

foreign trade

Department of Industry, Trade and Commerce, Canada

May 22/71



SPECIAL REPORT:

Canada and
South America

More on South America

Each spring "Foreign Trade" solicits reports on business and trading conditions from the Trade Commissioner posts in South America. We also call on the Latin America Division of the Office of Area Relations for an analysis of the South American trading environment and of Canada's trade record there for the past year. The Division also updates for us the summary of import and foreign exchange regulations in each of the ten countries. The Industrial Traffic Services Division supplies us with a table of shipping services to South America. The result is the package that we now present to our readers.

We are the first to realize that we cannot hope, in some 35 pages, to provide the Canadian businessman with complete information on economic developments and opportunities on the South American continent. We can, however, direct his attention to other sources of information, including three books that he may want to put on his reference shelf.

One of these, *The Andean Common Market*, was published recently by Business International Corporation of New York, which issues research reports on a variety of economic subjects. This Andean Group, which came into being formally with the signing of the Cartagena Agreement on May 26, 1969, by Bolivia, Chile, Colombia, Ecuador and Peru, seems likely to in-

fluence trade and investment on that continent significantly.

In general, the purpose of the study is to "analyze the Cartagena Agreement and its implications for business within and outside the region." The first chapter covers the genesis of ANCOM and the relationship between it and LAFTA. Then comes an analysis of the goals that ANCOM has set for itself and the institutions it has framed to achieve these goals. Successive chapters deal with tariffs and trade barriers, industrial planning, and the role of the foreign investor. A special supplement covers the "Rules on Foreign Investment and Transfers of Technology" adopted at the end of last year. One of the appendices gives the text, in translation, of the Cartagena Agreement. *The Andean Common Market* costs \$60.00 and may be ordered from Business International Corporation, 757 Third Avenue, New York 10017.

Many experts in international marketing believe that exporters tend to neglect the social trends and movements that do much to shape the needs and desires of a foreign market. One way to avoid this error in selling to South America is to have on hand a book like *Socio-Economic Progress in Latin America*, put out by the Inter-American Development Bank. It is essentially a report on the Social Progress Trust Fund donated by the United States and administered by the IADB. It

does not cover any aspect of Canada's aid to or trade with Latin America, but it does give in small compass a picture of, and useful facts about, social and economic advance in these countries.

After the introduction and general articles come brief reviews on conditions and planned progress in 22 Latin American countries. Each one has about 16 pages devoted to it, and the statistics are mainly for 1968 and 1969. It could be useful to companies selling products used in schools and hospitals, in new housing, in city sanitation, etc. or to those who follow development plans closely. For copies, write to the Inter-American Development Bank, 808 17th Street N.W., Washington, D.C. 20577. These are free of charge.

Finally, for the man who is planning a business trip—especially a first one—to this area, we suggest spending a few hours with the *South American Handbook*, 1971 edition. Published by Rand McNally & Co. and stocked by most booksellers, it briefs the reader on the history of each country, on its people, its economy, geography, and so on. All this is in addition to the usual travel-guide information on hotels, on the layout of the principal cities, on the attractions of each region, and on excursions for the traveller. It sells for \$6.95 and tucked into a briefcase will, we think, add to both the pleasure and the profit of a journey to the southern continent.

foreign trade

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COVER: FORANO of Montreal recently sold a complete sawmill installation worth \$850,000 to Perez Compac S.A. of Argentina. On hand to see it offloaded at Buenos Aires were Alfred P. Bissonnet, Canadian Ambassador to Argentina (center) and L. D. Burke, Commercial Counsellor (second from left). With them are Mr. G. Perez Compac (left) and two other officials of his company.

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Canada and South America.

Ties are becoming closer, trade is expanding, the Canadian contribution to South American development is increasing. Carefully planned government export promotion is helping to enlarge the market for Canadian goods and services.

P. GHATTAS
Latin America Division
Office of Area Relations

Canada's commercial relations with South America* go back many years. Even before the opening of the first diplomatic post in Brazil in September 1941, Canada had appointed resident Trade Commissioners to Cuba (1909), Argentina (1911), and Brazil (1911). Currently our resident trade missions cover the whole area.

Despite these long-standing ties, South America has not always been in the forefront of Canadian preoccupations. In the words of the recent government policy statement, *Foreign Policy for Canadians*, there have been valuable exchanges and associations but neither has been of capital importance to the other.

With the Ministerial Mission to Latin America of 1968, and the subsequent publication of *Foreign Policy for Canadians* by the Canadian Government, interest in the area has been heightened. This new interest is not restricted to any one area or discipline, but includes all. Canadian businessmen are now more aware of the South American market and its potential. Certain Canadian universities, through their departments of international affairs, now offer special courses on South America. The Government hopes to strengthen links of all kinds with the countries of Latin America, embarking upon government-to-government programs in the economic, cultural, and political spheres, and at the same time drawing closer to the inter-American system and some of its organizations.

There are similarities between the economy of Canada and those of the

*In this article, the term "South America" refers to Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, Uruguay, Venezuela.



These rolls of Canadian-made newsprint are being unloaded at the port of Santa Marta, in Colombia, for use by two of the country's leading newspapers. Newsprint continues to bulk large among our exports to South America, though some countries, such as Chile, are successfully building up their own pulp and paper industries.

major South American countries. The dependence on resource-based industries is one. Like Canada, many South American countries have rich mineral and hydroelectric power resources, vast forests, and potential for growing wheat and producing beef. In most instances, these resources are underexploited, partly because of communication and transportation problems. Canadian experience in overcoming these problems can help provide expertise in the areas of telecommunications, grain storage, hydroelectric power generation, pulp and paper machinery, road and rail equipment and aerial surveys.

As a proportion of total Canadian exports, our shipments to South America are still quite small—approximately 2 per cent of total exports during the

period 1963-70. This is not to say, however, that our exports in absolute terms have not been increasing steadily. In 1970, they reached their highest level, at Cdn.\$351.58 million. As evidenced by the table, Argentina, Brazil, Chile, Colombia, Peru and Venezuela absorbed the bulk of these exports.

The commodity composition of Canadian sales to South America has also undergone some important changes. Traditional exports of newsprint, aluminum, wood pulp, base metals, and recently wheat are still the largest items, but the list of non-traditional exports has been growing steadily. Leading this list are parts and accessories for motor vehicles, passenger motor vehicles and chassis, and trucks and chassis. Exports of aircraft and aircraft engines are also becoming im-

portant. Exports of machinery and equipment which reflect Canadian expertise include mining and quarrying machinery, telecommunications equipment, saws and sawmill machinery.

The comments made above also apply to our imports from South America. As a proportion of total imports they have tended to decline, but in absolute terms they have risen steadily to \$442.6 million in 1970, as against only \$313.4 million in 1963, as the table shows. Crude petroleum and refined petroleum products are by far the largest items, accounting for over 76 per cent of the total import bill. Basic foodstuffs come second, with green coffee from Brazil, Colombia, and Peru, and bananas from Ecuador the leading imports after petroleum.

To expand export and import trade between Canada and the South American countries, various measures were announced in the Government's White Paper on foreign policy already mentioned. Among these are plans for a carefully conceived program of export promotion, following selected priorities. This promotion emphasis is already reflected in the makeup of trade missions, both those coming to Canada from Latin America and those visiting various regions in Latin America; these missions are concentrated in particular sectors deemed to have potential. Marketing studies that will pinpoint promising specific fields of interest are already under way and will be an additional tool for export promotion.

The strengthening and expansion of the facilities of the Export Development Corporation will provide vital assistance in expanding trade with South America. Export credits insurance and export financing are important elements in competitive international trade. The EDC offers export credits insurance to all persons in Canada selling goods or services abroad on credit terms. This insurance protects them against non-payment by foreign buyers arising from credit and political risks associated with foreign trade. The Export Development Act enables EDC to ensure at its own risk up to a maximum liability of \$500 million under contracts outstanding at any time. In addition, the Governor-in-Council

CANADA-SOUTH AMERICA TRADE

	\$ million							
	1963	1964	1965	1966	1967	1968	1969	1970
Exports to								
Argentina	37.0	26.9	32.7	39.5	33.4	48.0	62.3	59.1
Bolivia	0.7	1.0	1.7	2.1	2.2	3.5	2.1	2.2
Brazil	29.4	23.0	17.5	21.2	27.5	48.2	50.2	87.4
Chile	12.3	12.9	10.5	12.3	17.7	20.7	22.8	22.9
Colombia	23.3	21.3	17.4	25.4	18.2	18.4	18.8	24.6
Ecuador	3.9	5.7	4.7	3.0	3.1	3.5	2.6	3.5
Paraguay	0.2	0.5	0.2	0.1	0.1	0.7	0.3	0.2
Peru	11.6	10.7	21.9	36.3	32.6	22.3	26.2	35.9
Uruguay	3.0	5.7	3.3	4.8	2.9	2.4	3.3	4.4
Venezuela	46.3	64.1	73.0	76.0	82.0	102.5	92.9	111.4
Total	167.7	171.8	182.9	220.1	219.7	270.2	281.5	351.6
Per cent of total exports	2.5	2.1	2.1	2.2	2.0	2.0	1.9	2.1
Imports from								
Argentina	5.4	5.9	5.4	4.9	5.2	5.4	8.6	8.9
Bolivia	0.1	0.3	0.4	0.2	0.1	0.1	0.1	0.1
Brazil	36.4	39.5	35.6	35.8	31.4	38.7	42.1	49.3
Chile	1.3	1.8	1.7	1.9	1.7	2.1	3.3	2.8
Colombia	13.6	14.9	16.8	11.6	13.4	12.2	14.6	26.6
Ecuador	7.6	9.3	8.6	7.9	8.1	8.5	8.5	10.5
Paraguay	0.8	0.5	0.5	0.5	0.7	0.4	1.1	0.7
Peru	3.8	7.8	9.1	3.5	2.0	3.2	2.8	4.3
Uruguay	0.9	1.0	1.0	0.5	0.4	0.5	0.3	0.2
Venezuela	243.5	270.6	254.7	215.1	276.3	357.9	345.6	339.2
Total	313.4	351.6	333.8	281.9	339.3	429.0	427.0	442.6
Per cent of total imports	4.8	4.7	3.9	2.9	3.1	3.5	3.0	3.2

may authorize the Corporation to insure at government risk up to a maximum liability of \$500 million. This insurance is crucial not only in offering protection but in enabling the exporter to obtain needed backing from financial intermediaries.

Another important activity is long-term financing, which is of paramount importance in large capital projects. The terms and duration of a long-term loan offer are usually the determining factors in a bid. EDC may provide long-term loans to foreign customers to finance the purchase from Canada of capital goods and related engineering services. Export financing is quite competitive, particularly in Latin America. Competition in this field centers on the interest rate, the duration to maturity, the type of activity financed, and sometimes on the extension of credit for local expenditures. The EDC aims to match terms offered by competitors, thereby

giving Canadian exporters the opportunity to compete.

During the last decade, long-term export credits for the sale of Canadian capital goods were granted to six South American countries, representing about 13 per cent of the global loans granted. The goods financed included locomotives, road-graders, equipment for the expansion of power systems and telecommunications equipment. With the increased resources of EDC and the rapid build-up of capital projects in many of the South American countries, the prospects for additional exports of specialized goods seem promising.

A unique organization in which Canada plays a part is the Inter-American Development Bank (IADB). From 1960, the Bank has played a vital role in financing needed infrastructure projects. Canada also makes its contribution to financing these projects. The EDC channels a



Most of the South American countries depend heavily on sales abroad of minerals, or of one or two agricultural products, to provide them with needed foreign exchange. One example is Chile, where exports of copper from mines like Chuquibambilla (seen left) provided 80 per cent of Chile's export earnings last year. Copper shipments reached 700,000 tons and are expected to rise to over a million tons by 1972.

\$15 million loan through the Bank for Canadian goods and services to be used in projects that the Bank recommends and endorses. The Canadian International Development Agency (CIDA) has also allocated \$60 million (\$10 million a year over the last six years) to the Bank to provide soft loans for Latin American development. These funds finance the purchase of Canadian goods and services for projects approved by the Bank and by CIDA. Approximately \$52 million of the \$60 million allocated has been committed, but actual disbursements have been modest. Projects that Canada is financing include feasibility and pre-investment studies, telecommunications programs, port and airport facilities, a technical university, and hydroelectric projects.

Any desire to expand trade in both directions must of necessity take into account economic prospects. Although it is always misleading to talk about South America as a whole, there are features common to all countries in the region. The popu-

lation explosion and its ramifications is one of these. Only a part of the economically active population is productively employed and a very high proportion of manpower in the rural areas is not being used. People from these rural areas flock to the cities, thereby adding to the number of unemployed and underemployed. This phenomenon not only means frustration, but also a waste of human resources and a heavy strain on urban budgets and facilities. With a larger population, most of the annual increase in goods and services goes to current consumption, leaving insufficient national savings to help achieve the necessary development goals.

To absorb this growing labor force, industrial expansion has been recommended. Industrialization so far has been mainly promoted by providing protection against import competition and by stressing import substitution. In many countries, this process has gone as far as it can, and if production is to increase, new markets will have to be found.

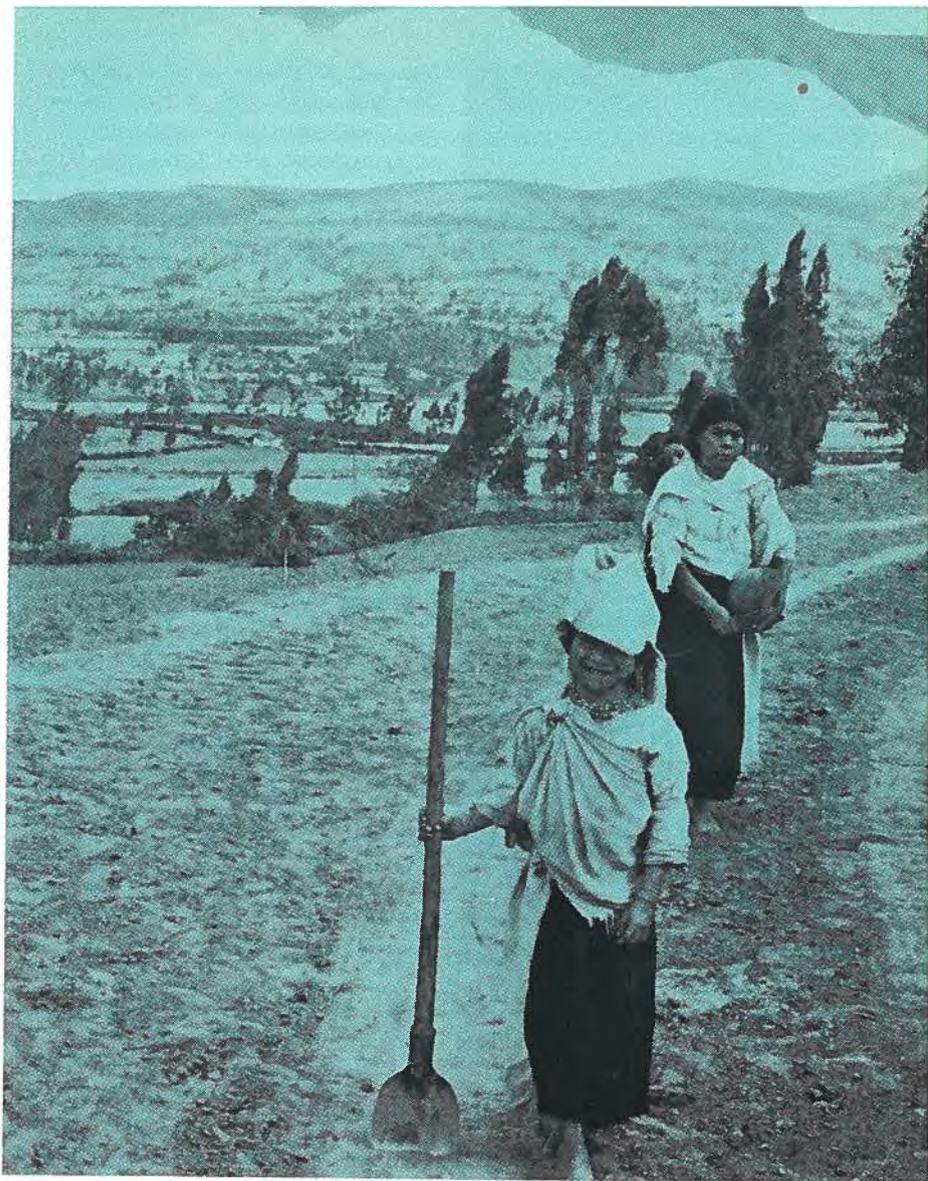
In the attempt to find these markets and at the same time rationalize production, South America's efforts have centered on regional integration. The first such attempt was the formation of the Latin American Free Trade Association in February 1960. Progress so far has been minimal. Another grouping that has been given a good chance of succeeding is the Andean Group, consisting of Bolivia, Chile, Colombia, Ecuador and Peru.

As well as pursuing intra-regional trade, the majority of South American countries have also intensified their international export promotion efforts. Incentives and tax exemptions are offered to industries that export manufactured products. Preference is also given to new industries that cater to the export market, especially in non-traditional products.

Domestically, there are also market opportunities. In his report for the Inter-American Development Bank, *Change and Development*, Raul Prebisch estimates that 60 per cent of the population is hardly touched by the benefits of development. The consumption of this group is meagre in relation to its rapidly multiplying numbers. According to some estimates, not even as much as 20 per cent of the total supply of manufactured goods reaches their hands. The integration of these lower strata into the economy will extend the

Throughout the continent, great efforts are being made to raise standards of living, especially in the rural areas. Sometimes this means moving people out of unproductive areas and onto new and potentially fertile land. These two women are part of more than 1,600 low-income families being settled in a new part of the Andean highlands in Ecuador, with the help of a \$2.5 million loan from the Inter-American Development Bank. Some 187,000 acres are now being opened up in the northern part of the country.

Among the highly manufactured products that Canada supplies to South America are aircraft, engines and parts. In the picture below, a worker in a Brazilian factory is installing a turbine engine of the Pratt & Whitney PT 6 A-20 type, made by United Aircraft in Quebec, in a Bandeirante aircraft that will be used by the Brazilian Air Force. Canadians sold \$21.1 million worth of aircraft engines and parts to Brazil last year.



frontiers of Latin America's industrial development.

Even though the emphasis is on finding new markets for South American products, this does not in any way eliminate the need for imports. As the industrial sector expands, its requirements for raw materials, machinery, and transport equipment will also increase.

South America is a dynamic and challenging market, and one that will become much larger as the pace of development quickens. Given the expanded facilities of EDC, the Canadian allocation in the Inter-American Development Bank, and the new emphasis on carefully chosen priorities in the promotion of exports, the prospects of increasing Canadian participation in this market are good. Canadian exporters would do well to keep a close watch on progress in this part of the world.

A r g e n t i n a

L. D. BURKE
Commercial Counsellor
Buenos Aires

Inflation, crisis in the beef industry, some strikes plagued the economy last year; Canadian sales decreased slightly. Outlook brighter for 1971; Canadian opportunities are best in raw materials, industrial equipment, and consulting engineering services.

The year 1970 was one of uncertainty and continual change, both economically and politically. The Argentine economy operated at a relatively high level throughout the year, but because of unsettled conditions, business in general was unable to make the same progress as in 1969. In this setting, it did not prove possible to increase Canadian exports but they were maintained at \$59 million, close to the \$62 million of 1969. The current year is going to be a difficult one, with many complicated economic and political problems but with proper management, it should be feasible for the authorities to begin tackling some of these problems and to set the stage for fuller economic growth.

The gross domestic product rose by 4.8 per cent last year, compared with 6.9 per cent in 1969. Manufacturing was up 6 per cent; production rose particularly in petroleum, steel, automobiles, cement, electric power, and natural gas. Agricultural and livestock production was up by only 1.6 per cent, with farm output rising by 6.9 per cent but total production of livestock down by 3.9 per cent.

Exports totalled about \$1,770 million, 10 per cent above 1969, and imports \$1,680 million, resulting in a favorable trade balance of \$90 million. Principal exports were grains (10 million tons), beef (a record \$345 million) and wool (\$95 million). Non-traditional exports—mainly machinery, electrical materials, leather and fur products—set a new record of \$382 million. Reserves of gold and convertible currencies increased by approximately \$170 million last year over 1969 and now stand at \$700 million.

Argentina's export position will be strengthened this year by record or near-record production figures for a number of products. Production of maize should amount to 9.8 million tons, the highest figure in thirty years. An all-time record crop of sorghum, at 4.4 million tons, is predicted, and there are excellent prospects for exports of fresh fruits, especially apples and pears, because of high production and the recent removal of export taxes on these items.

Argentina continues to be well supported by overseas lending organizations.

The World Bank has granted an \$84 million loan for the partial financing of the first two years of the Argentine Railways five-year modernization program, and negotiations are under way for an additional loan of \$80 million for electrification of certain sectors. An international consortium of private banks, including the Bank of Montreal, has made a \$5 million loan to the Argentine National Investment Fund. The Inter-American Development Bank has granted two recent loans to Argentina, one of \$40 million for improvement of installations and staff at nine Argentine universities, and one of \$38 million to finance a highway and bridge construction program, including the first bridge ever to be built between Uruguay and Argentina.

As part of their contribution to economic development, the federal authorities have launched an ambitious public investment program. Total expenditure on public works has been increased substantially over last year, and so have the budgets of the state enterprises, especially those of the oilfields (\$86 million investment in exploration alone in 1971, 65 per cent higher than in 1970), National Telephone Company, federal electricity and water authorities, and railroads.

On the other hand, Argentina faces a number of complicated economic problems. One of the most serious is inflation. The cost of living last year, according to official figures, rose by 21.7 per cent, compared with 6.7 per cent in 1969. Private organizations and private firms working directly with family budgets claim, however, that the increase for 1970 was probably closer to 30 per cent. Equally alarming, the cost of living in the first two months of 1971 has risen by nearly 10 per cent. Still to be felt is the effect of a 6 per cent across-the-board increase in wages authorized by the Government for all public and private employees, effective January 1, and the effect of substantial increases recently dictated by the authorities for gasoline, electricity, telephones, subway and rail fares, and other products and services.

As a corollary of the above and because of economic and political uncertainty, the peso has already come



Purposeful buyers and window shoppers alike surge down Calle Florida, the most famous shopping street in Buenos Aires. It looks narrow, but traffic is prohibited from eleven in the morning to eight at night and pedestrians have the roadway to themselves. It is an interesting place for the visitor to go and observe not only the shoppers but also the types of products that the many stores offer for sale.

under some pressure and the difference in the value of peso in dollars between the official and 'parallel' markets is currently approximately 7 per cent. The question is to what extent the Government will decide to and be able to defend the rate of the peso during the remainder of the year. It recently indicated that there would be no massive devaluation, but that it would make adjustments in the rate if the situation warranted. There is also the prospect of tighter exchange controls if the value of the peso on the official and non-official markets continues to diverge too greatly.

The Government also has a difficult meat problem on its hands. When people talk about meat here, they only mean beef. The meat packing industry is going through a severe crisis. Because of high demands for

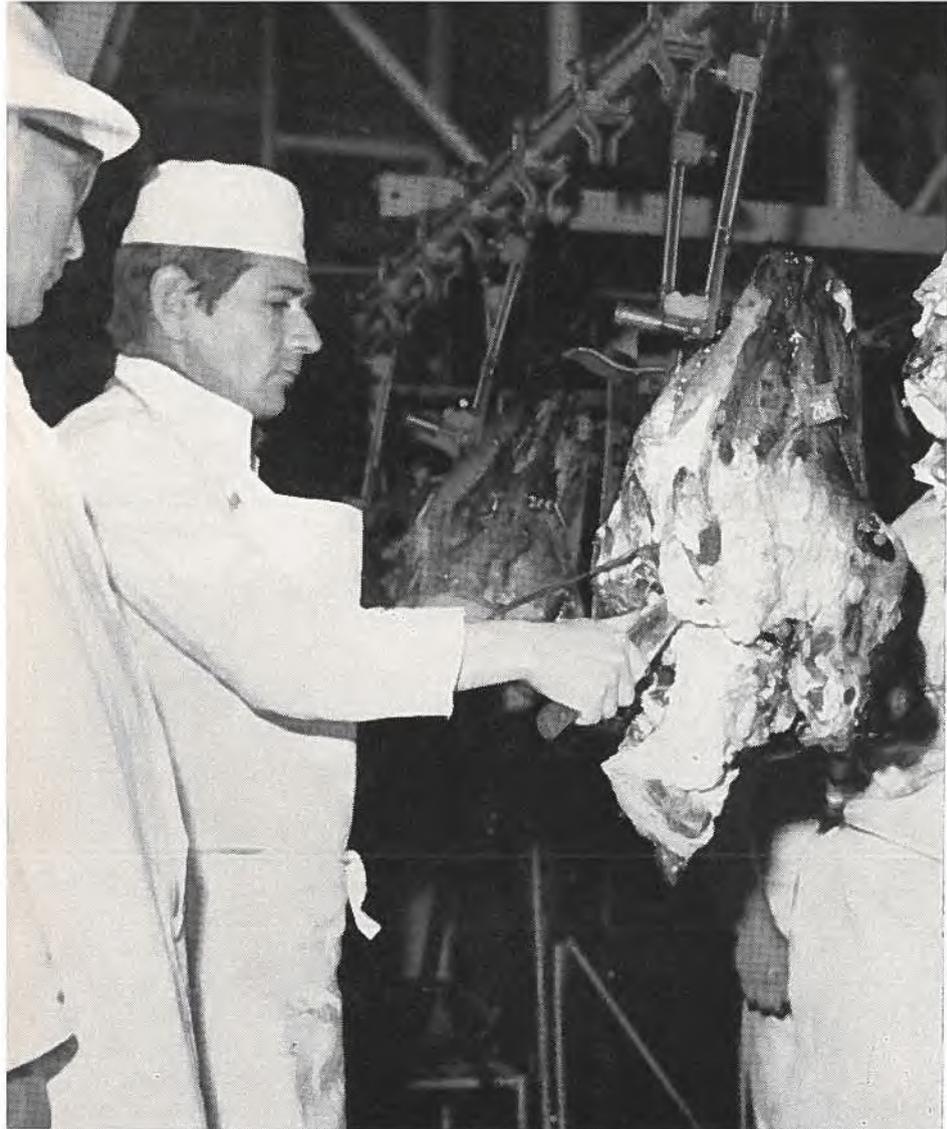
beef for local consumption and for export, stocks of cattle during 1969 and 1970 were depleted by some five million head to the relatively low figure of approximately 45 million. With stocks declining and demand rising, prices began to climb quickly; they increased by 110 per cent between mid-1970 and early 1971. This forced the largest meat packer into a position where it has had to shut down operations, perhaps permanently. Other large packers also suspended operations temporarily. Meat is very important in the daily diet of the Argentines, and particularly the working sector; consumption, at approximately 180 pounds per person per year, is one of the highest in the world. If beef prices go up, this immediately affects most people's cost of living. Also, beef normally accounts for about 25 per cent of the country's total exports and last year

earned nearly \$350 million in foreign exchange.

Because of rising prices for Argentine beef, overseas sales were beginning to decline in the last quarter of 1970 and dropped off significantly in the first few months of this year. Certain short-term measures have already been taken by the Government (e.g. price controls, ban on retail sales for limited periods of time, etc.), and it remains to be seen if these will have the desired effect. Unless the meat problem is solved, however, Argentina's exports and balance of payments will suffer. Another complicating factor is the current wheat crop which, at an estimated 4.2 million tons, is down 40 per cent from last year. Argentina is normally a wheat exporter but this year it may have to import wheat to meet domestic requirements and maintain some of its traditional overseas markets.

The labor situation remains uneasy and unsettled. There were strikes, street demonstrations and the seizure of factories early this year in the city of Cordoba, usually one of the main centers for such troubles. To try and secure labor peace, the authorities agreed to the setting up once again of joint management-union bargaining committees called 'paritarias', which had been suspended for four years. These committees are to discuss working conditions and further wage increases this year, in addition to the 6 per cent previously granted. Failure of these negotiations could lead to a rash of strikes and considerable social unrest.

A strong sentiment for increased aid and support of domestic industry and business is apparent in the Government's announced economic program for this year, which it calls 'Argentinizing the Economy'. One of the measures to achieve this objective is the setting-up of a new National Development Bank. This Bank will use domestic savings to finance priority public projects and also to participate in nationally-owned enterprises or joint ventures with private firms, such as the steel, heavy machinery, electronic, petrochemical and ship-building industries. Under new Central Bank regulations, bank credit goes on a preferential basis to domestic businesses and is limited for foreign firms.



Exports of beef brought in a record \$345 million in 1970 and packing plants like this were kept busy. But low stocks of cattle and rising beef prices changed this situation towards the end of the year and early in 1971; some packers were forced to curtail operations temporarily. The Government is taking steps to remedy this situation.

bridge complex, and major hydro-electric plants at El Chocon, Sierra Grande and Apipe-Yacireta. But the uncertainty created by political events may slow down these and other projects.

Canadian sales to Argentina in 1970 amounted to \$59 million, down slightly from the \$62 million of 1969. A number of important orders were secured by Canadian firms in the latter part of 1970 (such as for sawmill and construction equipment), but shipments were apparently made too late to appear in the year-end figures.

Our main 1970 exports to Argentina consisted of automobile parts (\$16.5 million), newsprint (\$14 million), aluminum ingots (\$9.5 million), tinplate (\$3.6 million), wood pulp (\$3 million), asbestos (\$2 million), nickel anodes, cathodes and ingots (\$1.3 million), and zinc blocks and slabs (\$1 million). We were able to increase our sales of automobile parts (up \$2 million), nickel (\$800,000), asbestos (\$600,000) and newsprint (\$400,000). We also diversified our trade with larger sales of metals and machinery, for example. However, this was not enough to offset large declines in sales of two items, aircraft and road-graders. In 1969, Canada exported \$5.5 million worth of aircraft to Argentina, mainly *Twin Otters*. Argentina thus became well supplied with this type of aircraft, and large sales were not repeated in 1970. For the current year, however, we expect that sales of Canadian aircraft will again be made. In 1970, several local firms began to manufacture road-graders in Argentina and imports were prohibited, except for special units. As a consequence, Canada lost what was one of its largest overseas markets for this type of equipment. Negotiations are currently under way, however, for the manufacture of some of the Canadian models here under licence; this could result in

As a result, outside investors will have to find non-Argentine sources of financing.

New 'Buy Argentine' legislation was also recently introduced, which makes it necessary for Federal Government Departments and State Corporations to purchase from local firms all their requirements of materials, services and equipment, when these are available in the country. (For further information on this subject, see *Foreign Trade* of February 27, 1971.) In supporting Argentine companies, the Government states that it does not intend to discriminate against foreign firms, and that those presenting expansion plans or proposals to establish industry in Argentina "will be received with open arms", especially when their activities increase exports substantially

or contribute to developing technology. Furthermore, the Government does not intend to specify in which areas foreign investment must operate. Rather, when the authorities consider that a type of industry should be controlled by Argentine firms, it will say so.

Export promotion and national integration have also received special attention. Increased tax rebates on a wide range of goods and a special rebate for firms that increase their foreign sales over the 1970 base year have been put into effect. The drawing of the provinces more into the economic affairs of the country is to be achieved by major infrastructure projects, such as the proposed nuclear plant in the Province of Corboda, the Zarate-Brazo Largo highway and

significant sales of parts and sub-assemblies.

Argentine exports to Canada increased last year, but only from \$8.6 million to \$9.0 million. There were a number of new items in this trade (such as fruit juice concentrates and raw cotton) but the effect was not sufficient to offset the drop in sales to Canada of canned corned beef, which declined from \$3.5 million to \$2.6 million. The only other major Argentine export to Canada is frozen cooked beef; sales were valued at \$1.3 million in 1970, practically the same as in 1969.

Canadian goods and services that we shall be exporting to Argentina in the current year can be divided into three groups:

1. Raw materials, parts and components required by local industry, including copper, tinplate, automobile parts, pulp, newsprint, asbestos, etc., which we already sell in large quantities here.

2. Industrial machinery and equipment, an area that will receive priority in our trade promotion program during 1971.

3. Consulting services, equipment and materials needed by large projects planned this year by the Government and by private organizations. These projects are sometimes on a turnkey or package basis. Many will be coming up in 1971, and Canada will have an excellent chance to participate in some of these. To be successful in these projects, however, Canadian exporters will have to take into account the new 'Buy Argentine' legislation and the determination of Argentine authorities that local firms shall participate to the full in these programs. This means that,

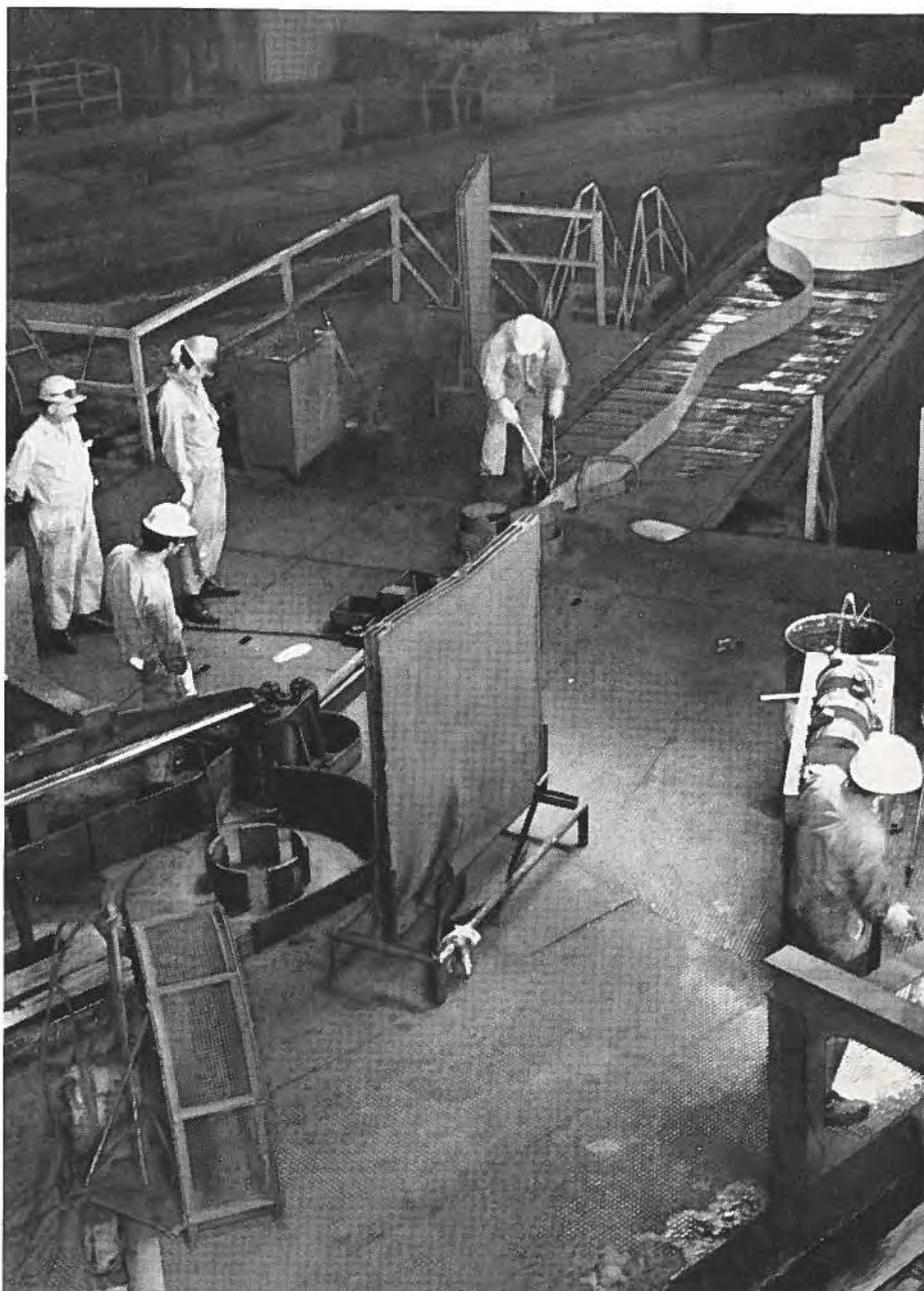
The expansion program currently under way is designed to increase steel production from the present 1.8 million to 2.5 million tons of raw steel per year. Among the steel producers is ACINDAR S.A. On the right, a view of this company's strip mill taken recently.

in all instances, Canadian firms will have to have an Argentine partner, and that although initial sales may consist of complete units of a particular item or piece of equipment, in the long term the arrangement will have to be a joint venture involving the sale from Canada of specialized types of machinery not available locally and of parts, sub-assemblies and technical knowhow, with some final manufacturing or assembly done here.

Examples of some of the larger projects planned for the current year are Argentina's second nuclear plant (approximately \$150 million for design and equipment), development of the Sierra Grande iron ore deposits (crushing, concentrating and pelletizing facilities valued at \$20 million), Futaleufu hydroelectric project (\$42 million for generating and distribution equip-

ment and transmission lines), turnkey thermal plant in Bahia Blanca (\$35 million), additional 350 Mw. thermal generating unit for the largest producer of electricity (\$56 million), extension of the Buenos Aires subway system (\$35 million for rails and equipment), proposed plant to produce aluminum in the south of Argentina (\$160 million), and the first large-scale newsprint plant.

In the first quarter of 1971, Canada received an order for \$7.5 million of electrical cable. Financing has been obtained for the export from Canada of up to \$14 million of pulp and paper machinery, and the final shipment of a nearly \$1 million order for Canadian sawmill machinery has just arrived in Buenos Aires. These sales, combined with our normal exports, will, we hope, push total Canadian sales to Argentina this year to a record \$90 million.



B o l i v i a

The year 1970 was one of turmoil and uncertainty for Bolivia as the country struggled to produce once again the climate in which the sustained economic and political growth of the late 1950's and the 1960's could be resumed. General Juan Torres, who took over the presidency in October last year, appears to be trying to establish his independence from his radical supporters who are pressing for a socialist regime. For the moment he is maintaining a delicate balance between the traditional major pressure groups in Bolivia—the campesinos, the miners, the students and the military.

Three factors were largely responsible for the vigorous growth during the late 1950's and the 1960's—the stabilization program introduced in late 1956, which ended the disastrous inflation and exchange depreciation of the 1950's, the massive inflow of foreign resources, and the rapid rise in export earnings that added notably to the Bolivian import capacity, income and employment.

Today, the country is again showing the effects of political instability and over-reliance on mining, particularly tin mining, for foreign exchange earnings. Exports in 1969 were worth only U.S.\$150 million, of which minerals accounted for more than 80 per cent (tin alone was worth \$102.5 million). Although the mining industry exerts a major influence on the economy, it accounted for less than 10 per cent of the gross national product in 1969.

The industry itself can be grouped into three sectors: the state mines operated by Corporacion Minera de Bolivia (COMIBOL) accounting for almost half of all production, the privately owned medium-sized mines, where foreign investment plays a limited but important role, and the privately owned small mines. Great importance is being attached to developing a diversified mineral industry and more metals processing within the country—a point worth noting by potential investors—and the relative importance of tin, traditionally the prime export earner, has been declining. Most geologists familiar with Bolivia are optimistic about the country's mineral potential. But it has never been adequately explored and a mineral survey using modern methods is needed.

The petroleum and gas industry has expanded rapidly in recent years and, though employing only a relatively small part of the labor force, now contributes more than 7 per cent of the gross national product. With increasing reserves and production, the industry is becoming more and more important as a potential earner of foreign exchange, a producer of fiscal income, and a supplier of cheap energy to the Bolivian economy.

A number of petroleum industry projects were being studied by the previous Government. These included the expansion and modernization of the Cochabamba refinery, modification of the lube plant at Cochabamba, construction of a pipeline from Sucre to Potosi, installation of a fertilizer and explosives complex in Santa Cruz, and factories to produce polymers, resins, pesticides and coloring agents. Several of these have been carried forward in the present Government's program announced late in 1970.

The manufacturing sector, which can be divided into those companies producing for the local market and those capable of producing for export, is hampered by the smallness of the Bolivian market. It is estimated that the "money economy" totals only 1.3 million consumers out of a population of around 4.6 million. The manufacturing sector, however, employs nearly 6 per cent of the labor force and is responsible for almost 16 per cent of GNP. There is promise of considerable export trade in a number of products related to mining and agriculture, particularly when the Andean Common Market reaches its full development.

Agriculture accounts for between 20 and 25 per cent of the GNP, but for only about 5 or 6 per cent of the foreign exchange earnings. About two thirds of the population depends on agriculture. There are five different regions, each with its own specific crops: the altiplano, rather poor land between 10,000 and 13,000 feet above sea level, containing about 60 per cent of the population but in area only about 16 per cent of the country's 424,000 square miles; the valley region, between 5,000 and 10,000 feet, producing grains, vegetables, tobacco, peanuts, grapes and

M. R. BELL
Commercial Secretary, Lima

Industrial development programs call for a \$600 million investment and include steel, non-ferrous and petrochemical plants. Great importance is being attached to more processing of metals within the country.

peaches; the Yungas region, consisting of valleys between 2,500 and 5,000 feet above sea level, growing mainly citrus fruits, coffee and cocoa; the semi-tropics, growing sugar, cotton, rice, citrus fruits and soyabeans, and the tropics. The tropics contain about 53 per cent of Bolivia's land area, and there are great hopes for establishing a substantial livestock industry in this region.

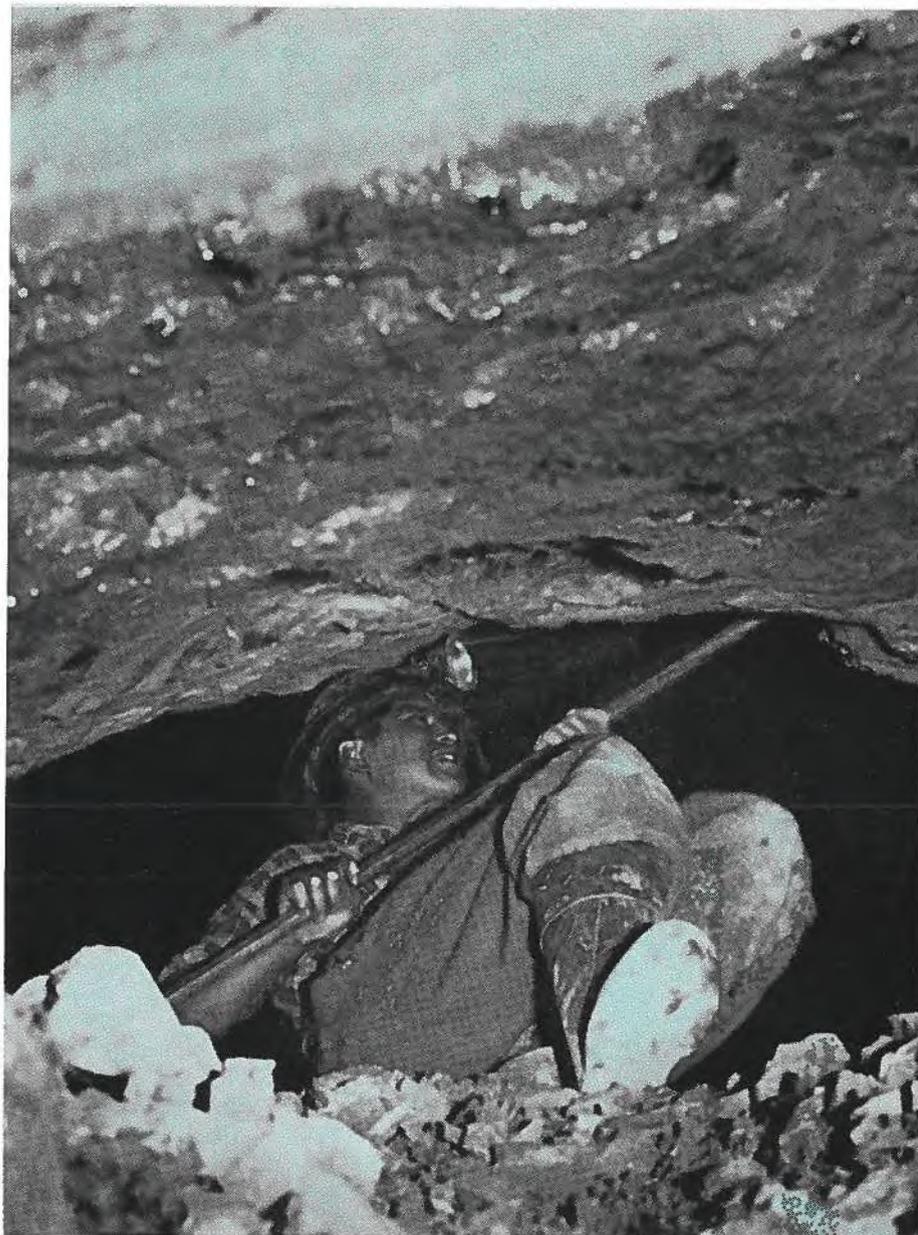
Transportation is a costly business in Bolivia, the fifth largest country in South America and the most sparsely populated. Highways are becoming increasingly important for carrying passengers and freight within the country, but the railways carry most of the freight into and out of the country and are likely to continue to do so for some time. The railways face many problems, however, including outmoded equipment, antiquated workshops, uneconomic lines, administrative over-staffing, and lack of a clear commercial policy. A recently initiated project under the UNDP is a study of the situation.

The highway development program calls for early completion of the Cochabamba-Oruro highway and the upgrading of the road connecting La Paz to the Alto Beni area north of the capital.

Air transport is the only quick way to travel within the country. Certain areas depend almost entirely on air transport, both for carrying people and taking produce to the market.

Bolivia's long-term growth potential is considerable and, given political stability, economic performance should improve. The proposed 1970-74 public investment program involves the equivalent of roughly U.S.\$500 million, representing 9 to 10 per cent of the GNP. Although the program was not originated by the present Government, indications are that development priorities will not change significantly.

The Government late last year outlined its industrialization program which aims at doubling the contribution of industry to the gross national product in the next 20 years. Investment of U.S.\$600 million will be needed to implement this program, which is to include a non-ferrous metals installation in Oruro, steel and petrochemical



For many years the mining and export of tin has been the mainstay of the Bolivian economy. Now the Government is not only working to modernize the nationalized tin mines, but also to exploit other minerals and to do more metal processing within the country. Foreign aid is playing a large part in this program, providing a total of \$41.6 million for the tin mines alone.

plants in Santa Cruz, a construction materials industry in Cochabamba, and the development of engineering capability in La Paz. The new program is expected to be financed from revenues from the export of petroleum and gas, plus a reduction of the outflow of capital and of imports of luxury goods. Help is also being sought from international financial organizations and individual countries for infrastructure and agricultural projects.

Canada's trade with Bolivia is minuscule—exports of \$2.2 million in 1970 and imports of \$136,000. Newsprint

paper and electrical generating equipment account for roughly 40 per cent of our exports; other major items are mining machinery, canned fish products and toilet paper. Coffee and Brazil nuts account for over half our imports from Bolivia.

Perhaps Canadians are overlooking possibilities in Bolivia. Despite the small size of the market, total imports exceed \$150 million and very little is produced in the country. Tariffs are rather high, but all countries compete on the same basis. Why not explore the opportunities?

B r a z i l

PAUL A. THÉBERGE
Consul and Trade Commissioner
Sao Paulo

Rate of inflation is decreasing; GNP is rising; foreign investment was at all-time high last year. Canada shared in the surge forward, with sales to Brazil up 43 per cent to \$87.3 million.

Latin America's largest country has recently enjoyed record economic growth, with an increase of 9 per cent in the gross national product in 1970. Brazil is a huge, dynamic country where economic development is not only possible but inevitable. Backed by strong government policy, local industry has made great strides in the past few years, as witnessed by the many industrial units, small and large, that prosper in an increasingly competitive but well-protected market. Brazil has rich natural resources and a population that is determined to transform it into a genuinely developed country within the next generation. In fact, the current rate of growth may well be maintained, depending on continued Brazilian ability to attract investment and to find receptive markets abroad.

The gross national product is estimated at U.S.\$35 billion for 1970. Last year also, inflation reached a ten-year low of slightly under 20 per cent. A price stabilization program was initiated in 1964, when inflation exceeded 80 per cent; since 1967, the rate has been ranging between 20 and 25 per cent. The Government's objective is to reduce inflation by 3 per cent a year and reach a level below 10 per cent by 1974. It has become part of the economic life of Brazil, whose people have shown great adaptability and a buoyant optimism in spite of it.

Nowhere is this business dynamism more evident than in Sao Paulo, a metropolis of close to nine million people and the industrial center of Latin America. The building boom is leaving few streets and sidewalks undisturbed; new factories and extensions to older ones are completed almost every day. The city never stops. There are incredible traffic jams, a noise level that your ears would not believe, and air pollution that produces a smog probably unmatched anywhere. Business visitors and newcomers generally cannot get over the atmosphere of febrile activity and perpetual motion. Well over 60 per cent of Brazil's industrial capacity is contained within the Sao Paulo area. It is obvious that such growth is spurred on by large investments that internal resources could not provide. Foreign investment is pouring into the country and hit an all-time high of U.S.\$835 mil-

TABLE 1
CANADIAN EXPORTS TO BRAZIL

Description	\$'000 1969	1970
Dairy cattle	109	151
Wheat	—	18,318
Malt	435	499
Molybdenum in ores, concentrates and scrap	417	616
Asbestos	3,596	3,356
Sulphur	330	—
Wood pulp	196	454
Newsprint	4,220	10,266
Papermakers' felts	288	279
Inorganic compounds	1,697	1,956
Potassium chloride	830	—
Plastic and synthetic rubber	683	412
Steel and products	1,022	5,324
Aluminum and products	10,131	4,015
Copper and products	2,904	6,445
Nickel and products	1,082	1,856
Zinc	2,237	1,235
Mining machinery and parts	223	646
Agricultural machinery and parts	491	—
Trucks and chassis	—	1,009
Parts and accessories for motor vehicles	2,024	447
Aircraft, engines, parts	11,891	21,122
Telephone equipment and parts	135	233
Switchgear	724	611
Electricity measuring equipment and parts	323	735
Card punch, tabulators, computers and parts	1,243	1,259
Other	3,015	6,143
Total	50,246	87,387

Source: DBS

lion last year, compared with U.S.\$660 million in 1969, and U.S.\$156 million in 1968, less than a quarter of the figure reached last year. Foreign capital is regulated by a Federal law that industrial leaders regard as fair; additional positive factors are political stability, rapid economic development, and a rising standard of living.

Large investment is expected in the power generation field and in fact an ambitious program is being carried out to bring capacity from 10,350 Mw. in 1970 to 17,500 Mw. in 1975. (See article on the power expansion pro-

TABLE 2

BRAZILIAN EXPORTS TO CANADA

Description	\$'000	
	1969	1970
Corned beef, canned	27	1,579
Rice	—	383
Sago and tapioca	231	280
Fruits and berries, juices, jams, jellies	3,487	1,935
Brazil nuts and cashews	831	1,059
Raw sugar	—	425
Cocoa and products	843	1,484
Coffee, green	23,063	23,270
Coffee, instant	1,548	5,825
Fur skins	456	622
Peanuts, green	346	—
Raw cotton	1,467	995
Sisal	602	595
Iron ore	1,533	1,300
Manganese in ore and concentrates	2,857	1,873
Metal ores, concentrates and scrap	555	1,154
Veneer, hardwood	37	214
Cotton thread and yarn	125	996
Baler twine	381	626
Castor oil	730	859
Carnauba wax	164	—
Menthol	212	240
Ferro-alloys	34	225
Paper machinery parts	293	—
Footwear	—	594
Shotguns	219	157
Other	2,087	2,611
Total	42,128	49,311

Source: DBS

gram in *Foreign Trade* of December 5, 1970.) Other growth sectors into which inflows of capital are being directed include chemicals, one of Brazil's most dynamic industries which is rapidly turning out products to replace imports.

Present steel capacity is five million tons, but the National Steel Plan calls for an output of 20 million by 1980. To realize this program, the Government is negotiating foreign loans involving large amounts of capital. Mining is also expanding and is receptive to capital investment, which is encouraged by various incentives. There are large territories still unexplored for mineral content. Preliminary surveys in the Amazon region show promise of large mineral deposits. Petrobras, a Federal Government com-



Signing a contract awarded to Dominion Engineering, Montreal, by Centrais Electricas de Minas Gerais for four 103,000 hp. turbines are (left to right): Sr. Israel Pinheiro, Governor of Minas Gerais; Thomas Romansch of General Electric do Brasil; G. D. Stewart of Dominion Engineering; G. D. Valentine, Canadian Commercial Secretary in Rio de Janeiro; a representative of the consultants for the project, and Sr. Joao Camilo Penna, president of CEMIG, mentioned above.

pany, is seeking to make Brazil self-sufficient in petroleum and an ambitious exploration program has already produced substantial results. Domestic production now provides half the internal consumption. In short, it can be said that Brazil has an insatiable appetite for capital which finds fertile ground and room for growth here.

The rapid industrialization in the past decade has rested in good part on an import substitution program which has been successful to the extent that one is hard pressed to find more than a handful of imported consumer goods in local department stores. Local industry is protected and imports rose by only 10 per cent in 1970. In comparison, exports increased by a whopping 30 per cent to U.S.\$2.7 billion, of which U.S.\$430 million was spent on manufactured goods. Brazil's balance of payments shows a surplus and foreign exchange reserves increased by some \$600 million to \$1.7 billion last year. Export incentives play a key role in this performance and the export objective for 1971 is \$600 million of fully finished products. Capacity in some sectors, such as automobile parts, can no longer be absorbed by the domestic market of close to half-a-million cars last year. Brazilian content in these is almost 100 per cent and an export incentive plan is reported to be under study for automobiles, buses, trucks and parts.

Canada's exports rose sharply in 1970 to \$87.3 million from \$50 million in 1969, an increase of 70 per cent. This export increase was spread through most items (as Table 1 shows) with aircraft, wheat and newsprint leading the pack. Taken as a whole, metals came second last year, but were the most important group in 1969. Brazilian exports to Canada (Table 2) are also increasing—from \$42 million in 1969 to \$49 million in 1970. The Brazilian market is difficult and competitive, however, and requires a lot of "jeito". In fact, without patience, persistence and good preparation any attempt to export to this country will almost inevitably fail.

With advance notice, this office can help Canadians to sell here by determining the basic market conditions and factors, suggesting a plan of action and alternatives, and ensuring that companies establish rapport with the right parties. The importance of the choice of an agent or distributor cannot be overemphasized. Attempts at direct sales, save for a few exceptions, are to be avoided. A good distributor is the key to success.

Brazil is rapidly moving towards a great future and may well be a giant of tomorrow. Business conditions are buoyant at the moment and a well-directed effort should pay off handsomely in the not too distant future.

Chile

With the election in September 1970 of a Socialist President, Salvador Allende, the pace of change has quickened tremendously in Chile. In office only since last November, already his administration is transforming the economy, with considerable repercussions on Canadian exporters.

Essentially, what the Allende Government has pledged to effect is the construction of a socialist state. The major economic tasks to be accomplished this year are:

1. Elimination of large private agricultural land holdings.
2. Nationalization of all basic resources which are currently in the hands of private foreign investors.
3. Elimination of private monopolies of production and distribution.
4. Nationalization of the financial and insurance sectors.
5. Progressive nationalization of foreign trade.

The Government has already made progress, to varying degrees, towards achieving all of the above five aims.

In the agricultural sector, it has accelerated the agrarian reform program which had been under way for several years. Essentially, large private holdings are being settled by groups of peasants, who will be expected to work the land along communal lines.

Chile is blessed with good fertile land, a favorable climate, and proximity to seaports. So, given efficient use of its natural and human resources, it should eventually become self-sufficient in most basic foodstuffs. At present, however, it must import large quantities of beef, powdered milk, butter, wheat, feed-grains and oilseeds to satisfy domestic consumption. From time to time, large quantities of potatoes and onions have also been imported.

The agrarian reform has as one of its aims efficient use of the land, leading to increased production. But in the short run, over the next year or two, the Government expects that it will need to continue and possibly increase imports of the

WHAT CHILE BUYS FROM CANADA

	\$'000 1970
Automotive products (trucks, sedans, trailers and parts)	9,147
Aluminum (pigs, ingots, shapes and fabricated materials)	1,640
Asbestos (mainly milled fibers, groups 4 and 5)	1,602
Mining equipment (rock drilling, excavating, dredging and quarrying equipment)	1,097
Telecommunications and telephone equipment	1,044
Electronic tubes and parts	847
Milk powder, skim milk	752
Woodland equipment (logging equipment and chain saws)	500
Total purchases, including all others	22,884

WHAT CHILE SELLS TO CANADA

	\$'000 1970
Fresh fruit (mainly grapes and melons)	1,161
Onions, fresh, n.e.s.	320
Nitrites and nitrates, n.e.s.	387
Sodium nitrate	356
Total sales, including all others	2,757

agricultural products and foodstuffs named above. Hence Canadian suppliers of these products, if they are competitive internationally, could expect to do some business.

The Government has announced that the auto industry will be rationalized; at present, 11 firms assemble only 20,000 vehicles. The industry is thus inefficient by North American standards and the price of vehicles to the consumer is too high. The Government plans to call for international tenders on only three basic kinds of vehicles to be produced in Chile:

1. A small (up to 1,000 c.c.) car and delivery vehicle.

C. D. MILLER
Commercial Secretary, Santiago

New government is moving toward creation of socialist state; has set out major objectives for this year. What will be the effect on Canadian exports?



(Above) An operator watches chemical pulp being bleached at a factory in Laja, Chile. This plant was built with the aid of a World Bank loan and later expanded with IFC money. The pulp and paper industry accounts for about two-thirds of the output of the Chilean forest industry.



(Below) At the open-pit copper mines of the Empresa Minera de Mantos Blancos, S.A., near Antofagasta in the northern part of Chile, dump trucks are being loaded with newly mined copper ore. A smelter has been built nearby.

labor force and accounts for only 10 per cent of the gross domestic product, it earns 80 per cent of the country's export income.

Chile is one of the world's largest copper producers and hopes to become the leading exporter. Copper exports in 1970 reached 700,000 tons and the Government expects the annual figure to exceed one million tons in 1972. Canadian firms are selling about \$1 million worth of mining equipment a year to Chile, and with the mining expansion forecast, should be able to improve on that performance.

The Chilean pulp and paper industry should grow stronger. Already it is the largest export earner outside the mining sector and expanding quickly. Chilean producers have proved themselves competitive in international markets, and the Government intends to invest heavily in this sector over the next few years. Purchases of logging and pulp and paper equipment are expected to be substantial.

Canadian firms will want to look carefully at prospective investments in Chile. The Government has served notice that it intends to diminish what it calls the "disproportionate impact" of foreign investment on the Chilean economy. Foreign investment is welcome in this country, provided it is made according to the Government's ground rules. In other words, the foreign investor will have to get in touch directly with the Government and negotiate the terms of his investment.

2. Medium (up to 1,800 c.c.) car and truck.

3. Diesel chassis for trucks and buses up to six or eight tons.

Those firms operating in Chile at present that are unsuccessful in obtaining tenders will be asked to cease operations by the end of 1972.

An important condition of the tenders is that competing firms must recognize that the Government will

be a majority shareholder in their enterprise, controlling "essential aspects" of management.

The tenders have not yet been called, so it may be some time before the successful companies are known. The future of our automotive exports to Chile, about \$9 million per year at present, depends upon the outcome.

Mining in Chile essentially means copper mining. Although this industry employs less than 3.5 per cent of the

C o l o m b i a

Colombia weathered some political storms in 1970—an election year. Fortunately the newly-elected government of President Misael Pastrana Borrero was able to take office with much less public turmoil than was expected. His Government is committed to following the general policies of its predecessor and seems firmly in control of the political situation. Colombia remains one of the few functioning democracies on the South American continent.

This political stability has had its economic effects. The real growth rate in the 1970 GNP should reach or even exceed 7 per cent. Part of this, of course, results from larger coffee revenues. As at the end of August 1970, coffee exports had earned U.S.\$320.8 million, up 55 per cent from the same period in 1969. The total for 1970 exceeded \$500 million. These increased earnings, because of both higher prices and larger quotas, may allow the Government to ease import restrictions somewhat, although it is still channelling most of the increased revenue into development projects. Imports totalled \$866 million in 1970 and there was a \$55 million balance-of-payments surplus, raising the reserves to \$152 million.

One of the policy changes that the new Government has already made is devoting more effort to solving social problems, mainly regional income distribution and unemployment. The drive to increase the GNP will be maintained, but with more attention paid to the social impact of competing programs when resources are allocated to them. Much remains to be done. Colombia's average per capita income is still just over \$300 a year and unemployment remains at about 15 per cent nation-wide; it is much higher in some areas.

To improve this picture, Colombia has prepared a detailed development plan for the years up to 1974. About \$1.4 billion of foreign financing will be required over the period to implement these plans and indications are that this will be forthcoming.

It is precisely these development programs that offer Canadians their best chances of selling to Colombian private enterprises as well as to the Government. In addition to large

MAIN CANADIAN EXPORTS TO COLOMBIA

	\$	
	1969	1970
Barley	631,755	2,089,028
Oat		
byproducts	395,415	323,759
Asbestos	2,037,961	2,606,510
Wood pulp	280,643	199,330
Newsprint	6,309,407	7,264,798
Manmade fiber yarns		561,375
Papermakers' felts, textile	336,334	374,557
Plastics	2,021,132	2,138,912
Chemicals	176,578	703,026
Steel	110,984	1,415,640
Aluminum	16,998	505,625
Copper	10,943	760,581
Nickel	164	202,844
Zinc	14,707	109,861
Firebrick	24,840	198,732
Power boilers	43,844	137,249
Woodworking machinery		238,531
Saws	4,657	569,374
Aircraft equipment	722,397	288,885
Telecommunications equipment	381,733	605,266
Electrical equipment	26,925	124,515
Office machines	172,543	471,212
Pharmaceuticals	110,530	281,596
Other exports	4,946,050	2,453,354
Total exports	18,777,540	24,624,560

amounts of capital equipment, Colombia needs a wide range of technical services. Its own engineers are generally quite capable but they lack the necessary expertise in certain fields.

In spite of having accumulated more than \$150 million in foreign exchange reserves, Colombia will need help in paying for the foreign goods and services that the ambitious development program will absorb. These funds are of three main types: foreign aid from official sources, suppliers' credits, and private investment. There are, of course, some restrictions on foreign investment but investors are encouraged to help further industrial development if they are willing to do this on Colombian terms.

JAMES A. ELLIOTT
Commercial Counsellor, Bogota

Development plans extend to 1974 and offer best trading opportunities, with emphasis on capital equipment. Competitive prices, extended payment terms are important in making sales.

MAIN CANADIAN IMPORTS FROM COLOMBIA

	\$	
	1969	1970
Raw sugar	488,655	
Coffee green	7,154,775	7,165,195
Crude petroleum	2,789,357	14,216,614
Lumber	978,145	1,095,905
Cotton yarn	777,477	675,929
Textiles	2,076,055	2,446,303
Utility footwear	442,447	371,022
Other imports	887,463	618,066
Total imports	14,653,979	26,589,034

Aid received is both multilateral (from the United Nations, the World Bank and the Inter-American Development Bank) and bilateral (from a wide range of countries, led by the United States). Canada has provided nearly \$20 million through its contribution to the Inter-American Development Bank. The bulk of the Canadian funds has been applied to the Alto Anchicaya hydroelectric plant near Cali. Next year a small bilateral program of technical assistance between Canada and Colombia will begin. All told, foreign financing covers nearly 14 per cent of Colombia's imports.

There have been some disappointments in the past year. Agriculture, which still employs half the labor force, has not matched in growth the industrial sector. The recent severe floods caused by unusually heavy winter rains will mean crops that are even smaller than expected. This is especially true of corn and wheat. Losses may run as high as \$50 million.

Some of the agricultural shortages have been compounded by the Government's price controls on farm products. These, although they have succeeded in reducing inflation, discourage the farmer from increasing the production of price-controlled products.

The agrarian reform program, which often involves breaking up large and relatively efficient commercial operations and turning the land over to peasant proprietors who practise subsistence agriculture on very small



When it is completed, this conduit will bring adequate supplies of fresh water to the port section of Cartagena, an attractive city that dates back to the 16th century. Its interesting old buildings and fine beaches attract many tourists.

plots, has also influenced agricultural output. There is a move afoot now to restrict the reform to "vacant" land not being exploited. This should enable the program to meet its objectives without damaging farm production.

In spite of these shortages, Colombia does not present attractive opportunities for Canadian agricultural products. A Colombian government agency, IDEMA, has a complete monopoly on agricultural imports. It calls tenders only for the supply of bare necessities, and a large portion of its requirements come in through foreign aid.

Industrial production continued to expand by about 10 per cent but much of this resulted from fuller use of existing capacity and represented less new investment than might have been expected. There was also a trend away from capital-intensive into labor-intensive industries, fostered by the Government to lessen unemployment. In addition to channelling its own direct investment into more labor-intensive industries, the Colombian Government seems to have been using its import licensing powers to direct private industry into those fields it wants to encourage. The fact that a particular item is on the list of products for which import licences may be granted is no guarantee that a licence will in fact be forthcoming. The wide discriminatory powers of the import licensing authority thus serve to channel investment funds into par-

ticular sectors, in accordance with the Government's policies and objectives. Imports of consumer goods are virtually prohibited.

The Colombian Government's policy of controlled growth has opened up interesting market opportunities for a wide range of imported capital equipment and technical services. There are also some opportunities in raw materials. In 1971 Colombia is planning an import budget of about \$950 million. Foreign suppliers who secure a portion of it will do so because they are able to market products the Colombians need at competitive prices and, in many instances, because they are able to offer financing (either government or private) to their customers. Canadian firms have been sharing in this market: our exports to Colombia in 1970 totalled \$24.6 million, an increase of 30 per cent over 1969.

This increase was achieved in spite of substantial decreases in many of our traditional exports—oat byproducts, asbestos, copper and zinc, to name a few. These and other traditional exports will run into increasing Latin American competition as the economic integration and industrial development of the area progress. With the more favorable tariff treatment given to Latin American products, we can expect to lose our market for some of our products—mostly raw materials. These will enter duty-free from various Latin American and Andean Pact countries.



As part of a major resource study in Colombia carried out by Montreal Engineering Company, this man is assessing the agricultural potential of part of a 250,000-acre area in the Ariguani River basin in the northern part of the country. The first phase of the study provided guidelines for irrigation and other land improvement projects to raise living standards in the area. The phase took a year to complete.

Nevertheless, our total sales to Colombia should continue to rise. Canadian manufacturers are showing greater interest in the area and are selling a wide variety of capital goods. These are the main components in the recent sales increase and should contribute substantially to our future exports. Colombia has purchased from us electrical generation equipment, forestry and forest products equipment, rubber-working equipment, aircraft engines, and industrial and electric apparatus. This list certainly does not exhaust the capabilities of Canadian suppliers. As Colombia's industries develop, so do its needs. We have done fairly well in sales to government agencies, but less well in selling to Colombian industry.

To sell to either the public or private sector here the Canadian supplier, in addition to offering a needed product at a competitive price, must have a qualified and active local agent, capable of giving after-sales service if necessary. The Canadian principal must support his agent to the fullest; if the agent does not get the co-operation he feels he deserves, he will look elsewhere for it. Agents are easy to

find but good ones are rare and deserve good treatment once contact has been made.

The Canadian Trade Commissioner's office in Bogota has selected several promising industrial sectors to receive the bulk of our office's promotion efforts in the coming year. These are forestry and pulp and paper, mining, electrical power generation and distribution, and telecommunications. We shall be carrying out co-ordinated promotion in these sectors, emphasizing all aspects of Canada's capabilities in each—consulting services, equipment and materials. Firms servicing these sectors should contact us if they wish inclusion in our program.

Although we feel that these sectors offer the best immediate prospects, they are by no means the only areas in which Colombia offers a significant market to Canadians. We do intend to concentrate our efforts, but we shall also be working in other areas and are, of course, ready to co-operate with any Canadian firm with prospects in the territory. Some additional fields in which Colombia is planning large-scale public and

private-sector imports are food processing and packaging equipment, textile machinery, aircraft and airport equipment, railway equipment, complete oil refineries, materials handling equipment, water and sewage treatment plants, petrochemical and synthetic fiber plants, and machine tools for the production of auto parts as well as general metalworking.

The attached tables show Canadian-Colombian trade for the years 1969-1970. The growing list of products exchanged gives a good general idea of Canada's prospects, although the list could be expanded substantially if Canadian exporters were fully aware of the scope that the Colombian market offers.

There are always uncertainties in forecasting, particularly in Latin America. In addition to domestic uncertainties, the effects of regional integration under the Andean Pact are difficult to assess. Our own market access will be rendered more difficult as barriers to Peruvian, Chilean, Bolivian and Ecuadorian goods come down. Fortunately these countries are serious competitors in only a few fields (notably pulp and paper from Chile). We are more likely to be affected indirectly by any slowing down of the Colombian economy that results from the adoption of the Andean Pact's Common Rules for the Treatment of Foreign Investment. These Rules, proclaimed in Lima at the end of 1970 but not yet ratified by all member governments, will oblige Colombia to alter its treatment of foreign investment and may reduce the inflow of private finance that it needs to augment the foreign aid received through official channels.

There is a trade-off involved for Colombia. The Pact's Foreign Investment Rules (copies are available from the Office of Area Relations, Department of Industry, Trade and Commerce) will reduce the amount of foreign investment coming into the country, but the improved access to the four other Pact countries should stimulate domestic industry. The Colombians certainly feel that the advantages of the Pact outweigh the disadvantages and that the net effect will be to strengthen the economy while weakening foreign control.

E C U A D O R

There are reassuring signs, such as the re-opening of the universities after nine months, that the Ecuadorian Government of President Velasco Ibarra feels confident enough to permit a gradual relaxing of its political controls. The economic controls imposed last summer to improve the foreign exchange position seem to be working reasonably well. These controls, together with foreign aid receipts, brought the foreign exchange reserves up to \$45 million at September 4 last year—not a large amount but nearly double the comparable 1969 figure. Imports in 1970 totalled \$169 million, up from \$129 million in 1969. At the same time, the Ecuadorian Government is moving to liberalize its import restrictions somewhat by phasing out prior deposit requirements over the next few years. It is able to do this because the main problem has not been the trade imbalance (covered by foreign aid) but the flight of capital, now stopped by the exchange controls.

Ecuador does not have a developed industrial base. Its Andean Pact partners regard it and Bolivia as "relatively undeveloped" compared with Peru, Colombia and Chile. This special status gives both countries a more advantageous position—products from them will enter the other Pact countries duty-free by 1974. Ecuador will also have a monopoly on the manufacture of certain petrochemical items—propylene glycol, ethylene glycols, ethylene and propylene oxides, glycol esters, methanol, methacrylates, ethan-olamine, maleic anhydride and epoxy resins.

Various foreign firms are negotiating with the Ecuadorian authorities over establishing joint ventures. Foreign investors generally are looking more and more to Ecuador because the Andean Pact Investment Rules will also be applied more gradually to Ecuador and Bolivia.

Ecuador's traditional exports, with the exception of cocoa, are increasing. Banana exports rose from \$40 million in 1969 to \$51 million in 1970, and coffee from \$17 million to \$27 million. But the real hope for the future is oil. Some two dozen companies invested \$194 million in Ecuador in 1970 and by December 1972 the country may be producing up to 400,000 barrels a day. Export sales of petroleum should

WHAT CANADA SELLS TO* ECUADOR

	\$ 1969	1970
Wheat	789,364	—
Asbestos	199,871	169,900
Newsprint	473,853	240,712
Corrugated container board	—	234,266
Insecticides, rodenticides	86,233	186,695
Steel	42,006	141,123
Aluminum	21,624	104,131
Copper	11,482	101,090
Asbestos brake linings	38,382	108,821
Aircraft, complete with engines	—	951,005
Aircraft equipment	49,147	102,871
Telecommuni- cations equipment	41,970	315,999
Other	833,190	859,277
Total exports	2,596,122	3,515,890

... AND BUYS FROM ECUADOR

Bananas	7,038,770	7,742,501
Cocoa	806,936	1,209,056
Coffee green	435,090	1,389,235
Other	260,731	162,149
Total imports	8,541,527	10,502,941

solve the chronic foreign exchange problem, perhaps within the next two years. In the meantime, Ecuador must live to some extent on its credit and foreign suppliers offering advantageous financing terms have much better prospects of making sales.

Sales prospects in Ecuador are good for a large range of equipment. Although the market is small, the range of things imported is larger than in other Latin American countries because Ecuador does not have much domestic industry to protect. This may change with the development of the Andean Pact Common Market, but Ecuador should continue to be an interesting market for Canadian goods and services.

Development projects will continue to require foreign engineering skills, capital equipment, and financing. Two large hydroelectric projects (Pisay-

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Mining, forest and almost all types of equipment, plus knowhow, are needed here, but suppliers offering long financing terms will have the advantage until development of oil deposits eases the exchange problem.



These settlers in the Ecuadorian highlands are busy literally digging out a new home and new plots on which they will raise cacao, citrus fruit, and corn. Each settler receives some 125 acres of land. The project merited a \$2.5 million loan from the Inter-American Development Bank.

than do most other countries in the area.

Canadian firms should be able to supply more of the necessary capital goods and services for these projects. Although it is chronically short of hard currencies, Ecuador has historically been a good credit risk, and the prospect of large oil revenues in the near future should remove any remaining doubts about its creditworthiness.

The country urgently needs a wide variety of capital equipment and engineering services for the private sector and for government-financed projects. The industrial base is not sufficiently developed to require large amounts of imported raw materials, and with a per capita income of about \$230 per year, Ecuadorians do not import much in the way of consumer goods, although the upper levels of society there maintain a way of life at least equal to North American standards.

Other needs will be for machinery and equipment for the textile industry, for manufacturing car parts, and for light manufacturing generally. Processing and packaging machinery for such products as food and pharmaceuticals will also be required.

Canadian firms offering goods or services needed in Ecuador will find the services of a good local agent indispensable. Economic decisions are made by a small and tightly knit group, and personal contacts are invaluable. Normal payment terms are somewhat extended and not always met punctually, and a good agent will help with collections when necessary.

The Commercial Division of the Canadian Embassy in Bogota will be happy to assess the market potential in Ecuador for your products and put you in touch with a good agent if these products seem to meet local needs.

ambo and Paute) are planned during the next few years, as are other projects in the fields of telecommunications, agriculture, fisheries and transportation. Canadian firms are playing a leading role in the Guayas Basin project. This regional development project incorporates hydro, irrigation and land-use elements over a large area in southern Ecuador. The studies for the first two phases are being carried out by a Canadian/Ecuadorian consortium under two Canadian soft loans totalling \$5 million. Completion of the project will eventually cost more than \$200 million and will radically

improve the lives of almost a third of Ecuador's population.

Forestry, fisheries and mining projects also present attractive prospects. The Government is actively looking for foreign partners in these fields. New forestry concessions are being offered and several interesting mineral deposits have been discovered. Development rights to one of these, a large copper-molybdenum deposit, have recently been awarded to Japanese interests. Ecuador needs foreign investment for these projects and welcomes foreign private investors more

P a r a g u a y

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Assistant Commercial Secretary
Buenos Aires

Canadian companies, particularly those with experience in Argentina, should make themselves known here. Capital goods are needed, and so is expertise in highways, logging and airport development.

Paraguay covers an area of 157,047 square miles and has a population of approximately 2½ million. It has the highest percentage of exports of manufactured and semi-manufactured products in relation to its total sales of any South American country. Because of its geographical location (Paraguay has no direct access to the sea) most of its trade is with other member states of LAFTA (Latin American Free Trade Association).

After a few years of recession, Paraguay is recuperating both economically and commercially. In fact, 1970 promises to prove one of the best years ever for foreign trade, primarily because export efforts were aimed at the promotion of manufactured products and because imports consisted mainly of investment goods, raw materials, and intermediate products.

The country has great potential in the livestock, agriculture and logging sectors which form the basis of its export industry. The main exports range from wood products at varying stages of manufacture to prepared meats, fruit and vegetable products, and vegetable and essential oils. The country ranks second in the world (after Uruguay) in the number of cattle per 1,000 inhabitants and is the second largest producer in Latin America of manioc, the fourth of soya and the fifth of peanuts. Electricity will soon be one of its main exports.

With a few exceptions, there are no prohibitive regulations covering foreign trade, and no exchange barriers.

In addition to these advantages, Paraguay has a very stable exchange rate: for more than ten years, the guarani has maintained the rate of 126 units to the U.S. dollar. The country also has experienced a remarkably slow rise in the cost of living—11 points between 1963, the base year, and 1969.

Economic and industrial activity is centered in the eastern region, between the Paraguay and Parana Rivers. The western zone, the Chaco, is the largest and the least populated region, but it is rich in forests, supports cattle-breeding stations, and has fertile land for agriculture.

In 1969, Paraguay exported goods worth U.S.\$50.9 million, f.o.b., and imported

goods worth U.S.\$70.4 million. Comparable figures for 1968 were \$47.5 million and \$61.5 million. On the export side, Argentina was its main customer, taking goods worth \$14.5 million in 1969, or 30 per cent of total exports, with wood products the most important commodity group. Next came the United States, with purchases worth U.S.\$10.4 million, or nearly 20 per cent of total exports, and consisting mainly of canned meat, quebracho extract (tannin), canned hearts of palm (palmitos), coffee, tung extracts, and tung oil. Britain ranked third, with purchases worth U.S.\$3.7 million, and West Germany fourth, U.S.\$2.3 million. DBS statistics show Canadian imports from Paraguay at Cdn.\$1.1 million in 1969 and \$700,000 in 1970. They consisted chiefly of canned meat and tung oil.

The wood industry has been developed further than any other because Paraguay is rich in a wide variety of tropical and sub-tropical species. More than 200,000 tons of sawn lumber are produced each year. (There appears to be little reforestation going on and the forests may be exhausted by 1985.) Traditionally wood was exported to international markets in the form of rough timber, but over the past few years, manufactured wood has had priority. In 1969, the value of exports of sawn lumber increased by 30 per cent and exports now include laminated wood and plywood, flooring, furniture, lamps, doors, and other items. In 1970 also, exports of sawn wood exceeded those of rough timber. Meat made up nearly 25 per cent of exports in 1969, timber (rough) 12.3 per cent, tobacco 10.9 per cent, and sawn timber 10.6 per cent. Among agricultural exports are cotton, (both long and short fiber), coffee, manioc, yerba maté, and rice. Only 12.1 per cent of the land in Paraguay is cultivated.

On the import side, in 1969 Paraguay imported goods worth U.S.\$70.4 million, an increase of almost \$10 million over 1968. The United States was the main supplier (U.S.\$18.6 million), followed by Argentina (\$12.5 million) and West Germany (\$9.7 million). Canada supplied goods worth Cdn. \$200,000 in 1970 and \$300,000 in 1969. Nearly 50 per cent of imports consist of capital goods needed to modernize plants or build new ones, for electrification, for the development of the



highway system, and for the building industry. Machinery imports alone totalled \$13 million in 1969 and are expected to increase substantially in the future.

Development is going on within Paraguay in a number of areas. Up to now, mining has been rather neglected, especially prospecting for oil, traces of which have been found in the Chaco. There are rich mines producing limestone, kaolin, talc, chalk, marble, and other varieties of stone.

The program of public investment for 1970-75, at \$283 million, will concentrate on development of the infrastructure, such as transportation, roads, electric power, airports, and bridge-building. Some 60 per cent of the total budget will be spent in this area. Considerable investment will also be made in agriculture, industry, and public health.

In the private sector, studies are going forward in the following export industries: tanning, dairy products, canned fruits and vegetables, vegetable fibers, and production of footwear and clothing, furniture, paper and cellulose, sanitary articles, and equipment for

This is the dam on the Acaray River in Paraguay, where 90,000 kw. of electric power is developed. Foreign aid helped to build it, and part of the output is now distributed in the neighboring province of Misiones in Argentina and in the State of Parana in southern Brazil.

abattoirs and cold-storage plants. Almost all the machinery needed for these industries has still to be imported.

Tourism is also receiving some attention. The number of visitors has increased from about 22,000 in 1964 to 112,000 in 1969. Revenue from the tourist industry reached \$13 million in 1969.

Paraguay was forced in 1969 to introduce fiscal and monetary measures to correct the large trade deficit and to encourage increased exports. Its trad-

ing policy is, however, liberal for the most part; for details of import and exchange regulations see page 33. Prices must be quoted in U.S. dollars, f.o.b. port of shipment. Payment must be made through an authorized bank and letter of credit or any other documentary system of payment is acceptable. Foreign currency is controlled by the Central Bank. Since 1960, the rate of exchange has been 126 guaranis to the U.S. dollar. But on the parallel market the rate goes up to 130 or 132, which is more or less the official cost of exchange transactions (this includes the tax and bank commission).

Paraguay is just beginning a period of development, with imports of capital goods gradually taking precedence over consumer goods. Over the past three years, Canadian exports to Paraguay have consisted mainly of newsprint, building equipment and tools, aircraft and transportation equipment. Interested Canadian firms should make themselves known here, especially in the fields of highway construction, airports and the logging industry. Those who have worked in Argentina may well have an advantage, because Paraguay will probably seek guidance from that country for its development.

P e r u

Peru is now well into its third year under a military regime. Repeatedly stating its opposition to Communism, but equally critical of western-style capitalism (which it claims has not helped the large mass of Peruvians) the Government of President Velasco listed the following as its objectives when taking over in 1968:

1. To invigorate the government structure and improve the efficiency of administration.
2. To promote a standard of living compatible with human dignity for those less favored among Peru's population.
3. To mark the acts of Government with the stamp of nationalism and independence.
4. To improve the moral and ethical character of the country, and to reinforce the principle of authority, respect for law and the power of justice.
5. To promote unity and concord among Peruvians and the strengthening of the national character.

How do things stand now? It is hard to measure the degree to which some of the more general objectives have been achieved but the national and social character of Peru's reform programs is clearly spelled out. On the one hand, if one studies recent legislation and reforms and listens to the reactions of foreign investors, one gets the impression that foreign investment is bound to diminish in importance in Peru. On the other hand, looking at policy statement on foreign investment issued by the Andean Pact countries in December of last year, this is more appropriately seen as a regional trend.

The massive landholdings of the wealthy were swept away in the Peruvian agrarian reform of June 1969, and the exchange control law obliged them to bring back into the country funds that they had kept abroad as a hedge against the future. As a result of these developments and despite occasional assurances by the Government that foreign investors are welcome, industry and commerce felt the effects of the uncertain economic climate as private investment and reinvestment came to a virtual standstill.

But even though both domestic and foreign private investment fell far short

CANADIAN EXPORTS TO PERU

Description	\$'000	
	1969	1970
Wheat, except seed	3,766	13,147
Trucks and chassis	3,488	5,571
Newsprint paper	3,538	3,769
Steel sheet and strip, n.e.s.	1,622	2,095
Aluminum pigs, ingots, shot, slabs	849	1,211
Automobiles	4,948	985
Asbestos milled fibers, groups 4 and 5	340	777
Wood pulp	369	452
Mining, quarrying machinery and parts	235	399
Aluminum fabricated materials	143	385
Conveyors, conveying systems and parts	14	325
Malt	593	280
Total exports, including all others	26,234	35,891

of government expectations in spite of the repatriation of funds, the economy did progress in 1970. The firmness of the metal markets and larger production of and higher prices for fish meal and fish oil helped to raise the gross national product by 6 to 7 per cent, pushed total exports over the one-billion-dollar mark for the first time, and made possible a \$430 million trade surplus and foreign exchange reserves totalling a healthy \$450 million. Even the disastrous earthquake that devastated parts of the northern provinces in May 1970 could not destroy the effect of these favorable economic factors. The longer-term development plans of the Government, however, have suffered a setback because some 8 per cent of the resources it had earmarked for development for the two years 1971 and 1972 have had to be allocated to reconstruction and rehabilitation in the earthquake zone.

Among the less favorable economic facts of life is that, with new industrial investment at a standstill, unemployment has become a serious problem. To get things moving, and following more than two years of financial consolidation, the Peruvian Government has brought forward a two-year budget covering a major development effort. If they are spread evenly over the two years, annual expenditures would total the equivalent of \$1.34 billion, an increase

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Government is moving towards greater control of economy and of foreign investment. Production and exports rose last year, foreign exchange reserves increased. Canadian sales rose 30 per cent over 1969.

of almost 30 per cent over 1970 spending. Investment in infrastructure programs makes up a large part of this increase as the Government moves to complement what the reluctant private investor is doing (or not doing).

In one move to stimulate industrial investment, the Government established in late March of this year the Corporation Financiera de Desarrollo (COFIDE), a government finance corporation intended to provide the State with the means of promoting and establishing large-scale enterprises, both wholly owned and joint ventures with private industry. But direct government investment activity cannot solve Peru's current problems and the Government is making a great effort to identify what incentives it can offer to mobilize the large reservoir of private savings. There is considerable scope under the terms of the decree law establishing COFIDE for the participation of the private sector in the development of new industrial projects, and tax and other incentives are being gradually introduced to tempt those with money to put it into such projects.

As in 1969, 1970 saw many new laws and regulations appear—banking reform, insurance reform, foreign exchange control, the industrial law, and the industrial community law, to name only a few. The banking law, introduced early in the year, placed a ceiling of 25 per cent on foreign ownership in Peruvian "national" banks and prohibited further investment or reinvestment by existing foreign shareholders, even within the 25 per cent framework. In the face of growing restrictions, one large United States bank sold out to the Government, another was taken over, and several foreign-controlled institutions took steps to "Peruvianize" their operations. Four of the smaller foreign-owned banks decided to continue restricted operations as wholly-owned foreign branches and a fifth—the Royal Bank of Canada—elected to close down its Peruvian branch after 46 years of operation here.

Foreign exchange control, imposed in May of last year, required all residents—with certain exceptions for

foreigners resident in Peru—to repatriate foreign exchange holdings and investments, as mentioned earlier in this article. The money flooding into the country—estimated by some at as much as \$200 million—helped to bring the reserves to a new high, but also encouraged speculation against the sol and caused some people, both nationals and foreigners, to consider emigration.

In the industrial sector, the Government moved to rationalize a local industry that made little economic sense. Thirteen vehicle plants were producing 36 makes and 111 models of automobiles, trucks and buses in a market that consumed under 20,000 units per year. The basic Volkswagen model sold for \$2,500 as a result. Identifying four classes of automobiles: "Popular" (passenger cars between 190 and 750 c.c.); "Utilitarian" (between 1,500 and 2,500 c.c.); and "Tourism" (between 2,500 and 5,000 c.c.), with only two models in each class, and four categories of trucks and buses, the Government called for tenders for their manufacture with the added conditions that companies must be 51 per cent Peruvian-owned and must program the introduction of locally produced components to reach 85 per cent by 1980.

Probably the most controversial and significant of 1970's laws, however, was the highly nationalistic and socialistic industrial law, which defines Peruvian industrial development priorities, brings into being new worker/shareholder communities, and calls for the phased withdrawal of the foreign investor from Peru.

Designed as an alternative to the import substitution policies of previous governments, the new legislation was supposed to replace a system of "paternalistic and overly generous protectionism" with one of rationally determined incentives to industries given top priority. Defining the priorities, however, has proved difficult. In addition, individual companies are required to set aside 10 per cent of gross income each year for payment to the workers and a further 15 per cent which is to be used to purchase shares in the company up to a maximum of 50 per cent for the workers' association, known as the



Peru has a number of textile mills and tourists often buy Peruvian prints to take home with them. The Government would like to increase industrial investment and broaden the range of products made within the country.

"industrial community", in each individual company. By this means it is expected that, depending on profit and reinvestment rates and the capital structure of a company, workers will reach the point of owning half of a company in from six to thirty years.

Finally, foreigners are ultimately to be limited to owning 33 per cent of any new company and must gradually divest themselves of holdings in existing companies down to this percentage within a period that the Government will determine.

The pursuit of nationalism, however, has its price and the objectives of "Peru for Peruvians" and "More for Peruvians" may prove difficult to reconcile.

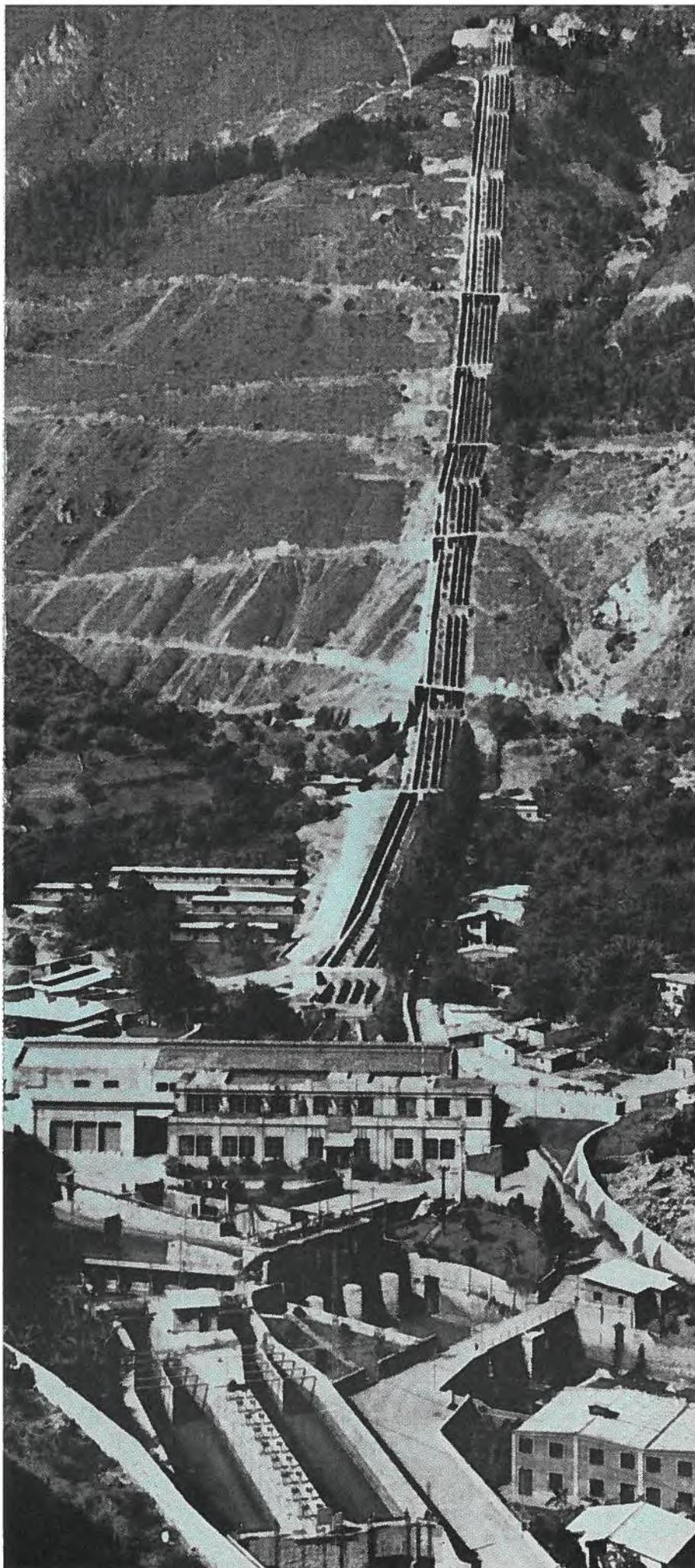
The initial reaction to the new law was one of distrust and disbelief and even today, the private investor is cautious about committing capital under the new rules.

Canadians have never been major investors in Peru and recent events have not changed this situation. With the Andean countries moving towards integration of their markets, however, manufacturers making important sales to the area cannot lightly dismiss the question of entering into some form of manufacturing or licensing agreement in one of the Andean Pact countries.

Canadian exports to Peru have held up well during 1969 and 1970, a period that saw imports in general cut by approximately 30 per cent. Total Canadian sales rose slightly in 1969 and then jumped 37 per cent in 1970 to \$35.9 million, reflecting mainly our entry into the wheat market in Peru last year. Even without the wheat sales, however, Canadian exports held their own at about the \$22 million mark. Peruvian exports to Canada have remained fairly steady in recent years at about \$3 million.

With sales of auto parts—which once amounted to over \$12 million each year from Canada—hard hit by the rationalization of the Peruvian auto industry, the mainstays of Canada's business with Peru consist of wheat (\$13.1 million), newsprint paper (\$3.8 million), steel products (\$2.2 million), aluminum and products (\$1.8 million) and asbestos (\$1.0 million). Several kinds of machinery are also important sellers, as the list of export products included with this article shows. Interesting opportunities could develop in the coming year or two if Peru can keep its economy moving.

Giant penstocks bring water, diverted from lakes and rivers on the eastern slopes of the Andes to the Santa Eulalia River basin in the west, down to the Huallanca power plant. This plant produces 67,000 kv. of power. The water is then channelled towards the Moyopampa power plant several miles below.



U r u g u a y

Uruguay seems to be emerging from a prolonged period of uncontrolled inflation and economic stagnation. The basis for improved stability was established in 1969, when wage and price control policies succeeded in holding the increase in the cost of living to a relatively moderate 15 per cent, compared with 63 per cent in 1968. Important also in the economic improvement were the measures taken to encourage the rational development of the livestock sector.

In 1970, the pace of recovery slowed up. It is estimated that the gross domestic product increased by about 5 per cent, slightly less than in 1969. Exports increased to U.S. \$230 million, mainly as a result of higher international prices for beef. Imports also rose to U.S. \$200 million and the favorable trade balance was smaller than normal. Foreign exchange holdings of the Central Bank rose by U.S. \$38 million during the first six months of 1970, but fell sharply during the second half of the year, leaving a net decline in reserves for the year of an estimated U.S. \$27 million. The authorities are countering the loss with measures to reduce 1971 imports by 30 per cent, to restrict foreign exchange granted Uruguayans travelling abroad, and to control exchange house dealings strictly. A standby credit for Uruguay of U.S. \$13.75 million has been approved by the International Monetary Fund.

The cost of living is estimated to have risen more than 20 per cent during 1970. The Government announced wage increases (effective December 1, 1970), of 21.5 per cent in the private sector and a minimum monthly wage of 15,000 pesos (about \$55). Rural workers received a 25 per cent wage increase. The Government has also approved price increases of 7 and 9 per cent in the industrial and commercial sectors, to allow private employers to absorb the wage increases.

The budget proposals for 1971 forecast revenues of \$386 million, current expenditures of \$396.8 million, and capital expenditures of \$60 million. The cash deficit will therefore total \$70.8 million. Wages and social security payments will account for \$286.4 million. The Government is

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Livestock industry is being modernized, power and transportation projects undertaken, and foreign trade encouraged. Canadian sales were up 33 per cent last year; could increase as economic situation improves.

CANADA-URUGUAYAN TRADE •

	\$ 1969	1970
What Canada Sells to Uruguay		
Newsprint		
paper	737,968	1,646,692
Aluminum pigs, ingots, etc.	692,601	918,504
Seed potatoes	630,127	516,259
Sheet and strip steel n.e.s.	184,947	266,342
Trucks and chassis	1,840	245,221
Asbestos milled fibers	163,731	120,706
Sedans and station wagons	296,840	67,284
Parts and accessories for motor vehicles	113,630	685
Other	529,621	594,133
Total exports	3,351,305	4,375,826
What Canada Buys from Uruguay		
Wool	178,139	84,755
Worsted fabric	33,601	78,008
Granite, rough	16,022	18,766
Corned beef	30,994	—
Other products	53,815	63,264
Total imports	312,571	244,793

encouraging the reduction of the massive civil service through tax concessions and the grant on resignation of one year's salary. Even if this program is successful, expenditures on social welfare benefits will remain very high.

About 40 million acres of land are devoted to agro-pastoral production in Uruguay; almost 38 million acres are used in the production of livestock, and about 33 million acres are natural pasture. The main crops are wheat, corn, rice and flaxseed. The price of wheat is supported by the Government at a high level and there will be a small surplus for export in 1971.

The export of beef, wool and hides accounts for about 75 per cent of Uruguay's foreign exchange earnings. There has been a good volume of beef exports at good prices, despite the British ban on Uruguayan imports imposed in June 1969. Although the country is ideally suited to livestock production, a number of measures have discouraged an increase in output. However, the Government



This oil refinery in Montevideo, capital of Uruguay, is being expanded with the aid of a \$4.6 million loan from the Inter-American Development Bank. It will then be able to use cheaper crude, bottle more butane and propane gas, and also produce asphalt.

has now introduced reforms designed to encourage the modernization of the meat-packing industry, control internal prices, and gradually eliminate export taxes on beef and wool. Imports of machinery and equipment for the meat-packing industry have been exempted from import duties. In addition, with the help of the World Bank, cattle ranchers have received loans and technical assistance since 1966 for pasture improvement under the Agriculture and Livestock Plan. Improved pastures are estimated to have more than doubled to about 2.5 million acres, and an increase in herd size and beef output of about 6 per cent a year is now expected. Returns to wool producers, on the other hand, have been poor, and a decline in wool production is expected as more and more resources are allocated to beef production.

Because of the importance of agriculture, Uruguayan industry is based principally on the processing of foods, textiles and beverages. There has been a great deal of excess industrial capacity for some years but today effective

capacity is being used to better advantage. Many enterprises are responding to government encouragement of non-traditional exports and to growing domestic demand.

About 600,000 tourists, including 450,000 Argentines, visit Uruguay each year, mainly from December to the end of February. Tourist expenditures amount to about U.S. \$45 million a year. There are excellent beaches along the entire coast, from Montevideo north to the Brazilian border. The main resort is Punta del Este, with good road and air connections. Political unrest has hurt the tourist business recently but the potential for growth is excellent, particularly if hotel accommodation is improved.

Uruguay is giving high priority to the development of infrastructure. A contract valued at U.S.\$145,000 has been awarded to a Canadian engineering firm by UTE, the Uruguayan electricity and telephone utility, for a telecommunications engineering study. The same firm is completing the engineering for the large international

Salto Grande hydroelectric development on the Uruguay River.

Large projects now under way or being planned include the construction of highway bridges between Puerto Unzue and Fray Bentos and between Paysandu and Colon in Argentina and Uruguay. These international projects, jointly financed by Argentina, Uruguay and the Inter-American Development Bank, will make possible the first road links between the two countries. The El Palmar hydroelectric project on the Rio Negro is another major undertaking; tenders are expected to be called this year.

Work is now well advanced on the expansion and improvement of Montevideo's harbor. This project has the financial support of the IADB and of Dutch sources. Large-scale investment is also planned in agricultural development, public housing, tourism and industrial expansion.

Canadian exports to Uruguay in 1970 increased one third to a value of \$4,375,826. There were larger shipments of newsprint paper, aluminum and steel, and a good volume of seed potato sales. The measures that the Uruguayan Government is taking to restrict imports during 1971 should not affect the bulk of our trade, because of the type of goods we sell there. If stable economic conditions can be maintained, this trade could even increase.

In 1970, Uruguayan exports to Canada fell to a value of only \$244,793 and were made up primarily of wool and of worsted fabrics. There were no sales of canned corned beef to Canada for the first time in many years.

A Cabinet committee has been formed to promote and co-ordinate Uruguayan foreign trade. Its policies will be carried out by the Agency for Export Promotion, first formed in 1969 as the "Center for the Promotion of Exports."

The Commercial Section of the Canadian Embassy in Buenos Aires will provide information on the Uruguayan market for Canadian products, advise on the appointment of agents, and assist the Canadian exporter in other ways to market his product or services.

V e n e z u e l a

Venezuela, on the southern rim of the Caribbean and the northernmost part of South America, has an area of approximately 352,000 square miles, with a population of slightly over ten million. It has a stable and democratically elected government, a sound currency (reserves reached a record \$1,015 million during 1970) and the highest per capita income in South America (more than \$1,100 a year).

The economy registered an increase of 5 per cent during 1970, and inflationary pressures were limited to 2.2 per cent—well below that of most industrialized countries. Government revenues increased by \$500 million, with the passage through Congress in December of an amendment to the income tax act affecting extractive industries (petroleum and mining). The amendment raised the general tax base from 52 to 60 per cent and granted to the President the right to fix unilaterally reference prices on exports of oil and iron ore. These tax changes solved the Government's immediate revenue problems and provided a sizeable and unallocated cash fund for the development program, including the diversification of industry.

Petroleum is the central fact of life in the Venezuelan economy and accounts for 90 per cent of gross export proceeds, 63 per cent of fiscal revenues, and 20 per cent of GNP. Production during 1970 peaked at slightly more than 3.7 million barrels a day, an increase of 3.1 per cent over 1969. After four years of negotiations with the major oil companies, service contracts were finally awarded for exploration in five blocks in the southern Lake Maracaibo area. It is estimated that this area will yield between 250,000 and 400,000 barrels a day when fully exploited, but this would no more than replace the anticipated decline in production from established fields, now operating at close to their peak. Major new exploration is necessary if Venezuela is to maintain its share of the rapidly expanding world market for petroleum and petroleum products.

Next in importance to oil as an earner of export income is iron ore, extracted from the Orinoco Basin in the eastern part of the country. Reserves in this area are estimated at over 2,000 million tons and production is being expanded rapidly. During 1970 it reached 22.2

million tons, 10 per cent over 1969. A briquette plant, starting production this year, will concentrate iron ore to 86.5 per cent from the present 58 per cent.

One quarter of the active population of Venezuela is employed on the land but agriculture provides only 7 per cent of the national income. For several years the Government has been pursuing a policy of self-sufficiency in agricultural products which has sharply reduced dependence on imports. At the present time 92 per cent of Venezuelan domestic requirements are home grown, although the 1969 import bill for agricultural products was \$213 million compared with \$184 million in 1968.

Under the protective umbrella of import tariffs and licences, Venezuela actively pursues a policy of import substitution, with the result that manufacturing has expanded rapidly. Between 1950 and 1969, its share of the GNP increased from 10 to 18 per cent; it is now second only to petroleum in its contribution to the national economy. Initial efforts at industrialization were concentrated primarily in foodstuffs, textiles and pharmaceuticals. The limited size of the domestic market, however, will severely restrict additional growth, and recent efforts have been diverted to heavy industry (steel, petrochemicals, natural gas processing, and mineral extraction). A program to rationalize the automotive industry by reducing the number of models has also been undertaken. This should lead to longer production runs and encourage the local manufacture of components.

Because entry of consumer durable and non-durable goods into the Venezuelan market is restricted, the best opportunities for Canadian exporters lie in tying their plans in closely with the Government's development program. There will, of course, be adjustments in this plan as changing circumstances necessitate a reevaluation of priorities, but the core of the program during the next four years is contained in the Fourth National Plan just published. High on the list of priorities are programs to extend and improve facilities in the fields of health, power generation and transmission, transportation, industrial development and, to a lesser extent, education.

Let's look at some of the more important of these programs.

C. G. BULLIS
Commercial Counsellor, Caracas

Market is largely closed to consumer goods; products and services that fit into Government's development plan offer greatest scope. Joint ventures and licensing arrangements should be seriously considered.

These potatoes being harvested in Venezuela may have been grown from Canadian seed. Last year Canada sold \$1.5 million worth to Venezuela, plus \$233,000 worth of table potatoes.

Communications—During the next four years the Government will invest U.S. \$326 million to improve and expand the communications system. Approximately one quarter of this will be used to increase to 300,000 the number of telephones. Towns with at least 2,000 inhabitants are to be incorporated into a national direct-dialing system. The plan also contemplates investments in postal, telex, and telegraphic services, a possible color television network, and a system of 16 repeater (or satellite) television stations throughout the country.

Transportation—During the period 1970 to 1974 U.S.\$1,684 million will be invested in transportation, 75 per cent by the Government (in basic social infrastructure) and 25 per cent by the private sector. Principal aviation projects will be continuation of work on the new Maiquetia Airport and a national airport grid to service less accessible regions. More than \$100 million will be spent on port facilities at La Guaira, Puerto Cabello and Margarita Island. The acquisition of eight new bulk carriers by the state shipping line CAVN is also forecast, and there may be a need for liquid natural gas carriers if the Government proceeds with its gas export policy.

It was recently decided to begin a national railroad network for carrying bulk commodities to relieve the strain on the highways. The initial project will likely be a 60-kilometer line that Congress has already approved. Additional access roads in the interior are planned.

Energy—Although major investments have been made during the past few years, the Government plans to spend an additional \$671 million for energy requirements during the 1970-74 period, 66 per cent of which will be in the public sector. Of this investment, 90 per cent will be for electrical generation and the remainder for the development of natural gas resources. Slated for completion will be the first

stage of the hydroelectric station at Santo Domingo, already under construction, and the initial planning for the Uribante-Caparo hydroelectric project. A program to bring electricity to over 400,000 farmers will also be initiated.

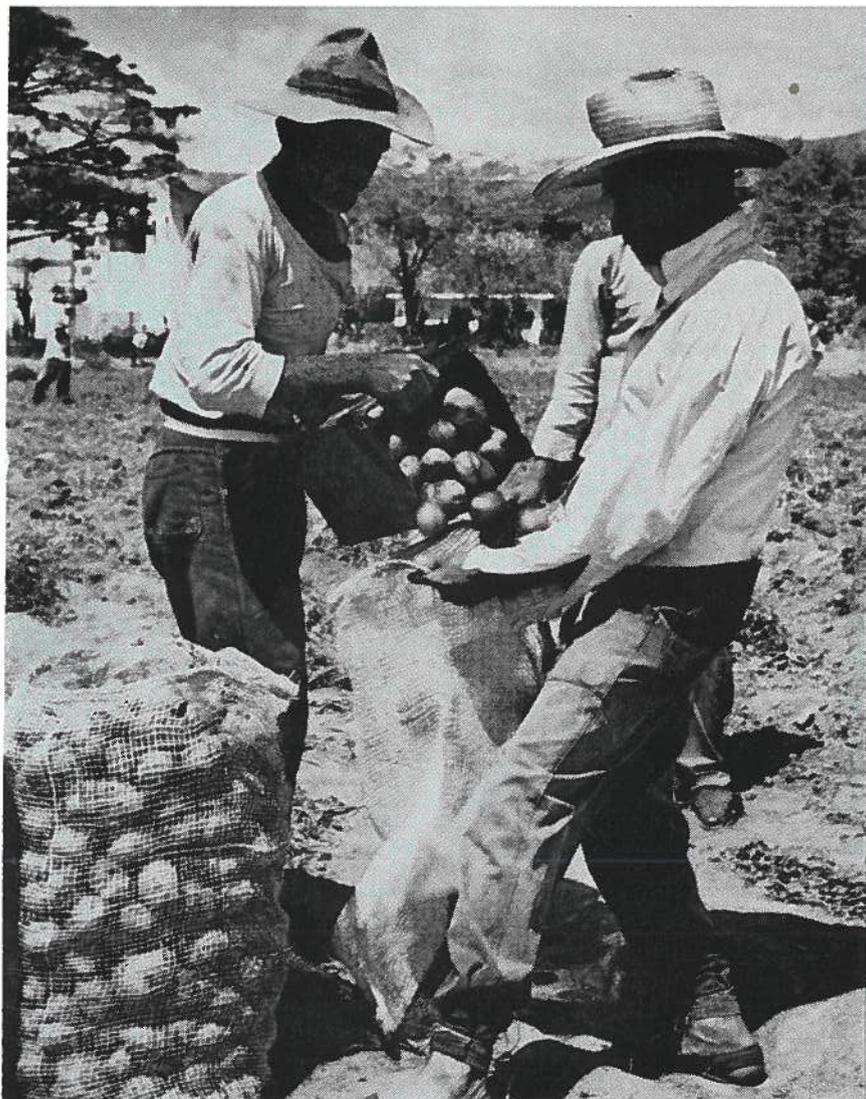
Agriculture—Continuing and expanding on its "self-sufficiency in agriculture" policy, the Government plans to increase production by more than 6 per cent a year, expand exports by some 14 per cent over four years, and reduce imports, partially through using locally grown cereals such as rice, corn and sorghum instead of wheat in the production of animal feeds. Expenditures in this sector are estimated at \$16,660 million, most of which will come from the private sector.

Petroleum—The national plan contemplates a gross investment of over \$2,000 million in the petroleum industry, most of it from the private sector, with Corporacion Venezolana del Pe-

troleo (the government-owned petroleum company) playing a relatively minor role. Recent regulations affecting the private sector of this industry may well change these figures, although there is no doubt that the increasing world demand for petroleum products will require major investment by the oil companies—if only to intensify exploitation of present concessions.

Natural gas is rapidly becoming of major importance and studies are under way on the feasibility of exporting 1,300 million cubic feet of LNG to the eastern seaboard of the United States. This project would need an investment of approximately \$600 million to set up the necessary collection, processing, and port facilities.

Industry—Diversification of industry is a major item in the Fourth National Plan, with direct investment by the state (in areas involving national basic industries) as an integral part. The program, which forecasts investment of



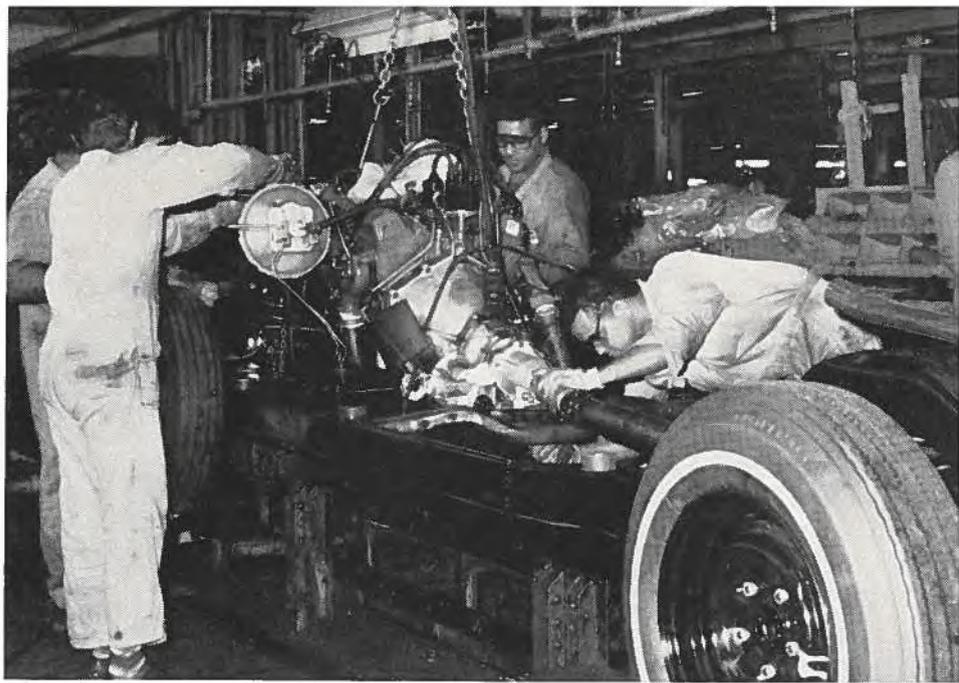
Automobiles on the assembly line at the General Motors plant in Caracas. The Government is moving to cut down the number of models and encourage local manufacture of components.

over \$2,900 million, is oriented principally toward transforming and processing of non-renewable natural resources such as iron and steel, processing minerals, imported and domestic, which requires large quantities of cheap electric power (which Venezuela has), and using natural gas to develop a petrochemical industry.

Trade between Canada and Venezuela is concentrated in a few major product areas. Venezuelan exports to Canada consist almost exclusively of petroleum and petroleum products, and approximately half of Canada's exports to Venezuela consist of automobiles and automotive products. Other major exports are pulp and newsprint, primary metal products, wheat and potatoes.

With the market all but closed to imports of consumer products and with the present trend to import replacement and local manufacture expected to continue, opportunities for increasing Canadian exports to this market appear to be channelled more than ever into the fields of engineering services, machinery and capital equipment, and turnkey projects for which technical knowhow and sophisticated equipment are required. A comprehensive program has been drawn up and the Government, thanks to the international petroleum situation, has substantially higher revenues to invest in this. We can therefore expect to see during the coming months a sharp increase in business activity, as many of these projects are pushed forward. Even with greater activity, the emphasis is likely to be more and more on locally supplied products and knowhow. Canadian firms interested in participating should therefore concentrate on the possibilities of product licensing and joint ventures with Venezuelan manufacturers and consultants. In these areas lie the best opportunities.

One of the major industries in the Ciudad Guayana industrial area is an aluminum plant. Venezuela has large supplies of cheap electric power, essential in processing aluminum.



CALA Is Three Years Old

From its office in Toronto the Canadian Association for Latin America, founded three years ago, seeks to expand relationships of every kind with Latin America, beginning with trade and investment, and provide services to its members.

MICHAEL LUBBOCK, Executive Director, CALA

The Canadian Association for Latin America was established in May 1969 by a group of businessmen led by the late Hon. Robert Winters. They recognized the great importance of Latin America to Canada, and indeed of Canada to Latin America, and had become convinced that the prevailing Canadian apathy towards Latin America was not likely to change unless there was an institution dedicated wholly to the task of informing and stimulating a greater interest. A further reason for the decision to create a special Latin American center was the urging by friends in the United States and Latin America that Canada should join the Inter-American Council for Commerce and Production (CICYP), the most important federation of private sectors in the Americas. The founding group recognized that, if Canada was to make a worthwhile contribution in CICYP, it had to be represented by a concentration of Latin American expertise, such as CALA would make possible.

Aims—CALA's basic aim is to get Canada more deeply involved in Latin America and to expand and deepen relationships of every kind. If these are eventually to mean all that they should, they must embrace every side of life—social, cultural and educational as well as economic. But because CALA has limited resources, it has to set priorities and since it is principally supported by 60 Canadian corporations and professional firms, it must concentrate chiefly, at least in its earlier years, on matters of trade and investment.

The first task was to make CALA's existence and aims widely known throughout Canada and the Americas. We enjoy the most helpful relations

with government departments in Ottawa, and with Canadian diplomatic missions in the Americas, which have given us unflinching support and guidance. We keep in touch with the principal business organizations in Canada, and we are constantly widening our contacts with the business world. This has been achieved largely through representation at conferences of other Canadian institutions, by the distribution of *CALA News* (that briefly records our activities), and particularly by an important conference that CALA organized in Ottawa in October 1970. The theme was "The Development and Integration of the Americas". An audience of about one hundred, composed of our members, Latin American Ambassadors and Caribbean High Commissioners in Ottawa, senior civil servants, academics, representatives of other Canadian institutions, and some guests from the United States, heard five eminent Latin Americans give their views on the future needs and tasks of the Latin American countries, and how the public and private sectors in these countries and the great inter-American institutions, the Organization of American States and the Inter-American Development Bank, were facing these tasks.

Services—Our other task was to create services for our members. These now take three main forms. One is the Information Center in our Toronto office which, largely with the help of OAS and the IADB, has probably already as good a coverage of current political, economic and financial events in Latin America as any source in Canada. It constantly widens in scope with material generously provided from many sources, and lately has been strengthened by the creation of a statistical section.

This section was set up with technical advice from OAS and is kept up to date from sources that it supplies. The second service arises from the undertaking by OAS and IADB to supply CALA with information, studies and special statistics that our committees or members require and which are beyond our own resources. This in effect gives us a call on the large research departments of the two most important inter-American institutions.

The third service is the contacts that CALA has established with the leading business organizations of all the larger Latin American countries. With Mexico, we have a bilateral trade committee that had its first meeting in Mexico City in November 1970 and will hold its next in Toronto in October 1971. In the other countries, through personal visits, we have established a friendly dialogue with the national sections of CICYP and with other appropriate trade associations.

Through these services we can now provide our members with the broadest information on what is going on in Latin America and on current development and planning, and can tell them whom they may best approach for on-the-spot advice. We are hoping that our members will make increasing use of what we offer. And although our services are principally designed for them, we are also happy to give information and guidance to other Canadian companies contemplating an entry into or expansion in the Latin American markets.

CALA had delegations at two meetings of CICYP in 1970 and will continue to be well represented at these gatherings. There they can not only discuss basically important subjects—such as the role of foreign private

investment in Latin America and the growth of multinational corporations—but also build up new contacts and friendships with leading Latin American businessmen. We have also been represented at such gatherings as a meeting organized by the United Nations, OAS and the IADB on the part to be played by private investment in developing countries; a meeting of the Business Advisory Board of OAS; and a consultative group of private businessmen formed by the President of the IADB to discuss and comment on the Bank's activities and plans. We are in close touch with the Council of the Americas in the United States, which has been generous in its help.

We have commissioned from the Private Planning Association of Canada (PPAC) an unprecedented study of Canadian business involvement in Latin America up to now and future prospects in the Latin American markets. This is in the final stages of editing and will shortly be published by PPAC and ourselves. We have also been invited to attend a meeting of the Steering Committee of the Atlantic Institute, which is undertaking a study in depth on the relations of every kind between Latin America and the industrialized countries. This is to be directed by an eminent Latin American economist and will involve our contributing, during the next year or two, papers on various aspects of Canada's relations with Latin America.

CALA believes that it is undertaking a task of the highest value in getting Canada to take much greater advantage of the ever more important Latin American markets and to benefit increasingly from Latin American culture and friendships. But we also believe that we are doing something of great importance to Latin America, because Canada has so much to offer in skills and experience that are particularly pertinent to the problems that Latin America faces. CALA is a catalyst and mobilizes the knowledge and experience of Latin America that there is in Canada. We are thus at the disposal of anyone who needs information or guidance in Latin American affairs and we hope that Canadians will increasingly join our ranks and help to increase the effectiveness of our work.

AVOID MISTAKES

in your passport application

Anybody can make mistakes -- but when you make one in your passport application it could spoil your whole trip. Because mistakes cause delays you might not have your passport in time.

The Canadian Passport Office suggests:

- Double check your application -- be sure you have answered all questions and followed all instructions.
- Apply early -- if you do make a mistake there will be time to have it corrected.

DEPARTMENT OF EXTERNAL AFFAIRS



Passport applications are available from all post offices, travel agencies and airline and steamship companies.

Import and Exchange Regulations in South America

The following paragraphs summarize import and exchange regulations affecting shipments to the South American countries. Canadian exporters who require more detailed information or advice on documentation or on duty rates for specific items should get in touch with the Latin America Division, Office of Area Relations, Department of Industry, Trade and Commerce, Ottawa.

ARGENTINA
BOLIVIA
BRAZIL
CHILE
COLOMBIA
ECUADOR
PARAGUAY
PERU
URUGUAY
VENEZUELA

ARGENTINA

Import Licences—Import licences are not required and except for internal combustion engines, passenger cars and other transport vehicles, some lower-power tractors, and all types of automotive chassis and bodies, virtually all goods may be imported. For certain commodities a prior deposit of 40 per cent of the c. & f. value must be posted by the importer. The deposit is held without interest for 180 days or until the goods are cleared through Customs, whichever is longer.

Foreign Exchange—Exchange for all commercial transactions is available through authorized banks. Payments for imports of capital goods of over U.S.\$20,000 in value are subject to the approval and control of the Central Bank.

Customs Tariff—Argentina is a member of GATT. Imports from Canada receive most-favored-nation treatment. Preferential tariff concessions are granted to certain imports from member countries of the Latin American Free Trade Association. In addition to ad valorem duties levied on the c.i.f. value, imports are subject to a statistical tax of 1½ per cent of the c.i.f. value and a 4 per cent tax on ocean freight charges. Tariff classification is based on the Brussels Tariff Nomenclature.

BOLIVIA

Import Licences—A prior import licence is required for some items. Included in the list are certain foodstuffs, tobacco products, some chemical and plastic products, synthetic or artificial textile fiber yarns, certain construction machinery, and vehicles powered by diesel engines. The import of some locally-produced consumer goods, foodstuffs, clothing, pharmaceuticals, household goods and certain raw materials is prohibited.

Foreign Exchange—There are no restrictions on foreign exchange.

Customs Tariff—Bolivia is not a member of GATT. Imports from Canada

receive most-favored-nation treatment. Preferential treatment is granted to certain imports from members of the Latin American Free Trade Association. Bolivia is expected to grant preferential treatment to certain exports from the other countries of the Andean Group (Chile, Colombia, Ecuador and Peru) during the period 1970-73. Imports are subject to a specific duty based on weight or measure and to ad valorem duties assessed on the c.i.f. value. A Supreme Decree dated July 2, 1968, established a 10 per cent surcharge on the c.i.f. value of most imports. Tariff classification is based on the Brussels Tariff Nomenclature.

BRAZIL

Import Licences—All products imported into Brazil require a prior import licence "quia de importacao". The importer must obtain the licence from the Foreign Trade Department of the Bank of Brazil (CACEX). Quias are usually valid for 120 days and goods must be shipped within this period.

Foreign Exchange—The importer is required to contract with an authorized bank for supply of the necessary foreign exchange. The rate of exchange is set by the Central Bank.

Customs Tariff—Brazil is a member of GATT. Imports from Canada receive most-favored-nation treatment. Preferential treatment is granted to certain imports from members of the Latin American Free Trade Association. In addition to ad valorem duties assessed on the c.i.f. value, all imports by sea are subject to a port improvement tax of 2 per cent of the c.i.f. value and a merchant marine tax of 20 per cent of the net ocean freight charges. The customs tariff follows the Brussels Tariff Nomenclature, with certain modifications.

CHILE

Import Licences—Import licences are not required, but importers must register all imports with the Central Bank through authorized commercial banks.

Goods not appearing on the List of Permitted Imports are prohibited. Some items on the permitted list are subject to prior deposits.

Foreign Exchange—The Foreign Trade Department and the Department of International Transactions of the Central Bank control the operation of the exchange system.

Customs Tariff—Chile is a member of GATT. Imports from Canada receive most-favored-nation treatment. As a member of the Latin American Free Trade Association and the Andean Group, Chile accords preferential treatment to certain imports from the other member countries. Imports are subject to specific duties expressed in gold pesos per unit of weight or measure, and to ad valorem duties on the c.i.f. value. Tariff classification is based on the Brussels Tariff Nomenclature.

COLOMBIA

Import Licences—All permitted imports require an import licence and must be registered with the Institute of Foreign Trade. The import of a wide range of consumer goods and luxury articles is prohibited. Prior deposits ranging from 1 per cent to a maximum of 130 per cent must be made by the importer on most imports. The deposits are retained for 90 days after the goods have been cleared through Customs.

Foreign Exchange—All imports require prior import registration with the Institute of Foreign Trade. The registration certificate is valid for five months. The importer must make a provisional deposit in local currency of 95 per cent of the foreign exchange transaction at least 20 days in advance of his application for an exchange licence. A copy of the registration certificate issued by the Colombian import control authorities must be presented to the Consul with the other export documents.

Customs Tariff—Colombia is not a member of GATT. Imports from Canada receive most-favored-nation treatment. Certain imports from member countries of the Andean Group and the Latin American Free Trade Association receive preferential treatment. Most duties are ad valorem, assessed on the c.i.f. value, port of entry. In addition to duties there is an ad valorem tax on most imports of 3 per cent of the c.i.f. value. Tariff classification

is based on the Brussels Tariff Nomenclature.

ECUADOR

Import Licences—Import licences obtained from the Exchange Department of the Central Bank are required for all imports exceeding U.S.\$100. Validity period of the licence is 180 days.

Foreign Exchange—The Central Bank is the only entity authorized to operate or maintain accounts in foreign exchange. The granting of an import licence by the Central Bank guarantees the necessary exchange.

Customs Tariff—Ecuador is not a member of GATT. Imports from Canada receive most-favored-nation treatment. Certain imports from member countries of the Latin American Free Trade Association receive preferential treatment. Ecuador is expected to grant preferential treatment to certain exports from the other Andean Group members during the period 1970-73. The majority of imports are subject to specific duties assessed on the net weight in kilograms and ad valorem duties assessed on the c.i.f. value port of entry. Imports are divided into two categories. List I covers essential goods and List II non-essential and luxury goods. The import of all items not on these lists is prohibited. Prior import deposits are still required on almost all imports which are not financed externally for a term of over five years. The importer must also lodge with the Central Bank a prepayment of part of the import duty. In addition to duties, imports are subject to monetary stabilization surcharges and other taxes. Ecuador uses the League of Nations Tariff Nomenclature.

PARAGUAY

Import Licences—In general, imports are free of quantitative restrictions or licensing. Only some agricultural products in seasonal supply and certain types of wire, roofing, nails and tacks are currently prohibited. For the majority of goods an importer must deposit in a bank 100 per cent of the f.o.b. value before the goods can be cleared through Customs. If the deposit is made after the date of shipment, it is retained for 180 instead of 120 days.

Foreign Exchange—Exchange is available through authorized banks. Prior

approval from the Central Bank is required if the goods are to be imported on credit terms exceeding 180 days.

Customs Tariff—Paraguay is not a member of GATT. Imports from Canada receive most-favored-nation treatment. Preferential treatment is extended to certain imports from member countries of the Latin American Free Trade Association. Imports are subject to specific duty assessed on the net, legal or gross weight in kilograms, plus an ad valorem duty based on the c.i.f. value determined by adding 10 or 20 per cent to the f.o.b. value. In addition to duties, imports are subject to an exchange surcharge of 32 per cent of the c.i.f. value, a consular fee of 5 per cent of the f.o.b. value paid at destination, and a complementary tax ranging from 6 to 24 per cent of the c.i.f. value.

PERU

Import Licences—Import licences are not required. In 1968 the Government imposed a ban on the import of approximately 250 luxury or non-essential goods. Decree No. 18181 of March 17, 1970, extended this import ban for an unspecified period.

Foreign Exchange—Importers must obtain exchange certificates from commercial banks to cover payment for imports. Under the exchange regulations, banks must ensure that certificates are used for imports only.

Customs Tariff—Peru is a member of GATT. Imports from Canada receive most-favored-nation treatment. Preferential tariff treatment is extended to certain imports from member countries of the Andean Group and the Latin American Free Trade Association. Imports are subject to specific and ad valorem duties. Specific duty is levied in soles on the gross weight in kilograms. Ad valorem duty is assessed on the c.i.f. value, which is computed by adding 20 per cent to the f.o.b. value. All imports are subject to a maritime freight tax of 4 per cent of the ocean freight charges and an additional tax of 2 per cent of the c.i.f. value. An additional surcharge of 10 per cent of the c.i.f. value has been placed on many non-essential items. Tariff classification is based on the Brussels Tariff Nomenclature.

URUGUAY

Import Licence—Import licences are not required, but all imports must be registered with the exchange authorities before orders are placed abroad.

Foreign Exchange—Foreign exchange is obtainable from authorized banks.

Customs Tariff—Uruguay is a member of GATT. Imports from Canada receive most-favored-nation treatment. Certain imports from member countries of the Latin American Free Trade Association receive preferential treatment. Imports are subject to specific duties on the gross, net or legal weight and ad valorem duties are assessed on an official valuation indicated for each item of the customs tariff. In addition to the duties, there are six categories of surcharges, ranging from 15 through 230 per cent of the c.i.f. value, depending on the essentiality of the import.

Most imports are subject to an import tax of 18 per cent, a consular invoice charge of 12 per cent, and a port charge of 12 per cent of the c.i.f. value.

Importers have to make prior deposits ranging from 150 to 400 per cent of the c.i.f. value on the excess of the quota fixed in relation to their previous imports. The deposits vary with the foreign exchange surcharge that applies. Imports of capital goods are subject to prior deposits of 225 per cent, although the rate may be waived or reduced by the Urugayan Advisory Commission. Deposits are held for six months.

VENEZUELA

Import Licences—A number of items require a prior import licence from the Ministry of Development or from other government agencies.

Foreign Exchange—Exchange is available through commercial banks at a fixed rate of 4.50 bolivars to the U.S. dollar.

Customs Tariff—Venezuela is not a member of GATT. Imports from Canada receive most-favored-nation treatment. As a member of the Latin American Free Trade Association, Venezuela has granted tariff concessions to other member countries on an extensive list of items. Imports are subject to a specific duty assessed in bolivars on the gross weight in kilograms. A few items are also subject to an ad valorem duty levied on the f.o.b. value. In addition to the duty, a consular fee ranging from 2 to 3.5 per cent of the f.o.b. value is collected at Customs at time of entry. The Venezuelan tariff is based on the CUCI classification system, which is similar to the Standard Industrial Trade Classification.

Jamaican Bank Gets CIDA Credit

A new aspect of Canada's bilateral assistance program to Jamaica will be of interest to Canadian exporters. Through the Canadian International Development Agency, Canada has made available a \$1.3 million line of credit to the Jamaican Development Bank (JDB).

The JDB is a statutory body established on September 3, 1969. Capitalized at approximately \$10.3 million, the Bank is designed to attract funds from international and financial institutions in capital markets for investment in private enterprises in Jamaica that meet sound economic, financial and technical criteria. The Bank provides medium- to long-term financing for development enterprises in the fields of tourism, manufacturing, commerce, agriculture and housing.

The CIDA line of credit is made available to the Bank for borrowers to purchase Canadian services, materials and equipment that are required to establish, carry on or expand development enterprises. Services, materials and equipment to be financed from the loan funds must have an over-all Canadian content of not less than 66 2/3 per cent. Payment will be made to suppliers directly by the Bank's designated agent in Canada—the Canadian Commercial Corporation, which is part of the Department of Supply and Services, Ottawa.

The Jamaican Bank notifies the Commercial Division of the Canadian High Commission in Kingston of forthcoming loan applications so that the latter may direct the Bank and its borrowers towards Canadian companies providing suitable competitive products or services that meet the content requirements. The Commercial Division of the Canadian High Commission in Kingston, acting upon information obtained through the Department of Industry, Trade and Commerce in Ottawa, will be responsible for certifying that the goods or services of a potential supplier normally meet these requirements. The supplier will be required to present a signed declaration of Canadian content when he submits his invoices for payment.

Initial indications are that the loan will be of special assistance in establishing manufacturing and industrial enterprises, and therefore to Canadian suppliers of equipment, services or materials needed by these enterprises. The line of credit has already been used to help in the establishment of a factory to produce tissue paper and carton-board and another that will manufacture plastic products.

The Bank is collecting information on Canadian capabilities so that its staff may be in a better position to advise prospective borrowers about ventures that might be financed from the line of credit because

of Canadian expertise in these fields. The Bank is particularly interested in industrial machinery and equipment. Interested exporters are urged to send copies of their catalogues to the Commercial Secretary, Office of the Canadian High Commissioner, P.O. Box 1500, Kingston 10, Jamaica. Our office will, in turn, pass them on to the Bank. It should be noted, however, that selection will not be limited to such firms but will be made from all companies that produce or supply the required services and equipment with the necessary Canadian content. Firms interested in export markets should register this interest with the Department of Industry, Trade and Commerce in Ottawa if they wish to ensure that their products are brought to the attention of potential borrowers from the Bank.

For the Canadian exporter, the loan provides yet another opportunity in the Caribbean not only for initial sales but also for after-sales service and equipment. It can also open up opportunities for the sale of Canadian raw materials once an enterprise is established. In addition, the exporter is assured of prompt payment in Canada.

Further information on the loan can be obtained from the International Financing Branch of the Department in Ottawa.

DONALD H. LEAVITT
Commercial Secretary, Kingston.

The Ocean Freight Market

Industrial Traffic Services Division

The format of the Ocean Freight Market has been altered beginning with the first quarter of 1971. Current rates are now presented with those of the preceding quarter. Formerly, rates were compared for the same quarter of the current and previous year. The new format has been established to illustrate more adequately the significant fluctuations in recent charter rates.

In the first quarter of 1971, the world chartering freight market continued the decline from the record levels reached during the latter part of 1970. Voyage charter rates were in most cases lower than those of the previous quarter while average time charter rates were also significantly lower.

The effects of the Japanese inactivity during this quarter's market were felt in most trades, with rates dropping to the lower levels prevailing in 1969. The decline was reflected

in the Hampton Roads coal trade where the rate fell from \$9.72 per ton in the fourth quarter to \$7.34 per ton.

Grain rates from Canada in the Pacific and transatlantic trades also fell, following the general trend in the charter freight market. Heavy grain rates from the St. Lawrence to Belgium/Holland fell from \$6.71 to \$3.53 and from British Columbia/North Pacific to Japan declined from \$13.29 per ton to \$7.99 per ton.

There has also been a significant decrease in tanker rates in the first quarter of 1971. Rates from the Caribbean to the Northern Range dropped from Worldscale 270 to Worldscale 157.6, producing a rate drop of \$2.31 per ton. Rates from the Persian Gulf to Portland, Maine, also fell from \$23.13 per ton to \$16.26 per ton. The decrease in tanker rates was in part a byproduct of uncertainty in the crude oil price talks and the re-opening of the Tapline through Lebanon after an eight-month closure.

Charter Rates—First Quarter 1971

The rates shown in column A are in sterling or U.S. dollars with the Canadian dollar equivalent in column B calculated at £ = \$2.436 and U.S.\$ = \$1.011. For comparison the rates for the previous quarter are shown in column C with the

Canadian dollar equivalent in column D calculated at £ = \$2.445 and U.S.\$ = \$1.016. The rate schedule does not necessarily represent all charter movements to or from Canadian ports since details of certain fixtures are not published.

	First Quarter 1971		Fourth Quarter 1970	
	A £ or U.S.\$	B Cdn.\$	C £ or U.S.\$	D Cdn. \$

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 first quarter of the year were as follows:

General trading (approximately 4 to 12 months)

	1971	1970	1971	1970
11,000-15,000 dwt. 13-16 knots.....	4.57	4.62	5.69	5.78
15,000-20,000 dwt. 13-16 knots.....	4.23	4.28	5.33	5.42
20,000-30,000 dwt. 13-16 knots.....	3.51	3.55	4.22	5.31
30,000-40,000 dwt. 13-16 knots.....	3.31	3.35	4.24	4.31

Voyage Charters

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

Heavy Grain (per long ton)

	1971	1970	1971	1970
St. Lawrence to Britain.....	£2.25 ⁽¹⁾	5.48	75s.1d.	9.76
St. Lawrence to Belgium/Holland.....	3.53	3.37	6.71	6.82
St. Lawrence to Italy.....	5.35	5.41	.....	.....
St. Lawrence to Syria.....	8.55*	8.64	.....	.....
St. Lawrence to Yugoslavia.....	6.90*	6.98	.....	.....

*One fixture reported only.

¹Some rates are shown in shilling and pence, some are expressed in the new decimal system.

	First Quarter 1971		Fourth Quarter 1970	
	A £ or U.S.\$	B Cdn.\$	C £ or U.S.\$	D Cdn.\$
St. Lawrence to Iraq.....	12.68	12.82	.....	.....
Saint John/Halifax to Japan.....	10.50*	10.62	.....	.....
Saint John/Halifax to Italy.....	7.50*	7.58	.....	.....
Saint John/Halifax to Britain.....	5.68	5.74	5.25*	5.33
Saint John/Halifax to Belgium/Holland.....	4.04	4.08	.....	.....
Saint John/Halifax to Algeria.....	8.00	8.09	8.55	8.69
Saint John/Halifax to Portugal.....	6.25*	6.32	.....	.....
Great Lakes to Britain.....	£3.32*	8.09	128s.4d.	16.68
Great Lakes to Belgium/Holland.....	8.73	8.83	11.55	11.73
Completing St. Lawrence.....	4.20	4.25	6.48	6.58
Great Lakes to Algeria.....	12.00*	12.13	15.00*	15.24
Great Lakes to Japan.....	12.55*	12.69	20.60*	20.93
Completing St. Lawrence.....	8.55*	8.64	16.60*	16.87
British Columbia/North Pacific to Japan.....	7.99	8.08	13.29	13.50
British Columbia/North Pacific to Philippines.....	10.00	10.11	12.66	12.86
British Columbia/North Pacific to South Korea.....	9.48	9.58	12.19	12.39
British Columbia/North Pacific to People's Republic of China.....	75s.0d.	9.75	.....	.....
British Columbia/North Pacific to India.....	102s.6d.*	13.32	118s.2d.	15.36
British Columbia/North Pacific to Belgium/Holland.....	10.51	10.63	9.64	9.79
Coal (per long ton)				
Hampton Roads to Japan.....	7.34	7.42	9.72	9.88
British Columbia to Britain.....	10.00*	10.11	.....	.....
British Columbia to Italy.....	8.50	8.59	8.65*	8.79
British Columbia to Japan.....	4.71	4.76	.....	.....
Oilseeds (per long ton)				
British Columbia to Japan.....	9.38	9.48	10.66	10.83
British Columbia to east coast of India.....	137s.6d.*	17.87	147s.6d.	19.17
Great Lakes to France (Atlantic).....	9.60	9.71	.....	.....
Scrap Iron and Steel (per long ton)				
U.S. North Atlantic to South Korea.....	11.82*	11.95	20.58*	20.90
U.S. North Atlantic to Italy.....	4.88	4.93	12.00*	12.19
U.S. North Atlantic to Spain.....	7.55	7.63	.....	.....
Sulphur (per long ton)				
British Columbia to Belgium/Holland.....	7.30*	7.38	.....	.....
British Columbia to New Zealand.....	£3.80*	9.26	.....	.....
Potash (per long ton)				
British Columbia/North Pacific to India.....	12.55	12.69	17.19	17.47
Iron Ore (per long ton)				
St. Lawrence to Britain.....	5.47	5.53	40s.3d.	5.23
St. Lawrence to U.S. Atlantic.....	1.63	1.65	1.38	1.40
St. Lawrence to U.S. Gulf.....	1.50*	1.52	2.76	2.80
St. Lawrence to Japan.....	6.55*	6.62	12.00	12.19
Petroleum Coke (per long ton)				
California to Belgium/Holland.....	10.50	10.62	10.38	10.55
California to Japan.....	6.95	7.03	9.80	9.96
Oil Black (per long ton)				
Venezuela to Portland, Maine.....	3.28	3.32	5.59	5.68
Persian Gulf to Portland, Maine.....	16.86	17.05	23.13	23.50
Mediterranean to Portland, Maine.....	5.94	6.01	7.34*	7.46
Venezuela to east coast of Canada.....	2.80	2.83	6.32	6.42

*One fixture reported only.

†Some rates are shown in shilling and pence, some are expressed in the new decimal system.

Trade Lines

Argentina reports record iron and steel output

Argentina set record figures for pig iron, raw steel and rolled goods output in 1970. Pig iron production totalled 814,700 tons, 39.7 per cent more than in 1969; raw steel came to 1,824,500 tons, up 8 per cent, and rolled goods to 2,170,900 tons, 10.8 per cent more than in 1969—Buenos Aires

Argentina starts petrochemical complex

A \$100 million Dow Industries petrochemical complex, located in Bahia Blanca, Argentina, is under way. The complex, which will use local basic raw materials in all of its production, is to manufacture a wide variety of petrochemical products—Buenos Aires

Bolivia reduces list of patentable products

Bolivia has published a decree, retroactively effective to August 27, 1970, under which chemicals, pharmaceuticals, dietary products, foodstuffs and processes for their manufacture are in general no longer patentable, and existing patents will not be renewed. Exceptions can be made in certain cases where it is proved that a product incorporates "a new invention or application"—Lima

Bolivia gets machine tool rights

Bolivia has been granted exclusive rights to produce manual pneumatic tools and machine tools, ball bearings, and ferro-nickel alloys for the Andean Pact area. The rights were granted by the Andean Common Market Secretariat for the next ten years, under the Andean Complementation Agreement—Lima

Brazil plans southern superport

Brazil's National Ports and Waterways Department has announced construction of a new "superport" at Rio Grande, Rio Grande do Sul State, to begin in 1972 and to be completed by 1977. The port is expected to cost about U.S.\$150 million, with part of the money expected to be sought from the World Bank and the Inter-American Development Bank. The port will be accessible to deep-draught vessels and to rail and road traffic. There could be opportunities for Canadian suppliers of equipment for the planned liquid and solid bulk terminals and a container terminal. Rio Grande do Sul, in the extreme south of Brazil, is a major producer and exporter of grain, and Canadian technology in grain-handling should also be of value—Sao Paulo

Colombia presents four-year export plan

The Colombian Government has submitted a four-year export development plan to private industry in which 14 groups of products and seven new commodities

were added to the list of goods eligible for export assistance. The 14 groups include non-traditional agricultural products, basic commodities of animal origin, minerals, chemicals, petrochemicals, metal products, mechanical products, cement and cement products, plastics, food products, corn and sorghum, lumber, manufactured wood products, leather and leather products. The seven new commodities added are glass manufactures, paper and paperboard, tung oil, oil cakes, cotton, sugar and bananas—Bogota

Bogota receives loan for water and sewer system

The World Bank has granted a U.S.\$8 million loan to Bogota, Colombia, for improvements to the city water and sewerage systems. The project is to be completed by 1976—Bogota

Colombia boosts Andean exports

Colombia's exports to its Andean Pact partners have reached \$90.45 million in 1970, 16.5 per cent of its total exports compared with 9.8 per cent in 1967—Bogota

Steel mill located in Colombia

Barranquilla, Colombia, has been chosen as the site for a new steel mill, with an expected peak production of 200,000 tons per year. It is to be financed with capital from Colombia, France, Mexico, Venezuela, and Ecuador—Bogota

Peru plans forestry development

The Peruvian Government will initiate a two-million-acre forestry development project near Pucallpa in central Peru. Peru has, it is estimated, the second richest forestry resources in Latin America after Brazil, but so far less than one per cent of this wealth has been developed, and Peru each year imports more than \$15 million worth of lumber—Lima

Peru gets line of credit from Czechoslovakia

Czechoslovakia has granted Peru a line of credit of U.S.\$7 million for the purchase of electric power generators. The generators will help to improve and expand the generating and distribution systems of Tumbes, Pucallpa, Iquitos, Canete and Moquegua. The credit is to include financing of maritime freight and land transportation to the final destination—Lima

Peru lets irrigation contracts

The Peruvian Government has now let contracts for the program of small- and medium-sized irrigation projects being financed under a U.S.\$21 million Inter-American Development Bank loan granted to Peru last November. The Peruvian Government is contri-

buting approximately U.S.\$14 million to these projects. They are to be carried out over the next four years and will irrigate approximately 75,000 acres in different regions of the country—Lima

Peru puts \$25 million into telecommunications

The government-owned Peruvian telecommunication agency, ENTEL, has announced plans to invest U.S. \$25 million as part of a U.S.\$75 million medium-term program of improvement and expansion of the country's telecommunications facilities. Plans for immediate implementation include the first phase of a nationwide microwave network, development of a national telex system, and extension of automatic telephone service in several localities—Lima

UNDP studies damage in Peru

A UNDP study of the damage suffered by the Hualanca hydroelectric plant in northern Peru during the earthquake last year has recommended a U.S.\$3.5 million modification and repair program. The survey, conducted by a team of six European engineers, sug-

gests a number of structural alterations to reinforce and protect the installation, and the development of alternative or supplementary power supply sources. The study suggests that work on the plant, which is the only source of power for the major Peruvian industrial center at Chimbote, could be completed by the end of next year—Lima

Venezuela plans largest aluminum smelter

To cope with the expected growth of sales on the domestic market and to Colombia, Argentina, and Peru, Venezuela's Aluminio del Caronf S.A. (Alcasa) has announced plans to raise plant capacity to 45,000 metric tons per year. The increased capacity is to be available from 1972 on, and will make the plant the largest aluminum smelter in South America. Sales increased from \$10 million in 1969 to \$15 million in 1970, and the forecast for 1971 is \$20 million. Aluminio del Caronf S.A. is a joint enterprise of the Venezuelan Government, the Guayana Corporation, and the United States Reynolds group—Caracas

Foreign Tariffs and Trade Regulations

Peru and Bolivia

The following information on documentation for shipments to Peru and Bolivia has recently been received.

1. Detailed descriptions and specifications of the goods—in Spanish if possible—should be included in the invoices. The import tariff item number adopted from the Brussels Nomenclature should not be mentioned, unless specifically requested and supplied by the purchaser. An incorrect number is usually interpreted as an attempt to evade duties and the fine for this is 25 per cent of the c.i.f. value.
2. Instructions should be given to the bank handling the shipping documents to protest if the drafts or bills of exchange that usually go together with a credit sale are unpaid on maturity. This requirement is not considered offensive under local commercial practice.
3. For Bolivia only, commercial invoices on ocean shipments should include, on a separate line, "Customs House Oruro" or "La Paz", etc.

United States

A new Buy American bill is pending before the New York State Assembly which would prohibit any State agency from using public funds to purchase foreign goods. An exception would be made if domestic goods are not available or if the foreign product is not of comparable quality—that is, of higher quality but priced lower.

A similar bill has been introduced in the Connecticut legislature that would ban the sale of foreign structural steel to state agencies.

To date, however, neither bill has come up for action by the State Legislatures and significant local opposition to the measures is evident.

Interested parties can obtain further information from: Deputy Consul-General (Commercial), Canadian Consulate General, 680 Fifth Avenue, New York City, N.Y. 10019, U.S.A. or from the United States Division, Western Hemisphere Affairs Branch, Office of Area Relations, Department of Industry, Trade and Commerce, Ottawa, Ontario K1A 0H5

Trade Commissioners on Tour

Temporary Duty in Ottawa

Trade Commissioners on temporary duty in Ottawa may be contacted through the Trade Commissioner Service, phone 996-3080 (area code 613).

D. S. Armour

Consul and
Trade Commissioner
Hamburg, Germany
September 20-October 8

M. B. Blackwood

Commercial Counsellor
Singapore
June 14-18

A. J. G. Dallaire

Vice Consul and
Assistant Trade Commissioner
Chicago, Ill.
June 14-20

D. M. Lawson

Consul and
Assistant Trade Commissioner
Los Angeles, Calif.
June 14-18

M. C. J. Lemieux

Assistant Trade Commissioner
Hong Kong
June 12-23

R. M. Logie

Assistant Commercial Secretary
Vienna, Austria
July 18-24

W. M. Maybee

Consul and
Assistant Trade Commissioner
New Orleans, La.
July 18-24

R. E. Pedersen

Commercial Secretary
Tel Aviv, Israel
June 14-18

W. B. Schumacher

Vice Consul and
Assistant Trade Commissioner
Detroit, Mich.
mid-June

J. J. Y. Trepanier

Assistant Commercial Secretary
Beirut, Lebanon
August 11-20

In Territory

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

Algeria

D. P. Lindores, Assistant Commercial Secretary in Paris, France, will visit Algeria June 7-12.

Bahamas

An officer from the Kingston, Jamaica, office will visit Nassau May 3-12 and Freeport May 13-14.

Bolivia

Trade Commissioners from the Lima, Peru, office visit Bolivia approximately every two months. Canadian businessmen who would like the officers to undertake assignments for them in that country are invited to write to the Commercial Division, Canadian Embassy, Casilla 1212, Lima, Peru.

Brazil

P. A. Théberge, Consul and Trade Commissioner in Sao Paulo, will visit the states of Parana, Santa Catarina and Rio Grande do Sul early in May.

Bulgaria, Hungary, Romania

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

Cyprus

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

Dominican Republic, Haiti, Virgin Islands

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 Consulate in San Juan.

Finland

A Trade Commissioner from the Stockholm, Sweden, office visits Helsinki once a month for about a week, except during July and August.

Iceland

J. R. Caux, Commercial Secretary in Oslo, Norway, will visit Iceland June 13-19.

Ireland

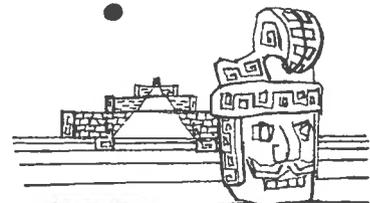
R. A. Bull, Commercial Counsellor in Dublin, will visit Cork May 24-26, and Galway and Sligo June 14-16.

South Korea

Trade Commissioners from the Tokyo, Japan, office visit the Republic of Korea (South Korea) approximately every two months for a week.

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.



Export Opportunities

The inquiries listed below come from several sources, including various Branches of the Department in Ottawa and the Trade Commissioner Service posts abroad. Exporters should correspond directly with the companies or agencies mentioned, using the addresses given. The Department of Industry, Trade and Commerce cannot assume any responsibility for trade negotiations that exporters may enter into with these firms, nor can it vouch for their commercial standing.

Aluminum and plastic building products

NETHERLANDS—Dutch manufacturer and importer wants to buy Canadian aluminum and plastic building products and components. Contact: H. Veenstra NV, 5 Herenstreek, Bedum, Netherlands, with copies of correspondence to Commercial Counsellor, Canadian Embassy, Sophialaan 7, The Hague, Netherlands.

Aluminum windows

NETHERLANDS—J. Hordijk Eng., NV Timmerfabriek Apeldoorn, 200 Vlijtseweg, Apeldoorn, Netherlands, is interested in finding Canadian sources of aluminum windows. Contact the firm at the address above, with copies of correspondence to Commercial Counsellor, Canadian Embassy, Sophialaan 7, The Hague.

Household articles, ballpoint pens

SWEDEN—Large importing company seeks Canadian sources of supply of household articles such as bathroom scales, watches, alarm clocks, kitchenware and kitchen equipment for private homes. The company is also interested in contacting manufacturers of ballpoint pens. Contact: Lars Eric Ajell, President, L. E. Ajell AB, Tradgardsgatan 6, 411 08 Goteborg, Sweden, with copies of correspondence to Commercial Counsellor, Canadian Embassy, P.O. Box 14042, Kungsgatan 24, S-104 40 Stockholm, Sweden.

Non-ferrous semi-manufactured products

SWEDEN—Larsson, Seaton and Co. AB, Box 488, Goteborg, would like to locate Canadian manufacturers of all kinds of non-ferrous semi-manufactured products such as plates, sheets and bars. The firm is particularly interested in aluminum and brass.

Wooden folding doors, partitions

NETHERLANDS—Importer wants Canadian sources of wooden folding doors and partitions. Contact: B. Reinigert, c/o Gehalus NV, 18 Langsom, Amsterdam-Slotem, Netherlands, with copies of correspondence to Commercial Counsellor, Canadian Embassy, Sophialaan 7, The Hague.

Agencies Wanted

Aluminum doors, sashes, windows

NETHERLANDS—Dutch firm is interested in representing Canadian manufacturers of aluminum doors, sashes and windows, and other advanced building products. Contact: Gerry P. M. Mesterom, Mesterom NV, 8-10 Stationstraat, Venlo, Netherlands, with copies of correspondence to Commercial Counsellor, Canadian Embassy, Sophialaan 7, The Hague.

Bedroom, correlated furniture groupings

UNITED STATES—A New York firm offering a wide range of household furniture to furniture, discount, credit, chain and department stores in the Greater New York area would like to represent Canadian furniture manufacturers. The firm seeks bedroom furniture, correlated groupings, upholstered sofas, sleepers, and chairs, dining room sets, dinette sets, and occasional pieces. Mediterranean, Spanish, and Italian stylings have been outselling modern furniture in the firm's sales area, and should be included in manufacturers' lines. The firm is Restline Company, 163-29 130th Ave., Jamaica, New York 11434. Telephone: 212-AR6-1660. Contact Nat Borovoy at Restline.

Chemicals

SWEDEN—Importer and commission agent seeks Canadian manufacturers of chemical essences for the food industry and additives for the concrete and cement industry. The company is also interested in representing Canadian manufacturers of chemicals for the control of water pollution. Contact: G. Liden, Sales Manager, Melander & Ericsson AB, Box 2019, Hisings Backa 2, 422 02 Goteborg, Sweden, with copies of correspondence to Commercial Counsellor, Canadian Embassy, P.O. Box 14042, Kungsgatan 24, S-104 40 Stockholm, Sweden.

Container handling equipment, compressors

SWEDEN—Importer and commission agent wants to represent Canadian manufacturers of all kinds of lifting and transporting equipment, particularly mobile cranes, and

manufacturers of equipment and accessories for compressors such as drills, pneumatic crowbars and drilling machinery for frost-bound soils. Contact: Torsten Alm, c/o Torsten Alm & Co., Box 3004, 400 10 Goteborg 3, Sweden, with copies of correspondence to Commercial Counsellor, Canadian Embassy, P.O. Box 14042 Kungsgatan 24, S-104 40 Stockholm, Sweden.

Living room and other home furniture

UNITED STATES—Morris Mandell, a firm representing manufacturers in the furniture industry, and selling to department and chain stores would like contact with Canadian manufacturers of living room, bedroom and dining room furniture and occasional tables and chairs. Write to the firm at 219-33 Stewart Road, Jamaica, N.Y. 11427.

Polyethylene and polypropylene bags (sacks)

UNITED STATES—New York firm wishes to represent Canadian manufacturer of polyethylene and polypropylene bags (sacks). Contact: R. Leuwenstein, c/o International Burlap Bag Co., 600-606 110th Street, New York, N.Y. 10025, with copies of correspondence to Deputy Consul General (Commercial), Canadian Consulate General, 680 Fifth Avenue, New York City, N.Y. 10019.

Toys, novelties, housewares

UNITED STATES—New York firm specializing in sales to Latin America wants to represent Canadian companies producing toys, novelties and housewares. Contact: R. Miranda, c/o International Overseas Co., 225 Lafayette Street, New York, N.Y. 10012, with copies of correspondence to Deputy Consul General (Commercial), Canadian Consulate General, 680 Fifth Avenue, New York, N.Y. 10019.

Office Furniture

UNITED STATES—New York representative contacting office furniture dealers, designers and architects wishes to contact Canadian firms manufacturing office furniture and furniture for the contract field. Harvey Filzer, 259-55 149th Avenue, Rosedale, New York, 11422.

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 .99.

To convert column two, *divide* by .99.

Country and Currency	Value of		Country and Currency	Value of	
	foreign currency unit in Canadian dollars at May 10	Canadian dollar in foreign currency units		foreign currency unit in Canadian dollars at May 10	Canadian dollar in foreign currency units
Algeria Dinar	.2053	4.87	Dominican Republic Peso	1.0072	.99
Argentina Peso (free)	.2445	4.09	Ecuador Sucre (official)	.0403	24.81
Australia Dollar	1.1365	.88	El Salvador Colon	.4029	2.48
Austria Schilling	.0407	24.57	Fiji Dollar	1.1627	.86
Bahamas Dollar	1.0072	.99	Finland Markka	.2398	4.17
Belgium and Luxembourg Franc	.0203	49.26	France, Monaco, etc. ² Franc	.1824	5.48
Bermuda Dollar	1.0072	.99	Franco-African Republics ³ Franc	.0036	277.78
Bolivia Peso	.0846	11.82	French Pacific ⁴ Franc	.0100	100.0
Brazil Cruzeiro (official free)	.1977	5.06	Germany D Mark	.2833	3.53
Britain Pound	2.4364	.41	Ghana New Cedi	.9870	1.01
British Honduras Dollar	.6078	1.64	Greece Drachma	.0335	29.85
Burma Kyat	.2115	4.73	Guatemala Quetzal	1.0072	.99
Ceylon Rupee	.1692	5.91	Guyana Dollar	.5884	1.69
Chile Escudo (bank rate)	.0852	11.74	Haiti Gourde	.2014	4.97
(free)	.0702	14.25	Honduras Lempira	.5036	1.99
China, People's Republic of R: nminbi	.4125	2.42	Hong Kong Dollar	.1662	6.02
Colombia Peso (fixed)	.0512	19.53	Hungary Forint (official)	.0921	10.85
Congo (Kinshasa) Zaire	2.144	.46	Iceland Krona (official)	.0114	87.72
Costa Rica Colon	.1520	6.58	India Rupee	.1348	7.42
Cuba ¹ Peso	.....	.....	Indonesia ⁵ Rupiah	.0027	374.22
Czechoslovakia Koruna	.1399	7.15	Iran Rial	.0131	76.41
Denmark Krone	.1343	7.45			

Country and Currency	Value of		Country and Currency	Value of	
	foreign currency unit in Canadian dollars at May 10	Canadian dollar in foreign currency units		foreign currency unit in Canadian dollars at May 10	Canadian dollar in foreign currency units
Iraq Dinar	2.8201	.35	Peru Sol (free)	.0232	43.08
Ireland Pound	2.4364	.41	Philippines⁶ Peso (free)	.1569	6.37
Israel Pound	.2878	3.47	Poland Zloty (fixed basic rate)	.2537	4.01
Italy Lira	.0016	617.66	Portugal & Colonies⁷ Escudo	.0350	28.53
Jamaica Dollar	1.2182	.82	Saudi Arabia Riyal	.2272	4.40
Japan Yen	.0028	354.73	Sierra Leone Leone	1.508	.66
Kenya Shilling	.1412	7.08	Singapore Dollar	.3273	3.05
Korea, Republic of Won	.0032	317.08	South Africa Rand	1.4231	.70
Lebanon Pound (free)	.3122	3.20	Spain & Dependencies Peseta	.0145	68.97
Malaysia Dollar	.3290	3.04	Sweden Krona	.1948	5.13
Mexico Peso	.0805	12.42	Switzerland Franc	.2449	4.08
Morocco Dirham	.2023	4.94	Syria Pound (free)	.2173	4.60
Netherlands Florin	.2845	3.51	Thailand Baht (free)	.0488	20.49
Netherlands Antilles Florin	.5341	1.87	Trinidad & Tobago⁸ Dollar	.5036	1.99
New Zealand Dollar	1.1403	.88	Tunisia Dinar	1.9185	.52
Nicaragua Cordoba	.1439	6.95	Turkey Lira	.0671	14.90
Nigeria Pound	2.8376	.35	United Arab Republic Pound (official)	2.3165	.43
Norway Krone	.1414	7.07	United States Dollar	1.0072	.99
Pakistan Rupee	.2115	4.73	Uruguay Peso (free)	.0040	248.13
Panama Balboa	1.0072	.99	Venezuela Bolivar (official free)	.2241	4.46
Paraguay Guarani (free)	.0081	123.46	Yugoslavia Dinar (official)	.0671	14.90

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

4. New Caledonia, New Hebrides, French Polynesia.

5. Exchange rate at December 9, 1970.

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.

PARAGUAY

Area: 157,000 square miles.

Population: 2.2 million.

Climate: sub-tropical.

Language: Spanish; all sales literature must be in Spanish.

Currency: guarani; one guarani equals Cdn.\$0.0081 (February 1971).

Foreign exchange and import controls: import licences are not required but most imports are subject to a prior deposit for 180 days equal to the f.o.b. value of the goods. Specific duties are not prohibitive but imports are subject to a foreign exchange surcharge of 32 per cent and additional taxes, generally ranging from 18 to 23 per cent of the c.i.f. value.

Weights and measures: metric system.

Capital: Asuncion.

Chief port: Asuncion, 900 miles from the sea; navigation is periodically interrupted when water levels fall on the Paraguay and Parana Rivers.

Marketing centers: Asuncion (population) 305,000; Concepcion 35,000; Encarnacion 34,000.

Economy: based on livestock, agriculture and forestry; there is little heavy industry.

Total Paraguayan imports: 1969—U.S.\$70.4 million; 1968—U.S.\$61.5 million.

Chief imports: (U.S.\$ million) 1969—machinery and equipment 13.5, transportation equipment 13.1, tobacco and beverages (largely for re-export) 7.3, wheat and other foodstuffs 6.7, combustibles and lubricants 4.5.

Chief suppliers: (U.S.\$ million) 1969—United States 18.6, Argentina 12.5, West Germany 9.8, Britain 6.3.

Value of imports from Canada: 1969—Cdn.\$347,507; 1968—Cdn.\$716,798.

Chief imports from Canada: 1969—newsprint paper \$133,441, contractors' equipment and tools \$89,591.

Total Paraguayan exports: 1969—U.S.\$51.0 million; 1968—U.S.\$47.6 million.

Chief exports: (U.S.\$ million) 1969—meat and products 12.9, logs and lumber 11.7, oils 6.3, tobacco (largely re-exports) 5.6, cotton fibers 3.2.

Chief markets: (U.S.\$ million) 1969—Argentina 14.6, United States 10.5, Netherlands 3.8, Britain 3.8.

Value of Canadian purchases: 1969—Cdn.\$1,100,431; 1968—Cdn.\$355,209.

Chief Canadian purchases: 1969—canned corned beef \$895,530, tung oil \$109,244, coffee, green \$38,757.

Prices: United States dollar quotations c.i.f. Asuncion preferred.

Usual credit terms: sight to 180 days.

Samples: only samples of no commercial value are admitted duty-free.

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

Trade agreements: exchange of most-favored-nation treatment with Canada; member of LAFTA.

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

Correspondence: airmail only; 15 cents each half ounce.

For detailed information on this market, write to: Latin America Division, Office of Area Relations, Department of Industry, Trade and Commerce, Ottawa, or Commercial Counsellor, Canadian Embassy, Casilla de Correo 3898, Suipacha 1111, Buenos Aires, Argentina (by airmail only).

Shipping Services to South America

TO:	From Pacific Coast	From Great Lakes	From St. Lawrence and Atlantic
ARGENTINA	Prudential-Grace Lines <i>(C. Gardner Johnson Limited Vancouver)</i> Westfal-Larsen Line <i>(Empire Shipping Limited, Vancouver)</i>		Argentine Lines <i>(Shipping Limited, Montreal, Toronto)</i> Moore-McCormack Lines <i>(United Liners Agency Ltd., Montreal; Moore McCormack Lines (Canada) Ltd., Toronto)</i>
BOLIVIA	<i>Via transshipment at Arica, Chile, or Matarani, Peru. See Chile and Peru</i>		<i>Via transshipment at Arica, Chile, or Matarani, Peru. See Chile and Peru</i>
BRAZIL	Lloyd Brasileiro Line <i>(Kerr Steamship Company, Inc., Vancouver)</i> Prudential-Grace Lines Westfal-Larsen Line		Moore-McCormack Lines Netumar Line <i>(March Shipping Limited, Montreal, Toronto, Hamilton)</i>
CHILE	Prudential-Grace Lines Westfal-Larsen Line		Peruvian State Line <i>(Saguenay Shipping Limited, Montreal; Clarke Traffic Services Ltd., Toronto)</i>
COLOMBIA	Grancolombiana Line <i>(Balfour Guthrie (Canada) Limited, Vancouver)</i>	Great Lakes Transcaribbean Line <i>(Protos Shipping Limited, Toronto)</i>	Grancolombiana Line <i>(United Liners Agency, Montreal; Furness Withy & Company, Toronto)</i>
ECUADOR	Grancolombiana Line Prudential-Grace Lines Westfal-Larsen Line	Great Lakes Transcaribbean Line	Grancolombiana Line Great Lakes Transcaribbean Line Peruvian State Line
GUYANA			Saguenay Shipping Limited <i>(Saguenay Shipping Limited, Montreal; Clarke Traffic Services Ltd., Toronto)</i>
PARAGUAY	<i>Via transshipment at Buenos Aires or Montevideo. See Argentina and Uruguay</i>		<i>Via transshipment at Buenos Aires or Montevideo. See Argentina and Uruguay</i>
PERU	Grancolombiana Line Prudential-Grace Lines Westfal-Larsen Line		Peruvian State Line
URUGUAY	Prudential-Grace Lines Westfal-Larsen Line		Moore-McCormack Lines
VENEZUELA	Barber Lines <i>(Johnson Walton Steamships Ltd., Vancouver)</i> Prudential-Grace Lines	Great Lakes Transcaribbean Line	Great Lakes Transcaribbean Line Saguenay Shipping Limited

June 1 is Census Day. What's new with you?

This is your chance to tell Canada who you are and how you're doing.

Census day is almost like voting day. It's your right and privilege. Your chance to let Canada know all about yourself and your family. How and where you live. It's as secret as the ballot. All these facts become statistics. And many organizations use them to plan for our future.

This is how governments know where to spend money for the most necessary things: hospitals, schools, housing projects, roads and highways, community centres, parks. For example, a high percentage of children under five in one section of your community may alert the board of education to the need for a new school. Or, districts with a high proportion of sub-standard housing may be identified and earmarked for urban renewal and development programs. Things like that.

It's a do-it-yourself census.

Any day now, you'll receive your census questionnaire. The idea is that everyone in Canada must fill in that form on June 1. If a pre-paid return envelope came with the population census form complete the questionnaire and mail it back. If there is no envelope, don't mail it but hold the form until it is picked up by a census representative.

This will probably be the first time you've ever had the chance to fill in your own census form. The old way of sending census takers around knocking on doors and asking you questions served a useful purpose in its day. But we've found, after many trial censuses, that people do a better job when they fill in their questionnaires themselves.

If you are a farm operator.

If you have a farm you will also be required to complete a Census of Agriculture form. The information you give is important for government farm programs and farm organizations in the years ahead.

What happens if somebody doesn't fill in his census form?

Everyone in Canada is required by law to be counted in the national census. If you don't bother, a census representative will have to come around and fill in your questionnaire with you. So, if you do it yourself, you'll save time and money for everyone.

We need facts about you . . . and your family. Otherwise we won't have the whole story.



Give a few minutes to the Census of Canada. And Canada will give you a better future.

It's your census. Everyone has the right to be counted. Everyone has the right to expect the information he gives to be treated in absolute confidence. And you can be sure that the information will be used for the good of all Canadians.

So, don't forget. June 1. Tell us what's new.



Count yourself in.