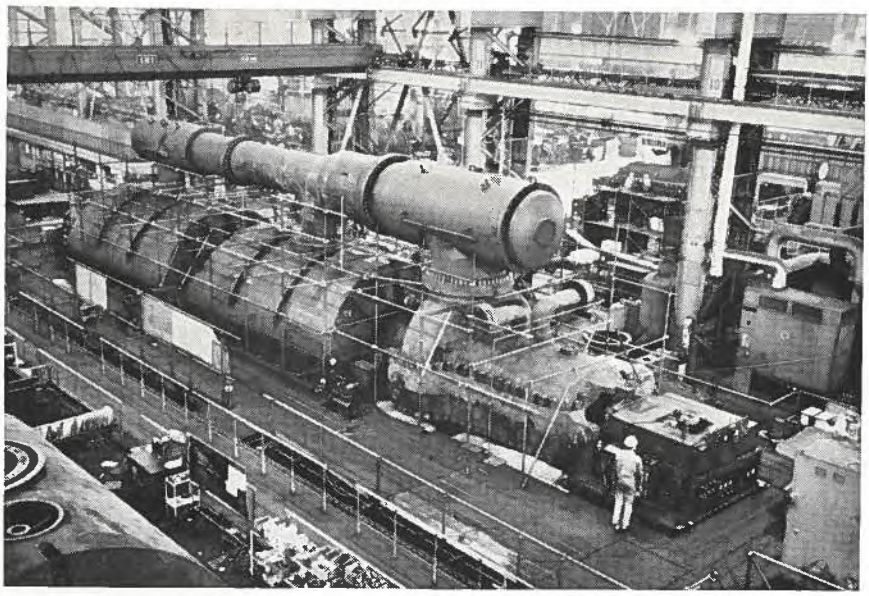
In the past year fresh and frozen beef and pork and frozen vegetables have become some of the more promising items in Canada's trade with Japan. Our exports last year for these items exceeded $3 million and will probably increase each year. Both beef and pork are still under a rigid import quota system, which may be eased soon, allowing both commodities to enter freely into the Japanese market. There are no restrictions on the import of frozen vegetables and fruits, except the normal ones of tariff, health and sanitation requirements. Our exports of frozen fruit and vegetables have increased remarkably.

The Japanese are the world's largest per capita consumers of fish, but are having difficulty in meeting their needs from local waters and are having to go farther and farther afield. This has increased prices to a point where considerable interest is being shown in the import of frozen and processed fish and fish products from other countries. Japanese imports of these commodities should be of benefit not only to our west coast fisheries, but also to those on our Atlantic shores.

With the increase in wages and the new desires for luxuries, furs are becoming increasingly popular in Japan. Japan has a fledgling fur industry of its own, but so far it has not shown much flair for quality and styling. Several Canadian furriers have recently been to Japan and have found considerable interest in Canadian designs and Canadian styling in fur coats and small fur garments.

Hardwood lumber is becoming increasingly important in our trade with Japan. Of particular interest is the export of bowling lane flooring to Japan where, in the last six years, bowling has become a very popular public sport. This business should continue for a good number of years, because the market is nowhere near saturation and a very important replacement market seems to be building up. There are, also, opportunities in the furniture component and other wood products fields that could be explored profitably by Canadian industry.

Building materials constitute one of the most encouraging fields for new and expanding business. Housing



A 350,000 kw. tandem-compound steam turbine awaits shipment by Tokyo Shibaura Electric Co. Ltd., parent company of Toshiba of Canada Ltd., to Australia.

standards in Japan are still low and the Government has a major program to produce 30 million new homes in the next 15 years. Many of these—probably at least 60 per cent—will be of timber frame construction. Consequently, there are opportunities for Canadian lumber and for many other materials. Recently, a substantial market has developed for Canadian asphalt roofing shingles, wallpaper and a number of other minor building items. The trend in Japan is to prefabricated buildings, and there are many opportunities for the introduction of Canadian methods and materials into the factory-built housing field.

Some Canadian companies have had surprisingly good success in selling specialized industrial machinery to Japan. As Japanese industry expands into new and more exotic fields, it becomes increasingly subject to international competition, and as a consequence, it is required to modernize and incorporate more new and sophisticated machinery into the productive process. Canadian companies which have succeeded in marketing their machinery in the United States and Europe should look to Japan where the same modern processes are now being used, and the demand for sophisticated equipment is very much in evidence. Specialized industrial machinery, packaging machinery, woodworking machinery and many other types are in demand.

Although Japan is a very large producer of modern electronic equipment, it is also an increasingly important buyer of sophisticated electronic equipment and instruments from abroad. This is all part of the modernizing process of Japanese industry and in the recent two exhibits at the Japan Electronics Show, Canadian equipment has been well received and Canadian firms have successfully sold their products to Japanese manufacturers. It is a market which requires careful investigation, but if you have the right product, sales can be substantial.

Finally, with the increasing affluence of modern Japan, a vast new market for quality foreign consumer goods is opening up. Canadian manufacturers so far have not tested the Japanese market seriously. Braver souls from Europe, the United States and Australia are already proving that consumer goods can find ready markets in Japan.

We in the Canadian Embassy believe that many items from Canada, such as jewellery, furs, toys, sporting goods, furniture, fashions—in fact, almost any consumer goods—can find a market in the new Japan. It will require some effort and perseverance, but 100 million prosperous customers have an enormous appetite for whatever is unique, new, and different in the world. In November, we are planning our first major consumer promotion in the form of a week-long "Canada Fair" at a major

Tokyo department store. We hope this will stimulate the interest of Japanese buyers in Canada as a source for requirements of imported consumer goods.

Canada has been one of the biggest and most successful foreign participants in Osaka's Expo '70. As a result of this, we have built up an immense resource of good will among the Japanese generally. We can capitalize on this if Canadian businessmen will follow up with closer consideration of the potentialities of the Japanese market. Many of you came to Japan this past summer to see Expo. We hope that you have been impressed with what you have seen, not only at Expo but in the country generally, and we hope that you will come back soon to explore more closely the market opportunities which are beckoning here.

Japan has innumerable specialized vertical trade fairs that are excellent vehicles for entering this market. In our Tokyo office, we have display room facilities available for short periods to any Canadian businessman, or group, who would like to display products to Japanese importers. Whatever your products, whatever your interest, the Department of Industry, Trade and Commerce and our Tokyo office are ready to help you. Japan will soon be Canada's number two export market after the U.S. In the face of these facts, it would be difficult to claim to be "international" unless a company sells in Japan! We would like to hear from you.

Japan's Nuclear Plans Important to Canada

S. G. HARRIS, Commercial Counsellor, Tokyo

Since the tragic nuclear age beginning in Japan in 1945, atomic power has returned to this country in a peaceful and most productive way which will yield great benefits for all the Japanese people.

Japan, like so many other countries, has experienced a very rapid expansion for electrical power demands. In fact, demand has been growing with this booming economy at a rate of 12 to 13 per cent per annum for many years. According to a report of the Japanese Central Electric Power Council, a body made up of nine regional utility companies and the semi-governmental Electrical Power Development Corporation, the demand in 1978 will reach over 500 billion kwh., which is approximately 2½ times the 1968 figure. Significantly, nuclear power will come to account for a large portion of Japan's electric power generating facilities and while the ratio of hydro to thermal to nuclear stands at 36 to 63 to .5 in 1968, in 1978, the ratio is expected to be 22 hydro, 65 thermal and 13 nuclear. Obviously, the Japanese power utilities have become convinced that the new technology and the economics of nuclear power make this the energy source of the future.

Japan lacks natural resources and must rely on imported fuel supplied for over 80 per cent of energy requirements. At the present time, most of this is oil. Enormous investment in ships and dock facilities and the insecurity of overseas oil producing countries have given the Japanese authorities cause to seriously weigh the economics of atomic power, and they have decided to substitute uranium for oil to the maximum extent possible in their new power generating program. This decision is important to Canadian producers of uranium and institutions concerned with the development of the nuclear industry in Canada.

Despite a continuous promotional campaign, Canada has not yet succeeded in selling a Candu reactor to Japan for power generation. So far the Japanese have opted for the American designs of General Electric and Westinghouse Companies while one reactor of the British gas-cooled graphite type has been built. The Japanese recognize Canadian expertise in the atomic field as evidenced by the fact that Atomic Energy of Canada Limited has sold nearly $1 million worth of technical data and know-how on atomic matters from research carried out in their laboratories at Chalk River. Since Japan, through government agencies, is presently in the process of designing its own reactor system, the chances of further know-how and technical data sales are encouraging.

More important have been sales of Canadian uranium to the Japanese power authorities. Just over a year ago two Canadian companies—Consolidated Denison and Rio Algom, contracted for the supply to Japan of 15,500 tons of uranium over a period of ten years from 1969 to the end of 1978. This contract was signed with a consortium of eight Japanese power utilities and was followed up in January, 1970, with a further contract by Consolidated Denison for 16,750 tons for delivery in 1974-1983. This latter contract was signed with Tokyo Electric Power Company, the largest utility in Japan and the leader in the establishment of nuclear power facilities.

These two contracts together have a total value of something close to $500,000,000 in terms of exports from Canada. Canada's third producer, Eldorado Nuclear, has also sold 500 tons of uranium but more important, it has recently established a plant at Port Hope for the conversion of uranium yellow cake (the form in which uranium is normally sold) into a gaseous product called uranium hexafluoride. Gaseous uranium hexafluoride is the form in which uranium is required in order to be processed

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in the diffusion plants of the United States to make enriched uranium. Since most of the Japanese reactors presently in the construction phase are of the Westinghouse and General Electric design, they will require considerable quantities of enriched uranium and it is hoped that a large portion of the sales of uranium to Japan will be processed to this gaseous state.

The accompaning table gives a listing of the nuclear power plants planned by the Japanese utilities. A number of these are nearing completion or are well into the construction stage, while design and planning are progressing on several others. In August of this year, arrangements were made for all the power requirements for Expo 70 to be supplied directly from the Kansai Electric Power Company's first nuclear station—Mihami 1. This represents the first public demonstration in Japan of what will soon become an everyday reality—nuclear power for the benefit of all the Japanese.

With all these plans for nuclear power stations, Japan will need nearly 16,000 tons of uranium by 1975, and up to 100,000 tons by 1985, creating opportunity for further contracts and these will become more urgent as present plans are converted to reality.

Considerable interest on the part of the Japanese authorities and trading companies in finding more sources of uranium in overseas regions has been indicated. Already, two joint ventures for exploration and development are under way in Canada, one in the Elliot Lake region of Ontario and the other in Central British Columbia. Within the last two months, a new organization, The Overseas Uranium Development Corporation, has been set up by the Japanese Government, trading companies and electric power

PLANNED NUCLEAR POWER PLANTS IN JAPAN

Plant and Capacity (MWe)		Construction Start	Completion
Hokkaido			
No. 1	350	Apr. 1973	Nov. 1977
Tohoku			
No. 1	500	Feb. 1973	Nov. 1977
No. 2	750	Dec. 1975	Dec. 1979
No. 3	750	Dec. 1978	Dec. 1982
Tokyo			
No. 1	460	Dec. 1966	Oct. 1970
GE—BWR			
No. 2	784	Mar. 1968	May 1973
GE—BWR			
No. 3	784	Jan. 1970	Dec. 1974
GE—BWR			
No. 4	784	Oct. 1971	Dec. 1975
GE—BWR			
No. 5	1,100	Mar. 1973	Jul. 1977
No. 6	1,100	Feb. 1974	Jul. 1978
No. 7	1,000	Jun. 1975	Jul. 1979
No. 8	1,100	Jul. 1975	Aug. 1979
No. 9	1,100	Jul. 1976	Jul. 1980
No. 10	1,100	Jul. 1976	Jul. 1980
No. 11	1,100	Jul. 1977	Jul. 1981
No. 12	1,100	Jul. 1977	Jul. 1981
No. 13	1,500	May 1978	Jul. 1982
No. 14	1,500	May 1978	Jul. 1982
Chubu			
No. 1	500	Feb. 1970	Feb. 1973
No. 2	500	Feb. 1972	Feb. 1976
No. 3	750	Jun. 1973	Jun. 1977
No. 4	750	Jan. 1975	Jan. 1979
No. 5	1,000	fiscal '75	
No. 6	1,000	fiscal '77	
No. 7	1,000	fiscal '78	
Hokuriku			
No. 1	500	Dec. 1972	Dec. 1976
Kansai			
No. 1	340	Dec. 1966	Oct. 1970
Westinghouse PWR			
No. 2	500	May 1968	Jun. 1972
Westinghouse PWR			
No. 3	826	Oct. 1969	Aug. 1974
Westinghouse PWR			
No. 4	826	Jan. 1971	Jan. 1976
No. 5	—	Jan. 1972	Jan. 1977
No. 6	826	Jan. 1974	Jan. 1979
No. 7	1,000	Jan. 1976	Jan. 1981
No. 8	1,000	Jan. 1977	Jan. 1982
No. 9	1,000	Jan. 1978	Jan. 1983
No. 10	1,000	Jan. 1979	Jan. 1984
Chugoku			
No. 1	460	Feb. 1970	Jun. 1974
GE—BWR			
No. 2	750	Jul. 1974	Jul. 1978
No. 3	750	Jul. 1978	Jul. 1982
Shikoku			
No. 1	500	Dec. 1972	Dec. 1976
No. 2	500	Dec. 1977	Dec. 1981
Kyushu			
No. 1	500	Dec. 1970	Dec. 1975
No. 2	500	Jul. 1973	Jul. 1978
No. 3	750	Jul. 1976	Jul. 1981
JAPC Tokai*	166	Feb. 1960	Jul. 1966
UKAEA gas cooled			
JAPC Tsuruga*	357	Mar. 1966	Mar. 1970
GE—BWR			
Total	**36,339**		

*Japan Atomic Power Company

utilities to seek out and develop uranium resources abroad. High on the list of priorities of this new Corporation is a study tour to Canada this autumn to make an on-the-spot survey of potential development sites for securing sources of uranium for future requirements of the nuclear stations. Japan's enormous requirement for uranium and the requirement for much of it to be enriched in form creates the possibility that Japanese corporations might join with Canadian corporations to establish an enrichment plant on one of the cheap electric power sites available in the Canadian North. If this should come about, an entirely new era of atomic energy would be opened up as Canada and Japan together might become an independent source of enriched uranium to supply to the entire world.

Another product of immediate interest to the Japanese power program is heavy water. The Japanese authorities —through the Government-sponsored Power Reactor and Nuclear Fuel Development Corporation—are developing two new Japanese reactor designs. One is for an advanced thermal reactor (ATR), and the other is for a fast breather reactor (FBR). The ATR program has already fixed on a heavy water moderated type of reactor using natural uranium and if this proves successful, substantial quantities of heavy water will be required as moderator for this family of reactors. There is, therefore, great interest in heavy water production developments taking place in Canada, both in Nova Scotia, where it is owned by the Government and Canadian General Electric, and the recently-started plants of Atomic Energy of Canada Limited on Lake Huron in Bruce County of Ontario. At the present time, supplies of heavy water from all of these plants seem to be pretty well committed for about five years with some uncertainty arising after that period, depending upon further reactor construction programs in Canada and sales of Candu reactors around the world. Nevertheless, Canada certainly has the most extensive heavy water facilities in operation anywhere in the world and given the present demand in Japan, there seems every likelihood that some of this material will be contracted to Japanese reactor builders, and we should see heavy water as being another large element in our trade in a few years time.

These are some of the highlights of the Japanese nuclear power program, but great potential and sales opportunities exist for Canadian suppliers of materials for the production of electric power through nuclear reactors. We confidently expect that Canadian business will take full advantage of these opportunities.

Promising Market for Alfalfa

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

A considerable amount of interest has been shown recently in the possibility of exporting dehydrated alfalfa products from Canada to Japan. Japan produces no alfalfa and depends entirely on imports, most of which come from the U.S. Canada last year sold 433 metric tons to Japan, compared with 380,406 metric tons sold by the U.S. The market now is split roughly 60-40 between dehydrated and sun-cured pellets respectively. There have been minor imports of sun-cured cubes amounting to about 8,500 metric tons in 1968 and close to 16,000 tons last year.

Consumption of alfalfa is related to the total production of formula feeds and concentrates in Japan. In the fiscal year 1968 Japan produced 11,356,000 metric tons of formula feeds and concentrates, which was a 10 per cent increase over the previous year. Total production last year was about 13 million metric tons. The dehydrated alfalfa is added to the feeds mainly to supplement the vitamin A content and to add color and increase palatability. The amount added ranges between 2 and 3 per cent, but varies depending on the other ingredients.

Despite these variations, the total imports (i.e. total consumption) of alfalfa products have been growing with the increase in the production of formula feeds, in fact by between 10 and 15 per cent over the last three years. The prospects of increased production of formula feeds are good because the Government of Japan places great emphasis on increasing the production of meat of all forms (see *Foreign Trade*, September 26, page 36 and this issue page 6). It is expected, for instance, that by 1977 total production of meat will be almost double that of 1969. It also appears

REQUIREMENTS FOR ALFALFA SUPPLEMENTS

	Sun-cured cubes	Sun-cured pellets	Dehydrated pellets
Protein	15 per cent	16 per cent	17 per cent
Fibre	28 per cent	28 per cent	25 per cent
Vitamin A	—	—	125,000 IU
Moisture	10-11 per cent maximum	—	—
Size	1¼″ × 1¼″	¼″ diameter	¼″ diameter

that more alfalfa supplements would be used if more and cheaper sources could be found.

Production of formula feeds in Japan is handled by a number of private firms and by the large agricultural co-operatives. Zenkoren, the largest co-operative, is also the largest feed producer and uses more than a third of the total imports of alfalfa supplements. Actual importing is handled by the larger trading companies.

The U.S. dominates the market. Most U.S. production comes from California, and by far the biggest export organization is the Pacific Alfalfa Export Corporation (PALEX). This organization has 11 plants in California and supplies 70 per cent of all dehydrated and 50 per cent of all sun-cured alfalfa that goes to Japan. Export volume is large enough to warrant the use by trading companies of 12,000-ton charter ships, meaning a one-port loading operation and a consequent reduction in freight charges.

The Japanese trading companies negotiate with major suppliers three or four times a year to ensure firm prices over a three to four month period. The negotiated prices vary from season to season, being lowest in summer. Costs range from $48 to $53 f.o.b. west coast for dehydrated pellets and $39 to $42 for sun-cured pellets. The cheapest freight rate is $10, but $14 to $15 is more usual.

According to sources in Japan, production and productive capacity in California is increasing, and one plant now being built will have a capacity of 280,000 tons a year. This obviously will be in a region where seven or eight cuts a year are possible. The Japanese understand from their U.S. contacts that six tons per acre, dry weight basis, is the average annual production in the areas producing for the Japanese market.

The fact that Australia and New Zealand have started to ship alfalfa products has made the Japanese wonder whether there is an opportunity to expand the market. They see the possibility of getting shipments from the northern hemisphere between April and September and from the southern hemisphere during the rest of the year. The Australians in particular are beginning to offer competitively at prices slightly less than $50 a ton f.o.b., and freight rate negotiations are going on that will likely place freight rates between $12 and $18 a ton.

Denmark also made substantial shipments last year (15,207 metric tons), but it is not known if this country can continue competitively and it is doubtful if it can produce in large volume.

As is the case with most feed imports, alfalfa supplements are not restricted by either quotas or tariffs. Certain specifications, however, must be met, and these are shown in the accompanying table.

Canadian participation in this large and expanding trade has been small. Two or three Canadian plants have made spot sales in past years, and probably sales during 1970 will be substantially higher. But competition is strengthening and broadening; the productive capacity within California is obviously not at its peak, and the seasonal production in the southern hemisphere has begun. Both Australia and New Zealand are known to be low-cost forage crop producers.

It is very doubtful that Canada will ever be in a position to take the lead in this business, although it is quite probable that we could capture a share of it. We have highly-productive irrigated land where two to three cuts and more than five tons per acre, dry weight, can be harvested. And we have the advantage of being relatively close to Japan.

Another point in Canada's favor is the fact that Japanese importers are not anxious to rely solely on one supplier, and are looking for other sources in the northern hemisphere for supplies during the summer.

The trade has had quotations from Canada and is surprised that these can be so competitive with U.S. suppliers. Buyers question whether the business is profitable in Canada at these prices. Does this mean that the Canadian business is not profitable, or that the prices currently quoted from California have a larger profit factor within them and are, therefore, flexible on the downward side?

Another very important consideration for Canadians will be the handling facilities available in Canada. California exporters are well-equipped to handle this difficult material. It is the trade's understanding here that the Vancouver port facilities are questionable, because of municipal government complaints about dust and pollution problems due to unsatisfactory loading and storage facilities. Since it is the Japanese importer's desire to handle this trade using charter vessels, it would seem imperative that we have storage capacity of around 10,000–15,000 tons per month so that charter vessels can take advantage of one-stop loading at Vancouver. In order to maintain the vitamin A content, it is also imperative that gas storage facilities are installed. All U.S. shipments come from ports with gas storage facilities.

The Japanese importing firms are quite agreeable at the present time to entering into contracts of up to two years to ensure continuity of supply. This could be a definite advantage to Canadian producers in breaking into this market.

Singapore Shortens Tax Holidays

Singapore Parliament has passed a law to shorten the tax holidays which new industrial enterprises could claim under the 1967 Act.

Pioneer industries will still get five years of tax relief (at 4 per cent of profits instead of the standard 40 per cent) but will no longer be able to obtain relief for a further 10 years on the basis of their being export-oriented. The maximum period is now eight years in all—five for pioneer or for export-oriented enterprises, with an additional three if the firm qualifies under both headings.

Firms investing more than $52.6 million can still qualify for the 15 years tax relief. If the investor sinks more than $350.1 million he may be able to obtain a further extension.

Under the new law the small investor has no tax privileges. To claim pioneer status and all the privileges entailed a firm will have to invest more than $350,700.

Korean Export Goal Opens Importing

F. M. GALBRAITH, Assistant Commercial Secretary, Tokyo

Korea's booming economy immediately strikes the visitor as he arrives in Seoul. Gleaming Korean-built Toyotas, Fords and Fiats fill the streets, bringing with them the usual traffic jams and a foretaste of the pollution which afflicts all "developed" countries. Well-dressed people busily go on their appointed rounds. And Korea's first skyscrapers—including the newly-opened showpiece, Chosun Hotel—dot the skyline. Energy and purpose are everywhere apparent and the local people point with pride to the enormous changes that have taken place.

The year 1969 realized continued remarkable growth for the Republic of Korea. Over the past few years enormous strides have been made in all sectors of the economy. The setbacks suffered in the agricultural field during 1968 have been followed by solid growth. Figures reflecting the expansion are dazzling: GNP up 15.5 per cent in real terms, per capital income up to U.S.$195 from $165 in 1968, mining and manufacturing up 21 per cent, agricultural production up 12 per cent, social overhead capital and construction up 16 per cent, government construction up 57 per cent (due primarily to expressways, harbors, and large industrial estates), transportation, communication and warehouse services up 21 per cent, and wholesale and retail sales up 16 per cent.

Korea's growing industrialization was reflected by a shift in the labor force. Employment in the agriculture and fishery sector has dropped from 59 per cent to 51 per cent in the last five years, and employment in the mining and manufacturing sector increased from 10 to 14 per cent over the same period. The Government is making great efforts to push industrialization even faster. In addition to offering foreign firms very attractive surroundings, there are plans to establish bonded export industries in a sea coast free trade zone. And a much-desired steel mill will be built at Pohang on the east coast, using mainly Japanese financing.

This fantastic growth was accompanied by a substantial increase (45 per cent) in the money supply and a rise in consumer and wholesale prices. In late 1969 the Korean Government took steps to establish a price stabilization council. Because of the increased level of imports and foreign loans new controls have been established and an adjustment in the official exchange rate which amounted to a devaluation of about 4.5 per cent.

Although the record of economic growth and industrialization achieved in the Sixties is quite outstanding, the economy of Korea is still at an early stage of development and easily vulnerable to changes in the international climate. The major difficulties facing Korea at the present time are the continuing inflation, a large trade deficit and a rapidly mounting external debt. Over the horizon, furthermore, looms the probability of a decline in invisible earnings as the American military presence in Korea and in Southeast Asia gradually diminishes.

Early this year a team from the International Monetary Fund visited Seoul to survey the situation and suggest guidelines for the economy. Because servicing of the foreign debt could become a serious problem if the rates of loan inducement remain at past levels, the IMF recommended a ceiling of U.S.$180 million on loans in the 3 to 12 year category and cautioned Government officials about increasing the trade deficit which, although down in percentage terms from 1968, is now $1 billion in absolute terms.

A view of part of Seoul, capital city of Korea, with its skyscrapers and hills.

Estimates on Korean exports in 1969 vary from $623 million to $700 million but in any case the increase was at least 35 per cent over 1968. Imports increased 25 per cent to $1,824 billion. This year's export target is an ambitious $1 billion and early indications are that it may be met. Certainly the Government and trade circles are working frantically to attain the magic figure. But since so many of Korea's export industries import raw materials there may not be any appreciable reduction in the trade deficit. Fifty per cent of Korea's exports go to the U.S. and 21 per cent to Japan; Canada accounts for only 2.4 per cent.

Most of the country's imports come from Japan, followed by the U.S. at 42.4 per cent. Imports from Canada are only 1.2 per cent. Foreign capital inducement in 1969 was $658 million, up 47 per cent from $444 million in 1968.

Because so much of Korea's export trade is concentrated in the U.S. and Japan, and because the products exported are limited to a few items only —footwear, plywood, transistors, ready-to-wear sweaters, suits and shirts—they are very vulnerable if

TABLE 1

WHAT CANADA SELLS TO KOREA

	$'000 (f.o.b.) 1967	1968	1969
Dairy cattle, purebred	—	391.1	1,459.1
Baby chicks	24.3	31.1	101.0
Milk powder	25.8	40.3	19.2
Barley	28.9	12.5	8.3
Wheat	15.9	—	—
Malt	51.0	—	—
Wheat flour	28.6	42.3	17.6
Cereals, milled, n.e.s.	8.3	71.0	16.6
Whisky	12.8	55.0	36.3
Hides and skins, raw	76.4	258.9	439.4
Flaxseed	120.5	369.6	340.1
Rapeseed	—	34.0	—
Softwood logs	58.4	72.0	—
Copper ores, concentrates and matte	—	614.2	—
Copper scrap	179.6	58.3	127.5
Brass and bronze scrap	146.1	—	—
Asbestos (all forms)	2,094.8	1,736.1	3,010.5
Sulphur	2,419.9	5,301.2	4,623.4
Newsprint, mutilated, beater stock	36.1	40.8	—
Woodpulp	134.5	320.1	1,489.2
Newsprint paper	528.0	1,665.2	450.2
Organic acids	43.8	37.0	—
Potassium chloride	853.7	1,412.4	1,825.5
Pig iron	—	—	135.9
Copper metals	43.5	14.8	14.8
Nickel, anodes, cathodes, ingots, rods	94.1	54.3	48.0
Zinc blocks, pigs and slabs	48.4	296.4	315.0
Valves, iron and steel	18.2	11.6	5.2
Fire brick and similar shapes	37.1	22.0	108.6
Hoisting machinery and parts	196.3	—	32.5
Commercial communication equipment	92.5	19.8	56.5
Components for communication equipment	56.0	0.8	33.7
Aircraft engines and parts	40.7	—	92.4
Transformers and parts	—	0.3	65.8
Biological products for humans	5.7	41.0	133.9
Total (all exports)	**7,670.7**	**13,203.0**	**15,330.8**

Source: DBS

TABLE 2

WHAT CANADA BUYS FROM KOREA

	$'000 (f.o.b.) 1967	1968	1969
Shellfish, fresh or frozen	54.5	14.3	26.1
Fishery foods and feeds, n.e.s.	138.4	142.2	0.8
Crude vegetable materials, inedible n.e.s.	15.1	4.5	2.8
Tungsten ores and concentrates	—	68.7	285.1
Metal ores, concentrates and scrap	12.4	—	17.9
Plywood, mahogany	46.4	513.8	618.0
Wallpaper, printed	9.2	16.4	11.2
Wool yarn, worsted spun	189.9	64.8	13.2
Broad woven fabrics, silk	37.1	160.2	60.3
Woollen and worsted fabrics	45.6	259.8	104.6
Cotton woven fabrics	510.6	348.0	663.5
Broad woven fabrics, rayon and synthetic fibers (including mixtures)	135.0	385.6	437.7
Tricot and knitted fabrics	—	293.6	137.6
Wire rope, new	47.3	16.9	119.6
Wiping rags	—	—	166.1
Commercial fishing equipment and parts	38.2	32.3	42.8
Blanks for table cutlery	—	23.5	—
Tires and tubes, for vehicles and bicycles, n.e.s.	28.3	27.6	7.0
Radio receiving sets, transistor	16.2	152.3	198.1
Christmas tree and colored miniature lamps	—	14.0	100.4
Clothing (underwear, outerwear) excluding knitted	1,332.7	2,757.3	2,108.1
Knitted clothing	1,262.1	4,596.4	4,091.0
Footwear (all materials)	248.1	758.0	1,526.2
Sporting goods, dolls and toys	49.5	25.7	44.6
Curtains, textiles	18.9	5.6	5.3
Towels, cotton	37.2	17.6	180.3
Stainless steel flatwear	79.6	53.3	71.0
Art and decorative ware, n.e.s.	25.1	9.3	25.8
Artificial and ornamental flowers, etc.	21.7	20.9	24.3
Household equipment and parts, n.e.s.	30.6	37.7	1.4
Prefabricated and ready-cut building and parts	—	120.0	—
Miscellaneous end products, n.e.s.	51.4	150.3	763.8
Shipments of less than $200 each	26.2	44.9	57.6
Total (all imports)	**4,567.5**	**11,240.8**	**12,192.1**

Source: DBS

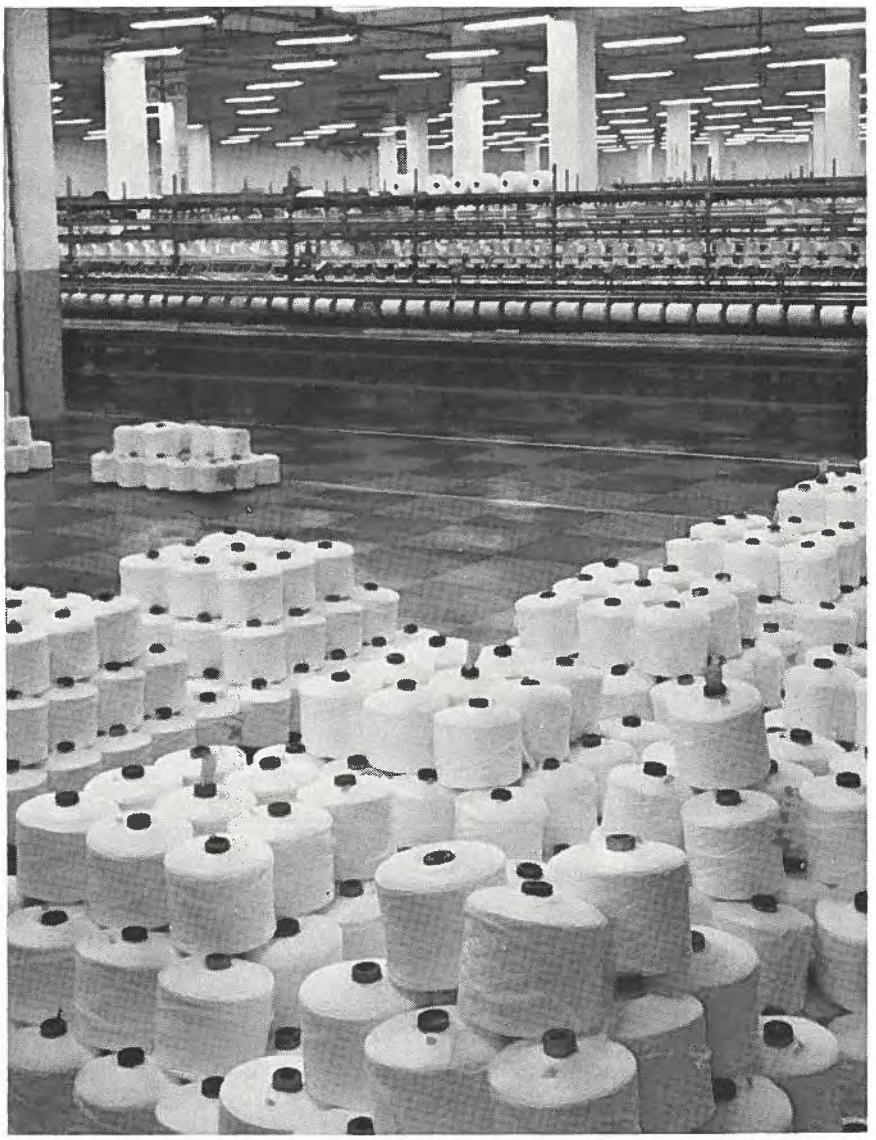
market conditions change. And the current U.S. talk of possible restrictions on textiles and electronics is of major concern to the Koreans.

Foreign exchange receipts will be reduced somewhat as earnings from sales to U.S. Forces in Vietnam and payments for Korean troops stationed there gradually diminish. Borrowing abroad to cover debt servicing is a practice which does nothing to solve the debt problems. Import substitution, increased exports, increased agricultural production and more stringent government stabilization controls will all be used to try to increase funds for debt servicing.

One feature of economic life is the growing Japanese presence. After the war a battered Korea received massive injections of aid, both economic and military, from the U.S. In the 1960's, and especially after diplomatic relations between Japan and Korea became normal in 1965, Japan has become more and more of a factor. Japanese direct investment in Korea exceeded American last year. Investments have been made in chemicals, electronics, automobiles and many other areas. Korea buys nearly seven times as much from Japan as it sells to her. And there is little likelihood that there will be any substantial change in this pattern because some import restrictions that had been designed expressly to exclude Japanese products have been relaxed this year.

Although Japan and Korea have not been traditional friends, especially over the last half century, there are many links between the two countries. Proximity, a certain similarity of social customs, plus the fact that nearly all senior Korean businessmen speak Japanese, all contribute to a trading relationship that is becoming closer each day. And the Japanese Government has agreed to provide $130 million to finance a steel mill, a project which the Koreans have been yearning to begin for some time. Also the stated U.S. policy of a lesser presence in Asia, including projected troop reductions in Korea, has made the Koreans feel less compelled to retain U.S. sources of supplies.

Provided stabilization policies are even moderately effective, Korea offers bright prospects for Canadian exporters in selected areas. Raw materials have been and will likely continue to be the mainstay of our exports. Two U.S. Agency for International Development (AID) programs were phased out this year and it may well be that importers will begin to look closer at non-U.S. sources for their requirements.



Spools of thread await shipment in the Hanil Synthetic Fiber Company plant. Part of this plant's production, rated at 32.5 tons a day, was exported to Canada last year. Korean exports, however, lag far behind imports, and economy is vulnerable.

One of the main problems facing Canadian exporters is that the Koreans are unaware of Canadian capabilities. But over the last few years we have become much more involved in the nation's growth through increasing cash sales and participation in World Bank projects. A joint team of experts from Canadian National and P. S. Ross and Partners, working with Korean National Railroad, did a great deal to show the potential of our engineering and management consulting services. Other Canadian engineering groups have been very active in seeking internationally funded contracts for consulting services. The main source of financing for these jobs will probably continue to be from international rather than Korean sources.

Canada has captured almost 90 per cent of the dairy cattle market, due primarily to the hardiness of our Holsteins and the reputation they have gained for excellent production. Sales in 1969 totalled 3,041 head at an average f.o.b. Canada price of $479.82. The Korean farmers and the National Agricultural Co-operatives Federation are very happy with milk production figures and will probably continue to make

substantial cash purchases for the next few years.

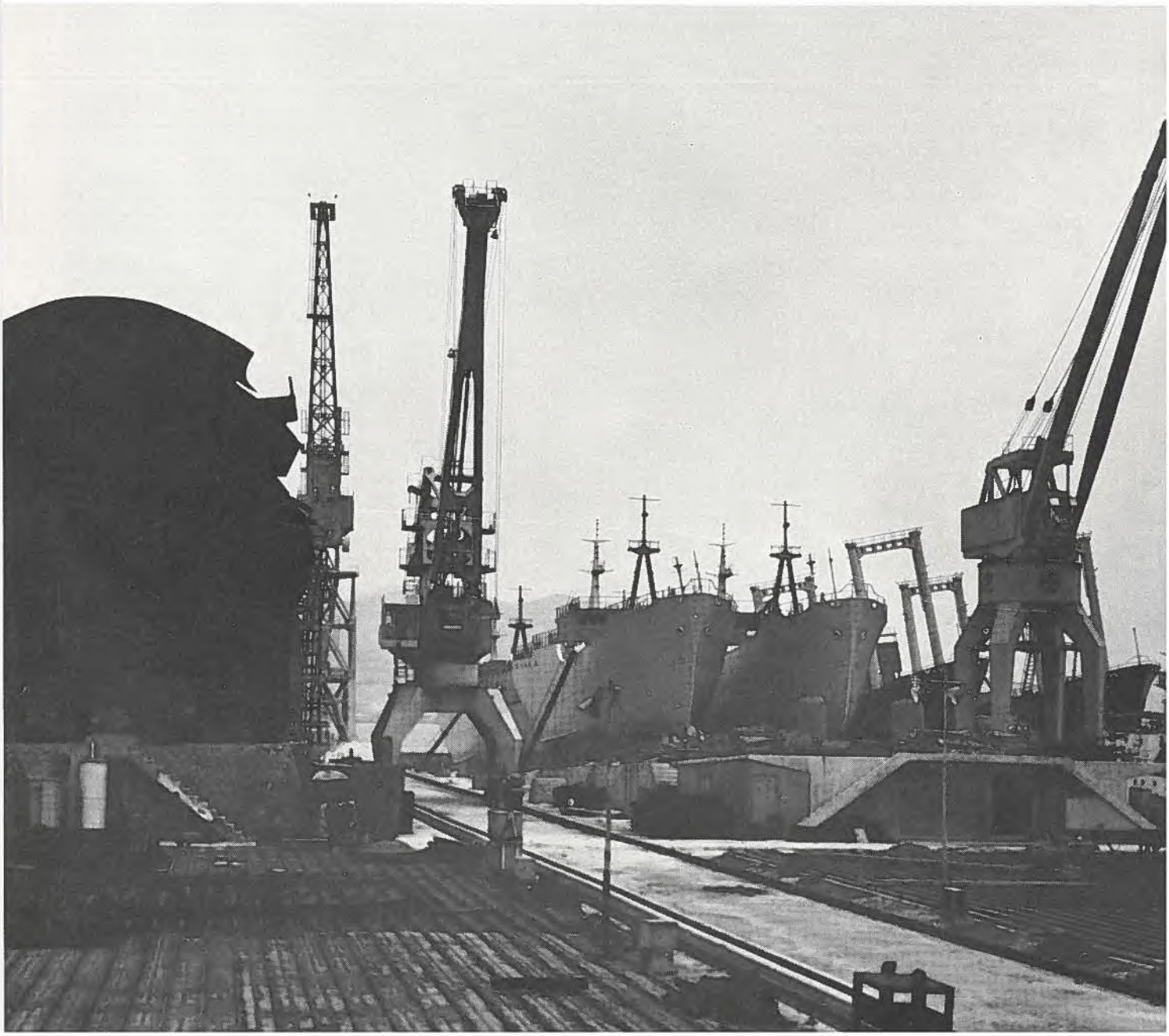
Korea's Ministry of Communications has been active in pushing the modernization of the country's communications networks, and there are ambitious plans to expand microwave systems and improve the telephone switching system. Large amounts of capital would be needed for these ventures so that credit terms and conditions are as important as the capabilities of the equipment.

Each year the World Bank and the Asian Development Bank provide money for specific projects. The crucial factor in successful bidding on these contracts is being able to get complete information from the end user as the specifications are being drafted. Because there is no fulltime trade commissioner in Seoul to monitor these projects, Canadian exporters need to be alert to invitations so that they can begin preparing their bids in time.

The Office of Supply of the Republic of Korea (OSROK) regularly issues invitations to bid on government requirements. (See *Foreign Trade*, October 11, 1969.) As soon as the invitations are received by our Embassy they are immediately sent to the appropriate commodity officer in the Department in Ottawa. Both the internationally funded procurements and the OSROK purchases will continue to offer good prospects for Canadian suppliers provided closer contacts are formed with end users in Korea. This could best be done by frequent visits by suppliers to the area, or through agents. Our office will continue to pass on information on opportunities to interested parties as it becomes available.

In review, 1969 and the first half of 1970 have brought a continued and rapid expansion of the economy. The Government is very earnest in its efforts to assure continued stabilized growth and to maintain a good reputation in the international financial community and indications are it will be successful. If it is, Korea should loom large in the Asian export strategy of an increasing number of Canadian companies. For further information contact: Minister (Commercial), Embassy of Canada, Akasaka Post Office, Tokyo 107, Japan.

Korea is working hard to stabilize its economy by greater industrialization and indications are that it will succeed. Shipbuilding, as evidenced by these new tankers, will undoubtedly play its part in the country's rise to stability.



Don't Miss Out on Hong Kong

Grown in Canada and sold at the street corner in Hong Kong—still in perfect condition. Canada last year sold more than $420,000 worth of apples to the Colony, marking an increase of more than $85,000 over the previous year.

JON L. SWANSON, Trade Commissioner, Hong Kong

In a world grown accustomed to superlatives, Hong Kong's miraculous economic expansion stands out as a modern Cinderella story. Prior to the 1950's the Colony grew slowly as a trading, shipping, banking, insurance and warehousing center in the trade between China and the West. Less than 20 per cent of the Colony's total exports in 1950 were domestically produced.

Hong Kong's relatively comfortable position was drastically shaken with the advent of the 1950's by two major political events. The change of government in China in 1949 resulted in a wave of migrants into Hong Kong, many of them industrialists and skilled workers from northern China. Secondly, the United Nations embargo on trade with China, engendered by the Korean conflict, seriously curtailed the Colony's entrepot business.

Ironically, the newly-arrived mass of refugee manpower, viewed by some as a social liability, proved to be the key to Hong Kong's economic salvation. Former merchants and industrialists readily seized the opportunity to combine technical knowhow, machinery and money—mostly brought with them from China—with the swollen labor supply. The nucleus they formed has grown with such rapidity that today Hong Kong has emerged as one of the world's top 25 trading nations.

Domestic exports from the Colony ($43 million in 1948) topped $1.87 billion in 1969. This represents an increase of approximately 25 per cent over 1968 figures and is a performance which has been repeated for two consecutive years. Latest monthly figures (May 1970) indicate Hong Kong will continue to break export records with gains of over 20 per cent. In terms of exports per capita of population, Hong Kong ranks ninth among manufacturing countries: a significant achievement from an area of less than 400 square miles with no natural resources of its own.

The bulk of the Colony's export markets is concentrated in the developed western countries, with the U.S. absorbing the lion's share at $780 million (42 per cent of the total). Sales to Britain were still impressive at $257 million (14 per cent), followed by the

Federal Republic of Germany at $134 million (7 per cent). Canada is Hong Kong's fourth largest customer, buying $61.7 million worth, or 3 per cent, an increase of 23.4 per cent over 1968 and which is consistent with Hong Kong's export success in its other major markets. Hong Kong exports nearly 90 per cent of its industrial output.

Spinning, weaving and garments have maintained overwhelming importance in Hong Kong's total domestic exports over the past decade, running at 47 per cent by value in 1969 against 52 per cent in 1959. The Colony's two newest industries, electronics and hair wigs, have galloped ahead into second and fourth places in domestic exports, representing 8 per cent and 6 per cent respectively. These industries scarcely existed five years ago. Sophistication and design in manufacture of toys has made Hong Kong the world's second largest producer in this line (7.5 per cent of exports) and it is rapidly overtaking Japan for first place.

The Colony's export future is bright, but not without troublesome problems. Hong Kong is anxiously watching the development of proposed U.S. legislation restricting imports of textiles and possibly other categories. Hong Kong is the second largest exporter of textiles to the U.S. and is apprehensive at the effect such a restriction will have on virtually half its exports. Textile circles in the Colony are hopeful that the forthcoming Geneva talks between Britain, the EEC, Japan and the U.S. will provide some relief to the world textile trade problem.

Hong Kong's business and industry now is placing emphasis on productivity in the face of increasing competition, higher land costs and an already difficult labor shortage. The family business, on which so much of Hong Kong's success was based, is slowly giving way to professionally-managed corporate enterprises where specialization, research and development are priority programs. The inevitability of textile import curbs by importers will no doubt stimulate a rapid diversification of production so that present GNP growth rates (now $600 per capita) can be maintained.

Hong Kong's retained imports increased by 18.2 per cent in 1969 to a record of $2.57 billion. The Colony's free port status provides foreign exporters almost free access but also stimulates the most competitive marketing conditions to be found anywhere. Key elements of the Government's commercial policy are the preservation of Hong Kong's liberal import regime and reluctance to meet demands for protection of particular industries.

Once again, Japan is the largest supplier, providing 23 per cent of total imports. It increased its share by 28 per cent over 1968 and latest monthly figures indicate a 30 per cent increase over 1969 levels. Since 1967, Japan has replaced The People's Republic of China as the Colony's leading import source in response to Hong Kong's surging demands for consumer goods, semi-manufactured goods and finished products for the tourist market. China ranked second, shipping 18 per cent of requirements for a total of $465 million. The U.S. ranks as the third largest supplier, sending 13 per cent ($345 million) of total imports. A significant proportion of U.S. exports to the Colony is destined for re-export back to the U.S. after further manufacture by American-owned companies here. In total, U.S. exports rose 16 per cent over 1968.

Britain, Hong Kong's most traditional supplier, remained in fourth place, with shipments of $207 million, or 8 per cent of the total from all sources. Other principal suppliers were the Federal Republic of Germany (4 per cent) and Taiwan (3 per cent).

Retained imports represented 82 per cent of total imports in 1969, with substantial increases recorded by raw materials and semi-manufactured goods (see Table 1).

TABLE 1

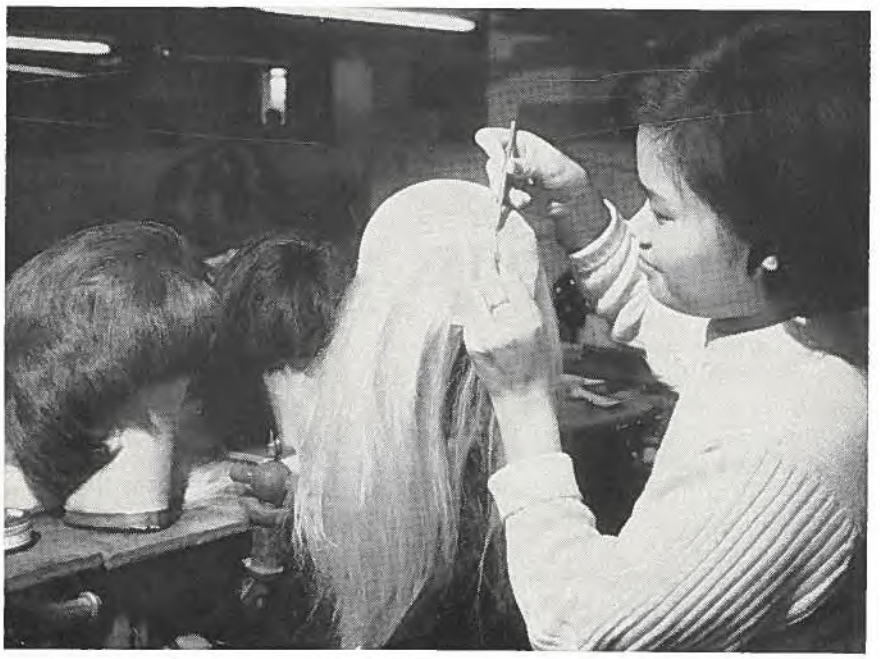
PATTERN OF RETAINED IMPORTS
as a percentage of total imports

Category	1966	1967	1968	1969
Raw materials	34.2	33.3	37.0	36.6
Foodstuffs	19.6	21.0	18.6	17.3
Consumer goods	17.0	17.0	16.5	16.5
Capital goods	8.0	7.6	7.5	8.7
Fuels	3.1	3.4	3.2	3.0

Hong Kong's choice of suppliers is governed by price, proximity, delivery time and (at times) quality. About 55 per cent of its imports are supplied by Asian countries, with Japan out in front as principal shipper of chemicals, yarns, fabrics and made-up materials and miscellaneous manufactures. Japan runs a close second to the U.S. in the supply of machinery and transport equipment. For the large Hong Kong foodstuffs market, China supplies over 48 per cent, or $232 million.

Western Europe's share of the import market gained a percentage point to

A relatively new industry, wigs rank fourth in the Colony's domestic exports.



21 per cent over 1968 while North America's decreased one per cent to 14 per cent.

The entrepot trade retained its important position in Hong Kong's external trade, and in 1969 rose to $462 million. Main commodities re-exported were fabrics, diamonds, medicinal and pharmaceutical products and crude animal and vegetable materials. Japan was the principal recipient, followed by Singapore, Indonesia, and the U.S.

With the exception of local defence costs, Hong Kong is financially self-sufficient and maintains one of the hardest currencies in Asia. As a measure of investor confidence in the Colony, local stock exchanges chalked up record turnovers throughout the past year, apparently little affected by severe declines in stock prices on overseas exchanges. Stock exchange total monthly turnovers reached $75 million in March this year.

Government revenue has exceeded expenditures for the past four fiscal years, and the 1969-70 surplus reached $75 million. Already in a very comfortable reserve position, the traditionally "laissez-faire" Government forecasts no appreciable modification of its financial operations for the coming year, despite large capital expenditures for major water works developments, increasing social welfare commitments and public housing costs.

Hong Kong's banks have grown with the Colony's developing industries, and the excellent banking facilities played a vital role in Hong Kong's emergence as a manufacturing territory. At the end of May 1970, its 73 banks reported deposits of $2.32 billion, up 19.9 per cent over the same month last year, and loans and advances at $1.48 billion. This high degree of liquidity has enabled interest rates in Hong Kong to stay at levels comparable to those prevailing in the western world's leading financial centers and far less than in those of countries outside the western hemisphere.

Canadian exports to Hong Kong totalled $18.46 million in 1969, up 2.84 per cent over the previous year, and have shown a very promising 32.2 per cent increase for the first six months of 1970. The Colony continues to regard Canada primarily as a supplier

This young man doesn't look too happy; perhaps he's not seen the Made in Canada tag.

of raw and semi-finished materials. Non-ferrous metals, paper products, wheat and flour, plastics and crude animal/vetegable material account for about 75 per cent of our shipments. Our reliance on these five product categories appears to be slowly declining as we develop a broader market for finished products and foodstuffs.

In 1967 raw and semi-finished materials occupied 81.5 per cent of our total exports and dropped slightly in 1968 to 79.3 per cent. Significant advances were made in garments, textiles and furnishings, hides and skins, fruits and vegetables, processed foods, pharmaceuticals, synthetic fibers, cosmetics and scientific instruments. Canada is steadily losing ground in the plastics market, because of supply difficulties at home and intense Japanese competition. Aluminum and nickel sales have increased strongly.

Hong Kong is experiencing boom conditions which have been sustained over the past three years and its economy has continued to expand at a record rate throughout the first half of 1970. The Colony is a free port and levies tariffs only on liquor, tobacco, and petroleum products. In the absence of import restrictions or preference for national origin, goods and services from almost every nation of the world compete on an equal footing for a share of this growing market. With the exception of capital equipment for heavy manufacturing, there is a market here for virtually all manufactured products and many raw or semi-finished materials. Although the range of products potentially saleable is very broad, it would be useful to highlight a few sectors to which we consider Canadian businessmen should devote special attention.

Tourism: Hong Kong has become a tourists' Mecca. Growth of this business has surpassed even the most optimistic of forecasts. A record 765,213 visitors entered the Colony in 1969 and 874,000

are expected by the end of this year. The estimated $179 million brought in by tourists annually makes tourism one of Hong Kong's four largest industries. In addition, each tourist dollar turns over three to four times.

Tourism is big business and very promising opportunities exist for Canadian firms to build or manage hotel projects. There are now approximately 7,643 hotel rooms in the Colony and occupancy rates average 80 per cent throughout the year. But 1,100 new rooms need to be added every year up to 1975 and 1,200 to 1,300 per year between 1976-1980. More details of hotel investment opportunities can be obtained on request from our Hong Kong office.

Consumer goods: The great infusion of tourist dollars and rapidly rising local incomes, (standard of living for industrial workers has risen 32 per cent in six years) has created Asia's greatest consumer products market outside Japan. There is a good demand for moderately priced goods with North American-type design and this demand ranges from imported plastic housewares to costume jewellery. Imported products have greater appeal than domestically produced goods in Hong Kong, for reasons more psychological than tangible. Canadian watches, garments and gold jewellery are selling well here in spite of the fact that Hong Kong is known worldwide as a major manufacturer of these products.

Foodstuffs: Hong Kong produces only a fraction of its foodstuff needs and, although the People's Republic of China accounts for almost half of the over $450 million market, Canadian suppliers have room to expand their position. Canada shipped a total of $3.92 million in foodstuffs in 1969. Best bets are frozen poultry parts, frozen pork and offals, frozen vegetables of all types, and processed foods that are relatively new products or have unique packaging. There is also a growing demand for canned fish, particularly sardines.

Building equipment and construction materials: Markets show promising potential for Canadian firms. Hong Kong is emerging from a five-year period of very low building activity. This year at least nine hotel projects are under consideration and a number of major office buildings are planned. High-rise modern residential accommodation is in critically short supply and several are now under construction. All these developments offer a potential for the supply of the latest materials and equipment such as lighting systems, floor and wall coverings, furnishings, air-conditioning and cleaning equipment.

Educational equipment: Hong Kong is a young community and education is a priority area in Government planning. Industrial and technical training has lagged far behind the Colony's industrial development and emphasis is being placed on the formation of a polytechnic institute to handle 4,000 full-time and 20,000 part-time students by 1974. Canadian producers of educational equipment must overcome a number of obstacles to exploit this market. Generally these obstacles are: gifts to schools of equipment and furnishings by private companies, equipment donations by other countries, and intense Japanese, German and British competition. Educational equipment cannot be sold by catalogue and Canadian exporters should provide demonstration equipment to agents on a loan basis for market development with the Government Education and Supplies Departments.

If your company is looking to the Pacific, don't overlook bustling Hong Kong. The Hong Kong office of the Department of Industry, Trade and Commerce would like to help you to exploit the opportunities which exist here.

TABLE 2

CANADIAN EXPORTS TO HONG KONG

	Cdn.$'000 1968	1969
Agriculture, fisheries and food products	5,240	4,674
Metals and metal products	4,812	5,629
Forest products	3,616	3,433
Plastics, chemicals and pharmaceuticals	2,981	2,708
Textiles and wearing apparel	237	940
Machinery and transport equipment	743	680
Industrial minerals	116	143
Miscellaneous manufactured products (watch movements; surgical, medical, dental and photographic supplies; jewellery; sporting goods, etc.)	214	262
Total	**17,959**	**18,469**

Source: Hong Kong Trade Statistics

Cameroon Expanding Fishing Industry

Current plans for the expansion and improvement of deep-sea fishing in the Federal Republic of Cameroon calls for investment of $7.3 million for equipment and services. Investment of $299,700 is planned for the improvement of inland fishing.

Investment in deep-sea fishing includes studies, $111,000; infrastructure, $136,900; experimental program—small-craft fishing, $111,000; trawl fishing, $188,700; industrial fishing, $185,000; equipment for small-craft fishing, $643,800; equipment for industrial fishing, $4.4 million; cold chain, $1.4 million; fish-smoking, $66,000; oyster breeding, $44,400.

The equipment purchased will include three ocean-going refrigerating trawlers, five trawlers and three vessels specializing in sardine fishing. The present fishing fleet is made up of 18 trawlers, with an average length of 50 feet. The motorization of 100 pirogues in East Cameroon and 140 pirogues in West Cameroon is envisaged as part of the improvement project.

Of the $299,700 to be invested in inland fishing, $74,000 will be for the establishment of a fish-breeding station at Bamenda, West Cameroon, and $111,000 for the construction of 15 secondary fish-stocking posts. The creation of a number of hill lakes in the Savanna zones to be managed by the local councils is also included.

As a result of the upgrading project, the annual production of 11,000 tons of deep-sea fish will be increased by the end of 1971, to 30,000 tons. Fish production from inland waters, already above 40,000 tons annually, is expected to be about 70,000 tons for 1971. Expected over-all value of production will be about $10.3 million.

Hong Kong Building Begins New Boom

The time is ripe for Canadian suppliers of construction materials, accessories and equipment to make a bid for their share of this re-opening market.

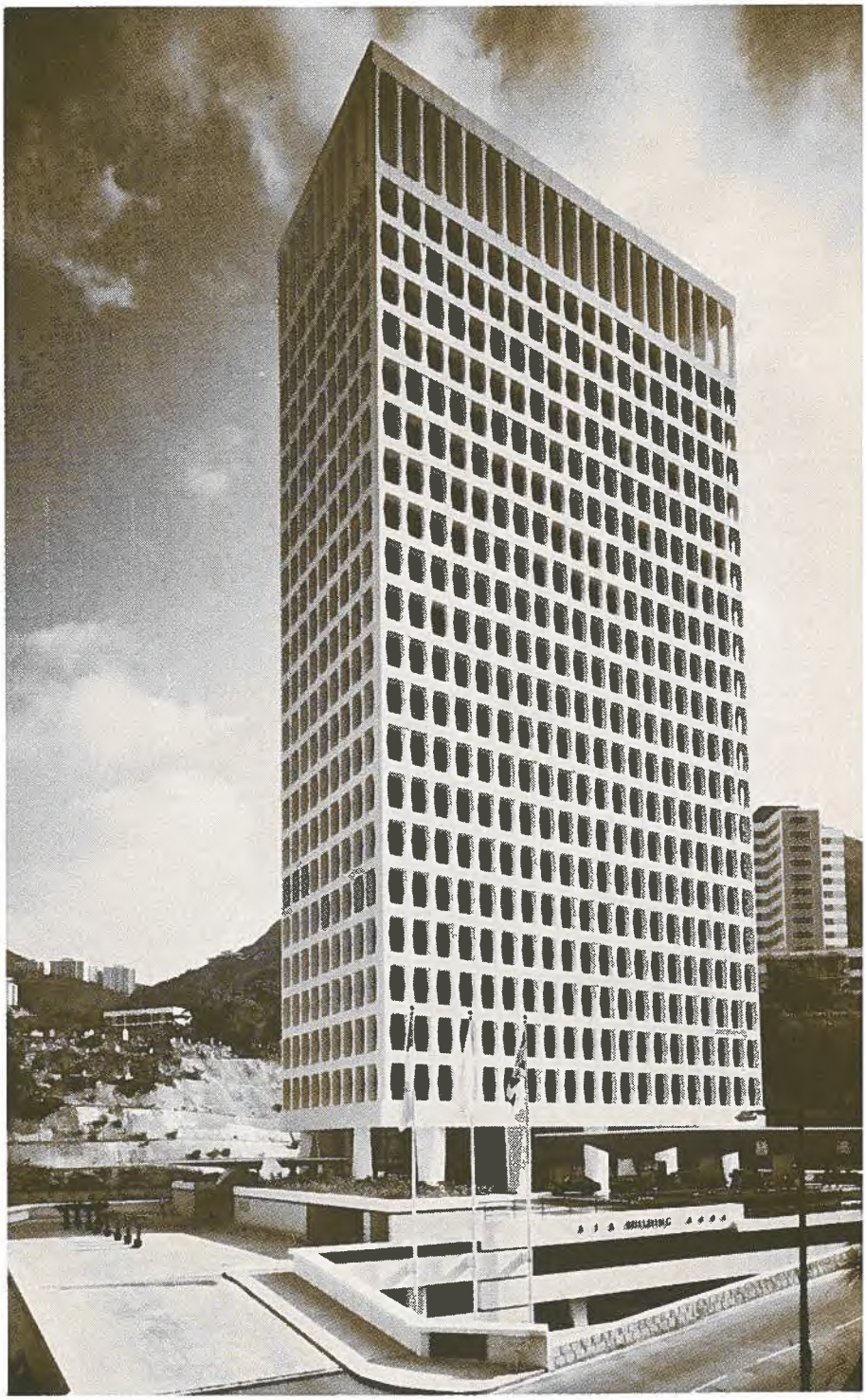
BERNARD W. H. YEUNG
Commercial Officer, Hong Kong

Building activity is growing again in Hong Kong with the return of political stability and prosperity. The recession that followed the great 1962-66 building boom lasted until the middle of 1969. Now there is a marked improvement in the number of new projects planned, particularly for high-rise apartments, tenements, and commercial and industrial buildings.

Although the table on page 20 shows that the capital cost of completed building works in the past 18 months was the lowest for nearly a decade, applications for new buildings have risen steadily—from 364 in 1968 to 786 in 1969 and 499 in the first six months of this year.

This upsurge in building has re-opened the market for building materials, accessories and equipment and Canadian suppliers should re-examine the potential in Hong Kong now.

The clients and the architects are the specifying authorities in the industry here, working within the local building ordinance (a straight lift from the London bylaws, amendments and all). Clients fall into two clearly defined groups; the big property development companies and the smaller companies and individuals who are building for occupation by themselves. The former are especially influential in the design of the properties they are developing and in the choice of materials and fittings that are to be used. Some, such as the giant Hong Kong Land and Investment Agency Co., have their own construction departments with experts who guide the architects, engineers and contractors from the conception of a project to its realization. Smaller developers exercise less stringent supervision and rely to a great extent on the professional advice of the architects.



Hong Kong's first column-free, prestressed concrete building is this impressive 28-storey headquarters of the American International Assurance Company.

THE CONSTRUCTION SCENE IN HONG KONG

NUMBER AND COST OF COMPLETED BUILDINGS

	1966	Cost in HK$ million		1967	Cost in HK$ million		1968	Cost in HK$ million		1969	Cost in HK$ million		(Jan.-June) 1970	Cost in HK$ million	
	No.	Building	Site work	No.	Building	Site work	No.	Building	Site work	No.	Building	Site work	No.	Building	Site work
Houses and Flats	836	624.53	30.61	1,185	550.85	24.65	606	321.59	11.28	222	138.78	3.27	114	143.02	10.48
Factories and Godowns	110	158.37	10.02	58	78.25	11.97	37	40.84	1.42	32	43.62	2.98	25	61.50	4.61
Offices and Shops	38	101.13	5.69	97	155.72	10.85	90	90.00	3.79	35	97.32	7.90	16	39.82	0.85
Others	65	126.77	3.44	95	125.79	3.95	92	133.64	6.89	64	99.41	19.46	23	43.84	0.87
Total	1,049	1,010.79	49.76	1,435	910.60	51.42	825	586.07	23.39	353	379.13	33.63	178	288.17	16.81

Exchange rate: HK$5.60 = Cdn. $1.00

IMPORTS OF HEAVY CONSTRUCTION EQUIPMENT 1969

Source	Excavating Quantity	Excavating Value HK$	Earth Moving, Levelling, Clearing Quantity	Earth Moving, Levelling, Clearing Value HK$	Construction and Mining Quantity	Construction and Mining Value HK$	Concrete Mixes Quantity	Concrete Mixes Value HK$	Lifting, Handling, Loading Quantity	Lifting, Handling, Loading Value HK$
Australia					1	2,550			808	1,033,959
Bahrein							1	106,381		
Belgium									1	25,200
Britain			1	60,772	10	32,588	9	523,324	911	2,234,254
Denmark							2	3,680	24	68,801
France			1	72,530					5	5,060
Germany			1	38,395	4	7,392	1	15,740	484	734,748
India									2	163,111
Italy									17	236,723
Japan	13	1,191,916	27	1,338,777	3	4,685			3,679	1,780,409
Netherlands									2	58,238
New Zealand									1	3,961
Norway									32	184,134
Singapore	6	248,040			2	375,274	3	60,841	5	32,821
Sweden					71	79,384			8,228	1,176,393
Switzerland					2	27,246			7	49,243
Taiwan							1	3,681		
Thailand									1	4,400
United States	1	374,880	12	841,515	3	6,813			86	143,705
Total	**20**	**1,814,836**	**42**	**2,351,989**	**96**	**535,932**		**713,647**	**14,293**	**7,934,660**

Source: Census and Statistics Department, Hong Kong. Exchange rate: HK$5.60 = Cdn.$1.00

IMPORTS OF MATERIALS

	Value Cdn. $,000
Structural Materials	
Asbestos cement building materials	30
Refractory bricks and construction materials	391
Logs of tropical wood	7,200
Logs of conifer wood	80
Asbestos cement pipes, 52,850 cwt.	319
Iron and steel tubes, pipes, fittings, 434,631 cwt.	3,800
Iron and steel joists, girders, angles, 377,523 cwt.	2,500
Iron or steel bars and rods, 2,576,004 cwt.	14,000
Steel window and door frames	610
Iron and steel finished structural parts	940
Aluminum window and door frames	140
Aluminum finished structural parts	330
Covering Materials	
Plywood, 97,815,104 sq. ft.	7,300
Hardboard, fiber, 14,208,246 sq. ft.	380
Insulating board, 1,385,260 sq. ft.	83
Wallpaper, 5,046 cwt.	470
Impregnated paper, excluding bituminized, 49,490 cwt.	1,140
Asbestos cement sheets, corrugated and non, 130,603 cwt.	500
Asphalt roof felt, 68,594 cwt.	310
Sheet glass, unworked, 27,057,564 sq. ft.	1,800
Glass, bricks, tiles, (no.) 85,844,000	210
Lumber, conifer wood, 212,542 cu ft.	400
Plastic tiles, flooring	580
Plastic decorative laminates	1,800
Electrical Fittings	
Filament electric bulbs, 1,524,580 doz.	1,070
Non-filament electric bulbs and tubes, 189,529	800
Electrical cable, rubber insulated, 2,553,300 yd.	460
Electrical cable plastic insulated, 33,532,016	2,800
Electrical cable, paper insulated, 602,455 yd.	5,000
Flexes, insulated, 11,793,321 yd.	210
Sockets, switches, plugs, etc., 1,147,561 doz.	1,260
Sanitary Wares & Fittings, Builders' Hardware	
Locks and keys	1,350
Household fittings	1,110
Sanitary baths, iron or steel, (no.) 8,380	400
Sinks, washbasins, etc., iron or steel	800
Sink, washbasins, etc., of ceramic materials	1,330
Equipment	
Air conditioners (no.) 30,279	7,400
Air-conditioning machines, equipment	2,500
Pumps for liquids, 43,387	1,200

Cost is the over-riding consideration of the property companies because of the size of their projects. Builders look for savings of a few dollars per window frame when they have a skyscraper going up. Property companies, therefore, are interested in new materials, accessories or equipment that will save money while meeting basic design and functional standards.

Until recently, most architects practising in the Colony tended to be conservative in their use of materials with a resulting conservatism in design. Nowadays they pay more attention to new materials, new methods and new equipment. The recently-completed AIA Building (see picture page 19) is Hong Kong's first column-free, prestressed concrete, multi-storey structure. The St. George's Building is the first prestige building with an anodized aluminum curtain wall. A rectangular 50-storey tower, 600 feet high, using advanced design with round windows and total support through external walls, will be built in central Hong Kong in three years' time.

The other major builder in the Colony is, of course, the Hong Kong Government Public Works Department which has its own architectural office and is responsible for the Governments' civil engineering and waterworks projects. The sheer size of its program ($50 million for 1969/70 and $60 million for 1970/71) and the extensive nature of its contracts, makes it an important influence on developments within the building and construction industry as a whole. The PWD does general supervision, detailed design and specifying but does not undertake the actual construction. It puts this in the hands of the 1,200 "recognized" contractors. Many of these are small operators who act as subcontractors on many projects; the practice of subcontracting is extensive here. The main contractor on a project (generally one of the larger companies) usually undertakes the main structural work and coordinates the work of subcontractors for other phases.

The volume of work for Hong Kong architects and engineers in private practice has been subject to boom, recession and boom again over the past few years, but work on government buildings has maintained a steady growth. The PWD's new office block (see picture below) completed this July illustrates its advance in design and technology.

The table on page 00 shows that the sum spent in a year (1966) on construction (excluding site formation which is an important factor in hilly Hong Kong) reached $190 million. It is estimated that in the early 70's, Hong Kong will spend at least $125 million to $200 million a year on building development, providing a market for building materials, accessories and equipment worth millions of Canadian dollars. Although a wide range of building products, such as reinforcing steel bars, cement, bricks, claytiles, window frames, plumbers' hardware, paints and internal electrical equipment and accessories are made here, production is not yet large enough nor sophisticated enough to satisfy the industry's needs. Consequently, Hong Kong is an important importer of practically every type of building material and fixture produced. It is impossible to list them all but the examples in the following paragraphs indicate the scope.

It is, of course, impractical for Canadian producers to attempt to supply bulk products such as cement, bricks, reinforcing steel bars, claytiles, etc., or specialized products such as tropical lumber which is imported from neighbouring Southeast Asian countries, or cheaper grades of builders' hardware now supplied in large quantities by China, Japan and local workshops. There are, however, many fields where opportunities exist for aggressive exporters. For example, demand is keen for plywood, fiber hardboards, wallpaper, impregnated paper, glass sheets, ceiling systems, plastic decorative laminates, plastic flooring tiles, high-quality builders' hardware, American-style apron baths and sanitary wares, stainless steel kitchen sinks, domestic cables and air-conditioning equipment. Imports of these and other major structural materials in 1969 are listed in the table on the opposite page.

A Canadian manufacturer of aluminum ceiling systems entered into a joint venture in 1969 with the only local aluminum extrusion plant and now enjoys a good share of the market. An aggressive Canadian supplier of luminous ceiling systems has recently succeeded in getting his products installed in a leading hotel and in the St. George's Building. Two Canadian

Home of Hong Kong's Public Works Department. New equipment, materials and methods are being used by architects with the result that buildings are less conservative.

manufacturers have sold their first orders of plastic flooring tiles in the Colony, and in recent months sales of Canadian decorative laminates for table tops and walls have been going strong.

The demand for heavy building/construction equipment has also shown a marked increase. For one of the relatively new site formation and building projects, new and used heavy equipment worth $300,000 was purchased abroad. Selling prices of some of the equipment follow as a guide to Canadian manufacturers; the price is per unit c.i.f. Hong Kong: British-made steel and roller bearing crusher, 36″ × 24″, $22,300; Japanese-made convertible shovel, B40, 4-stroke 4-cylinder diesel engines, $25,000; West German-made crawler loader, $1,600; West German-made mobile crane, $3,000; British-made portable air compressor, $1,200; British-made compressor, heavy duty, $5,000; British-made road paver, $13,000; British-made non-tilt drum concrete mixer, 14/10NT diesel-engined 8 hp., $3,500; crawler tractor, $7,000; British-made concrete vibrator, $70; drilling rig, gear ratio 11.3–1, $4,000; vibrating plate compactor, $750; traxcavator front loader, $10,000; British-made roller, 9½ to 12½ tons, used, $4,100; crawler excavator "Murphy", 6-cylinder diesel engine, used, $35,000.

Imports of various types of heavy construction machinery and equipment into Hong Kong in 1969 are shown in the table on page 20.

In general, the building products/equipment market in Hong Kong offers challenge and opportunities to enterprising exporters although it is not an easy one in which to sell. Imports are handled by import houses, some of which also provide engineering services and/or are integrated with building contractors. Canadian suppliers wishing to penetrate this market can get information on the potential by writing to the Senior Canadian Government Trade Commissioner, P.O. Box 126, Hong Kong. He will be pleased to assist Canadian firms in any way, including finding local agents.

Pharmaceuticals Can Sell in Hong Kong

FRANK M. LOH, Commercial Officer, Hong Kong

Canada's growing fine chemical manufacturing industry should look to Hong Kong as a compact, expanding and easy-to-deal-with export market. The total imports of fine chemicals, pharmaceuticals and pharmaceutical veterinary products there in 1969 amounted to $48 million, including: fine chemicals, $5.4 million; pharmaceuticals, $40.9 million and veterinary products, $1.7 million.

No restrictions are imposed on the import of drugs or pharmaceuticals into Hong Kong unless they contain alcohol. There is a small duty levied on the alcoholic content of these products. The Dangerous Drugs Ordinance and the Antibiotics Ordinance are drawn broadly on the lines of the corresponding British Legislation. The Chief Pharmacist of the Government of Hong Kong has the responsibility for inspection under these Ordinances. Licences are required for the import of any products that fall under one of these Ordinances and sales of such products can only be made to doctors and outlets possessing the necessary permit.

There is no original grant of patents in Hong Kong and only patents already registered in the United Kingdom are registrable in the Colony, under the Registration of United Kingdom Patents Ordinance. This Ordinance provides that any person who is the grantee of a patent in the United Kingdom may, within five years from the date of issue of the patent (the sealing date), apply to have that patent registered in Hong Kong.

The duty-free status of Hong Kong makes it an extremely competitive market where products from all over the world compete on an equal footing. There is also a large re-export trade which reflects Hong Kong's importance as a distribution centre for Southeast Asia as well as a consumer.

The fine chemical market in Hong Kong is largely confined to bulk medicinal and pharmaceutical materials, pharmaceutical preparations and chemicals for veterinary use. It does not produce any fine chemicals and all of its raw requirements are imported. Although there are more than 60 factories in the Colony specializing in the production of traditional Chinese-type preparations, only 21 of them are listed with the local Department of Commerce and Industry as producing Western-type pharmaceutical and medicinal preparations. Of these firms only a handful carry out tabletting, ampoule and capsule filling processes from imported raw materials. They supply the Hong Kong Medical Service with many of its requirements of the simpler kind of

pharmaceuticals, including vitamin preparations (in tablet, injectable and syrup form), antibiotics, sulpha drugs and other generic products. These finished products are also exported to neighboring countries in South-east Asia.

Statistics on local production are not available, but it is estimated that out of the $5.4 million worth of fine chemicals imported in 1969 only $1 million was retained for local use while the balance was re-exported.

Prices for bulk quantity fine chemicals are constantly fluctuating, but the following local current ex stock quotations on some items give some information: chloramphenicol powder (B.P.), 5 kg. tin @ $25.85 per kg.; thiamine hcl. powder, 1-kg. tin @ $23.20; sulphadiazine powder, 50-kg. drum @ $9.28 per kg., 25-kg. drum @ $10 per kg.; sulphathiazole powder, 100-kg. drum @ $6.07 per kg., 50-kg. drum @ $6.25 per kg., 5-kg. tin @ $6.42 per kg.; acetysalicylic acid powder, 50-kg. case @ $1.70 per kg.; ascorbic acid powder, 25-kg. tin @ $2.70 per kg., 1-kg. tin @ $2.85 per kg.; prednisolone, 25-gm. tin @ $0.63 per gm., 250-gm. tin @ $0.60 per gm.

A list of chemicals saleable in this market is in the accompanying box.

By far the largest and most active trade in the Colony is in pharmaceutical products where imports were valued at $40.9 million in 1969. This represented an increase of $6.3 million over 1968. The United States was the principal supplier, (36.2 per cent); followed by U.K., (11.4 per cent); China, (9.2 per cent); Switzerland, (7 per cent); West Germany, (6.5 per cent); Japan, (4.8 per cent); Belgium, (3.5 per cent); and Italy, (3 per cent). Canada's share was $472,000.

Although Canada's share of the market may not be significant in terms of Hong Kong's total imports, her 1969 export performance showed a marked improvement compared with 1968 sales of only $217,000. This increase is gratifying considering the large number of world-wide suppliers competing in the market. Many of the big U.S. and U.K. manufacturers having regional headquarters in the Colony to promote local sales can service other markets

Chemicals

Marketable in Hong Kong

Antibiotics
Chloramphenicol levo and palmitate
Tetracycline hcl. and base
Chlortetracycline hcl. and base
Oxytetracycline hcl. and base
Erythromycine estolate
Cycloserine
Neo-mycin sulfate
Penicillin-G sod. and pot
Viomycin
Streptomycin sulfate
Dihydrostreptomycin sulfate

Sulphonamides
Sulphacetamide and sodium
Sulphanilamide
Sulphathiazole and sodium
Sulphaguanidine
Sulphamerazine and sodium
Sulphadimidine and sodium
Sulphamethoxydiazine

Hormones
Ethenylestradiol
Ethisterone
Hexoestrol
Methandrostenolone
Methyltestosterone
Norethisterone
Oestriol
Progesterone
Stilboestrol
Testosterone and various salts

Vitamins
Vitamin A
Vitamin B1
Vitamin B2 and phosphate sodium
Vitamin B6
Vitamin B12
Vitamin C
Vitamin D2 and 3
Vitamin E
Vitamin H
Vitamin K1 and K3
Vitamin P.P. (nicotinamide)
Vitamin d-calcium pantothenate
Vitamin inositol
Vitamin P

Supplementary Drugs
Antihistamines such as chlorpheniramine maleate, dimenhydrate, diphenhydramine, promethazine hcl., etc.

Antitussives such as noscapine, dextromethorphan hydrobromide.

Antipyretics and analgesics such as dipyrone, indomethacin, paracetamol, phenylbutazone base and sodium, etc.

Corticosteroids such as hydrocortisone acetate and base, prednisolone, dexamethasone base and sodium.

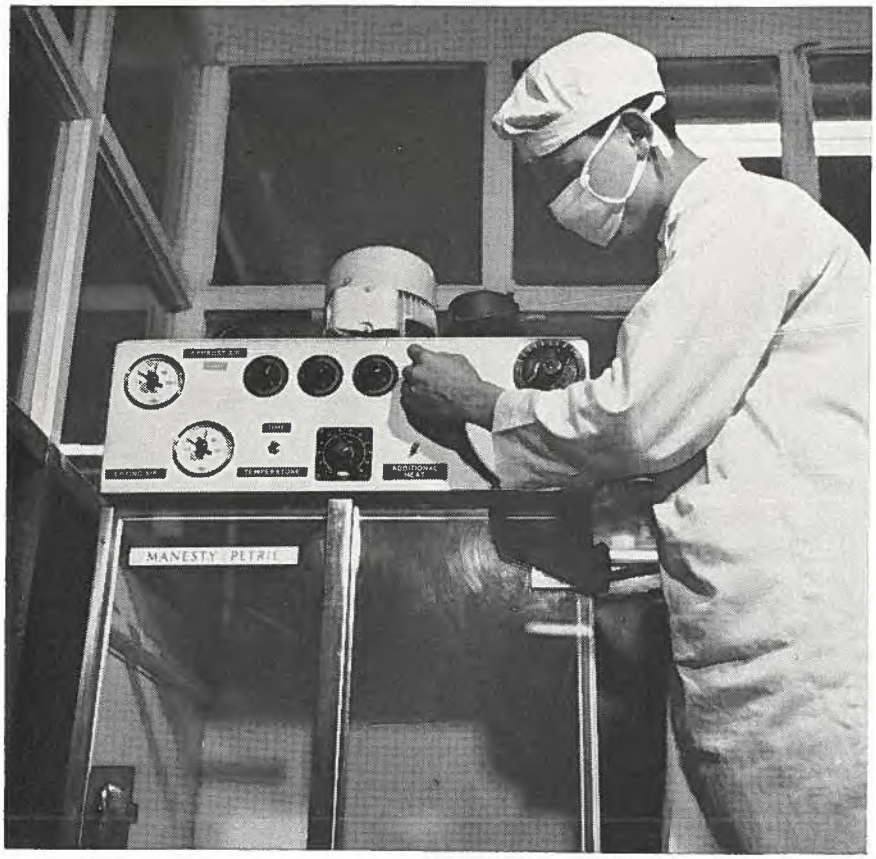
Enzymes such as pancreatin, pepsin, trypsin, chymotrypsin, etc.

Parasympatholytic drugs such as atropine sulfate, dicyclomine hcl., hyoscine butylbromide and hydrobromide, propantheline bromide.

Tranquilisers such as chlordiazepoxide, chlorpromazine hcl., diazepam, nitrazepam, oxazepam, perphenazine base and hcl. prochlorperazine maleate, promazine hcl. and trifuloperazine hcl.

Tuberculostatic agents such as ethionamide, pyrazinamide, sodium PAS, and INAH.

Others
Anthelmentics, anticoagulants, antidepressants, antidiabetic, antihypertensive, antimalarials, antineoplastic, antithyroid, cardiac glycosides, furan derivatives, hypnotics, local anaesthetics, muscle-relaxing agents, thyroid hormones, etc. (We have not listed them all because space is limited, but all can be sold in this market.)



Shown above is the control panel of a sugar-coating machine. Hong Kong imports all raw materials for chemicals, with pharmaceuticals the most active trade.

in Southeast Asia. Despite the solid entrenchment of big manufacturers, there are still opportunities for newcomers.

Price, packing, quality and delivery are important factors for obtaining orders. Hospital or bulk pack is one way of reducing the cost and packing most suitable for this market would be: tablets, 100, 500 and 10,000; ampoules, 10 and 50; vials, 10 ml; powder form, 500 gm. or 1 kilo; liquid form, 500 ml. or 1 gallon.

Manufacturers' support to the local agents or distributors is essential. This can be provided in the form of samples and printed material describing the product to be promoted. This enables the agents/distributors to circularize doctors, hospitals and clinics and to make personal follow-up calls.

A selected range of some of the pharmaceutical items imported are vitamins and vitamin preparations, antibiotics and antibiotic preparations, hormones, vaccines, analgesics and antipyretics, and dermatological preparations. They are shown with values and sources of supply in the accompanying table.

Poultry raising is the most important livestock industry in the Colony with less emphasis being placed on hogs and dairy cattle. It is estimated that approximately 12 million birds will be produced this year, almost 100 per cent more than 1966. Although there is some local production of veterinary medicines from imported raw materials the bulk of these products are purchased abroad. Because of the price factor, there is virtually no import of complete feeds, now manufactured locally from concentrates formulated from imported basic ingredients. These are mixed with grains, imported mainly from Southeast Asia, to produce a complete feed.

The most common types of diseases encountered in the local poultry industry are Newcastle Disease, cholera, ILT, CRD, pullorum, typhoid, paratyphoid, coryza and coccidiosis. Veterinary medicines imported in 1969 consisted of antibiotics, vaccines, hexoestrol pellet, preventive preparations and therapeutics and were valued at $900,000, about the same as in 1968. The United States is the leading supplier, 62.2 per cent, followed by Italy, 12.2 per cent; Australia, 10.1 per cent; U.K., 6.5 per cent. Canada supplied only $18,000 worth.

Examples of competitive local retail prices, which vary according to the different brands are:

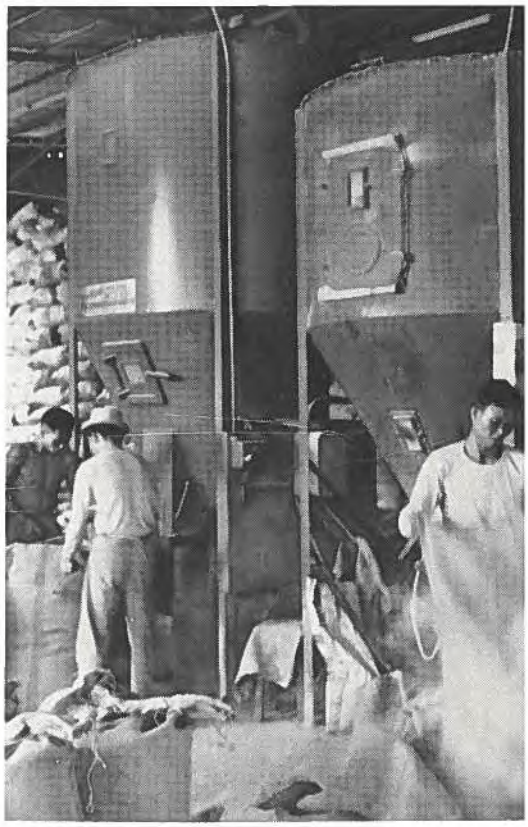
Newcastle (Nasal Drops), $1.25 to $1.43 per 500 dose; $1.75 to $2.23 per 1,000 dose.

Newcastle and Bronchitis (Nasal Drops), $1.79 per 500 dose; $2.05 to $2.41 per 1,000 dose.

Fowl Pox (Web Wing), $1.16 per 100 dose; $1.25 per 200 dose; $1.75 to $2.23 per 500 dose.

Laryugo-tracheitis (Drop Method), $2.50 per 200 dose; $2.23 to $2.32 per 500 dose; $4.64 per 1,000 dose.

Various types of feed supplements are imported for the feed manufacturing industry. There are some 40 factories but only two can be considered of any consequence. Total imports of feed additives in 1969 was $670,000, an



Livestock feed concentrates and supplements are imported for mixing with grains grown in Southeast Asia. Shown above is part of the mixing process in one of the two main plants.

SELECTED PHARMACEUTICAL IMPORTS AND SOURCES OF SUPPLY 1969

	Hong Kong Dollars								
	Canada	United States	Britain	Switzerland	West Germany	Belgium	Italy	Denmark	Netherlands
Vitamins and vitamin preparations	168,000	8,108,000	1,788,000	8,467,000	1,896,000	157,000	549,000	173,000	571,000
Antibiotics & antibiotic preparations	1,945,000	47,319,000	4,674,000	1,127,000	2,639,000	6,708,000	4,730,000	746,000	141,000
Hormones	28,000	2,635,000	526,000	116,000	712,000	491,000	215,000	151,000	2,517,000
Vaccines	—	794,000	361,000	—	—	31,000	47,000	—	7,000
Analgesics & antipyretics	147,000	2,299,000	1,349,000	1,088,000	1,061,000	2,000	18,000	12,000	16,000
Dermatological preparations	64,000	529,000	1,888,000	334,000	382,000	107,000	7,000	4,000	—
Others	287,000	21,452,000	15,375,000	4,802,000	8,359,000	1,191,000	1,905,000	369,000	776,000
Veterinary products	150,000	6,758,000	565,000	6,000	123,000	—	751,000	—	76,000
Source Totals	**2,789,000**	**89,894,000**	**26,526,000**	**15,940,000**	**15,172,000**	**8,687,000**	**8,222,000**	**1,455,000**	**4,104,000**

	Hong Kong Dollars									
	Philippines	France	Japan	China	India	Singapore	Pakistan	Australia	Others	Total value by product
Vitamins and vitamin preparations	470,000	145,000	2,263,000	262,000	41,000	71,000	180,000	95,000	880,000	26,284,000
Antibiotics & antibiotic preparations	1,798,000	789,000	1,620,000	392,000	2,339,000	898,000	1,378,000	828,000	2,414,000	82,485,000
Hormones	—	3,700,000	87,000	—	24,000	7,000	76,000	6,000	916,000	12,207,000
Vaccines	8,000	66,000	—	—	—	5,000	—	113,000	121,000	1,553,000
Analgesics & antipyretics	458,000	—	476,000	15,000	—	233,000	304,000	231,000	52,000	7,761,000
Dermatological preparations	—	—	524,000	—	47,000	36,000	—	209,000	35,000	4,166,000
Others	892,000	973,000	5,500,000	20,206,000	342,000	5,447,000	484,000	2,719,000	3,503,000	94,582,000
Veterinary products	16,000	43,000	41,000	1,000	—	5,000	—	559,000	218,000	9,312,000
Total value by source	**3,642,000**	**5,716,000**	**10,511,000**	**20,876,000**	**2,793,000**	**6,702,000**	**2,422,000**	**4,760,000**	**8,139,000**	

Value of total imports of these products from these sources—HK$238,350,000

Source: Hong Kong Trade Statistics.
Rate of Exchange: Cdn$1.00 = HK$5.60.

increase of $297,000 over 1968. Some of the commonly used items and their landed prices are:

Tetracycline (Feed Grade), 40 gm/kilo @ $0.86 per kilo; Choline Chloride, Dry, @ $0.37 per kilo; DI-Methionine Powder, @ $0.69 per lb.; Mineral Powder or Mineral Feed Mixture, $18.19 per 50 lbs.

Other items are antibiotics and vitamins (veterinary grade).

For imported products, the Hong Kong market shows no national preference for sources of supply and customers are won by competitive prices coupled with acceptable quality. Interested Canadian manufacturers should write to the Office of the Canadian Government Trade Commissioner, P.O. Box 126, Hong Kong, which is prepared to canvass local importers. All offers should include full specifications of the product, details of packing, together with c.i.f. Hong Kong quotations.

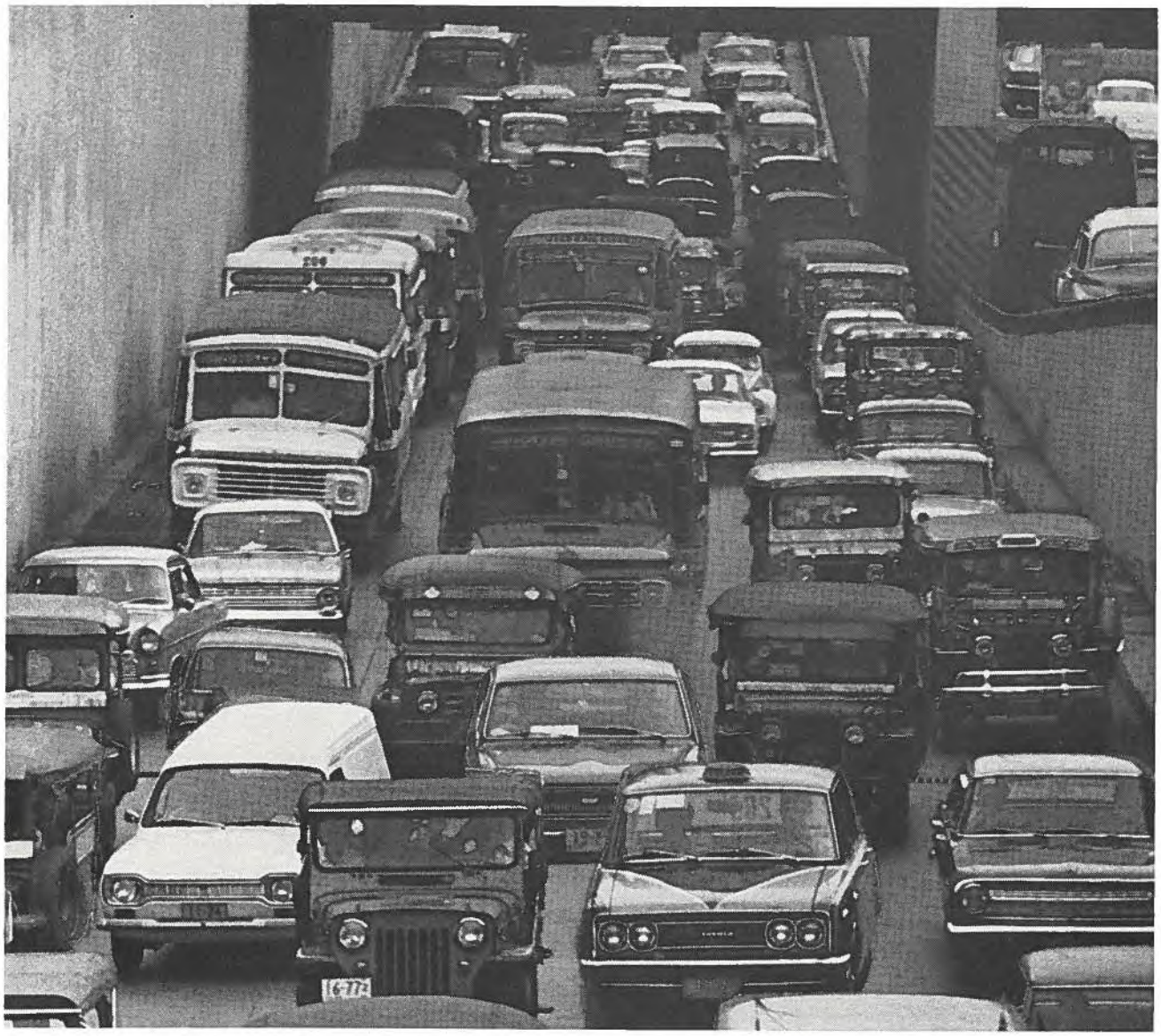
Upsurge in Singapore's Economy

New inflow of long term capital and net increase in external reserves are explanatory factors for the increase in the volume of money in Singapore.

Currency in circulation increased by $77.5 million in the period 1967/69. Total amount in circulation at the end of 1967 was $148.6 million. By the end of 1969 it had reached $226.2 million with $208.6 million in notes and $17.5 million in coins. Demand deposit in the private sector with commercial banks went up from $195.6 million in 1967 to $284.7 million in 1969.

In the currency in circulation and in demand deposits, the rate of increase was smaller last year, registering a gain of 23 per cent and 11 per cent respectively.

Philippines Promises Possibilities



Filipinos, like most of the rest of the world, are becoming a society on wheels, and subject to all its problems.

C. R. MANN, Vice Consul and Assistant Trade Commissioner, Manila

One year ago, the Philippine economy was in the midst of a headlong rush to the edge of disaster. Today, after a year of uncertainty, internally and externally imposed controls and a progressively tightening money situation, it appears that the Philippines is moving slowly away from the brink. There remain, to be sure, several problems and a good deal of uncertainty, but the light at the end of the tunnel is coming into view.

Since 1967, a balance of payments problem had been developing in the Philippines. This was due to several factors, but the prime cause was the chronic deficit in the trade balance. As a developing country, the Philippines' exports are primarily raw materials. Imports, in contrast, tend to be finished and semi-finished products. Due to the rising expectations of the population, the demand for these expensive products kept import levels constantly above the modest increase in exports.

In addition to this, the external debt of the Philippines was building up. Thus, at the end of 1969, total public

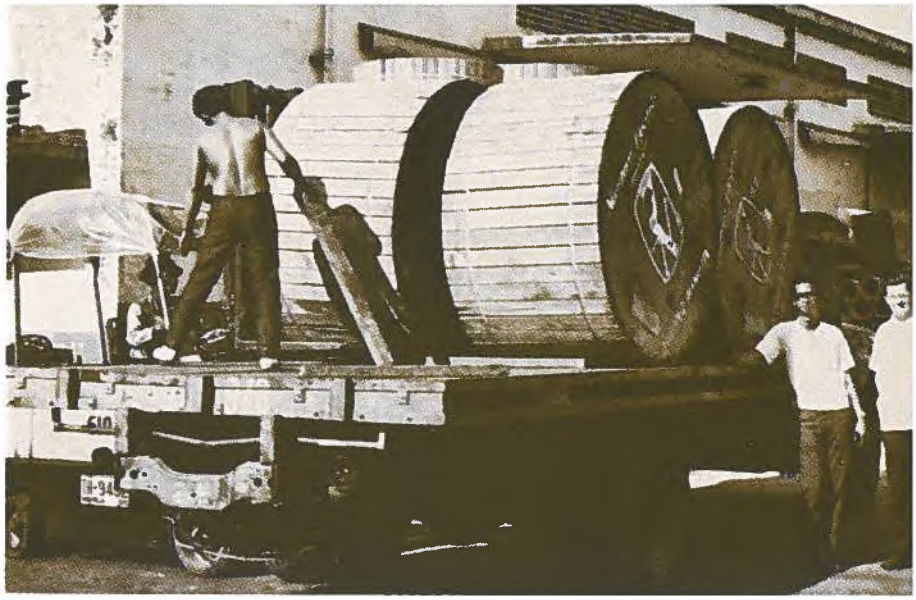
external debt was $828.3 million, of which $434.1 million was short term, $250.6 million medium term, and $143.6 million long term. In comparison, total revenues of the central government, from which repayment on the above must come, were $733.9 million for the fiscal year 1968-69.

The total external debt, including the private sector, as of September 1969 was $1,502 million. Of this, $468 million was short term, $476 million was medium term, and $557 million long term. This represents a 115 per cent increase in external debt since June 1967.

This situation did not go unnoticed, and international confidence in the economy grew weak. Since the peso was pegged at P3.90 to $1, the Central Bank of The Philippines was forced to further draw down its limited supply of foreign currency reserves to support this unrealistic level.

The Governor of the Central Bank went to the U.S. in the latter part of 1969 in an attempt to renegotiate some of the short term debt over longer repayment periods. He met with little success.

The Philippines then asked the International Monetary Fund to provide standby credit and further loans to shore up the economy. However, the IMF insisted that, as a condition for its support, the Philippines must take strict measures to control the outflow of foreign currency and also to find a realistic value for the peso. The Philippines, having no real choice, agreed to the conditions.



Canadian exports to the Philippines are about two per cent of the country's imports but are on the increase. Here Canadian telephone cable is being used in Manila.

The Government and Central Bank began their bid for control over the economy with several strategic moves. On February 21, 1970, the Central Bank announced that it would no longer support the peso. Thus allowed to float, the value of the peso dropped rapidly from P3.90 per $1 to about P6.00 per $1. This partially stemmed the outflow of foreign reserves.

The second move was to put more pressure on attempts to reduce the money supply in the Philippines. Thus, the reserve requirement for commercial banks as of March 1970 had reached 18 per cent.

The third move was to make it more difficult for Filipinos to import foreign products. There had been import controls imposed for some time, but these were tightened. The Philippine tariff structure separates all imports into the following categories: EP—Essential Producer; SEP—Semi-Essential Producer; NEP—Non-Essential Producer; EC—Essential Consumer; SEC—Semi-Essential Consumer; NEC—Non-Essential Consumer; SUP—Semi-Unclassified Producer; UP—Unclassified Producer; SUC—Semi-Unclassified Consumer; UC—Unclassified Consumer.

PRINCIPAL CANADIAN EXPORTS TO THE PHILIPPINES

	Dollars 1968	1969	(Jan.-Apr.) 1970
Motor vehicles and parts, mostly CKD	14,036,223	9,211,326	3,602,538
Paper, mainly newsprint	3,395,963	6,481,310	797,979
Pulp, bleached sulphate and sulphite	968,937	661,307	494,465
Communications equipment and parts, mainly telephone	5,143,758	6,566,343	1,677,829
Material-handling and mining machinery and parts	895,695	2,215,813	365,233
Electrical equipment and parts (wire, cable, generators, switchgear and control)	1,961,856	1,439,596	456,989
Malt	1,187,211	1,168,087	361,300
Pigs, ingots, shots and slabs (lead, nickel, zinc, aluminum)	1,384,578	908,007	912,577
Asbestos and man-made fibers	249,093	688,259	253,365
Chemical raw materials (sulphur crude and refined, metallic salts, potassium chloride, muriate, alcohols, phenols, hydrocarbons)	826,315	576,211	366,474
Copper pipes, tubes, sheets, bars, rods, wire cable, alloy pipes and tubes	452,353	534,197	208,049
Total principal exports	30,501,982	30,450,456	9,496,898
Other exports	4,044,287	1,877,621	863,535
Total exports	**34,546,269**	**32,328,077**	**10,360,433**

At the present time, only the top five categories (EP, SEP, NEP, EC, SEC) are open to importation. Thus, the Government is attempting to limit imports to the goods required by the industrial sector, as well as those absolutely necessary for the consumers.

In addition to the above conditions, the Central Bank also laid down credit terms which importers must obtain for large pieces of machinery and equipment. These terms have varied from month to month.

Finally, the Government sought to renegotiate present short term debts over a long term period. Evidently, the various measures taken had increased international confidence because in June of this year, the Central Bank announced restructuring of $247.4 million in short and medium term loans by several U.S. banks over a six-year repayment period. This reduced the drastic hump in repayments which loomed for 1971-74. The news was greeted with a collective release of pent-up breath. Businessmen went back to work with the knowledge that the country would not be bankrupt.

In early August, the Central Bank released the news that for the period January–May of 1970, the Republic of the Philippines had a surplus of payments for the first time since 1967. Unfortunately, the figure for June was again in the deficit column. Thus, although the various measures taken are having some effect, serious problems remain.

The Government is presently attempting to limit new short term external debt. As part of the agreement with the IMF, a $100 million ceiling was adopted on the availment of foreign credits with a maturity between five and 12 years. This agreement ends on February 20, 1971. As a result of this, the Central Bank has promulgated the following "operational guidelines" for imports of capital equipment and machinery: up to $250,000, at least 5-year terms, repayable in equal annual installments; $250,000 to $500,000, 5 to 8 years, including a 3-year grace period. Equal annual payments commencing in fourth year; $500,000 to $1,000,000, 8 to 12 years, including 3-year grace period with terms as above; over $1,000,000, at least 12 years, including 3-year grace period. These are restrictive terms but the Government has given priority to "export oriented industries".

The agricultural section is one of these industries. In 1969, the Philippines exported $16.3 million in coconut products, $158 million in sugar, and $20 million in fruits and vegetables, primarily canned pineapple. Forestry is another of the export-oriented industries with $215 million of logs exported in 1969, $11 million of lumber, and $19 million of plywood. The third industry is mining, with $133 million in copper concentrate and small amounts of iron and chromite exported in 1969.

The practice in the export-oriented industries is that:

1. any item of capital machinery or equipment for import worth $50,000 or more per unit must be cleared through the Central Bank;

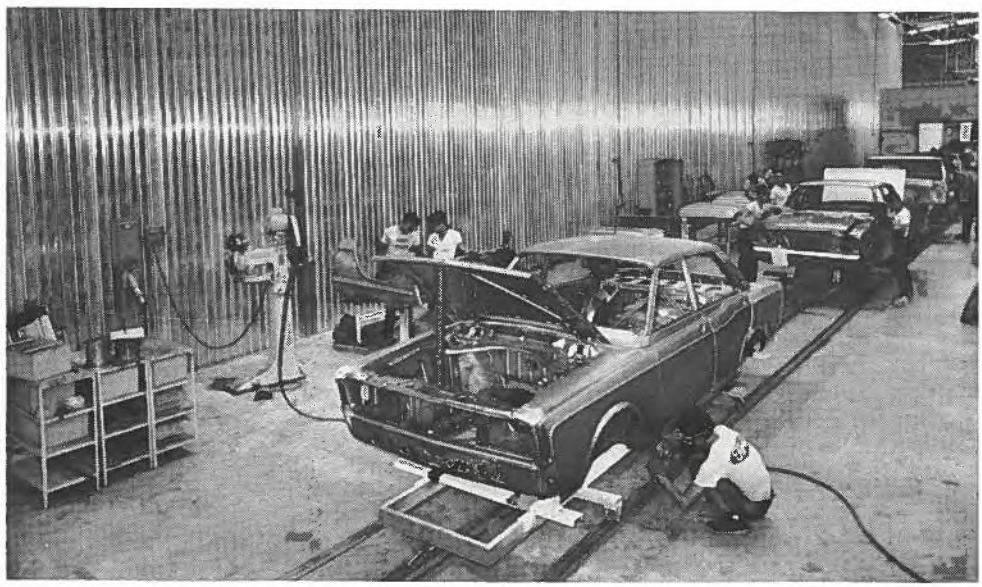
2. any piece of capital machinery or equipment worth $20,000 or more per unit must be imported on a Letter of Credit basis giving at least 3-year repayment terms;

3. machinery or equipment valued under $20,000 or commodity imports, can be brought in on Letters of Credit or Documents against Acceptance and Open Account terms providing the period covered is not shorter than 180 days.

In addition, the Central Bank appears to be working on a case to case basis. Should a firm in an industry favoured by the Government require goods not available under the terms, the Central Bank may make an exception after suitable representations by the importer.

Therefore, the restrictions should not prevent firms from exploring the Philippine market for their goods, particularly those manufacturing products for the three favoured industries of agriculture, forestry, and mining. However, such firms should expect to meet some rather unusual situations. If the goods are competitively priced and suitable for local conditions, there is money to be made.

In 1969, Canada was the ninth largest trading partner of the Philippines in terms of total trade. However, Canadian exports to the Philippines were the fifth largest in dollar value according to the Philippine Department of Commerce and Industry. The records of the Dominion Bureau of Statistics of Canada show that the total value of Canadian exports to the Philippines in 1969 was $32,328,077 or about two per cent of total Philippine imports.



Local manufacture of passenger cars is being emphasized in the Philippines and imports have been restricted, with the result that the market for replacement parts should increase. Shown is part of the Ford (Philippines) assembly line.

However, Canada lags far behind the U.S. and Japan, who each provide 30 per cent.

In 1970, total Canadian exports to this country were $10,360,433 as of April. This compares favourably with $8,909,978 for the same period in 1969. The fact that our exports to the Philippines are increasing despite generally unfavourable conditions, is because Canadian sales are primarily in the raw and semi-processed materials and industrial machinery sectors. Our increasing exports also show that despite competition from the U.S. and Japan, Canadian products are competitive.

Philippine imports of Canadian cars and trucks (in a disassembled state) increased considerably in January to April, 1970, over the same period in 1969. This, however, is primarily because local assemblers were stockpiling due to expected import restrictions later. This has now occurred and the market for new passenger cars will be drastically cut in the future. As a result of this and other factors, the replacement parts market should increase and Canadian manufacturers may share in this greater volume.

The market for new trucks continues to grow, and Canada, traditionally one of the major suppliers in this area, should continue to enjoy good sales ($1.8 million in January to April of 1970).

Canada has been the largest supplier of newsprint to the Philippines for several years, exporting $5,633,718 in 1969—over half of the total requirement. However, a new integrated pulp and paper mill in the Philippines is expected to cut the market to about 20,000 tons by 1974. However, Canada should continue to have substantial sales of newsprint in the Philippines for the next few years.

Raw and semi-processed metals are also a large part of Canadian sales to the Philippines. These include lead, nickel, zinc and aluminum and have made a rather startling jump over the same period last year. This jump is due to a very large rise in the imports of zinc blocks, pigs and slabs from $265,982 in the first four months of 1969 to $842,027 in the same period of 1970.

Industrial chemicals have also made a rather gratifying increase. Such commodities as sulphur, metallic salts, alcohol, phenols, hydrocarbon and potash accounted for $366,474 of our exports in the first quarter of 1970. Most of this is in potash which has increased from $188,615 in January-April of 1969 to $207,402 in the same period of 1970.

Canada, at one time, had a substantial share of Philippine wheat purchases, a total market of approximately 450,-000–500,000 metric tons per year. However, due to difficult price competition from the U.S. and other suppliers, we have been out of the market for several years. In 1969, the Philippines Association of Flour Millers (PAFMIL), a private organization, signed an $18 million contract for Canadian wheat. Since that time, the Central Bank, due to the economic difficulties, has prevented PAFMIL from implementing the contract. Recently, however, the Central Bank has made an allocation of foreign currency for wheat purchases from both the U.S. and Canada and we are hopeful that the Canadian contract can soon be fulfilled.

The San Miguel Breweries produces beer in the Philippines which is widely exported in Southeast Asia. Over $1 million per year of Canadian malt is used. However, the brewery has plans to install a malting plant in the next several years and the market for imported malt will be limited.

The two major telephone companies in Manila have both purchased substantial amounts of equipment from Canada, financed by the Export Development Corporation. This amounted to $1.5 million for the first four months of 1970, compared to $1.9 million in the same period of 1969. There is much room for expansion of the telephone system in the Philippines and, with good service and credit terms, Canada could obtain much of the future business.

The market for mining and logging machinery is expanding and will continue to grow in the Philippines. These are two industries being emphasized by the Government, and Canada has a worldwide reputation for expertise in both of them. For example, there are over 80 log skidders in the country now and all but two were made in Canada. The two exceptions were manufactured by a U.S. affiliate of Canadian Car, a division of Hawker Siddeley Canada Ltd. Estimates show a very substantial log skidders market in the future. Due to the heavy logs encountered here, very powerful machines are required.

Most of the large mines here are of the open pit variety, but much exploration is going on which is likely to produce further requirements. Copper and nickel are the primary metals being sought at the moment. The Philippines is rich in mineral resources and the mining industry is already one of the top exporters. With government encouragement and much exploration going on, we expect this market to grow substantially and rapidly. Mining equipment is one of the priority promotion programs of the Canadian Trade Commissioner in the Philippines.

Additionally, there are about 100 companies with concessions for oil drilling in offshore waters. Should there be a strike, it would be a great boom to the economy, and development of the industry could be rapid.

Another interesting figure is the one for insulated wire and cable. The value of imports of these commodities has increased from $267,652 to $413,050 for the first quarter of 1969 and 1970 respectively. With new industry being developed, power transmission lines needed, and construction of modern housing, we are hopeful that this item will increase.

Despite a depressing outlook over the past year, Canadian exports to the Philippines have not only maintained their previous levels but increased. Now, with international confidence in the economy beginning to rise, this country should begin to move again.

Recently both U.S. and Japanese banks have made credit available to the Philippines. Similarly, a consultative group is being formed by the World Bank (IBRD) with a view to helping the future development.

Therefore, despite current difficulties, now is the time for Canadian firms to be surveying the Philippine market and making contacts for future sales.

Indonesia: Rewarding Country for Consultants

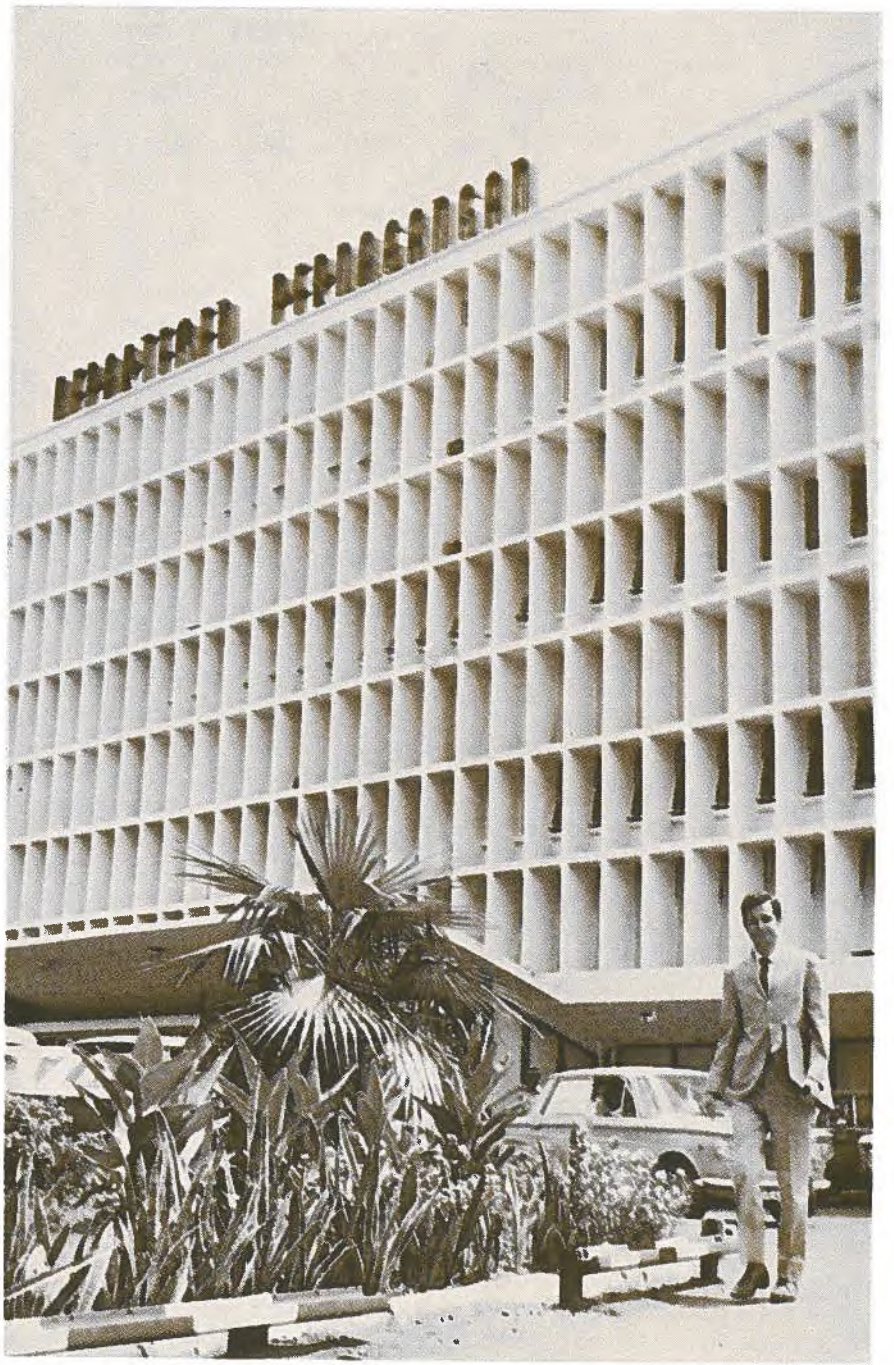
W. BOYCHUK
Acting Commercial Secretary, Djakarta

Consultants from all over the world are swarming to Djakarta because of the rapidly growing development programs financed by the multilateral agencies, and the bilateral country programs. The successful efforts of the last three years by the Government under President Suharto to stabilize the economy, control inflation and attract foreign capital has given grounds for a new optimism. Indonesia, however, is still very short of foreign exchange and the private sector has not recovered from previous years of neglect.

The opportunities for Canadian consulting services in Indonesia are therefore limited largely to those projects financed by the multilateral agencies, such as the World Bank, the United Nations Development Program (UNDP) and the Asian Development Bank, and through the Canadian Aid Program.

The World Bank (IBRD), with a resident mission established in Djakarta, has now the largest and most rapidly growing program. Between January 1968 and July 1970 IDA extended ten credits totalling $147.8 million to Indonesia. These have included the rehabilitation of agricultural estates, irrigation works, highways, electricity distribution, construction of a fertilizer plant, telecommunications, fisheries and a variety of pre-investment studies.

The latest credit of $12.8 million will be used to finance the foreign exchange costs of a microwave link, installation of a tropospheric scatter system, and the extension of telex and telephone facilities. Some of the engineering services required for this project are being provided through bilateral aid and tied to consultants from the



Author Walter Boychuk (now posted to Ottawa) passes in front of the Department of Trade building in Djakarta. To gain contacts here, a personal visit is a must, and consultants should make themselves known to government departments and agencies as Canadians are not well known in this area in Indonesia, despite Canadian aid.

Colombo Plan and the Inter-governmental Group on Indonesia (IGGI) donor countries. However, the IDA credit will finance the services of management consultants to assist in the re-organization, management and financial operations of PERUMTEL, the State Telecommunications Authority. This case of joint financing and the requirement for management services, where a state utility is the executing agency, has been typical of IDA financed projects in Indonesia.

The World Bank is expected to continue to play a major role in financing basic infrastructure projects there.

The UNDP is still in the very early stages of development in Indonesia, but the number and variety of projects in key sectors is growing rapidly. Individual advisors from the FAO, ILO and other specialized agencies are attached to several government departments and agencies. Special Fund grants, usually ranging between $1 million and several million dollars, are being used to establish a Telecommunications Training Centre, a Hydrology Institute, to develop a plan for tourism in Bali, to conduct aerial photography and provide technical experts for pre-feasibility studies of several irrigation and land development schemes.

There are other opportunities, too. Here the Trade Commissioner talks with officials (above) about wood preserving machinery, and (below) with de Havilland agent.

Indonesian Government Departments and Agencies and Their Responsibilities

Directorate General of Water Resources Development,
Djalan Pattimura 7,
Kebajoran,
Djakarta, Indonesia.
Irrigation and land development

BINA MARGA
Directorate General for Road and Highway Construction,
Department of Public Works,
Djalan Pattimura 7,
Kebajoran,
Djakarta, Indonesia.
Highway and airport construction

Directorate General of Air Communications,
Djalan Hajam Wuruk 2,
Djakarta, Indonesia.
Air transport studies and airport development

Directorate General of Power and Electricity,
Department of Public Works,
Djalan Widjaja 1/61,
Kebajoran,
Djakarta, Indonesia.
Electric power

Perusahaan Listrik Negara Pusat,
Djalan Trunodjojo, Blok M I/135,
Kebajoran,
Djakarta, Indonesia.
The state power authority

Directorate General for Posts and Telecommunications,
Djalan Merdeka Selatan,
Djakarta, Indonesia.
Telecommunications

PERUMTEL,
Djalan Merdeka Selatan,
Djakarta, Indonesia.
The state telecommunications authority

Directorate General of Forestry,
Department of Agriculture,
Djalan Salemba Raya 16,
Djakarta, Indonesia.
Forestry resource studies and planning

BPU Perhutani,
Djalan Merdeka Timur 5,
Djakarta, Indonesia.
The state forestry enterprise

P.N. Pertamina,
Djalan Perwira 2,
Djakarta, Indonesia.
The state petroleum enterprise

FUNDWI, a special fund administered by the UNDP for the development of West Irian and established by the UN in co-operation with the Indonesian and the Netherlands Governments, has financed, with a special grant of $30 million from the Netherlands Government, a number of infrastructure projects in support of the Indonesian Government Development Program in West Irian. A report by FUNDWI in February 1970 disclosed details of 22 large-scale projects and plans to replenish the fund. Canada has assisted by providing spare parts and advisors in support of a FUNDWI air transport project.

The Asian Development Bank (ADB) is providing soft loans from Special Fund resources (Canada has pledged $25 million) primarily for irrigation and land development schemes. Increased food production is the first priority in the Indonesian Government's Five Year Plan (1969/74). The ADB regional transport survey of Southeast Asia also includes Indonesia.

The Canadian Colombo Plan program in Indonesia ($3.2 million in 1969/70, of which $2 million was food aid) has more than doubled in the last year and can be expected to increase significantly in line with the recommendations of the recent Canadian Government White Paper on Foreign Policy.

In the current year, Indonesia requested and obtained a total aid commitment of $600 million at the last meeting of the IGGI. With the need so urgent in almost all sectors, and with the current widespread international support of Indonesia's development efforts, an even larger aid flow can be predicted over the next few years, much of it through the multilateral agencies.

An up-to-date registry with the various multilateral agencies is essential in order to be considered for subcontracting tenders. In addition, Canadian consultants could vastly improve their competitive position by making their interest and competence known to the various Indonesian Government Departments and agencies responsible for the execution of projects. A list of the main agencies with their area of responsibility is given in the accompanying box.

As Canadian consultants have not been active in the past in Indonesia and are not well known there, an effective presentation to the respective Indonesian Government agency is doubly essential. It should be emphasized that a presentation through mail correspondence rarely reaches the right officials and is least satisfactory. A personal call with follow-up visits is the only effective means of making an impact. The Commercial Division of the Canadian Embassy in Djakarta can be of assistance in advising on the best approach, arranging appointments with key officials (not always evident from organization charts) and in providing a continuous rapport between visits. A local commercial representative can add considerable support, but capable local representation with no conflict of interest is difficult to find because of the acute shortage of reliable firms.

You should allow approximately two days in Djakarta for every department or agency you wish to contact. Hotel accommodation should be booked as early as possible. A field visit demonstrates interest and can be invaluable in assessing unique local conditions under which the consultant may have to work.

(Mr. Boychuk wrote this article shortly before his posting to Ottawa to the Office of Imports Policy—Editor)

International Loans

Canada Increases International Aid

Canada's disbursements for international development increased by more than 65 per cent during 1969-70, External Affairs Minister Mitchell Sharp said recently in reporting on the financial activities of the Canadian International Development Agency. Disbursements climbed to $308.7 million in 1969-70 from $186.3 million in 1968-69 as Canadian programs for overseas development assistance continued to grow. Appropriations authorized by Parliament in 1969-70 were $338.7 million an increase of 17.4 per cent over the 1968-69 appropriations of $288.6 million.

CIDA Aid for Niger

A Canadian International Development Agency loan of $13.2 million will finance construction of Unity Road in Niger. The road will serve the southeast section of Niger. It will follow the border between Niger and Nigeria for 265 miles, linking Goure to the areas around Lake Chad and thus stimulate the growth of agriculture, fisheries, mining and the production of arabic gum.

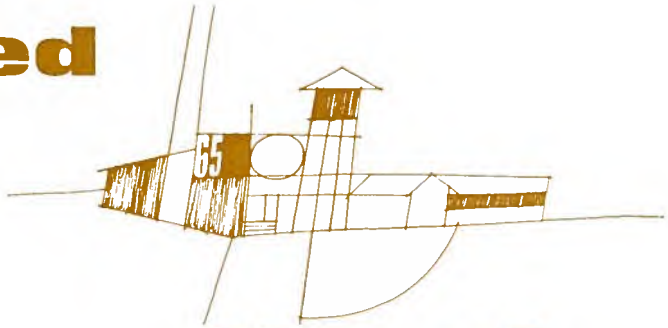
Food Marketing Study in Philippines

The Asian Development Bank, as part of its technical assistance program, will provide an agricultural marketing expert to the Philippine Government's National Food and Agricultural Council (NFAC). The expert will help organize the proposed livestock, fish and poultry marketing unit under the Food Marketing and Finance Division of the NFAC. He will study the present marketing infrastructure and processes and evaluate and identify the nature of marketing problems to bring about improvements, including grading, standardization, processing, storage and handling. He will also assist in the development of appropriate training programs for marketing personnel. The scope for expansion of livestock, fish and poultry enterprises is promising; but unless adequate trained personnel, marketing, processing and handling facilities are provided, neither the producers nor the consumers will benefit from increased production.

Rice Production

Increased rice production in the Malagasy Republic, a major objective of the Republic's agricultural development plant, will be given added momentum with a $5 million International Development Association credit. It will be used specifically for the improvement and extension of irrigation works in a rice-growing area covering some 29,700 acres, making year-round production possible on about half of this area. Also to be financed is the establishment of an experimental farm for crop diversification, and a study to examine ways to facilitate permanent settlement in the area.

Wanted



Manufacturers

Snow Ski Sled and Water Sled

American company is offering the exclusive Canadian manufacturing and marketing rights for its two models of snow ski sled and water ski sled designed for sit-down snow and water skiing respectively. The snow ski sled is claimed to be extremely safe and to be able to turn sharply, pivot or brake to a stop by simple body motions. It consists basically of one large main ski with two smaller outer skis joined together by a double foot rest at the front and a seat at the rear. The water ski sled's design is basically the same but has wider skis with balsa wood or strifoam intercore for flotation. The material recommended for both units is fiberglass or cycolac plastic. Literature available. **Item 2305**

Low Loading Trailers

German firm is offering thc exclusive Canadian manufacturing and distribution rights for its line of low loading trailers. These models are equipped with automatically rear swinging half axles and tandem axles for transporting heavy loads. Their main advantage is the facility of quick loading and unloading from the rear. By moving the low loader backwards the wheels swing out sideways through 90° so that the rear loading area is fully accessible. No need to remove any wheels, no winches or hydraulic lifting tackle required. Literature available. **Item 2306**

Materials Handling Equipment

British firm is offering a licensing arrangement for the Canadian manufacturing and marketing rights to its range of conveyors and other materials handling equipment. The full line of conveyors ranges from chain and slat types for production lines or stock handling to overhead conveyors for production lines, storage, etc. Machines offered include light duty belt conveyors (4″ to 24″ belt widths), a portable press to stillage (or flighted belt) elevator, slat conveyor, wire mesh belt conveyor, medium to heavy duty overhead chain conveyor plus roller track and supports. The licensor will provide technical information and the assistance of technicians if required. Literature available. **Item 2307**

Concrete Curing Process

Swiss firm offers for use under licence in Canada its process for the rapid curing of all types of concrete. The thermo-pneumatic curing process provides a 28 day strength in 3 to 4 hours without any prior storage. The system is claimed to be less expensive than the autoclave system and all properties and strengths attained are equal or superior to those resulting from conventional curing. No additives are necessary for carrying out the process, only a closed treating chamber. The licensor will provide technical knowhow. Literature available. **Item 2308**

Foam Glass Panels

American firm offers under licence the Canadian manufacturing and marketing rights to its foam glass panels for construction purposes. The panels are made from sand cooked down into glass and foamed into wall-size panels. They are extruded to size, thickness and density for structural and load bearing applications. Advantages claimed include rapid and economical construction of homes and buildings and low heating and/or cooling costs. The panels are claimed to be fireproof, waterproof, vermin-proof and rot-proof. Licensee should be a manufacturer with experience in glass technology. These panels have not yet been produced on a commercial basis. Literature available. **Item 2309**

Gear-changers

Swiss inventor offers the Canadian manufacturing rights for his various models of high powered gear-changers. The construction of this new type of gear-changes is based on the principle of free-turning control bearings. The advantages of this device include safety in operation, high efficiency, and a simple and compact construction. It is already in use in different industries where the utmost safety is of importance, e.g. in pulling cable-cars for passenger transport or for iron lungs in hospitals. The licensee should be a manufacturer specializing in precision work and already engaged in the production of power transmission components such as speed-reducing gears, and gear-wheels or a machine tools manufacturer. Literature available. **Item 2310**

Vacuum Controlled Rotary Choke Carburetor

British inventor offers for manufacture in Canada his vacuum controlled rotary choke carburetor. This novel form of carburetor is claimed to eliminate the emission of toxic exhaust gases and to achieve considerable economies in fuel consumption. It operates by means of a cut-off devise activated by manifold vacuum and employs a rotating internal choke tube. Other advantages claimed include increased power, simplicity of adjustment and interchangeability from one engine to another. A prototype has been developed. Literature available. **Item 2311**

New Rotary Internal Combustion Engine

Greek inventors offer for license the Canadian production and marketing rights for their design of rotary internal combustion engine for use in cars, helicopters and small sea craft. The engine develops high power due to several combustions in one full turn of its rotor. The number of combustions per cycle may be from four to twelve depending on the size of the engine and its internal arrangement. Advantages claimed include simplicity of manufacture, few moving parts, no gears, very low weight, and easy accessibility for lubrication purposes. The licensor will provide technical assistance. Literature available. **Item 2312**

Chemical Toilet

American company is offering the Canadian production and marketing rights for

its fully developed chemical toilet for campers, trailers, boats, etc. The toilet, which incorporates a disposable bag, is completely sealed against odours and germs, will not spill or clog and is very easy to clean. The line includes a complete after-market supply of products—liquid deodorant, disposable bags and tissue. The company is prepared to provide complete specifications, blueprints and promotional material. Literature available. **Item 2313**

Protective Glasses

German inventor is offering a licensing arrangement for the Canadian manufacturing and marketing rights for his new protective glasses for use by drivers during poor lighting conditions such as fog, strong rain showers, snow, etc. The glasses can also be used as sunglasses and in industrial plants for operations such as welding. The novelty of these glasses is provided by two bright filters of different colors which create contrasts, thus increasing the perception speed of the eye when images change quickly. Literature available. **Item 2314**

Motor Oil Container

Austrian firm offers under licence the Canadian production and marketing rights for its new motor oil container. This product is claimed to rationalize all operations from the manufacture of the containers right through to their use at gas stations and including the disposal of emptied cans. The chief advantages claimed include a reduction of costs up to 50 per cent, easy stacking and reduced waste disposal. The licensor will supply a complete production line, training of personnel and technical knowhow. Literature available. **Item 2315**

Cleansing Compounds for Stone Surfaces

Swiss agent offers on behalf of a local inventor the Canadian manufacturing rights covering two chemical stone-cleansing compounds for use with all kinds of natural and artificial stone. One product is only a cleaner, the other has additives for removing rust stains and for preserving the stone surface. The claimed advantages include: surfaces remain clean a long time automatically; the hardest crusted dirt is removed easily; there are no harmful vapors, no efflorescences and no acids; products are non-flammable and are insensitive to frost. Literature available. **Item 2316**

Alternately Seating Faucet Valve

American inventor is offering a licensing arrangement for the Canadian manufacturing and marketing rights to his alternately seating valve for faucets. The device has float disc washers that can be replaced as readily as an electric light fuse. The faucet is operated by depressing the handle. A simple actuated ball automatically drops onto a square hold notch and, with the spring action, holds the valve in open position. By an easy finger tap upward on the ball, it completely closes off the flow of fluid. Since the handle is not twisted, wear on the valve face caused by twist friction is eliminated. Literature available. **Item 2317**

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.

Trade Lines

New Shipyard

The Development Bank of Singapore, in joint venture with the Bethlehem Steel Corporation of U.S., will establish a shipyard on a 70-acre tract adjacent to the Sembawang shipyard. The yard will specialize in the design and construction of mobile off-shore oil drilling platforms and associated equipment. It will also build supply boats, barges, storage units, dredges and fixed platform equipment and provide a wide range of services to oil drilling contractors—Singapore.

Gas Pipeline

Feasibility studies are under way for a $23 million natural gas pipeline in Western Australia. The 270-mile pipeline will link Dongara with Kwinana and Perth. Construction of the project is expected to begin late this year and will be completed in the final quarter of 1971—Melbourne.

Hosiery

Mexico's nylon hosiery production has increased 214 per cent in the past five years. Sixty-eight million pairs were manufactured in 1969, 40 million pairs more than in 1964. Domestic materials employed in the industry rose from 470 tons to 1,200 tons during the same period—Mexico City.

Import Allocation

Colombia is allocating $950 million for her 1970 imports. It is expected that $800 million of this will be covered by Colombian exports, with the balance to be covered by loans received from various external sources. The Government is planning foreign exchange reserves of $200 million, a marked increase from the $95 million which they had as recently as the end of 1966—Bogota.

Paper

West German paper producers, presently troubled by rising costs and foreign competition, would like higher tariff protection from the Federal Government. They would like to ensure their share of the growing domestic market which is expected to increase 50 per cent by 1980. In 1969, the per head consumption was 270 pounds—Hamburg.

Houston Development

Shell Oil in the United States has announced plans for a $1 billion development on 525 acres adjacent to Houston's Astrodome. The project, to be known as Plaza del Oro, will include a 300-bed hospital in addition to office buildings, commercial facilities, hotels and apartments. When completed, the development will have 25,000 persons living and working in it—Dallas.

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, Toronto, Winnipeg, Regina, Edmonton, Vancouver—
Regional Office, Department of Industry, Trade and Commerce

In Windsor, Ontario—
Greater Windsor Industrial Commission

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

Trinidad

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

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.

Bahamas

A Blum, Commercial Secretary, Kingston, Jamaica, will be in Nassau November 15 to November 29 and Freeport November 29 to December 2.

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.

Iceland

J. R. Caux, Commercial Secretary, Oslo, Norway, will be visiting businessmen in Iceland from November 8 to November 14.

Ireland

R. A. Bull, Commercial Counsellor in Dublin, will visit Wexford, Waterford, Kilkenny, November 10, 11 and 12; Limerick and Shannon, November 24-26; Cork, December 15-17.

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.

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.

Mail to Cuba

The Commercial Division of the Canadian Embassy in Havana urges Canadian businessmen to address their mail to the Division as follows: P.O. Box 500 (HVA), General Post Office, Ottawa 2, Ontario. It is important for satisfactory delivery of your letters to stop using immediately the former box number in Nassau, Bahamas.

The Ocean Freight Market

Industrial Traffic Services Division

In the third quarter of 1970, the world chartering freight market maintained an undertone of stability. Voyage charter rates generally held at levels comparable with those of the second quarter while average time charter rates were slightly higher.

There has been a general easing off of Japanese demand for ships in the coal trade from Hampton Roads. Fewer consecutive voyage charters were fixed and chartering tended to be for shorter periods of time. The gap between consecutive voyage rates and single trip rates narrowed considerably. For example, the average rates for consecutive voyage and single voyage to Japan were $11.44 and $12.28, respectively.

Grain rates from Canada in the Pacific and trans-Atlantic trades continued firm, following the general trend of the charter freight market, and maintained levels approximately the same as the previous quarter.

A significant increase of tanker chartering activity in the Mediterranean, Caribbean and Persian Gulf sectors of the market resulted in substantial increases of tanker rates in the third quarter. Demand on Persian Gulf supply, in particular, caused rates in this area to rise from Worldscale 190 to Worldscale 252.5, producing an average rate of $20.97 per ton compared to the average rate of $10.55 per ton in the previous quarter. A cause, or possibly an effect, of the current state of the charter market is that at the present time there is virtually no laid-up tanker tonnage.

Charter Rates—Second Quarter 1970

The rates shown in column A are in sterling or U.S. dollars with the Canadian dollar equivalent in column B calculated at £ = $2.49 and U.S. $ = $1.02. For comparison the rates a year ago are shown in column C with the Canadian dollar equivalent in column D calculated at £ = $2.58 and U.S. $ = $1.08. The rate schedule does not necessarily represent all charter movements to or from Canadian ports since details of certain fixtures are not published.

Time Charters

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

	Third Quarter 1970		Third Quarter 1969	
	A £ or U.S.$	B Cdn.$	C £ or U.S.$	D Cdn.$
General Trading (approximately 4 to 12 months)				
11,000-15,000 dwt. 13-16 knots	5.31	5.43	3.93	4.24
15,000-20,000 dwt. 13-16 knots	5.76	5.89	3.90*	4.21
20,000-30,000 dwt. 13-16 knots	5.11	5.23	2.69	2.90
30,000-40,000 dwt. 13-16 knots	5.09	5.21	2.09	2.26

Voyage Charters

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

Heavy Grain (per long ton)				
St. Lawrence to Britain	68s.11d.	8.96	37s.3d.	4.84
St. Lawrence to Belgium/Holland	6.54	6.69	2.97	3.20
St. Lawrence to Syria	14.50	14.83	.....	.....
St. Lawrence to United Arab Republic	11.75*	12.02	.....	.....
St. Lawrence to West Germany	7.28	7.45	2.90*	3.13
St. Lawrence to France (Atlantic)	7.70*	7.88	.....	.....
St. Lawrence to France (Mediterranean)	10.00*	10.23	.....	.....
St. Lawrence to India	167s.0d.	21.38	102s.6d.	13.32
St. Lawrence to Algeria	12.08	12.36	7.05	7.61
St. Lawrence to Italy	12.25*	12.53	7.08	7.64
St. Lawrence to Ireland	8.94	9.15	.....	.....
St. Lawrence to Spain	8.11	8.30	5.50	5.93
St. Lawrence to Brazil	12.23	12.51	.....	.....
St. Lawrence to Japan	16.00*	16.37	.....	.....
Churchill to Britain	9.25*	9.46	5.65	6.07
Churchill to Belgium/Holland	7.81	7.99	3.93	4.24
Great Lakes to Britain	15.70	16.06	9.08	9.76
Completing St. Lawrence	11.05	11.30	4.41	4.74

	Third Quarter 1970		Third Quarter 1969	
	A £ or U.S.$	B Cdn.$	C £ or U.S.$	D Cdn. $
Great Lakes to Belgium/Holland	12.07	12.35	6.28	6.78
Completing St. Lawrence	6.66	6.81	3.23	3.49
Great Lakes to Venezuela	13.00*	13.30	9.78	10.55
Great Lakes to West Germany	13.00	13.30	6.42	6.93
Completing St. Lawrence	7.58	7.75	3.50	3.78
Great Lakes to Yugoslavia	17.00	17.39	.....	.....
Completing St. Lawrence	12.50	12.79	.....	.....
Great Lakes to Algeria/Tunisia	16.40	16.78	.....	.....
Completing St. Lawrence	12.00	12.28	.....	.....
Great Lakes to Japan	20.50*	20.97	12.83	13.84
Completing St. Lawrence	16.75*	17.14	10.00	10.79
British Columbia/North Pacific to Japan	12.81	13.10	8.43	9.10
British Columbia/North Pacific to Philippines	14.28	14.61	8.62	9.30
British Columbia/North Pacific to South Korea	12.88	13.18	7.11	7.67
British Columbia/North Pacific to Taiwan	14.20	14.53	9.75*	10.52
British Columbia/North Pacific to Peoples' Republic of China	12.15	12.43	.....	.....
British Columbia/North Pacific to India	170s.4d.	22.20	.....	.....
British Columbia/North Pacific to Pakistan	21.00	21.48	.....	.....
British Columbia/North Pacific to Republic of South Africa	140s.0d.	18.20	.....	.....
British Columbia/North Pacific to Belgium/Holland	12.00	12.28	5.20	5.61
Coal (per long ton)				
Hampton Roads to Japan	11.93	12.20	5.85	6.31
British Columbia to Japan	7.50*	7.67	3.70*	3.99
British Columbia to Spain	7.50	7.67	.....	.....
Oilseeds (per long ton)				
British Columbia to Japan	9.71	9.93	7.38	7.96
Scrap Iron and Steel (per long ton)				
St. Lawrence to Japan	18.50	18.93	.....	.....
St. Lawrence to Spain	7.35	7.52	.....	.....
U.S. North Atlantic to Spain	12.25*	12.53	.....	.....
British Columbia to South Korea	15.00	15.35	.....	.....
U.S. Atlantic to Italy	10.76	11.01	.....	.....
Great Lakes to Spain	12.25	12.52	12.35	13.33
St. Lawrence to Peoples' Republic of China	230s.0d.*	29.90	132s.0d.	17.16
Sulphur (per long ton)				
British Columbia to India	15.05	15.40	11.20*	12.10
British Columbia to Taiwan	10.50	10.74	6.15	6.64
Fertilizers (per long ton)				
British Columbia/North Pacific to India	16.75*	17.14	12.03	12.98
Urea (Bagged—per long ton)				
British Columbia to India	24.00*	24.55	.....	.....
Iron ore (per long ton)				
St. Lawrence to Britain	4.88	4.99	2.90	3.12
St. Lawrence to U.S. Atlantic	2.50	2.56	.....	.....
St. Lawrence to France (Atlantic)	4.32*	4.42	.....	.....
St. Lawrence to Spain	7.33	7.50	.....	.....
St. Lawrence to Japan	12.65	12.94	.....	.....
Petroleum Coke (per long ton)				
St. Lawrence to Italy	14.62	14.96	.....	.....
California to Belgium/Holland	10.10	10.33	.....	.....
California to Japan	8 50	8.70	.....	.....
Oil Black (per long ton)				
Venezuela to Portland, Maine	5.60	5.73	1.87	2.00
Persian Gulf to Portland, Maine	20.32	20.79	6.35	6.74
Mediterranean to Portland, Maine	6.66	6.81	.....	.....
Venezuela to East Coast of Canada	4.13	4.22	2.61	2.82

*One fixture only reported.

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 foreign currency unit in Canadian dollars at October 7	Value of Canadian dollar in foreign currency units
Algeria Dinar	.1862	5.37
Argentina Peso (free)	.2555	3.91
Australia Dollar	1.138	.87
Austria Schilling	.0395	25.27
Bahamas Dollar	1.0219	.97
Belgium and Luxembourg Franc	.02059	48.56
Bermuda Dollar	1.027	.97
Bolivia Peso	.0858	11.64
Brazil Cruzeiro (official free)	.2172	4.60
Britain Pound	2.439	.41
British Honduras Dollar	.5364	1.86
Burma Kyat	.2146	4.65
Ceylon Rupee	.1717	5.82
Chile Escudo (bank rate)	.0865	11.56
(free)	.0713	14.03
China, Republic of New Taiwan Dollar (official)	.027	37.04
Colombia Peso (fixed)	.054	18.36
Congo (Kinshasa) Zaire	2.144	.46
Costa Rica Colon	.1542	6.48
Cuba[1] Peso	.....	.....
Czechoslovakia Koruna	.1419	7.04
Denmark Krone	.1363	7.33
Dominican Republic Peso	1.0219	.97
Ecuador Sucre (official)	.0408	24.46
(free)	.0511	19.49
El Salvador Colon	.4088	2.44
Fiji Dollar	1.179	.84
Finland Markka	.2433	4.11
France, Monaco, etc.[2] Franc	.1851	5.40
Franco-African Republics[3] Franc	.0037	270.12
French Pacific[4] Franc	.0101	98.23
Germany D Mark	.2815	3.55
Ghana New Cedi	1.001	.99
Greece Drachma	.0341	29.35
Guatemala Quetzal	1.0219	.97
Guyana Dollar	.5367	1.86
Haiti Gourde	.2044	4.89
Honduras Lempira	.5109	1.95
Hong Kong Dollar	.1686	5.93
Hungary Forint (official)	.0921	10.85
Iceland Krona (official)	.0116	86.13
India Rupee	.1357	7.36
Indonesia[5] Rupiah	.....	.....

Country and Currency	Value of foreign currency unit in Canadian dollars at October 7	Canadian dollar in foreign currency units
Iran Rial	.0142	70.42
Iraq Dinar	2.861	.34
Ireland Pound	2.439	.41
Israel Pound	.292	3.42
Italy Lira	.0016	609.75
Jamaica Dollar	1.220	.82
Japan Yen	.0028	350.14
Kenya Shilling	.1526	6.55
Lebanon Pound (free)	.3168	3.15
Malaysia Dollar	.3338	2.99
Mexico Peso	.0818	12.23
Morocco Dirham	.2053	4.87
Netherlands Florin	.2838	3.52
Netherlands Antilles Florin	.5419	1.84
New Zealand Dollar	1.142	.87
Nicaragua Cordoba	.1460	6.84
Nigeria Pound	3.017	.33
Norway Krone	.1430	6.99
Pakistan Rupee	.2146	4.65
Panama Balboa	1.022	.97
Paraguay Guarani (free)	.0082	122.32
Peru Sol (free)	.0235	42.46
Philippines[6] Peso (free)	.1635	6.11
Poland Zloty (fixed basic rate)	.2700	3.71
Portugal & Colonies[7] Escudo	.0355	28.13
Saudi Arabia Riyal	.2062	4.84
Sierra Leone Leone	1.508	.66
Singapore Dollar	.3507	2.85
South Africa Rand	1.425	.71
Spain & Dependencies Peseta	.0146	68.07
Sweden Krona	.1972	5.07
Switzerland Franc	.2360	4.23
Syria Pound (free)	.2819	3.55
Thailand Baht (free)	.0496	20.17
Trinidad & Tobago[8] Dollar	.5109	1.95
Tunisia Dinar	1.947	.51
Turkey Lira	.0681	14.67
United Arab Republic Pound (official)	2.35	.43
United States Dollar	1.022	.97
Uruguay Peso (free)	.0041	244.14
Venezuela Bolivar (official free)	.2278	4.38
Yugoslavia Dinar (official)	.0818	12.23

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

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

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

Dr. Tode Curuvija, Ambassador of Yugoslavia to Canada, accepts in London, Ontario, the locomotives which will be used to open up developing regions of his country.

Locomotives to Yugoslavia

Unique financing, rapid delivery and a special day highlighted handing over of the first Canadian-built diesel-electric locomotives sold to Yugoslavia.

Diesel Division, General Motors of Canada Limited, London, Ontario, under an $11 million contract, shipped the first of 37 locomotives to the Yugoslavian Railway ZTP three months ahead of schedule. The shipping coincided with GM Diesel holding a Yugoslavia Day to mark the official handing over of the first four units and the signing of the financing agreement. His Excellency, Dr. Tode Curuvija, Ambassador of Yugoslavia to Canada, accepted delivery from F. W. Walker, Jr., Vice-President of General Motors of Canada Limited and General Manager, Diesel Division.

On hand for the ceremony were Dusan Grubor, Counsellor, Yugoslav Embassy; H. T. Aiken, President, Export Development Corporation and R. H. Sumner, Export Finance Division, EDC, Ottawa. Spokesman for the Federal Government was Charles Turner, M.P. for London East. Also present were E. J. Barbeau, Executive Vice-President, General Motors of Canada Limited, Oshawa, J. L. Rose, Manager, Diesel Locomotive Products, General Motors Overseas Operations, New York, J. A. Taylor, President, Canadian Chamber of Commerce, H. J. McClure, Mayor, City of London, R. G. Head, Assistant Deputy Minister (Operations) and E. P. Bishop, Chief, Rail and Propulsion Division, Canadian Department of Industry, Trade and Commerce.

While the diesel-electric units are the first to be purchased by Yugoslavia from the Canadian company, already 133 are operating there. However, they were all purchased from GM's Electro-Motive Division in the U.S.

To win the order the London firm had to bid, on a worldwide basis, with 35 other manufacturers. Attractive pricing, delivery and financing were among the key factors that won the contract.

Financing was arranged by the Canadian Export Development Corporation (EDC) with the co-operation of the Export-Import Bank of the United States, which financed the U.S. content. This unique joint financing arrangement was made because GM Diesel imports the engines which power the 1,800 hp. units, from the U.S. These engines are quantity produced, giving the company a competitive pricing advantage, and are universally preferred.

GM Diesel, London, is increasing its domestic content, now just over 50 per cent, through various approaches in other areas. To obtain full financing through EDC an exporter should have 80 per cent Canadian content in the manufactured product and must qualify for long-term financing.

Yugoslavia is the eighth country to purchase London-built diesel-electric locomotives. To date a total of 300 units are in operation in New Zealand, Ceylon, Brazil, Pakistan, Liberia, Sweden and Norway.

GM Diesel of London also manufactures Terex off-highway trucks and is exporting them to world markets for use in mining and major construction projects.

The delivery ahead of schedule of the first of 37 Canadian built diesel-electric locomotives to Yugoslavia is the occasion for the smiles of Dr. Curuvija, (right), F. W. Walker, Jr., (left), vice-president of General Motors of Canada Limited and general manager, Diesel Division, and H. J. McClure, Mayor, City of London. Below—the three men and other official guests tour the GM plant. The locomotives were handed over at Yugoslavia Day ceremonies held at the London plant to honor the occasion.

If undelivered return to:
The Queen's Printer, Ottawa, Canada

CANADA
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The Japanese now know far more about Canada, thanks to a successful tour by Super Bus, here resting in the Canadian pavilion at Osaka 70. Films of Canadian people and places, taken by cameras hidden in the bus during a cross-Canada trip, were shown in about 80 cities in Japan. Result: more than 25 million visitors to our pavilion. Here a visiting Japanese wrestler in traditional clothes hoists hostess Gloria Anuza of Montreal while pavilion host John McQuinnie looks on. Seen through the windshield of the bus are some of the gifts given by Japanese dignitaries to the bus staff during the tour.