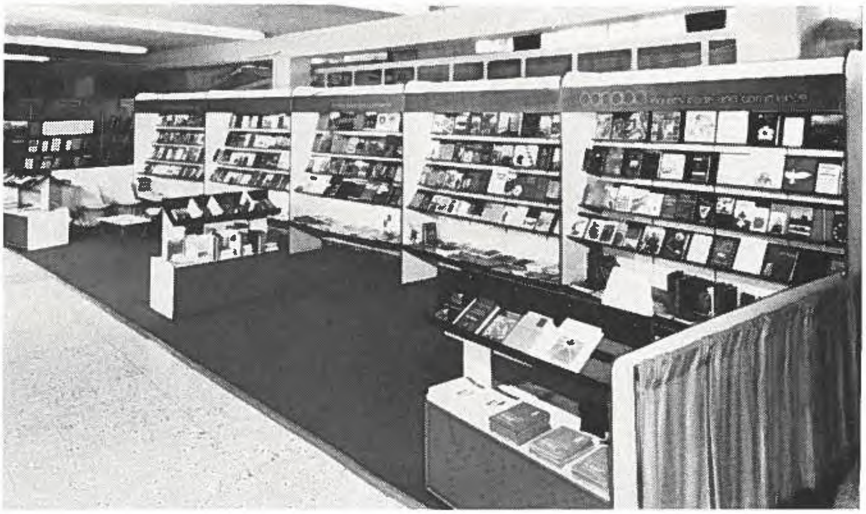
foreign trade

Department of Industry, Trade and Commerce, Canada

The EEC Britain and Canada

September/71

Books from Canada for Foreign Readers



An attractive book exhibit was set up in June at the International Book Exhibition in Dallas, Texas. This exhibition—the sixteenth in succession—was held in conjunction with the annual conference of the American Library Association and thus drew an interested and influential group of viewers. Belgium, France, and many other countries also had displays in the international section of the conference exhibit.

What did Canadians display in this exhibit, organized and sponsored by the Department of Industry, Trade and Commerce? Over 600 titles altogether, 415 English-language and 255 French-language, all written, published and printed in Canada. They ranged over fiction, non-fiction, the arts, the social sciences, books for young people, etc., and included award-winning books in both French and English.

Participation in the Dallas show was only one part of a campaign to aid the Canadian book industry which, as several developments have made plain in recent months, faces serious problems.

As a first step in assisting the book publishers and printers, the Department of Industry, Trade and Commerce commissioned a study of the industry. It dealt at length with the book manufacturing industry and its problems, as well as with French-language and English-language publishing, and was carried out by Ernst & Ernst, management consultants. It was presented to the Department last October.

One part of this study showed that the Canadian deficit on foreign trade in books reached $140 million in 1969—not too surprising when one finds that 65 per cent of the books consumed in Canada in that year were imported. One way to reduce this deficit, it was proposed, was to step up foreign demand for Canadian-made books because, to quote from the study: "A bigger market could make possible longer production runs, lower manufacturing costs, and higher profits." And although there are certain obstacles to be overcome, the United States presents itself as the logical market in which Canadian publishers could try to increase their sales.

Advertising our wares to American library executives who have a great influence on book buying was therefore the motivation for the Dallas display. In organizing it, the Printing, Publishing and Allied Industries Division of the Department worked hand in hand with other Branches and with the Canadian Book Publishers' Council and the Conseil Supérieur du Livre. These two bodies and the Independent Publishers' Association chose the titles to appear and made the physical arrangements, in co-operation with the Expositions Division of Information Canada.

Playing an important part in this promotion was a good-looking brochure designed by the Publicity Branch of the Department. Bound in a saffron-colored plastic, it opened out to display, on the left-hand side, a catalogue of the French titles shown—*Books from Canada, French Language*. On the other side there was a catalogue of *Books from Canada, English Language*, and in the center an order form, the back of which was a self-sealing, addressed envelope. The objective: to make the ordering of books seen in the display (there was only one copy of each) as simple as possible.

Over 10,000 of these brochures were produced and they were used to the maximum as promotion pieces. About 7,100 were mailed to a carefully selected list of people and firms in the United States, including public libraries, university and junior college libraries, historical libraries, selected bookstores, and special funds, such as the Ford Foundation. Another 2,500 copies were sent to Dallas in advance of the show for distribution at the exhibition itself. To be listed in the catalogue and then displayed at Dallas, a book had to be written by a Canadian, published in Canada, and printed in Canada. During and after the fair, press releases were sent out to 49 trade journals in the book-buying and publishing fields.

A study financed by a Canada Council grant had brought the suggestion that a magazine be published in Canada devoted to reviews of Canadian books. The man who did the study, Val Cleary, has since put out the first issue of this magazine, called simply *Books in Canada*. The Department bought 2,000 copies of this first issue and these were handed out at the Dallas fair.

Further plans to assist the book publishing industry are afoot. One is to participate in a small way in the Frankfurt Book Fair in Germany in October, to be followed by a larger effort at this same fair in 1972, designated as International Book Year by UNESCO. The Department is also helping to subsidize an annual issue of a catalogue of 2,000 *Canadian Books in Print*, to be issued as a paperback, with a brief review of each of the listings. Other plans will be announced in coming months.

foreign trade

Vol. 135 No. 15 September 1971

In This Issue

Plans for this issue featuring the EEC and its members were drafted in mid-March, when the outcome of the British negotiations to enter the Common Market was still in doubt. About that time, our Department set up an EEC Enlargement Task Force to study the implications for Canada of the entry of Britain and the three other applicants. We asked Geoffrey Elliot, who headed the Task Force, to write us a leading article on that topic. Before the article was finished, British entry had been assured and what Mr. Elliot has to say is therefore particularly timely. You will find his contribution on page 2.

Three of our contributors at the Canadian Mission to the EEC have been stationed in Brussels for some time and have seen many initiatives issue in concerted action. The Deputy Head of Mission, Randolph Gherson, went there three years ago after extensive experience with the Department, particularly on the the policy-making side. Gordon Mintenko, who writes about the second exciting development of 1971—the agreement to achieve full economic and monetary union over time—was transferred to Brussels from Paris in 1968 to become Counsellor at the Mission. Vivian Wightman, who specializes in agricultural matters, went to Brussels in May 1968 and has followed the problems of the complex Common Agricultural Policy closely. The only newcomer to our EEC contributors this year is Carl Pedersen, the First Secretary, who writes about economic progress in 1970-71.

Because of unsettled conditions in the exchange markets at time of going to press, we were unable to obtain reliable quotations and have, therefore, reluctantly dropped the Foreign Exchange Rates section from this month's issue.

COVER: Our cover shows, in red, the EEC as it will appear when the Six become the Ten with the eventual accession of the four current candidates. In the background, a quotation from Mr. Elliot's article.

CREDITS: Charts on pages 3 and 6 were prepared by the Office of Economics. Picture on page 21, Photo Port Autonome de Marseille: inside back cover, *Vancouver Sun*.

Special Feature: the EEC

Articles

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British Entry into the Common Market

what will it mean for Canada?

GEOFFREY ELLIOT, Chief, EEC Enlargement Task Force, European Affairs Branch

Negotiations for Britain's third attempt at membership in the Common Market began on June 30, 1970. Almost a year later, on June 23, 1971, champagne flowed in Luxembourg following a marathon session of Ministerial-level negotiations. It was announced by Britain's chief negotiator, the Right Honourable Geoffrey Rippon, and M. Maurice Schumann, French Foreign Minister and then chief Community negotiator, that agreement had finally been reached between Britain and the EEC on all the major issues in the negotiations. Although a number of details still needed to be ironed out, it was evident at that time that the road was finally clear for British membership in the Common Market after two previous unsuccessful applications.

The success of the British negotiations with the EEC will have far-reaching effects in Europe. Britain has for eleven years been the leading member of the European Free Trade Association (EFTA) which includes most countries of Western Europe which are not already members of the Common Market. EFTA has made a great deal of progress in its own right in eliminating trade barriers on industrial products moving between member states. Nevertheless, Britain has been the dominant member of EFTA and the others will now need to work out arrangements with the enlarged EEC if they wish to retain their access to the British market. Norway, Denmark and Ireland applied for full membership in the EEC at the same time as Britain. Negotiations between these countries and the Community were, however, in low gear while they were waiting to see what happened in the Britain/EEC negotiations. With the British negotiations now heading towards a successful conclusion, it is inevitable that negotiations between the EEC and the other applicant countries will move ahead at a more rapid pace. In fact, agreement in principle was reached for Danish membership in the European Communities on July 12.

It is also clear that the EFTA will no longer provide a real alternative to the EEC in Western Europe for the non-applicant neutral members of EFTA—Sweden, Switzerland, Finland and Austria. These countries will be under a great deal of pressure to work out arrangements with the EEC which, even if falling short of full membership in the European Communities, will perhaps provide for free trade in industrial products.

British membership in the Common Market will result in the elimination of Canada's long-standing preferential access to the British market and the adoption by Britain of the Common External Tariff and the Common Agricultural Policy of the EEC.

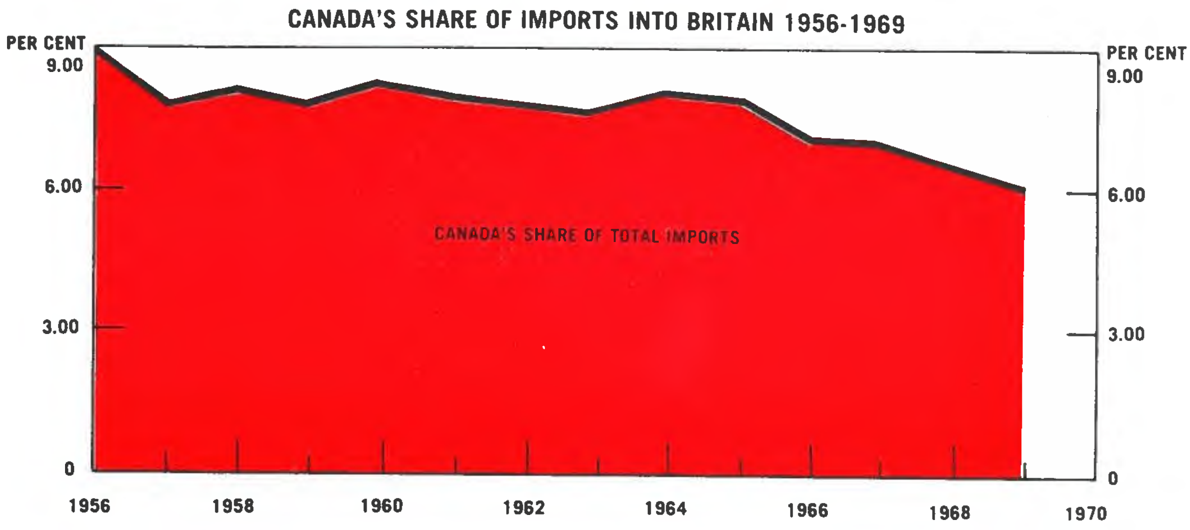
Under the terms of the agreement reached between Britain and the EEC, there will be a transitional period during which Britain will adapt its import regulations to those of the Common Market. During this period Britain will eliminate progressively barriers to trade with the Common Market and at the same time phase out tariff preferences to Canada and other Commonwealth countries. In the industrial sector, these adjustments will be phased over several years and will not in fact be completed until July 1, 1977, (see Table 1). In the agricultural sector, final adjustments will not be made until the end of 1977.

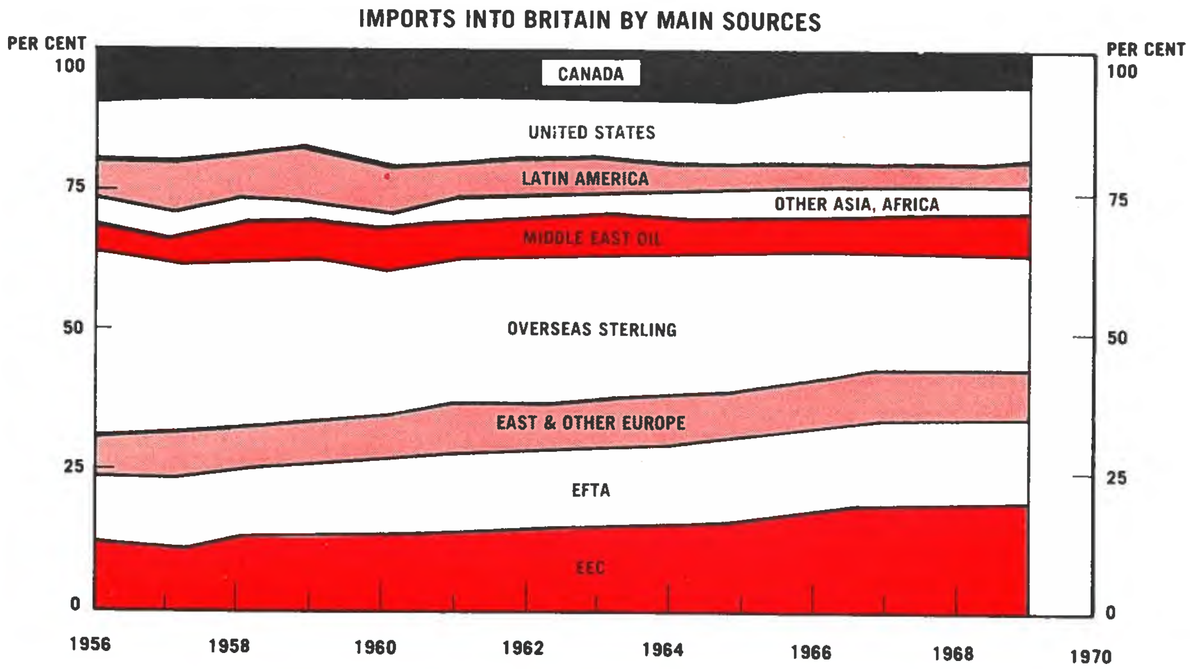
TABLE 1

Elimination of tariffs between Britain and EEC	Effective	Adjustment to CET on imports from third countries
20 per cent	April 1, 1973	---
20 per cent	January 1, 1974	40 per cent
20 per cent	January 1, 1975	20 per cent
20 per cent	January 1, 1976	20 per cent
20 per cent	July 1, 1977	20 per cent

Canada and the Negotiations—Canada was not a direct party to the negotiations which were carried on between Britain and the Community and between the Community and the other applicant countries. Nevertheless, with the prospect of less favorable conditions of access for our exports to Britain, Canada obviously has a number of important interests that stand to be adversely affected by EEC enlargement. Over the last twelve months the Canadian Government has taken every opportunity to ensure that the British and the Europeans were fully informed of these Canadian interests. The Honourable Jean-Luc Pepin, Minister of Industry, Trade and Commerce, and the Honourable Mitchell Sharp, Secretary of State for External Affairs, both made several visits to Britain and Europe during the course of the negotiations. In addition, the Right Honourable Geoffrey Rippon and the British Prime Minister, the Right Honourable Edward Heath, both visited Ottawa during this period for discussions with Canadian Ministers.

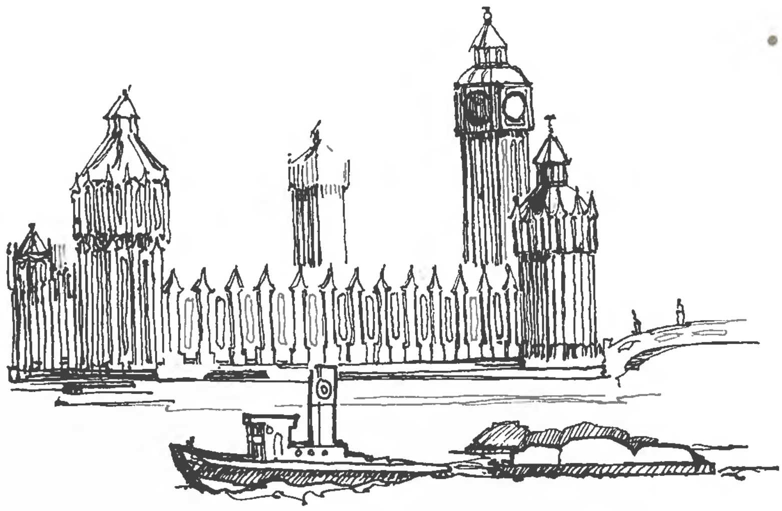
In these discussions, Canadian Ministers pointed out the significance the changed conditions in Europe would have for Canadian trade and stressed the need for the negotiators to work out arrangements that would take into account the impact of an enlarged





Overseas sterling—essentially Commonwealth countries other than Canada

Common Market on Canada, including adequate transitional arrangements in both the agricultural and industrial sectors. They argued, for example, that it would be in the interests of all concerned to provide for continued duty-free access for certain industrial materials to the enlarged Community. In this connection, some results favorable to Canada were achieved. Special arrangements were negotiated that should assure continued access for Canadian wood pulp, newsprint, Douglas fir plywood and phosphorus to Britain without application of the Common External Tariff. Our exports of these products in 1970 amounted to about $160 million, or 11 per cent of our total exports to Britain. In the agricultural sector, agreement was reached in the negotiations that the enlarged Community will be ready to take prompt and effective action to remedy any threat of abrupt dislocation of Commonwealth and other third-country suppliers.



British Entry and Canadian Exports— It is difficult to make any concrete assessment of the probable effects the changed circumstances will have on our exports to Britain. Access conditions are only one of the factors that influence the flow of trade and there are many other variables that will play a part in determining whether trade in individual products will increase, continue as before, drop to lower levels, or be eliminated. These include whether other competitive sources of supply are available, whether Canadian exporters can find more profitable markets elsewhere, and whether intercompany arrangements and, in some cases, particular qualities inherent in Canadian products make the trade less susceptible to changes in access conditions.

Nevertheless, it is possible to make some general observations. In 1970 Canadian exports to Britain amounted to about $1.5 billion. Based on existing EEC tariffs and import regulations and the measures worked out in the negotiations on the four industrial products mentioned above, about 55 per cent of our exports, amounting to approximately $800 million, would continue to receive duty-free entry. More difficult conditions of access would be faced by products accounting for $670 million worth of exports to Britain in 1970; these include wheat, barley, tobacco, aluminum, lead, zinc, steel, and paper products other than newsprint.

In the White Paper published by the British Government on July 7, some comments were made about Canadian wheat and barley exports. Because of the special qualities inherent in Canadian hard wheat and malting barley, for example, the British anticipate that introduction of the EEC import levies on these products will affect imports from Canada "only marginally if at all."

It should be remembered that the Common External Tariff of the EEC is not a high tariff by international standards. Although our exports to both markets expanded considerably in 1970, Canadian exports to the EEC have consistently expanded at a more rapid pace than our exports to Britain. For example, in the period from 1965 to 1970 our exports to the Common Market nearly doubled—from $625 million to $1.2 billion annually. In contrast, Canadian exports to Britain increased by only 25 per cent—from $1.2 billion to $1.5 billion. It is also noteworthy that we already export more manufactured goods to the EEC than we do to Britain ($160 million compared with $107 million to Britain).

The British have also pointed out that their rate of economic growth has been consistently lower than that of the EEC. They anticipate that British membership in the Community will stimulate more rapid expansion of the British economy and accelerate the over-all British import demand, thus offsetting to some extent the deterioration in access conditions for Canadian goods.

On balance, it would appear likely that a significant proportion of Canadian exports of those products that will face more difficult access conditions is likely to continue to move into the British market. However, some Canadian exporters, particularly in the agricultural sector, are likely to have difficulties. Nevertheless, the transitional arrangements will ensure that Canadian exporters have some time to make the necessary adjustments.

On the assumption that the British Parliament gives its approval of the terms negotiated in Brussels and Luxembourg, Britain will begin the period of transitional adjustments on January 1, 1973. The first adjustments will be made only in the agricultural sector, so that Canadian exporters of industrial products will not be faced with any significant changes until January 1, 1974. The accompanying table indicates the schedule of adjustments under which Britain will introduce the Common External Tariff and eliminate tariff barriers against imports from the Common Market.

Canadian exporters who would like full details on the tariff changes that will affect their products are requested to contact: European Affairs Branch, Office of Area Relations, Department of Industry, Trade and Commerce, Ottawa, Ontario K1A 0H5.

eec Charts Its Future Course

When the Six become the Ten and economic and monetary union proceeds—both these developments were initiated in 1970-71—this could become an import market worth $130 billion by 1980, with 270 million people.

A. R. A. GHERSON, Deputy Head
Mission of Canada to the EEC

Last October, the Hon. Jean-Luc Pepin, Minister of Industry, Trade and Commerce, held talks with members of the EEC Commission in Brussels on the enlargement of the Common Market and the effect upon Canadian interests. Here Mr. Pepin (left) is greeted by the current President of the EEC Commission, Franco Maria Malfatti. The latter expects to visit Canada shortly.

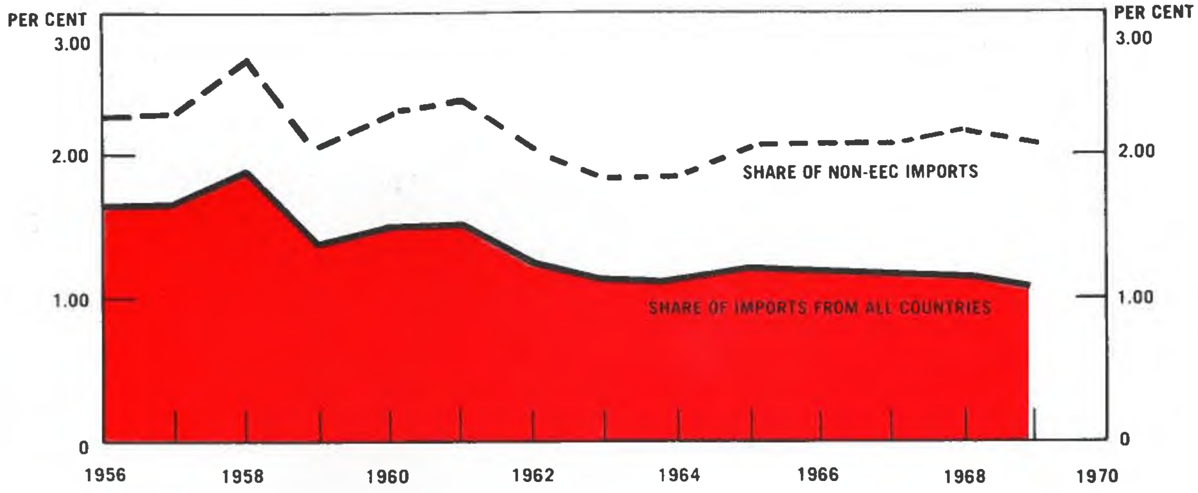
If 1970 marked for the Community the point at which there could be no turning back, 1971 may hold the promise of its future destiny. With the assumption of financial autonomy, the Community completed its 12-year transition and entered in 1970 into its definitive stage as a customs union. It was charged with a mandate from the Heads of State or of Government of the Six at The Hague summit meeting in December 1969 to initiate in parallel the dual process of economic and monetary union and of negotiations for the Community's enlargement. Important steps were taken in both directions in 1971. In fact, these two issues have dominated the Community scene over the past twelve months. For outside observers such as ourselves, these are difficult subjects to review at this time. Though the decision has been taken and the political will to proceed with economic and monetary union exists, the situation is still in a formative stage. As for enlargement, the plot is now known but the final act remains to be played. Nonetheless, no one witnessing these developments in Brussels can avoid the feeling that something very important is happening.

Economic and Monetary Union—In February 1971, the Ministers of the Six agreed on the phased approach to economic and monetary union and on launching its first stage, retroactively, on January 1; details are outlined in the article on page 11. Although the devaluation of the French franc in August 1970 and the revaluation of the deutschmark the following October had spurred agreement among member states, the speculative capital flows last May resulting in the floating DM and Dutch guilder have had the effect of slowing down the timetable in the first year of moving towards monetary unification: that is, the narrowing of margins of fluctuation among the currencies of the Six. This is regarded as a temporary setback that is unlikely to deflect the Community from its course towards integration of monetary policy. In the economic sector, machinery for closer co-ordination of economic and budgetary policy has been put in place and is actually in operation.

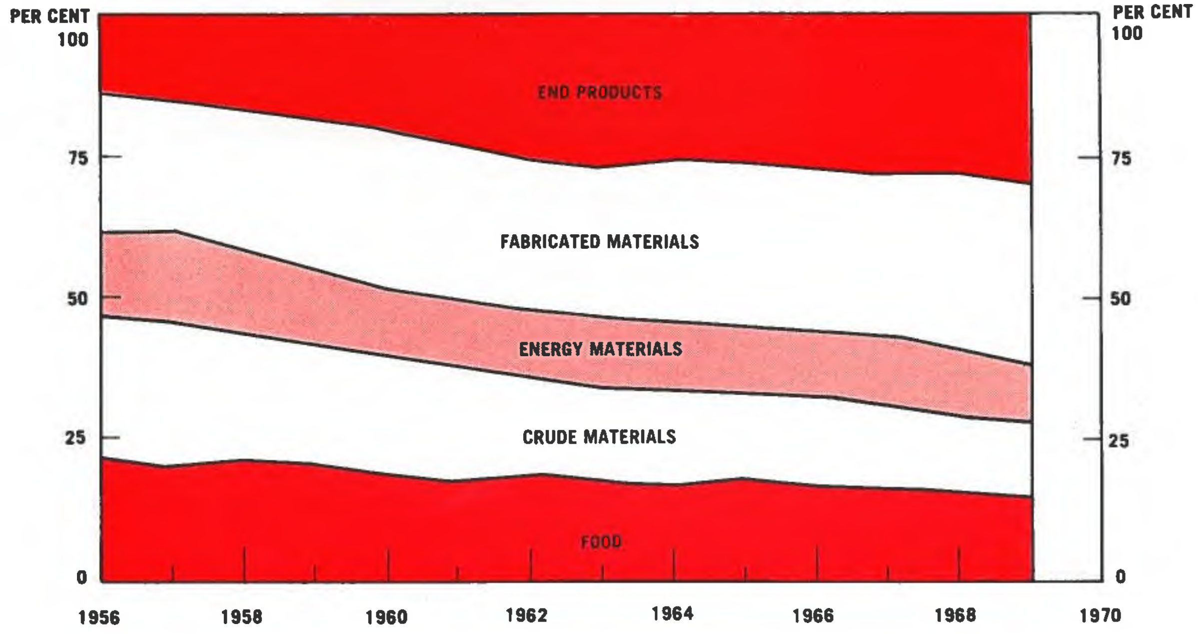
Enlargement—At a marathon session June 21 to 23, almost one year after the opening of negotiations, agreement was completed on key issues between the Community and the United Kingdom. For the Community, the negotiations in substance have been successfully concluded; for Britain, the decision to enter the Community is now the subject of the "great debate." If the British Parliament agrees to entry, the treaty of accession is expected to be signed by year-end, leaving 1972 for ratification, with effective entry on January 1, 1973. This scenario and time-table would also be followed by the other three applicants for membership, Denmark, Ireland and Norway. It is also possible that industrial Free Trade Area arrangements now being explored between the Community and the EFTA countries which are not applying for Community membership may also enter into force in January 1973.

Negotiations on Terms—This is perhaps not the time to go into details about

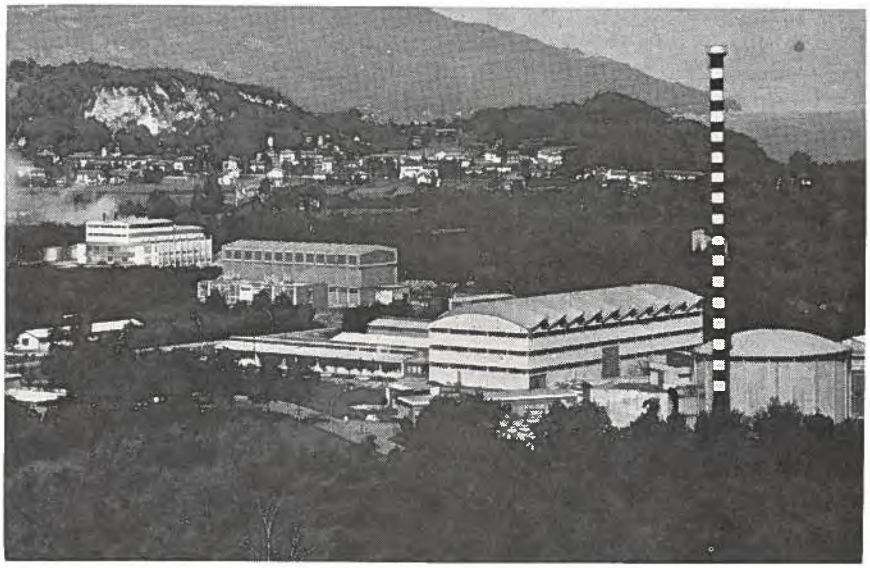
CANADA'S SHARE OF EEC IMPORTS 1956-1969



IMPORTS INTO THE EEC BY COMMODITY GROUP



the negotiated terms since these are still under consideration by the British Parliament and have not been completed with the other applicant countries. Suffice it to say that the enlargement negotiations have been based on the acceptance of the Community treaties (EEC, EURATOM and the European Coal and Steel Community) by the four candidates and also of jurisprudence that has evolved to date. The negotiations themselves, however, have dealt in the main with measures to permit applicant countries to adjust during a transitional period to the obligations of full membership. In brief, the agreements reached between the Community and Britain, which provide the basic model for the other candidates, relate to a transitional period of five years for adapting to the Community's Common Agricultural Policy and prices and to its Common External Tariff, and for the dismantlement of tariffs among themselves. In fact, they cover the whole range of participation in Community institutions.



The nuclear research center located at Ispra, Italy, for EURATOM.

Agriculture Sector—In the agriculture sector, the applicant countries will align their prices in six steps over five years to the Community level, thus integrating their national agricultural policies within the framework of the Community's Common Agricultural Policy and market organization. The present members of the Community, however, will enjoy from the outset of the transitional period the same competitive edge (Community preference) over outside imports in the markets of the new members by the same margin as they enjoy in the markets of the Six. There are, however, certain safeguards to ensure the institution of remedial measures in the event that such Community preference should cause or threaten disruption of traditional import patterns.

Industrial Sector—In the industrial sector, the tariffs of the applicant countries will decline to zero in five equal stages insofar as imports from the Six are concerned. The alignment of the individual tariffs of the applicant countries towards the Community's Common External Tariff is due to be effected by a 40 per cent move in 1974, followed by three 20 per cent steps annually thereafter. Agreement has also been reached on duty-free or reduced tariff quotas on certain sensitive items. Of interest to Canada are duty-free quotas for newsprint (including an expansion of the definition to cover lighter weight paper), wood pulp and plywood, which will continue beyond the transition period, and reduced tariff quotas on lead and zinc that will be included in Community tariff quotas thereafter. Phosphorus will enter free of duty until 1977, when it will be subject to reduced duties that could later be suspended or modified by duty-free quota.

Commonwealth Association—The developing countries of the Commonwealth are to be offered association with the enlarged Community under Part IV of the Rome Treaty. This covers the Commonwealth countries in Africa, in the Pacific, the Caribbean and the Indian Ocean. Commercial agreements to deal with the problems arising from enlargement are also being offered to India, Pakistan, Ceylon, Malaysia and Singapore. Arrangements for New Zealand dairy products, recognized as a special problem, include a butter and cheese quota phasing out to 71 per cent of current exports to Britain at the end of five years, with a review clause regarding future butter imports.

Fisheries Policy—Fisheries remains the major negotiating issue still outstanding. All four candidates and the Community are in search of an acceptable formula permitting national fishing limits beyond the three miles now envisaged as a derogation from the Common Fisheries Policy regulations. Norway and Denmark require a national 12-mile fishing limit, as against Britain's earlier request for six miles. A solution is expected to be worked out in the fall.

Other Community Developments—Aside from economic and monetary union and enlargement, the Community has also embarked on proposals for common policies embracing the whole infrastructure of its economy. These proposals would cover social affairs, transport, energy, regional matters, research and technology, the right of establishment and freedom of supply services, together with the harmonization of laws and the liberalization of taxes on capital movements.

The Community has also in 1971 initiated the rationalization of its farm structure. The important new departure relates to the measures designed to provide adjustment assistance to facilitate structural improvements towards greater efficiency and the integration of farms into larger and more efficient units. (See article on page 16). This has not countered pressures for higher support prices, prompted by the rising cost of living and the widening gap between earnings of agricultural producers and their industrial counterparts. As is mentioned in the article on page 16, agriculture is regarded in the Community as largely a social problem, entailing a public commitment on moral and political grounds. It remains to be seen whether a more efficient Community agriculture—even if enlarged—will lessen the commitment so that the internal market will require less protection from imports.

If by the end of 1971 Britain and the other applicant countries sign their respective treaties of accession to the Community, and the Six resume their timetable for economic and monetary union, this will have been an historic year for the unification of Western Europe.

The Community of Six is already the world's major trading unit. Its economic performance is reported on pages 9 and 10. Suffice it to say that in 1970 the Community imported $45 million worth of goods and services from the outside world, maintaining the 17 per cent annual increase registered in 1969.

This gross Community product is now of the order of $500 billion, as against $175 billion in 1958, and has increased in real terms by over 5 per cent a year. Enlargement will represent by 1980 an economically integrated market of about 270 million, with a gross Community product that could approach $700 billion.

On the basis of present imports, the Ten would purchase from the outside world $70 billion worth of goods; assuming effective date of entry in 1973 and an annual average increase of 10 per cent, the enlarged Community could develop into an import market of the order of $130 billion in 1980. This represents the measure of the challenge and of the opportunity for Canadian exporters.

My colleagues and I at the Mission have reported in *Foreign Trade* over the past two years to emphasize the new and expanding trade opportunities in the Common Market, especially in the ever increasing sector of secondary manufactures. In 1970, Canada stepped up its exports to the Community by 41 per cent—a creditable showing—but in large measure the increase was in industrial raw materials. It is expected that the enlarged Community will continue to depend on Canadian raw materials and primary products, but one cannot overemphasize the expanding possibilities for secondary manufactures.

Madurodam Features Eskimo Art

The famous miniature city of Madurodam, in Holland, was the setting recently for an exhibition of Canadian Eskimo prints and carvings. It was opened on Canada Day, July 1, by Her Royal Highness, Princess Margriet of the Netherlands, who was born in Canada during the war. The Canadian Ambassador to Holland, Alfred J. Pick, also attended.

The exhibit, which ran for seven weeks, consisted of 127 carvings representing the major carvers and carving communities of the North and a selection of 50 prints from Cape Dorset, Baker Lake, and Holman Island. These were assembled by Canadian Arctic Producers of Ottawa, a wholesale marketing organization for Canadian Eskimo arts and crafts from the Northwest Territories, and were for eventual sale. Also included in the display were some prints and large sculptures from the collection of the Department of External Affairs.

Two Eskimo members of the staff of Canadian Arctic Producers came to the exhibition and following the opening presented to Princess Margriet a carving of a hawk done by Oshoowetuk of Cape Dorset from green serpentine. The picture shows (left) Mrs. Ovilu Goo, dressed in hand-crafted Eskimo parka and sealskin boots, and Ashoona Kilabuk, in similar costume, presenting the sculpture to the Princess.

The exhibition was organized largely on the initiative of the Director of Madurodam, which is a major tourist attraction in The Hague and draws great numbers of visitors every year.

EEC Sets Economic Goals

Objectives set in the 1965-70 economic plan were surpassed; goals for 1970-75 have been chosen to aid in the ongoing process of economic and monetary union.

These French schoolchildren, when they grow up, will be part of a Common Market that will have about 270 million people, and a gross Community product that will be close to $700 billion. They will see the flowering of the movement towards closer economic and monetary integration that had its beginnings this year, and also more industrial automation and greater productivity.

CARL C. PEDERSEN
First Secretary
Mission of Canada to the EEC

Since the Six have come together to form a customs union, their performance as a unit has significantly exceeded expectations. As far back as 1961, when OECD Ministers set a target of a 50 per cent increase in members' aggregated gross national product over the period 1960–70, virtually everyone believed this to be unrealistically ambitious. By the mid-1960's, however, the growth target already appeared very modest: the EEC attained a real rate of growth in GNP averaging over 5 per cent a year during 1960–70.

Even most of the projections made under the EEC's 1965–70 medium-term economic plan were surpassed. Witness the performance in the main economic indicators, as follows:

Gross Community Product—The projected GCP average annual growth rate was exceeded by all member states, ranging from 0.1 per cent for Luxembourg to 1.1 per cent for Germany. This was due largely to the gains in productivity per employed person that outpaced the medium-term forecast to reach an average 5 per cent annual increase.

Employment—Whereas the forecast for rapid growth in employment was not entirely realized, the Community's economy, while undergoing intense structural changes, was able to absorb the increase in the working population and generally maintain the relatively low forecast levels for unemployment.

Price levels—Prices rose much more rapidly than projected, reaching a level of increase in 1970 of 5.6 per cent, compared with 5 per cent for the Com-

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munity's main trading partners. An inflationary climate developed, with intensity varying with time and country.

Balance of payments—The favorable balance of payments for the Community was greater than predicted, reaching an annual average of 0.7 per cent of the GNP between 1966–70, compared with 0.04 per cent from 1961-65. In 1970 this balance was $2 billion. In this context, it should be mentioned that the volume of trade among member states during the 1960's more than trebled, representing approximately 50 per cent of their total trade, and, at the same time, the Community's commerce with the rest of the world more than doubled. Its external trade today represents approximately one fifth of world trade and makes it the world's principal buyer and seller. Intra-EEC imports, which in 1960 represented only 35 per cent of total EEC import trade, now total almost 50 per cent and account for 42 per cent of agricultural and food imports, 22 per cent of raw material and fuel imports, and 65 per cent of imports of finished products.

To assist in the process of economic and monetary union (see article on page 11) the Commission's medium-term economic program for 1970–75 was adopted by the Council. The main objective of the program is to establish the guidelines and provide the framework for the formulation of individual economic policies of member states. It is designed to provide criteria against which individual projections and performance can be co-ordinated: in the main, these refer to employment, prices and balance of payments. The program also assumes a state of relative stability in the world economy and the steady progress of the Community toward economic and monetary union, particularly in economic and budgetary policy. On this basis, a continuation of the Community's strong performance is predicted for 1970–75, as follows:

Gross Community Product (GCP)—The Community's GCP, $175 billion in 1958, is expected to increase at an annual rate of 5.2 per cent in real terms for the period 1970–75, to reach approximately $550 billion. With the exception of Japan, whose rate of growth is expected to be 10 per cent, the Community projection compares favorably with that of Canada (5.5), the United States (4) and EFTA (3.5). Realization of this growth, however, is dependent largely upon rising productivity and, to a lesser extent, on expansion of productive capacity. Productivity gains are everywhere expected to be substantial, with output per employed person increasing by 4.5 per cent a year (1970–75); this is lower than the 5 per cent annual average of the 1960's. For the 1970's, indications are that shifts in employment between agriculture, industry and services will be less important than in the immediate past.

Employment—A modest expansion in total employment at an annual rate of 0.5 per cent is expected over the next five years. This reflects levels ranging from virtual full employment in Luxembourg to a 3 per cent unemployment rate in Italy. The movement off the land will continue, partly because demand for farm products will still be rising more slowly than supply, and also because of the Community program to accelerate withdrawal of surplus manpower to strengthen EEC agriculture.

The services sector will see a large increase in employment. In industry, progressive automation and computerization are expected to reduce the role of unskilled workers and many skilled craftsmen. Productivity gains are certain to be used in part to make available more leisure time. This in turn will generate a need for more service activities.

Price levels—The average annual increase in price levels during 1970–75 is expected to range between 2.5 and 3 per cent, slightly lower than the annual average of 3.1 per cent for 1960–69. The Commission is urging member states to maintain price increases within the 2.5 to 3 per cent range so that the Community will be a zone of stability and growth and have a moderating influence on international prices. The rise of the general price level among the EEC's principal trading partners (the United States, EFTA, Japan and Canada) is expected to moderate from 5 per cent a year (1968–70) to approximately 3 per cent annually during 1971–75.

Balance of payments on current account—The balance of payments on current account for 1975 is expected to show a $2.39 billion surplus—0.4 per cent of the GCP. Assuming no running down or building up of reserves, an equivalent amount would be available for capital transfer to other countries. In this context, it is worth noting that the member states of the EEC now make available more than 1 per cent of their combined GNP to the developing world.

The Commission has called for the maintenance of this level as a minimum during the 1970–75 period. This would represent approximately $7 billion in 1975 and $30 billion over the period 1971–75.

Foreign trade—The Community has increased its share of global imports from 22.6 per cent in 1958 to 29.7 per cent in 1969. The average annual rate of growth for Community imports over the period 1970–75 is expected to be approximately 7 per cent (not counting intra-Community imports, which will rise at a rate of 12 to 13 per cent during this period), compared with 6 per cent for EFTA, 7 for the United States, 7.5 for Canada and 12 per cent for Japan. As a percentage of the GCP, imports are expected to increase from 22.7 in 1969 to 24.1 in 1975.

The Community's share of world exports has also grown considerably—from 23.8 per cent in 1958 to 31.3 per cent in 1969. During the period 1970–75, exports of goods are expected to rise by 6.8 per cent a year in the Community; this does not include intra-Community trade. This supposes that there will not be a dramatic change in the evolution of prices between 1970 and 1975.

The chances of realizing the foregoing medium-term projections will be greatest if the external rate of inflation is held to around 3 per cent. The persistent risks of world inflation, however, and the influence of United States monetary policy on the Community (notably the Euro dollar market) makes apparent the EEC's vulnerability and the uncertainty of its achieving its objectives without a common strategy and the instruments to implement it. This dictated the need for agreement to move towards an economic and monetary union, with appropriate institutions.

Moves towards Economic and Monetary Union

A ten-year program was adopted last January for realizing economic and monetary union. As this article explains, it could have a great impact on the development of international trade and payments systems.

G. F. MINTENKO, Counsellor, Mission of Canada to the EEC

In February of this year, the Council of Ministers (that is, the highest decision-making body) of the European Communities decided to embark upon economic and monetary union, thus giving a new dimension to the solidarity and cohesion of the EEC.

The decision took the form of a "resolution" and three related "decisions." The resolution sketches in broad terms the situation to be realized by the end of a ten-year period, and describes in more detail the steps to be taken during the initial three-year phase.

More specifically, "the Council and representatives of the governments of the member states expressed the political will" to put economic and monetary union in place during the decade beginning January 1, 1971. By the end of that period, the Community:

1. Will provide for internal free movement of persons, goods, capital and services.

2. Will possess a distinct personality on the international monetary scene, with complete and irreversible convertibility among its currencies, elimination of exchange fluctuation margins, permanently fixed exchange rates, and a common organization of central banks.

Like all banks within the EEC, the Sparkasse (Savings Bank) in the center of this picture of a downtown street in Duesseldorf will be affected by the coming of closer monetary integration. A Council of Ministers from member states will issue directives about economic and banking policies.

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3. Will have the necessary competence in the economic and monetary field to ensure the effective management of the union by the Community institutions. To this end, economic policy decisions will be taken at the Community level and necessary powers given to Community institutions.

4. Will determine the division of powers and responsibilities between Community institutions and member states by considering what is necessary for the union's cohesion and the effectiveness of Community action.

5. Will have Community institutions in a position to discharge their responsibilities swiftly and effectively.

6. Will be in a situation where Community policies applied in the context of economic and monetary union are subject to European Parliament discussion and control.

7. Will have a Community organization of central banks taking account in its activities of Community objectives of growth and stability.

These principles will be applied in the following areas:

a. monetary and credit policies

b. monetary policy in relation to the outside world

c. policy toward unifying capital markets and toward capital flows between the Community and the outside world

d. budgetary and fiscal policy, with determination at Community level of the essential elements of budgetary policy, notably changes in budget size, size and direction of balances, and their method of financing (deficits) and applications (surpluses)

e. structural and regional actions which will be determined in the framework of Community policy with a view to contributing to balanced Community development.

As progress toward the final objective is realized, Community instruments will be created to complement or take over from national instruments. The development of a monetary Community should be based ideally on parallel progress in reconciling and eventually unifying economic policies.

During the first three-year phase, starting retroactively January 1, 1971:

1. The Council will take steps to bring about closer co-ordination of short-term economic policies through generalized and obligatory prior consultations. The Council is called upon to establish, on the basis of Commission proposals, the main lines of Community economic policy and the quantitative orientation of the main elements of public budgets. The Council should also co-ordinate national timetables for the budget-making process.

2. The Council, again acting on Commission proposals, will also rule on the following:

a. Community rules establishing a uniform base for the value-added tax

b. harmonization of the base and method of application of excise taxes

c. harmonization of taxes on dividends and interest

d. further harmonization of the structure of corporation income taxes

e. provision for individuals to cross intra-Community frontiers without customs checks

f. Council will address itself to proposals of the Commission for uniform rate structures for value added and excise taxes.

3. The Council will issue directives enabling securities to be issued in Community capital markets freely and eliminating all discrimination against securities or issues of residents of all member states.

4. Council will take measures necessary to treat priority problems in structural and regional fields to reduce the risk that these problems will compromise the achievement of economic and monetary union.

5. In relation to monetary and credit policies, intensified obligatory and prior consultations will take place in the Community's Monetary Committee and Committee of Governors of Central Banks. The central banks are invited to co-ordinate their policies, taking account of the principal orientations of general economic policy as defined by Council.

6. The Community should progressively adopt a common position in monetary relations with other countries and international organizations. It should not accept any broadening of fluctuation margins as between the currencies of member states.

7. The Governors of Central Banks are invited to establish, from the beginning of the first phase and on an experimental basis, narrower fluctuation margins between the currencies of member states than those applying in relation to the United States dollar. This narrowing could subsequently be made formal and could be repeated by taking further steps in the same direction. The Committee of Central Bankers is to report twice a year to Council and the Commission on the functioning of its concerted action, and on further measures which seem feasible.

8. The Monetary Committee and Committee of Governors of Central Banks are to prepare by June 30, 1972, a report on the organization, functioning, and statutes of a European Fund for Monetary Co-operation to be incorporated eventually into the Community organization of central banks. The fund could be established during the first phase.

9. To ensure parallelism between, on the one hand, the move to monetary union and on the other, progressive unification of economic policies, the measures set out under sub-paragraphs 7 and 8 above, plus the mechanism for medium-term financial aid, apply only until December 31, 1975. If, however, there is agreement on moving to the second phase, these measures would remain in effect. (This is the so-called "prudence clause" insisted upon by some member states, which could, at least theoretically, undo the monetary union if member states were not satisfied that there had been adequate accompanying harmonization of economic and fiscal policies.)

Reflecting the insistence of some member states that there should be no automatic acceptance of the need for changes in the Rome Treaty, the Council resolved that, before the end of the first phase, it will take measures leading, after passage into the second phase, to the complete realization of economic and monetary union either under existing provisions of the Treaty, or by adding to the provisions of Treaty, or by amending the Treaty.

The Council also made three decisions to complement its resolution on monetary union. The first creates a mechanism for medium-term financial aid. It will operate from January 1, 1972, for four years in the first instance. It will provide two- to five-year credits to member states experiencing or anticipating serious balance-of-payments difficulties. Borrowing countries will have to subscribe to such economic policy commitments as are determined at Community level. Each member state may be called upon to contribute to the fund up to the following level: Germany $600 million, France $600 million, Italy $400 million, Netherlands $200 million, and BLEU $200 million.

The second decision provides for reinforced co-operation between central banks in the application of monetary and credit policies. Guidelines designed for each bank will be drawn up by the Committee of Governors.

The third decision provides for three meetings of the Council of Ministers per year to examine the economic situation and to adopt guidelines for short-term economic policies to be followed by the Community and each member state. At the second meeting each year, Council will produce quantitative guidelines for the budgets of member states for the coming year.

There are, of course, critics who contend that this program cannot be achieved in ten years. In fact, the move toward monetary and economic union was given a bit of a jolt by the international monetary disturbances of last May. The planned reduction in the allowable exchange rate fluctuation margins between currencies of the Community, which was to take place on June 15, had to be postponed in view of the floating deutschmark and Dutch guilder. On the other hand, on that same date, June 15, the Council of Ministers did consider and approve Commission proposals for the quantitative guidelines for the budgets of the member states for 1972.

The increasing possibility (at this writing) that the Six will be joined by four new members—Britain, Denmark, Ireland and Norway—adds a new element to the perspectives for monetary union. Vice-President Raymond Barre of the Commission (who is responsible for economic and financial policy questions), speaking before a German audience in June, said that: "There is reason to think that in an enlarged Community, the concept of economic and monetary union will have to be adjusted, its methods will have to be reconsidered, and the calendar for its realization will have to be revised."

Whether the time-table will have to be stretched out or not, the program has been embarked upon and will be worth following closely, because it could have considerable impact on the development of international trade and payments systems.

West Germans Study Container Board Supply

West Germany has become the largest and fastest-growing market for containerboard in Europe—and Canada has plants turning it out and looking for new customers. To bring potential buyers and sellers together, the Department of Industry, Trade and Commerce organized a trade mission that visited Canada from June 5 to 14. It proved to be a successful venture, and one that should bring results.

Five of the mission members came from companies holding a significant proportion of the West German market for corrugated containers. Two others represented associations in this field—the Central Organization of the Paper, Board and Plastics Packaging Industry in Frankfurt, and the German Association of Corrugated Board Manufacturers. (The latter delegate was able to advise one of the officers of the newly formed Canadian Association of Corrugated Container Manufacturers.) Three officers of the Department also accompanied the mission: Helmut Schroeter of the Fairs and Missions Branch, G. J. Derouin of the Wood Products Branch, and Erich Schulz, from the Hamburg office.

On their arrival in Montreal, the Mission members did some sightseeing and then held discussions with officers of the Canadian Pulp and Paper Association and officials of pulp and paper companies. They then toured Domtar's research center in Senneville and the Pulp and Paper Research Institute in Pointe Claire. They also visited two typical plants making corrugated containers, Standard Paper Box Ltd., and Consolidated-Bathurst Packaging Limited. On the last day in Montreal, the mission members were received by representatives of the Quebec Government.

Then came a flight to New Brunswick and an inspection of two plants there, Ste. Anne-Nackawic Pulp and Paper Co. Ltd. at Nackawic, and Fundy Forest Industries at St. George. The party then were thc guests of the New Brunswick Government at Loon Bay Lodge, St. Stephen, where all of them got in some fishing.

The final day was spent in Ottawa in discussions with Departmental officials and as guests at a reception given by the Department.

Before they departed for home, the mission members recommended that a group of 15 junior executives from container-making companies in Germany visit Canada in a year or two at their own expense to see how linerboard and corrugating medium are made and assess how they could use Canadian produced linerboard in their industries. They would also study how corrugated containers are used in the Canadian market, including shipments made to modern supermarkets. But long before that, the mission organizers hope, the success of this current mission will be reflected in new business for Canadian containerboard plants.

Adopts a Common Fisheries Policy

This policy, effective February 1, 1971, and outlined below, may have to be recast if Britain, Ireland, Norway and Denmark enter the Common Market.

V. F. WIGHTMAN, First Secretary (Agriculture), Mission of Canada to the EEC

In the Rome Treaty, fisheries is included with agriculture as the sector in which, for various social and structural reasons, markets could not be opened up by tariff dismantlement (as they were for industrial products). But a common marketing policy was required to stabilize markets and ensure adequate returns to producers.

The fishing industry in the EEC is marked by considerable diversity and this made a common policy for all six members difficult to negotiate. For example, the average weight of the motorized fishing vessels in Germany is 95.3 tons, whereas in Italy it is only 10.8, and about 62 per cent of Italian vessels are non-motorized inshore boats with an average weight of 1.3 tons. In no member state is fishing an important segment of the economy but, as elsewhere, it presents regional and social problems. It therefore took the Commission several years to produce a proposed marketing structure which could meet these varying requirements and two more for member states to reach agreement.

Consideration of a policy for fisheries came late in the day, after the Common Agricultural Policy was in place. Fisheries was one element in "achévement," or completion of the terms of the Rome Treaty, which with "approfondissement" (reinforcement) was part of the internal EEC package which led to the opening of the membership negotiations with Britain and the other candidate countries. Late in June last year the Council of Ministers for agriculture hammered out a resolution covering the main lines of a common fisheries policy. The implementing texts were approved last October and took effect on February 1, 1971.

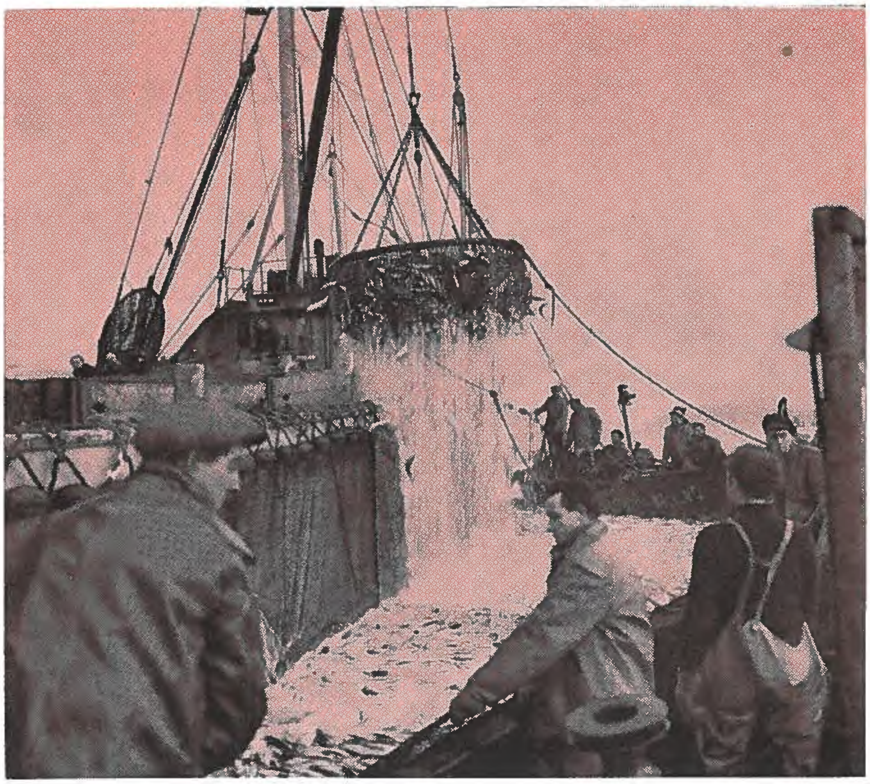
Production Framework—The policy has two inter-related aspects: first, the industrial structure providing the production framework and, second, the internal market organization and trade with outside countries. Under the structures section, member states will endeavor to bring into line their aids to industry so as not to falsify competition. The most difficult aspects of the negotiations concerned the basic principles of freedom to land fish at any Community port and access to territorial waters of all member states. On the latter point, a compromise was reached. This permitted derogations from these principles whereby territorial waters up to three miles offshore may be kept for the exclusive use of the local fishing population when it depends heavily on inshore fisheries, but only for five years. So far, however, no member state has applied for this derogation. Access to territorial waters, considered the equivalent of freedom of establishment in other sectors, has been one of the contentious issues in the enlargement negotiations because of the important fisheries interests in the applicant countries.

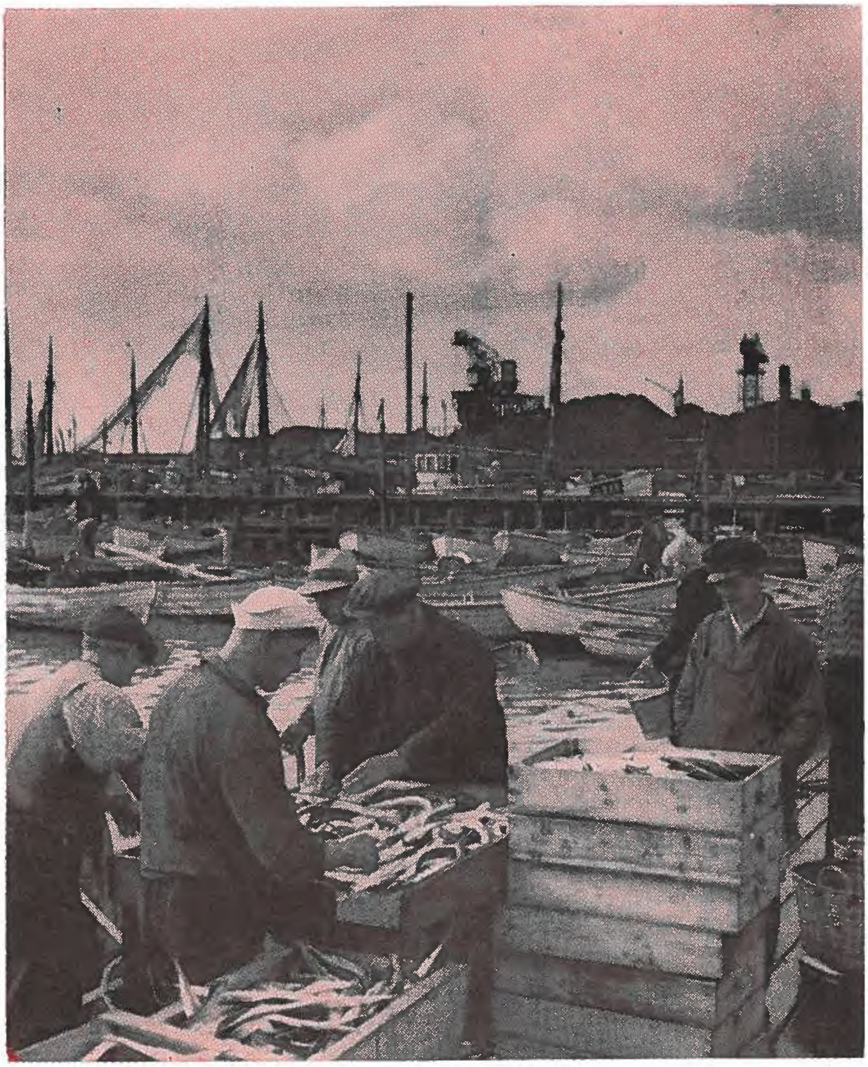
Market Organization—The market organization for the EEC fisheries policy is inspired largely by the agricultural regulations, with target prices set annually by the Council of Ministers, withdrawal of supplies to support the market, common financing of support operations, and certain minimum import prices. For certain species of ocean fish important to fishermen's earnings, the Council sets target or guide prices, at which level producers' groups may withhold the product from the market. The surplus can either be processed for human consumption or turned into meal, with losses partly reimbursed by the FEOGA, the agricultural guarantee fund. There is also the possibility of assistance for the private storage of certain frozen items and of deficiency payments for EEC tuna fishermen if their returns are adversely affected by imports of foreign tuna for canning.

The internal market is protected essentially by the Common External Tariff, but there are minimum import prices for the products with price support. If these prices are not respected, the import licences could be suspended, but otherwise licences will be issued freely without quantitative limit. Remaining import controls in member states were withdrawn with the implementation of the common fisheries policy. Certain aspects of this import regime have yet to be discussed with the chief supplying countries where there are tariff bindings, and for certain sensitive items such as frozen trout and carp, and canned sardines and tuna. Export subsidies are available to move surpluses into export, but none has yet been set because there are no surpluses at present in the EEC.

EEC fisheries production amounts to a little over two millions tons a year. Most of this is eaten as fresh fish. The Community now has to import about half a million tons, but this position will change radically if the EEC is expanded to include the four applicant countries: Britain, Denmark, Ireland and Norway. Norway alone lands more fish than the present EEC, although some three quarters of the catch is processed into meal and oil. With enlargement, the EEC would become a net exporter, and the current common fisheries policy might have to be recast, although it is too early to discern its final shape.

Canadian Interests—Canadian exports of fisheries products to EEC countries have gained steadily in recent years, partly because of the growing demand for such luxury items as salmon, lobster and other relatively expensive items, and partly because of disappointing catches in the northeast Atlantic. Salmon remains the star performer, accounting, in both frozen and canned forms, for three quarters of the value of fisheries exports in 1970. Out of total shipments amounting to $16.7 million, salmon accounted for $11.6 million. For those products of principal interest to Canada, the EEC import regime provides tariff treatment only; a minimum import price would apply to certain frozen ocean fish that Canada has shipped in small quantities but, with the high prices currently prevailing for quality products, this is likely to remain inoperative.





(Above) Norway's negotiations to enter the Common Market are closely concerned with the Common Fisheries Policy and its effect on these fishermen pulling in a herring net on the Norwegian west coast. If Community fishermen are to have access to Norwegian fishing grounds, the Norwegians fear that their catch will be reduced. Today, fish products account for some 10 per cent of the country's export earnings. Competition from foreign factory ships would be of special concern.

(Left) These Danish fishermen are packing garfish and mackerel at the South Harbor in Copenhagen. Denmark's anxiety about fisheries policies in an enlarged EEC are centered chiefly around the fishermen in Greenland and the Faroe Islands, part of her territory, where fishing is the main source of income for nearly all the inhabitants. Some 80,000 people live in these two areas.

eec Restructures Agriculture

Five million people are to be moved out of agriculture in the 1970's; farm units are to be enlarged and improved. Commission proposes 2 to 3 per cent rise in prices for 1972-73.

V. F. WIGHTMAN
First Secretary (Agriculture)
Mission of Canada to the EEC

By mid-1970, the Common Agricultural Policy (CAP) was just about complete, save for certain residual items, and EEC agriculture had been meshed into a joint marketing structure with common prices, common marketing rules (including trade with outside countries), and joint financing of support operations. In the succeeding twelve months, the main interest has been directed to two main issues: first, an agricultural adjustment program to strengthen the base of Community agriculture and second, what to do with agricultural prices in an inflationary economy.

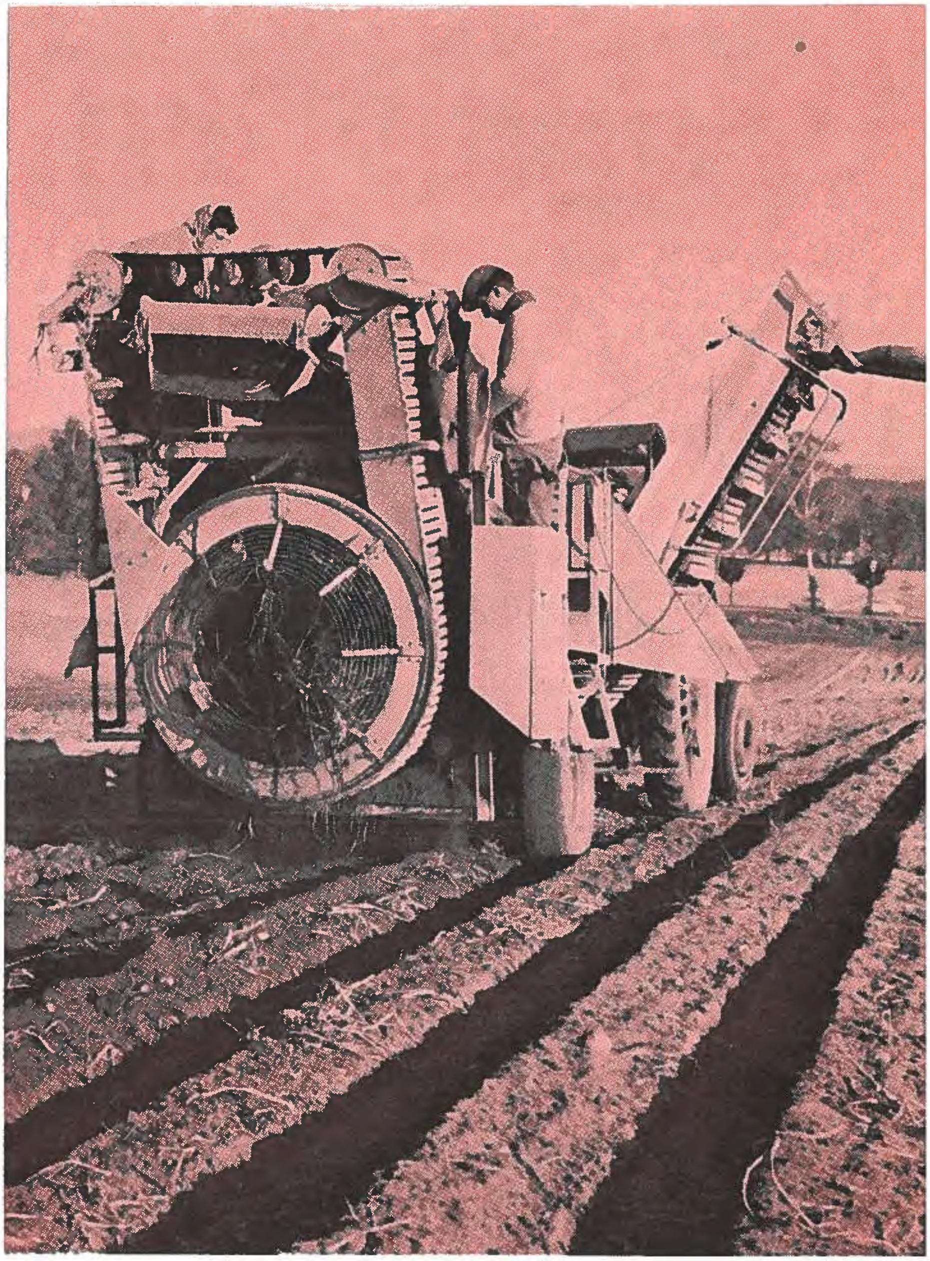
From the initial development of the CAP, Vice-President S. L. Mansholt, who is responsible for agriculture in the Commission, has always stressed that agriculture was essentially a social problem and that action on marketing and income support was not adequate. Hence the Community was in need of restructuring its agricultural base. The dimensions of the problem emerge from a statement by Mr. Mansholt to the European Parliament in February in which he pointed out that only some 10 per cent of the 4.8 million farms in the EEC come up to modern standards of management and economic efficiency, and 2.5 million are run by farmers over 55 years of age. Some 75 per cent of the latter group have no potential successor. These figures indicate that EEC agriculture stands at a crossroads, and the Community has now adopted measures to guide and assist it toward rapid modernization, with larger units able to take advantage of advances in technology. The problem is rendered all the more urgent with the prospect of enlargement to ten member states and consequent competition from Denmark and Britain, which possess larger and generally more efficient farms.

This is one of the many small farms in West Germany which, like small holdings in other EEC countries, may be affected by the agricultural adjustment program, which aims at enlarging the size of farm units in general.

The Mansholt Plan, issued in December 1968, set out the broad lines of a far-reaching program to assist in moving five million people out of agriculture in the 1970's, to enlarge and modernize potentially viable farms, to offer technical training to farmers and retrain those moving out of agriculture, and to remove marginal land from production. This initial study led, as intended, to considerable controversy. A campaign was begun to convince the farming community of the need for a radical change, and the public in general of the need for investment in an agricultural adjustment program. Eighteen months later, the Commission submitted to the Council of Ministers a series of proposed directives, and these were adopted in principle at a marathon session in late March. Although the measures have yet to be implemented on an EEC-wide basis, the six member states are now committed to a jointly financed adjustment program which could bring profound changes over the next decade.

This agricultural adjustment program contains the following points:

1. Assistance to leave agriculture—An early retirement indemnity will be available to farmers who leave farming and cede their land for the purpose of enlarging other farms or for non-agricultural pursuits. The indemnity may be based upon the extent of land freed or it may be an annual income supplement of $600 for farmers and farm help 55 to 65 years of age, or it



With larger units will come greater use of machinery, more modern than this potato harvester at work on a German farm. Surplus manpower now engaged in agriculture will receive training for new vocations and financial help.

may be a combination of both. Younger farmers who want to leave agriculture will receive vocational training and income assistance during such training, and children of low-income farmers will receive scholarships.

2. Farm improvement measures—The land freed by the departure of surplus manpower from agriculture will be used to enlarge potentially viable farms. State aid will be available to farmers with sufficient professional training and with an approved development plan that could be realized within six years. The aim of the farm improvement program is to ensure an income comparable with that of non-farm employment in the given region. Assistance will take the form of land freed under the foregoing program, reduced interest rates for the needed capital investment, and guarantees for loans. In certain areas, member states may consider an income supplement on a temporary basis during the period of the modernization plan.

3. Information and training services—This will take the form of assistance to farmers to decide whether or not to remain in agriculture, together with vocational guidance, and professional training in agriculture and farm bookkeeping.

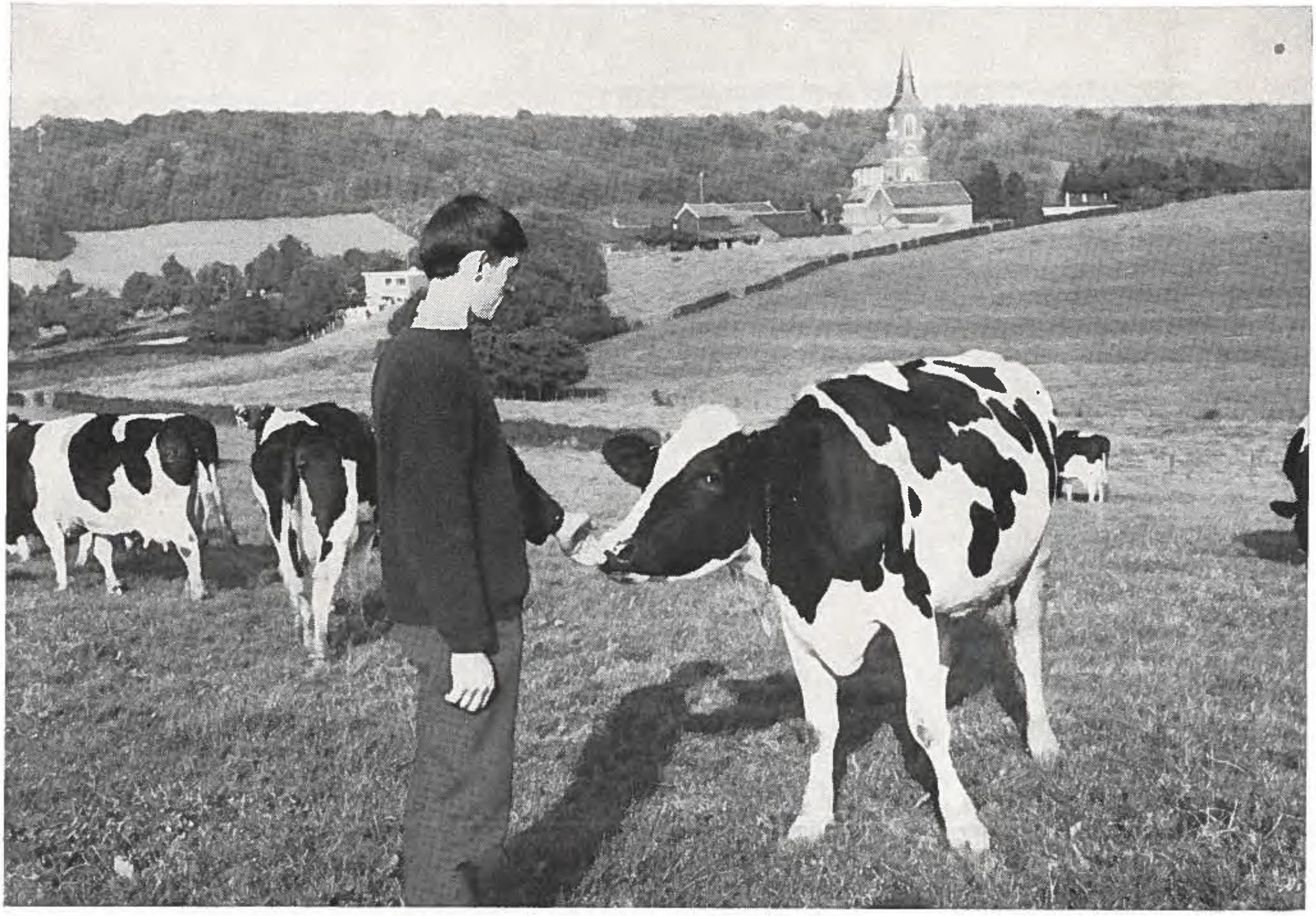
4. Improved marketing systems—Aid to producers' marketing groups include a grant to begin operations, reduced interest rates on loans, and guarantees for loans contracted.

Member states will administer these programs and receive 25 per cent reimbursement of their costs from the FEOGA (the EEC Farm Improvement Fund).

The Council will re-examine this comprehensive program after four years. In the meantime, there will be no immediate increase in the current annual allocation of $285 million for farm improvements, plus an uncommitted reserve of $330 million. However, costs will be cumulative for the early retirement plans, and FEOGA's outlay could rise to a billion dollars a year within five years.

The Council agreed that this rural adjustment program, with dislocation of manpower, should be based on greater integration among member states in economic, monetary and social welfare policies. In particular, regional development plans will be needed to provide employment in areas with surplus farm labor.

The Commission has put forward some preliminary ideas for a Community regional policy. It is estimated that some 600,000 persons now in agriculture can be expected to leave the land over the next five years. Half this number would remain in primarily agricultural areas, which will then require investment to create jobs. The Commission proposes assistance in two ways: payment of $1,500 per job created for farm families in industry or services, to be financed by the Agricultural Guarantee Fund (this is expected to amount to $250 million



Canadians are already contributing toward the greater efficiency of Community agriculture by supplying veal calves to a firm in the Netherlands. The first sample shipment consisted of 50 calves but the intention is to begin large-scale imports from Canada shortly. The Dutch firm has signed a contract with Co-operative Agricole of Granby, Quebec.

over five years), and interest rebates of three points on loans for a period of 12 years to finance productive investment projects and infrastructure. This is also expected to cost some $250 million during the first five years and this will be paid from the European Interest Rebate Fund.

Under the marketing regulations governing each agricultural product sector, prices must be set yearly by the Council of Ministers. This normally involves many difficult and contentious sessions before agreement is reached among the varying national interests. Because of these difficulties and also because of surpluses in certain sectors, prices remained unchanged for several years and, in fact, some have not been altered from the introduction of the regulations in the period 1967-78 up to the new crop year beginning August 1, 1971. In the meantime, the real value of these prices has been reduced by inflation, which has been running at an annual rate of 4 to 5 per cent, or even higher in recent years. Pressure has therefore built up in farm circles for some improvement in prices, and the first move in this direction was taken by the Council in March.

Previously the Commission had withstood all moves for higher prices and in 1969 even advocated certain decreases to discourage surplus production. These surpluses were successfully worked off and farm income tended to stagnate while all other prices and costs rose. In the period 1969-71, for instance, the price index rose 12 per cent and industrial wages by 14 per cent; the cost of farm inputs, including labor, has increased, and farmers borrowing to modernize have faced high interest rates.

Against this background, the Commission produced certain price proposals in early February involving increases of 2 to 5 per cent for certain products important in farm income: wheat, barley, milk and beef. This proposal was tied in with the agricultural adjustment program on the basis that structural changes were more important than prices in the long-term improvement of farm income. A consensus could also be reached more readily in this two-pronged approach.

Ministers accepted this package at their marathon session March 22-25. The Council in certain instances upped the increases proposed by the Commission. At that time, Mr. Mansholt warned that no more general increases could be expected in anticipation of enlargement of the Common Market and the consequent upward adjustment in prices required of the new members to reach the EEC level. However, both inflation and farm pressure continued, and in its price proposals for 1972/73, released in June, the Commission has advocated across-the-board increases averaging 2 to 3 per cent. The fate of these proposals will not be known for several months.

BLEU

Market for Raw Materials...

...and center for an increasing number of foreign firms with an eye on trade with the EEC. It is Canada's fourth largest customer in Western Europe.

L. A. CAMPEAU, Commercial Counsellor, Brussels

On July 25, 1921, the treaty creating the Belgo-Luxembourg Economic Union was signed. It was ratified on March 6, 1922, and became operative that year. The Union was established for 50 years, either partner having the option to withdraw at least one year before the expiry of each ten-year period. The treaty is due to expire on March 6, 1972, but the two governments have already agreed to renew it. From the beginning, both countries have waived all customs barriers and formed a single territory for the purpose of customs duties, joint excise duties and joint measures governing foreign trade. BLEU is considered unique in the sphere of international economic relations.

This Canadian canned salmon on display in a Brussels store bears witness that this product holds a small but important place among our exports to BLEU.

BLEU's integration into the European Economic Community has been extremely advantageous. It has become active in foreign trade, with exports accounting for 40 per cent of the GNP. Nearly 70 per cent of its exports go to EEC members. On the whole, it enjoys a trade surplus with the EEC. To sell, it must buy, because its wealth derives from what can be added to the products it exports. The Union, particularly Belgium, maintains its reputation as a "pays transformateur".

The BLEU economy is one of the most prosperous in Europe but after a sharp upswing the year before, growth slowed in 1970 because of persisting sharp strains on the market and a vigorous upsurge of prices and costs. The manpower shortage continued, with a slight easing, but inflationary tendencies remained strong. Export demand during 1970 tended to slow down, particularly in iron and steel and textiles. There was also a slackening in domestic demand and in the growth of industrial production, except in building and construction, which expanded more rapidly than in 1969.

As we progress into 1971, credit is still tight and economic growth less rapid than in recent years, partly because of the slow growth throughout the EEC. The slowdown in expansion of industrial activity so far this year has been largely the result of a growing shortage of production capacity and skilled labor, plus a reduction in stock levels.

The introduction of the value-added tax (VAT) was postponed in Belgium until January 1, 1971. (It has been in force in Luxembourg since January 1970.) After four months of this system, consumer prices were up by 2.3 per cent, and in April this year were 3.7 per cent higher than in April last year. Deducting the direct fiscal incidence of VAT, estimated at 2 per cent, gives an ordinary rise in prices of less than 2 per cent over the period April 1970 to April 1971. This figure is one of the lowest for an industrialized country, and is the result of a firm policy on the part of the Government.

According to a survey by the National Bank of Belgium, 1970 was a record year for industrial investment, with gross investment expenditure 48 per cent higher in 1970 than in 1969. But the survey points out that the rate of investment seems to have declined in recent months. Belgium's investment incentives are recognized as among the best in Western Europe. Under the new economic expansion law and the so-called "progress contracts", investors who benefit from incentives may be asked to take the State as a minority partner in their Belgian ventures.

To benefit from the European Economic Community and to avoid customs barriers, a large number of foreign companies, principally from the United States, have chosen Belgium for their direct investments. From 1960 to 1968, direct United States investment reached 20 per cent of total industrial investment in the Union, and 50 per cent of the investment in new plants. Of these investments, 68 per cent was in Flanders, 23 per cent in Wallonia and 9 per cent in Brussels. The strong attraction of Flanders is explained by natural advantages such as the proximity of the sea, wide-open spaces, and cheap, plentiful labor. Belgium has welcomed more United States investment, in proportion to its size, than any other member of the EEC, with the result that the structure of the economy has been transformed.

During the recent European currency crisis, the Belgian Government decided not to float the franc on the official market but to tighten up its system of separating the market: inflows of capital on one side and payments for exports of goods and services on the other. Under the Belgian system there are two separate markets for foreign exchange: an official rate for ordinary trade transactions and a free rate for capital movements, both into and out of the country.

Foreign Trade—BLEU continues to occupy first place as an exporting community on a per capita basis. Its exports in 1970 rose by 15.2 per cent over the previous year and imports by close to 14 per cent, compared with 23.3 per cent and 10.8 per cent respectively in 1969. More than half of this percentage increase is attributed to price rises. Despite the smaller increases, BLEU had a trade surplus of $256 million, compared with $76 million in 1969. Exports were valued at U.S.$11.6 billion and imports at U.S.$11.4 billion, compared with U.S.$10.1 billion and U.S.$10 billion in 1969. This is only the third surplus since the end of World War II.

In 1970, trade with Common Market countries continued to increase, with a considerable growth in exports to West Germany, France and the Netherlands. Exports to Britain also went up sharply. BLEU's principal customers in 1970 were West Germany, France, the Netherlands, the United States, Italy, Britain, Switzerland, Sweden, Denmark, Congo (Kinshasa), Norway, Austria, South Africa and Canada. (Canada's share of BLEU's exports in 1970 was only 0.4 per cent.) Slight progress was recorded in exports to developing countries, but the industrialized countries continued to take the lion's share.

Of its imports, 83.6 per cent came from the industrialized countries and 14.7 per cent from developing countries. The Common Market supplied 58.9 per cent of its total imports. BLEU's main suppliers in 1970, in order of importance, were West Germany, France, the Netherlands, the United States, Britain, Sweden, Congo (Kinshasa) and Canada. Imports from Canada represented only 1.7 per cent of the total. More than 70 per cent of total imports were in the following sectors, with the percentage increase over 1969 shown in brackets: base metals (23.7), machinery and equipment (25.8), minerals (37.1), transportation equipment (14.7), textiles (3) and chemicals (13.7).

The decline in exports to the United States and Britain in 1970 meant that more went to EEC partner countries, which now account for 69 per cent of total exports compared with 64 per cent in 1968 and 45 per cent in 1958.

Trade with Canada—In past years BLEU's trade with Canada has remained fairly constant. The situation changed dramatically in 1970, when our exports to BLEU rose to $189.9 million, a rise of about 64 per cent (see table). During the first part of 1971, exports have remained relatively steady and prospects seem good. Our share of the market is now 1.7 per cent, instead of 1 per cent —still small considering the importance of the market.

One of the main reasons for the dramatic rise last year is that nickel, copper, iron and steel orders, that should have been delivered in 1969 but were delayed, were shipped during 1970. Other groups, however, such as chemicals, textiles, agricultural and fish products, did show an increase over previous years. Primary materials still account for more than 85 per cent of the total. BLEU now ranks fourth in Western Europe as a Canadian customer, after Britain, West Germany and the Netherlands, and seventh as a world customer.

CANADIAN TRADE WITH BLEU

	$ million Exports	Imports
1966	117.5	61.6
1967	100.8	64.6
1968	127.4	57.5
1969	116.2	60.9
1970	189.9	51.5

Outlook—The situation in 1971 is likely to continue buoyant, with prices continuing to rise. Imports should also continue to rise, though at a slightly slower rate, and exports should increase with the considerable new industrial capacity brought into operation. Stockpiling may make a big contribution—many firms depleted their stocks in 1970 in anticipation of the value-added tax.

Economic growth in BLEU may be slow, reflecting the slower rate in all EEC countries. It seems out of the question that Belgium could experience a recession on its own, because dependence on the other EEC partners is too great and Belgium is still a favorite with foreign investors. But if any other important EEC partner should experience a recession, then BLEU's economy may also be drawn in. The Government expects a real growth of 4 per cent in the GNP this year.

In the long term, BLEU's development will depend to a great extent on the course of world trade and conditions abroad, as well as on the new Five Year Plan for 1971-75 which estimates the growth rate of the GNP at between 4.3 and 4.8 per cent and productivity at 4.1 per cent for the next five years.

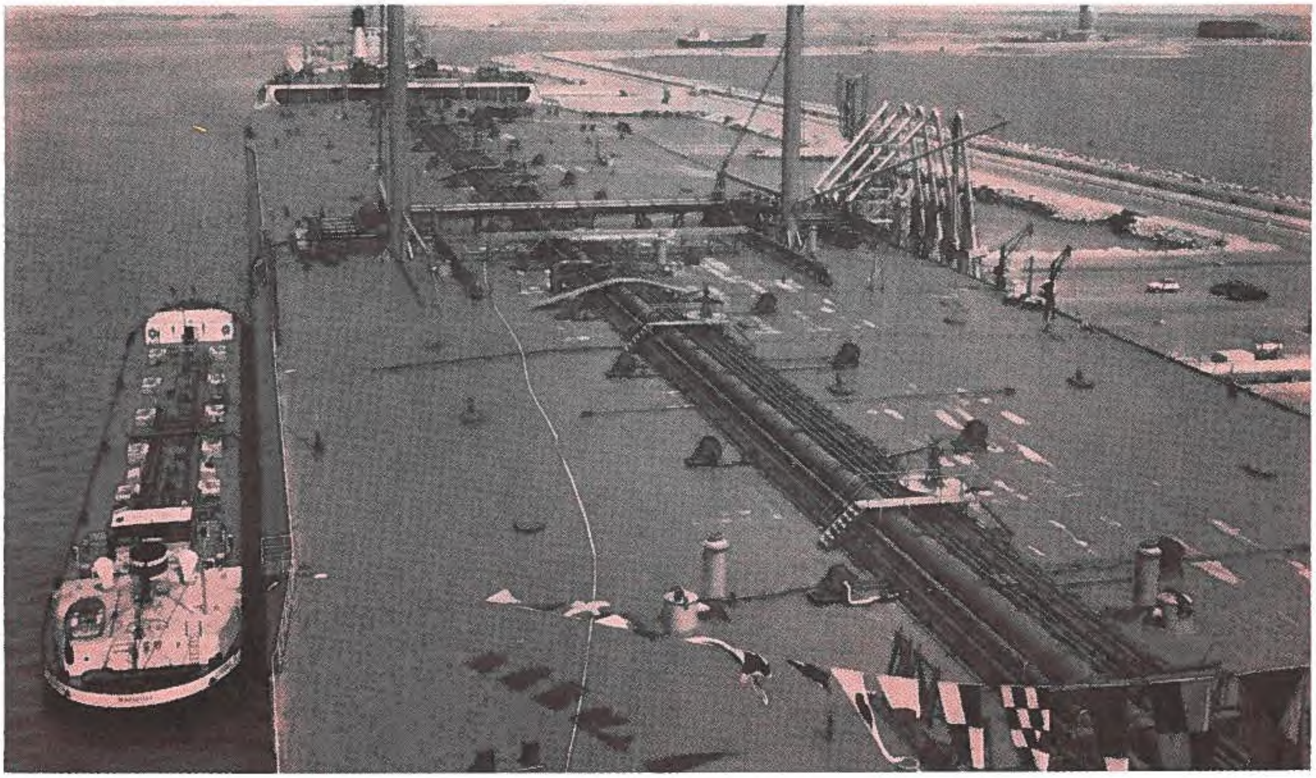
Correction

In a recently published "Market in Brief" on Ceylon, we regret that there were two errors. By the time that this report was published, in our issue of January 16, 1971, the Open General Licence system for imports had been discontinued. In addition, in the list of principal suppliers and markets, the references to China should have been to the People's Republic of China.

France
Stresses Balanced Growth

Stronger domestic demand and increased industrial investment should favor efforts to enlarge and diversify traditional range of Canadian exports to the French market.

CLAUDE T. CHARLAND, Minister-Counsellor (Commercial), Paris



France is beginning to build a huge port and industrial development at Fos-sur-Mer, on the Mediterranean coast near Marseilles. Already Fos is the only port in Europe that can accommodate fully loaded tankers of 250,000 tons; the one shown in the picture at a Fos dock is in the 260,000-ton class. Many of the plants to be built will be making petrochemical products.

The full impact of the stabilization measures introduced after the August 1969 devaluation of the franc was felt during the first half of 1970 and led to an early recovery of the French economy. Private consumption levelled off as the readjustment program took hold and a rapid rise in exports, helped by boom conditions in several foreign markets, contributed to a significant improvement in the balance of payments. Moreover, these quick and substantial results were achieved without the feared major slowdown in economic growth. Prices remained high, however, despite a reduction in demand and easier conditions in the labor market.

The latter part of 1970 saw a shift toward more expansionary policies as credit restrictions were relaxed and private consumption picked up. Monetary policies and exchange controls were also eased, and the budget provided for various tax cuts. As predicted, the abnormally high level of French imports in 1969 subsided considerably in 1970, with an over-all increase in real terms of about 6 per cent. As a result of developments in the import and export sectors, there was a marked improvement in France's current account position after two years of heavy deficits.

Prospects for 1971 are for a year of steady growth and an improved employment situation, sustained by stronger domestic demand. The increase in private consumption should replace the stimulus provided last year by the improvement in the balance of payments and, with the probability of a healthy

IMPORTS INTO FRANCE

FRANCE BUYS ABROAD

	U.S. $ million, c.i.f. 1965	1968	1969
Food and live animals	1,517	1,760	2,078
Beverages and tobacco	256	160	217
Crude materials, inedible, except fuels	1,570	1,608	1,910
Mineral fuels, lubricants and related materials	1,600	1,902	1,965
Animal and vegetable oils and fats	132	123	148
Chemicals	706	1,148	1,349
Manufactured goods classified chiefly by material	1,848	2,775	3,781
Machinery and transport equipment	2,068	3,322	4,214
Miscellaneous manufactured articles	637	1,120	1,552
Commodities and transactions not classified according to kind	2	7	7
Total Imports	**10,336**	**13,926**	**17,220**

Source: OECD Statistics of Foreign Trade.

. . . AND FROM CANADA

	$ million 1969	1970	% Change
Wheat and wheat flour	6.7	1.1	−83.6
Fish and fishery products	8.2	8.3	+1.2
Lumber and flooring	7.9	7.1	−9.9
Wood pulp	16.9	16.3	−3.3
Aluminum and products	2.5	6.1	+144.0
Copper and products	17.3	22.1	+27.4
Nickel and products	2.0	4.2	+110.0
Zinc and products	6.3	6.5	+3.2
Asbestos	11.2	12.0	+7.1
Molybdenum	6.9	9.1	+32.5
Iron ore and concentrates	11.4	21.5	+88.8
Aircraft	8.3	6.5	−21.7
Total listed commodities	105.6	120.8	+14.4
Total domestic exports	**133.5**	**157.2**	**+17.8**

Source: Statistics Canada

increase in investment, constitutes the main impetus for expansion. Under the circumstances and given the importance of inflationary risks, the achievement of a growth rate of about 6 per cent as envisaged under the Sixth Plan (1971-75) seems realistic and compatible with the potential of the economy.

After a period of relative stagnation, Canadian exports to France surged ahead from $84.4 million to $157.2 million between 1968 and 1970, a dramatic increase of 88 per cent. Last year our shipments rose by nearly 18 per cent and were almost twice as large as in 1967. Primary and semi-processed resource products, including non-ferrous metals, iron ore and concentrates, molybdenum, asbestos, fish and fishery products continued to be largely responsible for the advance. Efforts are being made, however, to broaden and diversify the range of our exports, with emphasis on manufactured products. Already some significant breakthroughs have been achieved, indicating that Canadian manufacturers could become increasingly active in France, where favorable market conditions are expected to continue for the next few years. The areas which offer high growth potential and which will carry the main burden of our marketing thrust in France are listed below.

Aerospace and Marine—The Canadian aerospace industry doubled its exports to France from 1968 to 1969, based largely on the sale of CL.215's to the Government, which now operates the largest fleet of these aircraft outside Canada. The sale of a flight simulator to a French airline was also completed last year. Active negotiations are taking place between the French and Canadian aerospace industries for the signing of subcontracting agreements. Participation in the recent Paris Air Show generated considerable interest in the Canadian STOL (short take-off and landing) airliner program and resulted in important sales of aircraft engines and navigation equipment. Equally significant was the recent decision of two of France's major shipowners to have 12 container ships built in Canada at a selling price of $100 million—the largest single transaction ever concluded between France and Canada. These ships will be built by Marine Industries Limited, Sorel, Quebec.

Agricultural, Fisheries and Food Products—A four-year program to introduce Canadian Holstein-Friesian dairy cattle successfully is progressing favorably and should result in considerable sales in France and in other parts of both Western and Eastern Europe. A substantial market has been developed for Canadian sea products, including lobsters, crabmeat and other shellfish, herring, mackerel and, lately, oyster seeds. A significant development last year was the decision of one of France's largest oilseed crushers to use Canadian rapeseed. A number of Canadian food products were also introduced for the first time and further possibilities should arise as the import of foodstuffs becomes easier.

Electrical and Electronics—The French market for electronic products, especially for data processing equipment, control systems, computer components and software, continues to remain active. Canadian manufacturers should be able to offer some technological advantage over competitors. The Paris office has identified a number of specific opportunities in this sector and would welcome inquiries. Canadian experience

Like factory workers everywhere, these Renault employees stream from the plant at the end of a day's shift, some wearing smiles that the day is over, others bearing the obvious marks of frustration from a hard day's work.

and capability in the field of communications will also be actively promoted as France modernizes and expands its communications network, for which huge sums have been allocated. But the competition will be keen here also.

Forest Products—The 114-unit housing project inaugurated last year at Igny, near Paris, has brought widespread acceptance of the Canadian timber-frame construction technique and stimulated keen interest on the part of builders in several European countries. Participation in the forthcoming Salon de la Construction et du Second Oeuvre—BATIMAT—next November should provide an excellent opportunity to expose French and European builders to Canadian building components and hardware. Structural and decorative lumber and plywood continue to be actively promoted.

Capital Goods—France's efforts to strengthen and expand its industrial capacity should contribute to a sustained demand for advanced capital equipment and high-technology items. The goal is to modernize plant and equipment in order to increase productivity and competitiveness in key segments of industry. Canadian exporters should be alert also to programs designed to cope with the problems of environment, pollution, urban congestion, transportation and housing shortages because a substantial input from outside sources will be required to formulate and implement these programs. Recent Canadian participation in Oceanexpo at Bordeaux focussed attention on Canadian expertise in the field of oceanography and attracted considerable attention.

Market research indicates that Canadian capability could be used in a number of sectors, opening up markets for products such as educational and advanced medical equipment; telecommunications; measuring, testing and control instruments; specialized machinery for packaging and food processing; machine tools; automation and audio-visual systems, and materials-handling and industrial processing equipment. Increasing emphasis on the need to develop and modernize French hotel and resort facilities should also provide excellent opportunities, particularly for labor-saving devices.

In conclusion, the strong Canadian export performance of the last two years is encouraging but should not obscure the fact that our share of the French market (U.S.$19.1 billion in 1970) is still barely more than 1 per cent and that France's position among leading importers of Canadian goods dropped from eighth to tenth last year.

It follows that Canadian exporters will have to be more venturesome and tackle selling in France with the same vigor and persistence that they demonstrate in other countries of the European Economic Community. In their efforts to penetrate this sophisticated and rich market, they can count on the advice and co-operation of the members of the Commercial Division at the Canadian Embassy in Paris. We can pinpoint specific export opportunities in pertinent sectors and recommend suitable contacts for direct sales, agency connections, or licensing agreements.

Show of the Month

Telecom 71, held at Geneva, Switzerland, June 17 to 27, was not the type of trade fair at which sales from the stands could be expected. Nevertheless, the 11 Canadian firms that exhibited under the auspices of the Department of Industry, Trade and Commerce did chalk up about $36,000 worth of on-site sales. Business that will come about as a direct result of participation is expected to total at least $2.5 million.

More than 70,000 visitors came to this 10-day trade fair organized by the International Telecommunications Union, a specialized agency of the United Nations. The fair, the first of its kind, was held during the World Administrative Radio Conference for Space Telecommunications and at the same place. It thus provided a common meeting ground between manufacturers of equipment and the hundreds of delegates from 110 countries who attended the conference. The exhibitors came from 18 countries, including Canada.

The 11 Canadian firms exhibiting under the auspices of the Department were:

Bell Canada, Montreal

Electrovert Manufacturing Co., Ltd., Montreal

General Precision Industries Limited, Montreal

Kameco Electronics Ltd., Montreal

Microsystems International Limited, Ottawa

Northern Electric Company Limited, Montreal

RCA Limited, Ste Anne de Bellevue

Sinclair Radio Laboratories, Maple, Ont.

Spilsbury & Tindall Ltd., Vancouver

TMC (Canada) Limited, Ottawa

Valeriote Electronics (Guelph) Ltd., Guelph, Ont.

(Right) Ready to introduce Canada Day to a closed-circuit television audience at Telecom 71 are, left to right, George Koutchougoura from Bell Canada and Louis Davies of Microsystems. In the background is George Ignatieff, Ambassador and Permanent Representative to the Office of the UN, Geneva, waiting to bring official greetings.

(Below) E. Balima, a delegate from the Ivory Coast to the ITU conference, gets some explanations of Northern Electric equipment and of the company's role in the communications field from Jay Bhatt. They were attending the first world telecommunications fair ever.

(Right) N. K. M. Mangoediprodjo, from Indonesia, another delegate to the ITU conference, gets some firsthand information about TMC (Canada) products from J. J. E. Nelischer. TMC has been diversifying into data communications and computer peripherals, and was showing, among other things, transmitters, receivers and multicouplers.

Foreign Trade Service Abroad

The arrow beside an office address or territory listing indicates that there has been a change since the directory was last published.

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*Businessmen are advised to send only letters to this address. To ensure prompt arrival of parcels of any kind, the sender should consult the Sao Paulo office first about the best method to use.

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Holland Consolidates Economic Gains

Canada's fifth largest market and second largest customer in the EEC group offers attractive opportunities for sales of manufactures, joint ventures and licensing arrangements. Last year our exports to Holland went up 50 per cent.

D. H. CHENEY, Commercial Counsellor, The Hague

This young lady is giving a final inspection to electric food mixers at the Philips factory for household appliances in Groningen. With substantial wage increases and a total work force of around 4.5 million, this sort of kitchen utensils should sell well, though domestic prices are rising sharply.

In 1969 Holland, with the rest of the European Economic Community, was enjoying an unprecedented economic boom. By mid-1970, however, there was growing concern that the economy had reached its peak. The final indicators bear this out. Although industrial production, labor productivity, disposable income, investment and consumer spending all rose considerably above 1969 in real terms, profits slipped in the face of mounting costs. Widespread unrest in a tight labor market forced substantial wage increases throughout much of Dutch industry and import prices rose faster than export prices.

Meanwhile, sales expectations had been raised so high and liquidity positions remained so good that investment spending rose by 12 per cent, despite sharp increases in the cost of new industrial fixed assets. Government measures to halt this trend proved largely ineffective, however, in the face of massive imports of capital from abroad. These capital imports, which reached $882 million in 1970, forced the Government to mop up large sums by borrowing in the capital market and finally to lower the Central Bank rate from 6 to 5 per cent in April of this year. At the same time, rumors of an impending revaluation of the deutschmark stimulated an incoming wave of speculative capital which, on May 11, forced the Government to abandon the fixed exchange rate and float the guilder alongside the deutschmark. This has resulted in an effective revaluation of the guilder by somewhat more than 3 per cent in terms of the Canadian dollar.

The 1970 balance of payments on current account (by transactions) showed a deficit of $512 million, following virtual balance in 1969. This largely resulted from a deficit in the trade account of $1.7 billion, following the substantial deterioration in the terms of trade, increased imports of capital goods, and heavy consumer demand. As Dutch production facilities were already running at capacity, much of the demand for goods was directed toward imports. However, the current account deficit was offset by a bigger surplus on invisible trade, particularly in transportation and travel receipts, and the extensive capital inflows generated a surplus of $735 million in the balance-of-payments account. At the end of 1970 the gold and foreign exchange reserves of the Central Bank had increased by $647 million.

Price controls instituted to contain inflationary pressures in 1969 held consumer price increases to a modest 4.4 per cent in 1970, compared with 6.9 per cent the previous year. However, late in the year continued upward pressures resulting from large wage increases throughout industry forced the Government to introduce new anti-inflationary measures which are now taking effect.

Forecast—Against this background, the Central Planning Bureau in its latest forecast for 1971 and beyond points to a further deterioration in the economic situation. The deficit in the balance of payments on current account is not expected to improve. Import prices will show a larger increase than anticipated and domestic prices will continued to rise steeply. The tight labor market will exert a critical influence on future economic developments.

Following the termination of the wage pause at the end of June, wages are expected to jump 6 per cent, bringing the total increase for the year beyond 12.5 per cent. The inevitable effect will be a further squeeze on profits and liquid resources. The 7 per cent expected increase in new industrial investment will be about half that of last year and only those projects that are firmly committed are likely to proceed. The combined effect of higher labor costs, import prices, rents and taxes will probably boost consumer prices beyond the earlier forecast of 6.5 per cent for 1971. Indeed the latest reports indicate that the price level increased by nearly 5 per cent for the first five months of 1971 alone.

The Netherlands in 1970

Population—13,119,567.

Labor force—4.54 million.

Gross national product—Cdn.$33.2 billion.

Industrial production—up 8 per cent.

Housing starts—127,302 (121,228 in 1969).

Housing completions—117,284, down 4.8 per cent.

Money in circulation—Cdn.$7.6 billion, compared with Cdn.$6.8 billion in 1969.

Capital imports—$882 million.

Gold and foreign exchange reserves—Cdn. $2.5 billion.

Number of automobiles—2.6 million, one for every five people.

Passengers handled at Schiphol airport—5.2 million.

Freight traffic at Schiphol—385 million pounds.

Cargo handled in Dutch ports—238 million tons (310,000 containers).

Balance of payments—deficit of $1.7 billion.

Construction—Though housing construction was disappointing, the industry generally had a good year. Total value of new construction was up 11 per cent over 1969 at Cdn. $2.8 billion. The number of new dwellings completed was down 4.8 per cent to 117,284, valued at $1.4 billion.

The value of new industrial building was $676 million, and of road construction and hydraulic engineering works $882 million. In Amsterdam, construction began on the first underground line, an 11.25 mile section that will form part of a planned four-line network to all parts of the city. Good progress was made with the tremendous delta project designed to protect southwestern Holland from flooding by the sea.

The continuing trend toward rationalization and increase of scale was apparent in Dutch business and industry throughout 1970. More than 450 mergers, take-overs and co-operative arrangements occurred, many of them international. Between 1945 and 1970, 677 subsidiaries of foreign industrial concerns were established in Holland and 352 enterprises were registered as participating in or co-operating with Dutch companies.

The Stadhuisplein, or City Hall Square, in Rotterdam offers a pleasant contrast between old Dutch architecture and the modern shopping mall seen on the right.

Foreign Trade—Dutch foreign trade attained a record $26.8 billion in 1970, an over-all increase of 20 per cent. Imports rose by 22 per cent to $14.3 billion and exports by 19 per cent to $12.5 billion, leaving a trade deficit of $1.7 billion. There was also a deterioration in the terms of trade as import prices increased by 7 per cent compared with only 4 per cent for exports.

Export growth was assisted by sharply higher sales of natural gas (up 47 per cent), crude oil and oil products (up 60 per cent), iron and steel (up 17 per cent), chemical products (up 17 per cent), machinery and equipment including electrical (up 15 per cent), metalware (up 18.5 per cent) and transport equipment (up 8 per cent). Exports of agricultural and horticultural products rose by 18 per cent and dairy products showed a particularly large increase of 36 per cent.

The other Western European countries continued to be the Netherlands' leading supplier and chief market. In 1970 Holland's Common Market partners supplied 56 per cent of its imports, valued at $14.3 billion, and took 62 per cent of its exports to a value of

$12.5 billion. West Germany, traditionally Holland's most important trading partner, supplied 27 per cent of total Dutch imports to a value of $3.9 billion and bought 32.6 per cent of Dutch exports valued at $4.1 billion.

Belgium/Luxembourg ranks second, with Holland's purchases from the BLEU in 1970 at $2.3 billion, or 16.9 per cent of total imports. Exports to BLEU totalled $1.8 billion, or 14 per cent of total Dutch exports.

France was in third place, supplying 7.5 per cent of Netherlands' imports to a value of $1.1 billion, and buying 10 per cent of Dutch exports to a value of $1.3 billion.

The United States, in fourth place, is the biggest single supplier of unprocessed farm products to the Netherlands, chiefly wheat and grain, feeds, tobacco and oilseeds. In 1970 United States sales to Holland amounted to $1.4 billion compared with purchases of $539 million. Next came Britain, Italy, Sweden and Switzerland, and Canada, in that order. However, as a supplier to the Dutch market Canada outranked Sweden last year as a result of a tremendous rise in our sales over 1969.

Table 1 provides additional details on the sources and destinations of Dutch imports and exports in 1970.

Canadian Sales—The year 1970 was a banner one for Canada's sales to the Netherlands. According to Canadian statistics, our shipments rose almost 50 per cent—from $185 million in 1969 to $277.2 million in 1970. Thus Holland retained its position as Canada's fifth market, after the United States, Britain, Japan and West Germany.

Canadian statistics, however, reflect the substantial volume of transshipment trade in grain, forest products and other bulk cargo going through the Dutch ports but destined for other European points. The official figure for imports from Canada for consumption in the Netherlands is $196 million, leaving a balance of $81 million in transshipment trade. Even on this basis, however, the growth in Canadian exports to Holland was an astounding 98 per cent over 1969 ($99 million). Dutch exports to Canada moved up only fractionally, from $78.7 to $78.9 million.

Table 2 reveals the product categories that accounted for the bulk of the expansion in Canada's exports to Holland last year. Although agricultural products and crude materials play a dominant role, the Dutch are becoming better aware of our potential as a supplier of more sophisticated manufactured products and sales of these are growing.

Our wheat sales have made a good recovery and should remain at a higher level as our new guaranteed protein grading system takes effect, on August

TABLE 1

NETHERLANDS FOREIGN TRADE IN 1970

	$ million* Imports	Per cent of total	Exports	Per cent of total
Total	**14,254**	**100.00**	**12,522**	**100.0**
Europe	10,088	70.8	10,286	82.1
EEC	7,964	55.9	7,917	62.0
West Germany	3,867	27.1	4,085	32.6
BLEU	2,307	16.9	1,747	14.0
France	1,071	7.5	1,249	10.0
Italy	619	4.3	678	5.4
EFTA	1,593	11.2	1,858	15.0
Britain	813	5.7	876	7.0
Sweden	320	2.2	312	2.5
Switzerland	175	1.2	244	1.9
Denmark	93	.6	178	1.4
Norway	87	.6	120	1.0
Austria	84	.6	79	.9
Portugal	22	.2	41	.3
Eastern Europe	228	1.6	227	1.8
North America	2,077	14.6	1,009	8.1
Canada	196	1.3	80	.6
United States	1,392	9.8	539	4.3
Asia	1,274	8.9	552	4.4
Japan	151	1.1	91	.7
Africa	763	5.4	414	3.3
Australia and Oceania	52	.4	103	.8

Source: Netherlands Central Bureau of Statistics

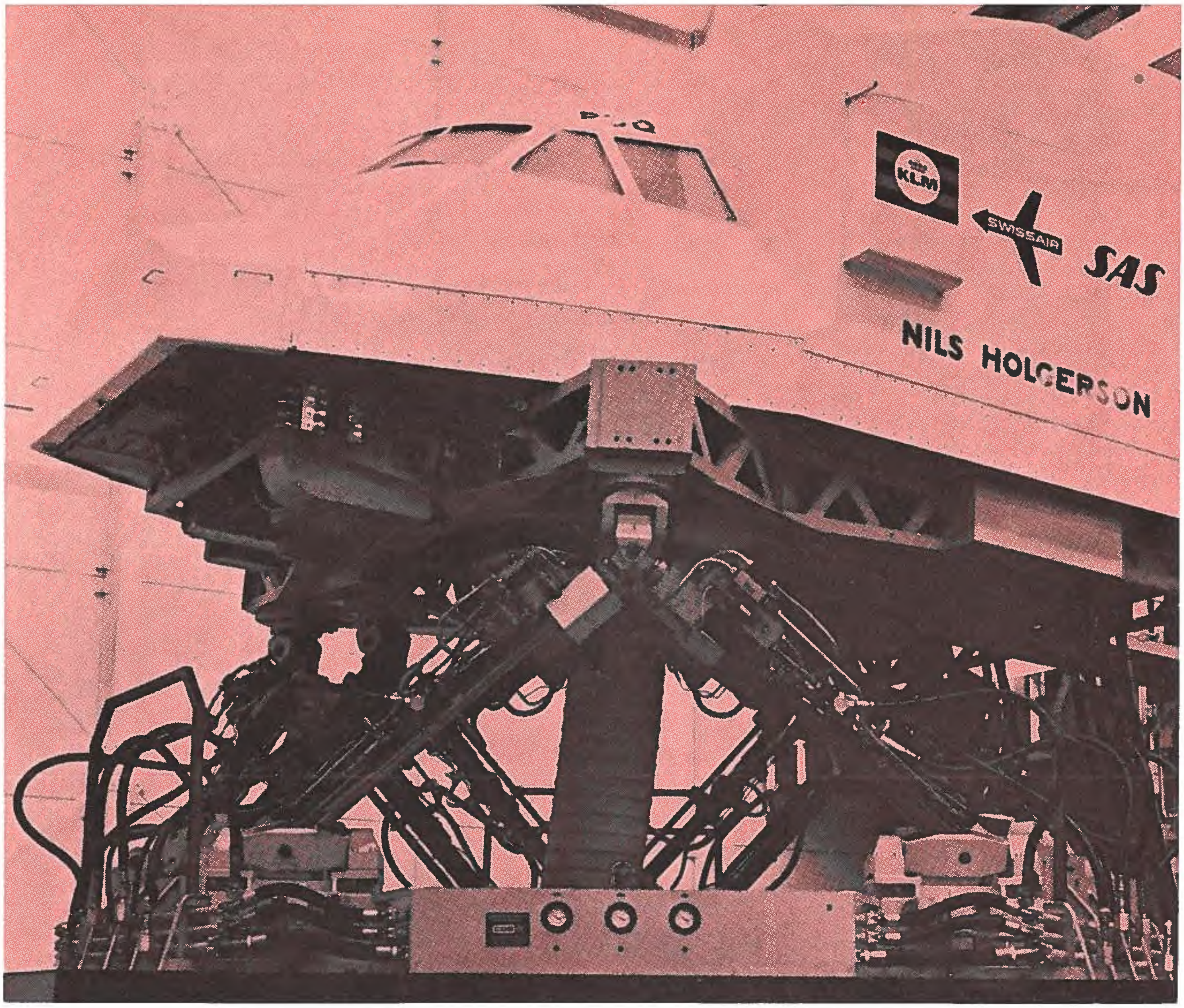
*Converted from Dutch statistics at one guilder equals Cdn. $0.294

TABLE 2

IMPORTANT CANADIAN EXPORTS TO HOLLAND

	$ million 1968	1969	1970
Wheat (including durum)	23.6	21.5	29.6
Other grains	—	.3	4.8
Oilseeds	4.5	6.8	25.5
Pulpwood	1.1	1.3	2.5
Iron ore	4.6	11.8	35.7
Non-ferrous metal ores	9.5	4.0	22.7
Asbestos	2.6	2.9	5.2
Lumber	3.0	3.1	5.3

	$ million 1968	1969	1970
Plywood	2.7	2.3	4.2
Wood pulp	13.1	13.6	21.2
Newsprint	.5	1.0	2.9
Potash	6.4	7.6	3.2
Plastic and synthetic rubber	1.0	1.3	3.4
Aluminum	1.8	1.7	4.5
Nickel	.9	.7	6.6
Aircraft and parts	7.1	3.8	50.5



This 747 flight simulator was manufactured by CAE Industries Ltd. in Montreal and was recently installed in the KLM training establishment at Amsterdam's Schiphol Airport. It will be shared between KLM, SAS and Swissair for training.

1, 1971, thereby improving our competitive position vis-à-vis the United States, Australia, and the U.S.S.R. Shipments of oats, barley, flaxseed and rapeseed are up substantially over 1969. Although iron ore shipments increased substantially, according to Canadian statistics, a large proportion of this was transshipment cargo destined primarily for West Germany. In the non-ferrous metals and ores category, growth of shipments reflects heavy buying following the Canadian nickel strike as well as transshipment traffic to other destinations. The large increase in sales of aircraft and parts reflects primarily deliveries of NF5 fighter aircraft under the Netherlands/Canada defence production sharing agreement.

Export Opportunities—Holland is experiencing some serious economic problems at the present time and the Government will probably persist with firm measures to contain inflation through control of wages, credit, and public and private spending. While this means some retrenchment and consolidation of economic expansion, including less demand for imports, there is little danger that our exports of primary and crude materials essential to Dutch industry will be seriously affected. Moreover, the increased value of the guilder should provide some advantage for Canadian products in the Dutch market vis-à-vis our German competitors. However, the Dutchman, who has always been known as a sharp trader, will now be even more alert for a good bargain.

As for the longer term, the country is blessed with stable and competent government. Dutch industry is modern and competitive and its capable leaders intend to keep it that way. There is no lack of confidence in the future as prospects for enlargement of the European Economic Community approach realization. Substantial modernization and expansion plans already set in motion will ensure an important, if more moderate, acceleration in economic activity.

Holland offers some promising opportunities to Canadian investors and traders. There is still a desperate need for modern dwellings. A great deal has already been done to familiarize Dutch builders, architects and government housing authorities with the advantages of the Canadian timber frame technique. Although a small number of houses have been built in Holland using this concept, there is a good opportunity for an experienced Canadian builder to participate in a joint venture with a

Dutch group to produce dwellings in greater numbers.

During the past year this office has carried out an intensive study of the market for electronics. Dozens of Dutch companies have received copies of the Department's brochures outlining the capabilities of the Canadian electronics industry. Already several new agencies have been established and more than $100,000 in new business has been written. Of particular interest are electronic devices and instrumentation for industrial, research and institutional use, as well as equipment for oceanographic research and navigation. There is also considerable interest in software systems and in hospital, medical and scientific equipment and instrumentation.

Holland's working population is making more and more use of supermarkets and fast-service shops and there are chances to sell many types of equipment for the consumer service industries. Private citizens and government are now extremely sensitive to the menace of air and water pollution and refuse disposal, particularly in the heavily populated and industrialized areas of western Holland. From now on increasing attention will be given to these problems and demand for all types of environmental control equipment and instrumentation will increase rapidly.

Two important international trade shows of particular interest to Canadian manufacturers are being held in Holland in the autumn. "Milieu '71" under the auspices of the Royal Netherlands International Fair in Utrecht from October 14 to 21, will feature "equipment used to combat pollution". From September 29 to October 7 "Het Instrument" in Amsterdam will present exhibits of technical and scientific instruments. Trade shows are recognized by European businessmen as an important medium for making business connections and keeping up-to-date on new developments. Further details on these and other shows will be sent to you on request. If you plan a visit, be sure to reserve accommodation well ahead as hotels are always heavily booked.

Sales of Canadian textile fabrics have grown substantially in the past two years. We have developed an outlet for Holstein Friesian veal calves and the first shipment of fifty animals arrived by air some weeks ago.

Canadian firms that feel they cannot compete directly in the European market are encouraged to consider opportunities for licensing arrangements and joint ventures with Dutch companies or the establishment of a wholly-owned subsidiary in Holland. We welcome your inquiry and can provide you with the necessary introductions and documentation.

NOTE: The author of this article will be visiting a number of Canadian cities during the month of September. To arrange an appointment with him, please communicate with the Director, Operations and Development, Trade Commissioner Service, Ottawa, or contact the nearest regional office of the Department of Industry, Trade and Commerce.

New Softwood Lumber Standards Established for Canada and the United States

New standard sizes and grades of softwood lumber for Canada and the important United States lumber market have been introduced in both countries.
The development of a single lumber grading rule in Canada has taken nearly ten years. A new Canadian agency, the National Lumber Grades Authority, recently was formed to replace all former Canadian rules-writing bodies. This Authority is unique in the North American lumber industry and its establishment focuses attention on the importance of the new national grading rule. The new rule has been certified by the Canadian Lumber Standards Administrative Board and applies throughout Canada. It conforms to the requirements of the 1970 edition of C.S.A. Standard 0141, Softwood Lumber.

The new standards, which came into effect on August 1, 1971, include new standard dressed sizes for green and dry lumber and new uniform grading rules for softwood lumber. The changeover will not be immediate; the new rules allow for dimension lumber cut to the old sizes if it meets the new moisture content regulations.

In the past, standard sizes have been the same for all lumber, regardless of moisture content at the time of surfacing. Unseasoned lumber was dressed to the same size as dry lumber. The new C.S.A. Standard provides for two sets of sizes to overcome discrepancies caused by shrinkage of wood used in dry locations.

The new size standards, which also apply in the United States, require that unseasoned lumber be dressed to a specified size larger than dry lumber so that when it is used in dry conditions and shrinks, it will be equivalent in size and load capacity to lumber that was surfaced dry.

New lumber species categories and use grades for Canada have also been announced by the National Lumber Grades Authority to conform with standards in the United States. Henceforth, certain commercial groups of species with similar characteristics, usually manufactured and marketed together, are to be grouped in common designations. For instance, White spruce, Red spruce, Black spruce, Engelmann spruce, Lodgepole pine, Jack pine, Alpine fir and Balsam fir are grouped together as "spruce-pine-fir".

The new regulations group dimension lumber (two to four inches in nominal thickness) in two width categories and five use categories. Dimension lumber in widths of four inches or less is classified as "structural light framing," "light framing," or "studs." Dimension lumber six inches wide and wider is classified as "structural joists and planks." For special uses where appearance is of prime importance, a single "appearance framing" category of two inches and wider is designated.

The details of the new regulations, including specification tables, are contained in a new booklet called *Canadian Dimension Lumber*, published by the Canadian Wood Council in co-operation with the Department of Industry, Trade and Commerce. The stress values shown in the booklet are for use in the United States only. These have been developed in co-operation with American authorities, since in many cases the same species grow both in Canada and in the United States. For uniformity, certain downward adjustments have been made in the Canadian stress values. Copies of the booklet are available either from the Canadian Wood Council, 77 Metcalfe Street, Ottawa K1P 5L6, or from the Department of Industry, Trade and Commerce, Wood Products Branch, 112 Kent Street, Ottawa K1A 0H5.

Italy

What Should We Sell?

More and more of Italy's trade is carried on within Europe, but Canadian sales reached $184 million last year. Exporters should aim for larger share of the dynamic market for manufactured goods.

D. S. WRIGHT
Assistant Commercial Secretary, Rome

Most economic indicators at this time point to substantial gains in the Italian economy in 1970 over the previous year. It must be remembered, however, that extensive labor strife greatly depressed levels of economic activity in the fall of 1969. Estimates seem to show that the growth of GNP during 1970 was approximately 6 per cent. Labor problems, although widespread in 1970, did not affect production to the extent they did in 1969. The wage settlements reached in 1969 and 1970 have, however, been a factor in rapidly rising prices in Italy. Domestic consumer prices advanced on average by 5 per cent in 1970 and wholesale prices increased by 8 per cent.

This massive engineering feat, the Autostrada del Sole, is in the Etruscan Appennines in Northern Italy and is helping to open up the isolated areas there.

Italy's balance of payments has improved dramatically, changing from a deficit of $1.4 billion in 1969 to a surplus of $350 million in 1970. During the earlier year there was a huge outflow of capital totalling $3 billion, but stringent Bank of Italy measures and an increase in Eurodollar borrowing by Italian public agencies led to a net surplus in the capital account of $550 million in 1970. The current account deteriorated from a net surpus of $1.7 billion in 1969 to a deficit of $200 million in 1970. A large increase in imports with no substantial gain in exports was the major cause. The current account was highlighted by a deficit in commodity trade, particularly in the food and agricultural sectors, accompanied by surpluses in tourism, shipping and emigrant remittances.

Italy's trade relations have developed over the last decade in a way that reflects the changing balance of its foreign economic interests. Whereas in 1960 Italy's EEC partners accounted for 27.8 per cent of the country's imports, they now account for 41.1 per cent. An expanded EEC, one consisting of ten members, would supply Italy with almost half its present import needs, and it is clear that the trend is toward Europe-oriented trade for the future. In 1970 Italy bought 61.7 per cent of its imports from the other European countries. The United States has suffered the most in terms of its share of the Italian market: this has fallen from 14.1 per cent in 1960 to 10.5 per cent in 1970, as Table 1 shows.

Italy remains firmly committed to the idea of a consolidated European Community, partly because of the country's special interest in regional development. The "Mezzogiorno" region has suffered from sluggish growth, widespread poverty, and a poor standard of living, in marked contrast with the industrial and economic advance in the north. Government programs have set aside vast sums for investment in the industrial sector and infrastructure of the south, without alleviating substantially the chronic difficulties of the region. From a more closely united Europe, Italy hopes to gain economic assistance to develop the south. This would help to narrow the regional prosperity gap that has existed in this country since unification.

Accordingly, Italy has tended to be more liberal than some of its EEC partners about the terms and conditions of British entry into the Community, and more progressive than some of its EEC partners about some of the delicate issues in the progress and direction of European integration, such as monetary union.

Trends in Canadian Exports—Price factors in both Italy and Canada have resulted in a considerable increase in Canadian exports to the Italian market as well as to other European markets. During 1970, while the prices of imported goods rose 22 per cent, domestic consumer prices in Italy increased by 5 per cent and wholesale prices rose 8 per cent. Canada has improved its competitiveness here, notwithstanding the higher floating exchange rate for the Canadian dollar.

Canadian exports to Italy totalled $184 million in 1970, up from $134 million in 1969. This is the *allegro* aspect (to use a musical term) of our

In sharp contrast to the picture on the opposite page is this fishing village of Cetara in the south, where living standards are much below those in the north.

performance last year. There is a reservation to this satisfying expansion of our trade in Italy (the *ma non troppo*) and this is that our exports remain concentrated in the raw material and semi-processed sectors. Agricultural commodities constituted 34 per cent of Canadian goods shipped to Italy in 1970, metals and minerals (including semi-processed) 38 per cent, wood products 25 per cent, and finished manufactures a mere 3 per cent.

Clearly we depend heavily on primary commodities in our export trade with Italy, yet manufactured goods constitute the largest and most dynamic sector of the Italian market for imports. Table 2 below shows that manufactured goods now constitute 67.6 per cent of total Italian imports, up from 58.1 per cent in 1960. Noteworthy are the figures for the mechanical sector: 15.0 per cent in 1960 and 22.6 per cent in 1970.

In the two categories that dominate Canadian exports to Italy, metals and minerals and agricultural, animal and wood products, it is significant that each of these has been playing a lesser role in total Italian imports. The two categories accounted for 41.9 per cent of imports in 1960 and for only 32.4 per cent in 1970. Thus, as Italy has become more industrialized, its import needs have become increasingly more sophisticated.

It seems clear that a serious effort must be put forth to maintain our position as a key supplier of raw materials to Italy. But if we are to penetrate this market further in the future, we must look toward its most dynamic sector, the manufacturing area. Canadian performance in exporting secondary manufactures to Italy and to Europe generally has been disappointing. Canadian manufacturers could well extend their horizons and consider the prospects presented by a growing and consolidating European Community. The answer may lie in penetrating Europe from within by the establishment of subsidiary manufacturing operations.

TABLE 1

ITALIAN TRADE BY COUNTRIES

	Per cent Imports from 1960	1970	Exports to 1960	1970
EEC countries	27.8	41.1	29.5	43.0
Ten-member EEC	35.2	46.1	38.2	48.4
All Europe	54.9	61.7	62.3	70.0
United States	14.1	10.5	10.6	10.2
Canada	1.4	1.4	1.1	1.0

TABLE 2

ITALIAN IMPORTS BY COMMODITY GROUPS

	Per cent 1960	1970
Agricultural, animal and wood products	23.0	14.6
Metals and minerals	18.9	17.8
Manufactured goods	58.1	67.6
of which: mechanical manufactures	15.0	22.6

West Germany
All the Signs Point Up

Inflationary pressures and monetary uncertainties make "stability" the mid-year watchword in Bonn. Forecasters hedge on '71 results, but production, sales, and imports should stay up.

GEORGE A. BROWNE
Consul General and Senior Trade Commissioner, Duesseldorf

Turning up with customary strength after the summer vacation period, the curve of German industrial production will now be climbing back to, and perhaps surpassing, the spring's index peak, with the economy as a whole showing much the same 11 or 12 per cent growth in GNP as in the past two years. All indices generally are moving up—industry orders, construction, retail trade, as well as wages and prices. Although there may be more talk by government and the press about inflation than about boom, the business indices, even allowing for an inflationary factor, show continuing growth.

But the average consumer in this market of 60 million people has never before had so much disposable income. He knows what he wants and intends to get it, and the average consumer with money to spend cares little about the headwaggings of governments and central banks. A few indicators of the business cycle at June 1971 compared with the average of the previous five Junes show the per cent increases: passenger car production 27, color TV 68, stereo 30, flight arrivals and departures 61, exports 36, imports 42, Eastern exports 34, Eastern imports 38, building and loan savings contracts 250, long-distance calls 41, life insurance 32, savings deposits 39, job vacancies 17,

A sale is a sale, whether it be in Germany or anywhere else. Germans are lucky, however, in that they have never had so much money in their pockets to spend. And what better way to spend it, say these two young women, than to go out and buy a new hat.

IMPORTS INTO THE FEDERAL REPUBLIC OF GERMANY

DM million*

	Total from all countries	Thereof from EEC	EFTA	United States	Canada	Japan	State Traders
1960	42,723	12,708 (29.7%)	8,392 (19.6%)	5,977 (14.0%)	877 (2.1%)	286 (0.7%)	1,697 (4.0%)
1961	44,363	13,778 (31.0%)	8,592 (19.4%)	6,100 (13.7%)	945 (2.2%)	375 (0.8%)	1,879 (4.2%)
1962	49,498	15,966 (32.2%)	9,395 (19.0%)	7,033 (14.2%)	872 (1.7%)	453 (0.9%)	2,000 (4.0%)
1963	52,277	17,341 (33.2%)	9,646 (18.4%)	7,942 (15.2%)	744 (1.4%)	520 (1.0%)	1,989 (3.8%)
1964	58,839	20,393 (34.3%)	10,685 (18.1%)	8,066 (13.7%)	779 (1.3%)	636 (1.1%)	2,202 (3.7%)
1965	70,448	26,648 (37.3%)	12,133 (17.2%)	9,197 (13.1%)	911 (1.3%)	958 (1.3%)	2,615 (3.7%)
1966	72,670	27,774 (38.2%)	11,955 (16.4%)	9,178 (12.6%)	891 (1.2%)	1,028 (1.4%)	2,774 (3.8%)
1967	70,183	27,636 (39.4%)	10,992 (15.6%)	8,556 (12.2%)	947 (1.3%)	927 (1.3%)	3,015 (4.3%)
1968	81,179	33,453 (41.4%)	12,666 (15.6%)	8,850 (10.9%)	1,124 (1.4%)	1,162 (1.4%)	3,410 (4.2%)
1969	97,973	42,431 (43.6%)	15,222 (15.5%)	10,253 (10.5%)	1,240 (1.3%)	1,604 (1.6%)	3,973 (4.0%)
1970	109,516	48,442 (44.2%)	16,639 (15.2%)	12,067 (11.0%)	1,851 (1.7%)	2,052 (1.9%)	4,394 (4.0%)

*One Deutschmark = approximately 30 cents Canadian.

FRG Official Statistics

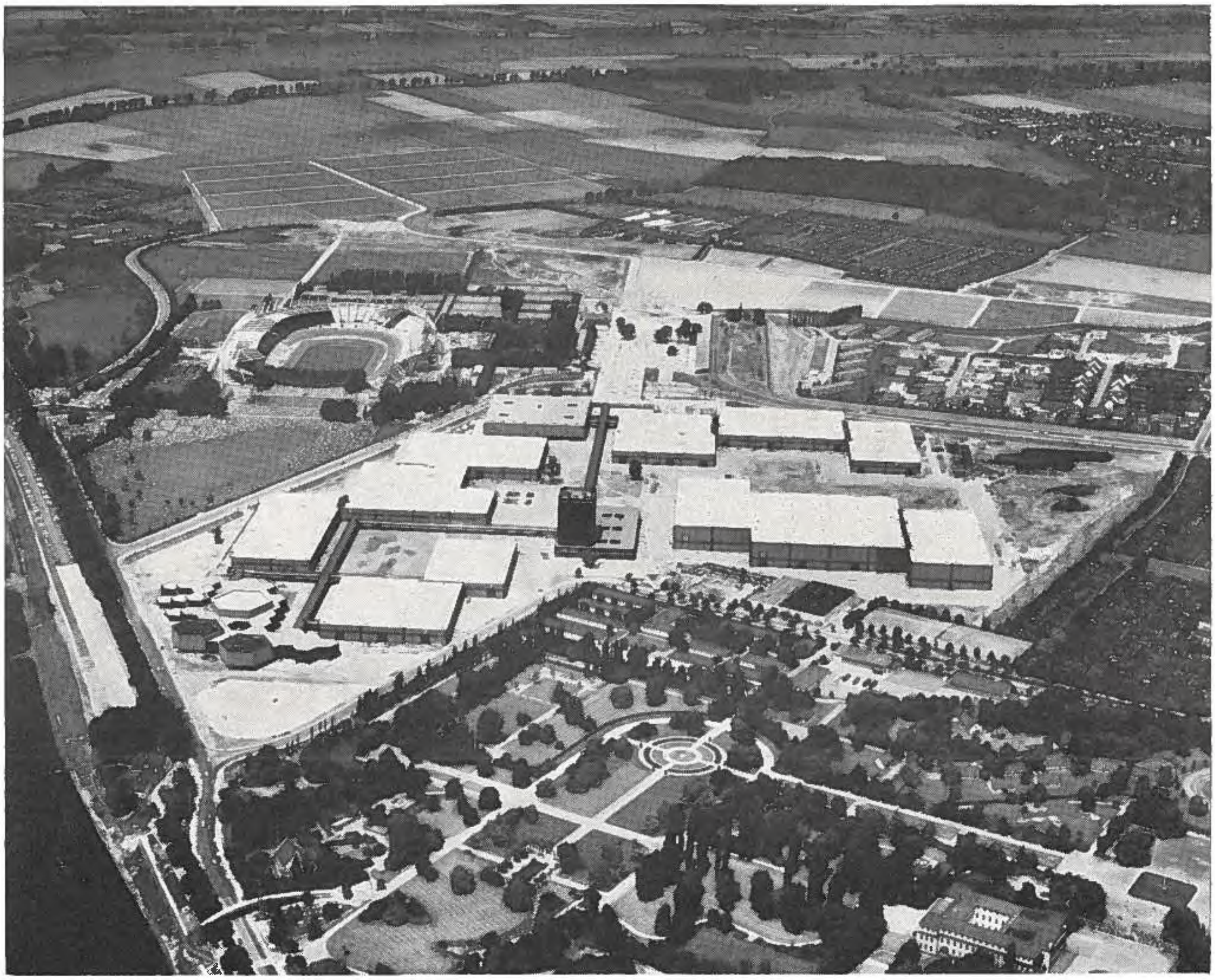
foreign workers employed in Germany 66 (now over two million), beer consumption 13, cigarettes 26, bankruptcies 15. Down are patent grants 24 per cent, number of unemployed 32 (in June 1971 only 143,000), commercial offences 20, and coronaries 5.3.

Certainly the present concern of government, business and labor is less about expansion than about how to prevent the first six months' big expansion in wages, salaries and credit from eroding more than usual the real returns of this expansion. A measure of this wave of money and prices is given by the 30 per cent growth in tax receipts in the first half of this year, part of which represents a pre-payment of tax invoked by the Government as a mopping-up measure.

By July, unofficial observers in Germany were forecasting the general inflation rate at 7 to 8 per cent—considerably more than official estimates. To maintain perspective, the picture should be seen in its whole European dimension. Under the general cost- and wage-push inflation, and the Federal Republic's special problem of massive speculative capital inflows, German anti-inflation performance measured by a comparison of national indices has been reasonably middle-of-the-field and, considering the size and nature of the problem, better than most.

In this rise in prices it is apparent that the index of export prices is climbing faster—six points in the last twelve months—than the index of import prices. This may be both a factor in stability measures and at the same time an opportunity for foreign exporters to the German market.

Something of what has been happening to the German import market is seen in the accompanying table. Since 1960 German imports have nearly trebled. Noteworthy is the steady growth of EEC sales to this market, and in Japan's share of the market (although still comparatively minor) the strong rate of increase. Even more noteworthy are the declining relative shares of such major participants as EFTA and the United States. The dramatic increase of almost 50 per cent in Canadian 1970 sales of $529 million to Germany still left our share of the total market at under 2 per cent.



Where the action will be—the new location for the Duesseldorf International Trade Fair. INTERKAMA (measurement and automation techniques) will be held here next month, with seven Canadian companies taking part in the show.

The fact that this dramatic rise in Canadian sales to the Federal Republic did not occur in only a few sectors of the customary range of produce, commodities and equipment Canada sells to Germany is of particular interest at this time. Chief among the big increases were, of course, the restocking of non-ferrous metals, particularly copper and nickel, after the shortage of '69–'70. There was also noteworthy growth in sales of cattle, poultry, fish fresh and frozen, canned fish, shellfish and lobster. Grains too showed strongly—oats and wheat, barley—and canned oilseeds made big gains. Lumber, veneers and wood pulp of various grades moved up notably, as did liner and corrugated board.

Most encouraging was the growth in a broad variety of finished goods, including hardware and fittings; electric motors, bearings and parts; cranes, derricks, and hoisting machinery; auto parts; aircraft assemblies and parts; radar and radio equipment; electronic tubes, parts and components, and electric lamps, bulbs and tubes. Determined marketing efforts by Canadian manufacturers resulted too in significant increases in sales of industrial control equipment; medical, laboratory, and scientific equipment; instruments and apparatus; computer peripherals; watches, clocks and parts; camera and projector lenses and—remarkably—printed matter.

Some of this sales expansion can apparently be attributed to the efforts made by Canadian exhibitors at German trade fairs, to trade missions run by Federal and Provincial Governments, and to the slow but steady increase in the number of Canadian manufacturers and exporters who visit the German market regularly. Another reason, evidently, is that Canadian prices and delivery for those goods with increased sales are still competitive, tariffs and non-tariff barriers and freight notwithstanding.

The competition for this strongest and most accessible of the EEC markets will increase; one way of staying in the race is to follow the example of United States and Japanese as well as European firms which have established by the hundreds their own sales organizations or assembly and manufacturing facilities in Germany. The number of United States subsidiaries or major participations in the Federal Republic is now about 1,400, and total United States investment in West Germany is about $4.2 billion. The Japanese community in Duesseldorf is their largest in Europe, with three banks and offices of all the major Japanese industrial and trading companies.

Following this same trend, if on a smaller scale, are Canadian firms which over the past four years have doubled their number in Germany and now total about fifty. These Canadian subsidiaries in Germany, and the five Canadian banks with their offices in Frankfurt and Duesseldorf, are the forerunners of the growing Canadian investment required in the Federal Republic if the present Canadian share of the import market is to be preserved and expanded. They are in the market, experienced in its language and ways; some co-operation or combination by Canadian business with them might be of mutual advantage.

The flow of investment, however, is not all in the one direction. The international search for employment and tax-generating industry pursued by both industrial and developing countries reaches a peak of intensity in the German market. The incentives offered by countries seeking direct investment (and also regions or their agencies) are now more or less standard and well-known—plant site, construction and equipment subsidies, worker training expenses, fast depreciation, tax holidays, etc. A comparison of incentives offered by most of the countries scouting in the Federal Republic has been published and makes interesting reading.

All the European countries, including Britain—notably Northern Ireland and Scotland, with large investment campaigns—the numerous representatives of the developing countries, as well as the American States, are continuously active in luring German firms with advanced technology, management expertise, and a record of success to make a direct investment in a production plant in their domestic markets. A typical example of this activity took place in June, under the auspices of the German Economic Rationalisation Board, when some 25 American States were represented at a management symposium in Munich to encourage German firms to open plants in the United States.

The prospective direct investors sought in these approaches range from the corporate giants, the scale of whose marketing interests would compel a major, newsworthy investment and important new employment, to the smaller family-owned enterprises whose interest in the particular market may be reinforced by personal or philosophic reasons. Often the attendance at these symposia covers a wide range of industry and technology and this makes it correspondingly difficult to cater to the specific interests of each guest.

Industrial development agencies seeking branch plants, joint venture or licensing arrangements may sometimes find that the big firms already know as much or more than they do about their own markets—they have themselves the resources and contacts for this—and that the big prospects' principal problem will be to justify an investment decision to their shareholders. For some of the smaller (but no less technically advanced) family-owned enterprises the same consideration may not necessarily apply, and in some cases the approach to them may be easier. The experience of the numerous discussions, conferences, and symposia conducted in Germany by foreign industrial development agencies begins to indicate that these agencies might usefully spend more time on the statistical description of their particular markets—difficult enough on a national basis, but even more difficult and critically more important on a sub-national or regional basis. They might also give more thoughtful consideration to the selection of the technologies and industrial skills to which they would give priority. A better image, certainly, and probably better results in terms of the cost-benefit ratio in these development efforts would be the outcome.

The Science and Technology Agreement signed in April between Canada and Germany and the Trade and Industrial Mission led to Germany by the Minister of Industry, Trade and Commerce explored some ground as yet little known to or broken by Canadian manufacturers and exporters. Subsequent work in these areas may be expected to contribute to the growing exchange of goods and services between Canada and the Federal Republic and, with the mounting attention being given to the market by Canadian business, help to maintain or even surpass the sales record of 1970.

Mexico Welcomes Pollution Control Expertise

GEORGES E. BELANGER
Senior Commercial Officer, Mexico, D.F.

Mexico, like most countries, is facing pollution control problems and seeking skilled help in solving them. The authorities are actively interested in pollution control techniques that have been developed in the United States, Britain, and France. This suggests that Canadian expertise could also be put to good use here.

Mexico intends to participate in the 1971 international conference on contamination of the environment that will be held in Switzerland and which is to be followed by a world meeting in Sweden in 1972. To capitalize on this interest, Canadian companies should make their qualifications in this field and their special equipment known to concerned officials and businessmen in Mexico.

Listed below are the names and addresses of the major organizations involved in pollution control and some indication of their special interests. Canadian firms may wish to write directly to them. The Canadian Embassy in Mexico City would also be pleased to send to inquirers a list of manufacturers' representatives who handle pollution control equipment and of the qualified consultants in this field.

Ing. Jorge Augusto Velasco Jiménez
Jefe de Oficina para el Estudio y Control de la Contaminación Atmosférica del Distrito Federal
Departamento del Distrito Federal
Pino Suárez 15 esq. Venustiano Carranza
México 1, D.F.

Office for the study of pollution within the Federal District

Dr. Enrique Márquez Mayaudon
Director, Dirección de Higiene Industrial
Secretaria de Salubridad y Asistencia
Prolongación Carpio 470
1 Piso
México, D.F.

Industrial Hygiene Department of Health and Welfare and National Commission on Air and Water Pollution, Ministry of Health

Ing. Jorge Mencarini
President. Asociación Mexican a contra la Contaminación del Aire y del Agua
Instituto Mexicano del Petroleo
Edificio Refinería y Petroquímica
Av. de los Cien Metros 500
México 14, D.F.

National association for the antipollution campaign in Mexico

Why Not Export Now?

Make a start before you are forced into it—that's the advice of a Quebec firm's export manager. He tells why and how in this article.

W. H. LAMBTON
Foreign Trade

Are you still waiting for ideal export conditions? Do you feel that you don't need an export market yet? According to Desmond P. Hanrahan, an old hand, the right time to get your feet wet in the export business is when foreign markets are more a luxury than a necessity.

Mr. Hanrahan is export manager for Baribeau et Fils, Inc., of Quebec City, whose products Canadians see and use almost every day of the week. These may be wooden salt and pepper shakers or a wooden salad bowl with the firm's registered trade mark, "Baribocraft" on them. This trade mark is reserved for the company's prestige products, sold today in Scandinavia, South Africa, the Caribbean and Australia, among other countries. Other Baribeau products, which may carry the trade mark "Baribo-Maid", include kitchenware (rolling pins), garment hangers for the clothing trade, toothpicks by the million, and clothespins—all made of wood. (The company's first export product was, in fact, clothespins sold to South Africa during World War II, when access to the traditional supplier had been cut off.)

This family firm, founded in 1922, has been exporting since the early forties. Yet each export order, particularly to a new market, is still largely a new undertaking, requiring different forms to be filled out, duty rates to be obtained, and perhaps problems to be overcome. About 15 per cent of Baribeau's business today is export.

Most of the raw material for its products comes from its timber holdings in the form of logs, which are stored on the premises. There is little waste; lumber not suitable for one product can be used for another and even the sawdust provides fuel for the heating plant. The company has its own jig and toolmaking department, so that new machinery (except turning knives that are made in the United States) can be produced promptly for a new design.

The company employs about 200 persons and production at the plant in Lévis is steady; Baribeau makes every effort to avoid situations that could cause layoffs. There are large storage areas and most orders can be filled directly from stock. This is a point on which Mr. Hanrahan feels strongly. Speed of delivery, both in the home and in the export market, is essential, which—depending on the nature of the business, of course—means keeping stocks on hand. A recent order reached Baribeau on a Thursday, left the plant on Friday, and was sailing down the St. Lawrence in a C.P. containership bound for France that weekend. Export departments, Mr. Hanrahan thinks, do not emphasize enough this fast delivery from stock. Baribeau has been known to refuse orders if it means depleting stocks too drastically. If a customer orders, say, 10,000 cheeseboards in November and wants them for the Christmas trade, it may mean taking men off the production line for other items and disrupting production schedules at a vital time. It's a difficult decision to make.

Other problems may be peculiar to the type of goods that Baribeau produces. Take joint promotions. A customer buys a quantity of cheeseboards to promote a new brand of cheese. The public doesn't bite, and the promoter is left with cheese, boards, and probably bills. Is the bust the fault of the cheese, the boards, or the promotion?

Different markets do not necessarily require different selling methods but often do demand variations in the product. Baribeau sells a wide range of things to the United States, for instance, where some regions tend to be more choosy than others. In order to sell in these areas, new colors or finishes have had to be developed that did not catch on elsewhere. Australians prefer to pick their salads out of large bowls and have little use for individual ones. Cheese-loving Frenchmen want just a simple, well-designed cheese-board—no finicky things like cutout wells for crackers that delight other customers.

How do you start exporting? Mr. Hanrahan lists four main points for the newcomer to the business: production, market research, documentation, and tariffs and trade regulations. Is production big enough to handle increased sales and efficient enough to meet deadlines? Are you familiar with the market in which you want to sell? There are many ways to learn about it and one of the cheapest is to subscribe to and read a number of trade journals, consumer magazines, and even newspapers of the country. A surprising amount can be learned from a careful study of these journals, even if they are in a foreign language. The potential exporter should also learn something about the currency of the country, and the best method and how much it is going to cost to get his goods there. The Trade Commissioner Service of the Department of Industry, Trade and Commerce can help, but don't expect from it an in-depth market survey. The Trade Commissioner can put you in touch with the trade and with potential agents. If you tell him about your product, he can give you some idea of the market potential. But he is not there to sell it: it is up to your salesmen or agents to do that.

In the picture on the left the customer appears to have had a hard time choosing between a salad and a mixing bowl, both made by Baribeau. At the bottom a few of the many items made by this company are visible. This display was at the company's stand at the Equip'-hotel trade fair held last year in Paris, France. The company's Paris agent is showing customers the finish on a pair of salad bowls.

Baribeau sells abroad through importing distributors rather than commission agents—firms that import at their own risk and set their own resale prices. In the more important markets for Baribeau, such as France, Australia, the United States and one or two other countries, the firm sells direct to exclusive importers and grants credit terms of 90 or 120 days.

Documentation, says Mr. Hanrahan, is an important aspect of exporting. Each country requires different procedures and different sets of documents. There are financial documents, (such as letters of credit and sight drafts), consular and commercial invoices, certificates of origin, bills of lading, and others. Fortunately there are many places to turn to for help with documentation: provincial departments of trade and industry, Boards of Trade, the Canadian Export Association, the Canadian Manufacturers' Association, the chartered banks, and the Department of Industry, Trade and Commerce in Ottawa.

Tariffs and trade regulations also need study. Here the Office of Area Relations of the Department of Industry, Trade and Commerce in Ottawa can help the prospective exporter. It is a complicated field and the Department keeps up-to-date files on world tariffs and other relevant legislation. But obviously the exporter, once he has the right information from the Department, must find service organizations, such as banks, customs brokers, freight forwarders, etc., to help him process and dispatch the order.

Baribeau handles its foreign transactions through the Banque Nationale de Paris, presenting all drafts through it, with accompanying documents. The bank, in turn, makes sure that all terms are met before surrendering documents to the customer.

Classification for duty is sometimes a difficult problem for certain products going into the United States. Some—and this is true of many of the Baribeau products—are not listed specifically in the tariff and could come under several general classifications, each with a different duty rate. The appraiser at the port of entry has to make the decision, and his decision may mean a higher tariff than expected. If similar goods are sent through another port of entry, a different decision may be made, resulting in a certain amount of confusion. One way to avoid this is to get a firm and written classification ruling for all products exported, either through a customs broker or through the Office of Area Relations of the Department. The exporter then knows what the tariff will be and it will remain the same at every port of entry.

Several years ago the United States Customs established a special advisory service known as the CQ Program to advise Canadian exporters on the proper procedures and requirements for the entry of goods into the United States. The district directors of United States Customs can obtain binding decisions on classification and firm information on the valuation of Canadian goods. It is a useful service and has helped many exporters. Canadians will also find the advice of the United States Division of the Office of Area Relations of the Department of Industry, Trade and Commerce in Ottawa valuable and should make a point of contacting this division. It might even save them money.

What is the easiest market in which to sell? There's no one answer to that question, Mr. Hanrahan says—or at least the answer has to be qualified. Because of its proximity and similarity of tastes, the United States is possibly the easiest country in which to find customers but, because of tariffs and classification, is perhaps the most difficult to ship to. France can be a difficult market to sell in, but once a sale is made it is comparatively easy to ship goods there. Each market has its peculiar problems.

Finally, how should the exporter quote his prices—c.i f., f.o.b. factory (or ex factory), or what? In quoting c.i.f. named port in country of destination, the seller is responsible for the merchandise up to that port, including the cost of transportation, documentation, duty and insurance. He probably adds also a small margin to take care of unforeseen circumstances, such as a change in the value of the currency or even in the trading regulations. In quoting ex factory, or f.o.b. nearest port of entry, the seller is responsible for the merchandise only until it leaves the factory or arrives at that port of entry. Then the responsibility passes to the buyer.

Mr. Hanrahan has strong views about how to quote. All Baribeau prices are quoted f.o.b. Lévis (where the plant is) in Canadian dollars. Mr. Hanrahan believes that, generally speaking, quoting prices any other way is "simply another manifestation of the Canadian's compulsion to downgrade things Canadian." Having said this, he is quick to add that there may be times when other quotations are necessary.

But to add strength to his argument he points out that the buyer might even get the merchandise cheaper if he accepts a quotation f.o.b. Canada—his insurance and freight rates may be lower. Certainly Mr. Hanrahan's policy seems to pay off in the United States market. It is already the biggest one for Baribeau products, and the company intends to make it bigger still.

International Loans

Turkey gets agricultural aid

A long-term $4.5 million credit from the International Development Association, part of the World Bank Group, will help Turkey to increase supplies of fresh milk, milk products and meat. The credit will be used as part of a $7.5 million agricultural improvement and livestock development program, under which approximately 4,400 cattle, tractors and other farm machinery, seeds for fodder crop improvement, and technical services will be purchased. Between 250 and 300 specialized dairy farmers, who now have small herds averaging about ten head, are expected to benefit from this program. It will also provide better breeding stock and demonstrate more sophisticated agricultural methods to Turkish farmers.

Telecommunications, land colonization and hydro projects

Colombia has received three loans totalling $57.2 million: $15 million for a telecommunications project, $8.1 million for land colonization, and $34.1 million for a hydroelectric plant.

The telecommunications project, which will cost a total of $32.4 million, will include the installation of 42,000 lines of local exchange equipment, of which 18,000 will be for 200 small towns with a total population of two million. These towns have no telephone services.

New microwave links will also be built on routes now served by VHF systems, 16 new VHF routes will replace service by open wire lines, 620 supplementary voice frequency channels will be provided on existing microwave and VHF routes, three new trunk switching exchanges and ten toll ticketing facilities are to be installed, and 1,000 additional lines in the Bogota telex exchange and 1,000 new teleprinters will be provided under the project.

The $15 million loan will be made by the World Bank to Empresa Nacional de Telecommunicaciones (Carrera 133A, No. 22-54, Bogota), an autonomous agency, and is garanteed by the Republic of Colombia.

The $8.1 million loan for land colonization is also from the World Bank and will help to finance the second phase of a project to consolidate and expand a largely spontaneous settlement which started several years ago along the eastern foothills of the Andes in the Caqueta region.

The project includes the construction of about 236 miles of penetration and access roads to service some 3,500 partially established settlers and to open up nearly 700,000 acres of undeveloped land for 2,800 new settlers. It also includes the construction and equipping of 90 schools and six health centers. A small experimental program to improve rice and pasture production will be initiated. The project, the estimated cost of which is $21.6 million, will be administered by the Colombian Institute for Agrarian Reform, Avenida El Dorado, Bogota.

The loan for the Chivor hydroelectric plant, which will cost an estimated $146.25 million, is being made by the Inter-American Development Bank, and is open to Canadian participation. The project calls for construction of a rock-fill dam on the Bata River about 75 miles northeast of Bogota in the Boyaca Department, a 3.5-mile pressure tunnel, a 1.2-mile penstock to the Lengupa River, and a powerhouse for four 125 Mw. generator units. Also included is a double circuit 230 kv. transmission line, 97 lines long, to connect the plant to Colombia's other major power systems. The loan is being made to Interconexion Electrica, S.A.

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, and should send copies of the correspondence to the Trade Commissioner for follow-up. 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.

Apparel

HONG KONG—Tack Yuen and Company, Room 305 Universal House, 151 Des Vœux Road C., Hong Kong, requires women's dress materials, men's suitings and shirtings, ties, and leather shoes and belts. Contact: Cheuk Fun-Foon, proprietor, at above address.

Building materials

NIGERIA—Federal Price Control Board, 45 Martin's Street, Box 12627, Lagos, is seeking preliminary quotes on various materials for proposed Nigerian National Supply Company, bulk purchasing agent for federal and state governments. List of materials includes asbestos pipes, fittings, water tanks, ridges, roofing and ceiling boards, galvanized water tanks, hexagon screening, roofing sheets, pipes and fittings, air vents, pipe brackets, sheet and window glass, sanitary fittings, locks, mild steel rods, paints and paint brushes, metal and aluminum windows and doors, glazed wall tiles, fencing wire, binding wire, ball and gate valves, fiberglass corrugated roofing, and linseed oil putty. Prices should be c.i.f. Lagos. If attractive, they will be circulated to federal and state purchasing groups. Contact: M. M. Toluhi, Secretary, Federal Price Control Board, at above address.

Building supplies

GAMBIA AND SIERRA LEONE—Several firms in these countries are interested in Canadian supplies of timber, plywood, hardboard, softboard, flush doors, corrugated asbestos roofing, vinyl floor and wall tiles, anodized aluminum doors and windows, plumbing fixtures and paint. In the Gambia, contact: 1—Mr. Mathieu, Manager, Maurel and Prom, Box 262, Bathurst; 2—Wolf Drewitz, Manager, Breckwoldt and Co. (Gambia) Ltd., Box 281, Bathurst; 3—Ali Jacobs, c/o A. Jacobs, Box 432, Bathurst. In Sierra Leone, contact: 1—Parsa Magnani, Managing Director, J. T. Chandrai and Co. (SL) Box 57, Freetown; 2—J. K. Buck, General Manager, Société Commerciale de l'Ouest Africain, Kissy Road, Freetown; 3—Mr. Saletto, General Manager, Compagnie Française de l'Afrique Occidentale, Howe Street, Freetown.

Canned goods, including beer

HONG KONG—Y. K. Trading Company, 2627 Tai On Building, Shaukeiwan Road, needs canned fruit juices, canned meats and fish, jams and marmalade, soft drinks in cans, and beer in cans and bottles. Contact: Peter Y. K. Leung, Manager, at above address.

Cement plant

IRAQ—The State Organization of Industrial Design and Construction is inviting bids until October 2, 1971, for the supply, erection and commissioning (excluding civil work) of a cement plant at Felluja, 60 kilometers west of Baghdad, with an annual capacity of 200,000 tons of ordinary Portland cement. All offers must be accompanied by a refundable bank guarantee totalling $140,000. Tender documents are available (25 dinars, approximately U.S. $70) at the above organization at Rafidain Bank Building, Baghdad (cable: TASMISINAI).

Compressors for air-conditioners

BRAZIL—Small compressors for air-conditioners in passenger automobiles are required by Rubens Eliseo de Souza, Manager, Epoca S.A. Comercio e Industria, Caixa Postal 8422, Sao Paulo, SP, Brazil.

Dairy products and edible oils

SINGAPORE—Local firm is interested in buying milk powder, dried whey powder and cod liver oil. Contact: Ng Eng What Company Pte. Ltd., 14 New Bridge Road, Singapore 1, Singapore.

Electricity supply lines

MALAYSIA—National Electricity Board of the States of Malaya invites tenders for the manufacture, supply, testing, packing, delivery, erection, commissioning and maintenance for 12 months of H.V. transmission lines. The lines include 27 miles of 275 kv duplex 400 mm. squared al. area S.C.A. double circuit; five miles of 132 kv 300 mm. squared al. area S.C.A. double circuit; and 24 miles of 275 kv duplex 400 mm. squared al. area S.C.A. double circuit. All lines will be on lattice steel towers. Tenders will be considered only for complete supply and erection of the lines. The work is expected to be financed through World Bank sources, but tenderers may be asked to offer extended credit terms over as long a period as possible. Tender documents are available from Preece, Cardew and Rider, Paston House, 165-167 Preston Road, Brighton BN1 6AF, Sussex, England. A set of three may be obtained by sending cheque made out to the firm at above address for £20 ($50), which is non-refundable. Tenders must reach this firm and the National Electricity Board, P.O. Box 1003, Kuala Lumpur, Malaysia, by noon, October 18, 1971. Further information is available from Chief, Electrical Division, Electrical and Electronics Branch, Department of Industry, Trade and Commerce, Ottawa.

Feathers

HONG KONG—The Hou Feng Feather Works Ltd., 47-49 Ma Tau Wei Road, Hunghom, Kowloon, Hong Kong, needs all types of fancy feathers.

Float glass

SWEDEN—Norelius and Thorsell AB, Box 13, S-801 02 Gavle 1, wants contacts with Canadian companies manufacturing float glass, factory round sizes. Price quotations should be c.i.f. and be accompanied by full descriptions. Contact: B. Karlbaum at above address.

Foodstuffs, pharmaceuticals

HONG KONG—Two local firms are seeking Canadian foodstuffs. 1—Universal Trading Corporation, Flat 29 Man King Building, 1st floor, Ferry Street, Kowloon, Hong Kong, requires a full range of dry roasted nuts in six-ounce packs, canned salmon, honey, sardines in olive oil, dried fruits in retail packs, and canned fruits. Contact: Johnson S.W. Chang, Manager, at above address. 2—Co-operators (HK) Ltd., Room 308, D'Aguilar Place, 7 D'Aguilar Street, requires foodstuffs of all types, including delicacies, preserved foods and confectionery, and also pharmaceuticals and perfumery, Contact: David C. Cheong, General Manager, at above address.

Fur coats

SWITZERLAND—Riccardo Guidi, Genferstarsse 1, 8002 Zurich, seeks better quality fur coats of mink, otter, etc., on a consignment basis.

Grain driers

IRAQ—Successful government supply contractor wants contacts with Canadian suppliers of grain driers with a capacity of 30 tons an hour, suitable for wheat, barley and maize. The driers are required immediately by the Grain Board of Iraq. Quotations, including 5 per cent commission, should be c. & f. Basrah or Umm Qasr (Iraqi ports) and should be sent, together with specifications and pamphlets for electrical- or oil-fired driers or both, to S. S. Suliyman, Levant Import and Commercial Co., W. L. L., P.O. Box 62, Baghdad, Iraq.

Honey

NIGERIA—Leading importer seeks contacts with Canadian honey suppliers packaging consumer-size products. The firm is currently handling Australian honey. Contact: R. C. Coventry, Barshall Lotinga (Nigeria) Ltd., Box 100, Lagos.

Household goods

SWITZERLAND—F. P. Baehler S.A., Gal du Commerce 97-98, 1002 Lausanne, wants novelty household goods and gift articles.

Household linen

HONG KONG—Bedsheets, pillow cases, bedspreads, and curtain and upholstery fabrics are required by G. Almeida, Proprietor, G. de Almeida and Co. (HK), 612B Holland House, 9 Ice House Street, Hong Kong.

Laminated plastic sheets

SINGAPORE—Furniture company wants to contact Canadian manufacturers of this material. Address: C. K. Lee, Manager, Hiap Guan Joo Furniture Company, 95 Changi Road, 4 3/4 miles, Singapore 14, Singapore.

Non-ferrous metals

SINGAPORE—Singapore Institute of Standards and Industrial Research, a division of the Singapore Government Economic Development Board, requires supplies of nickel alloys in the form of rods, sheets and tubes. Contact director of above institute, P.O. Box 2611, Singapore 1, Singapore (attention C. E. Ong).

Pharmaceutical products

HONG KONG—Ying Chi Company, Cheung Shing Building, 5th floor, 68-72 Stanley Street, Hong Kong, is anxious to contact suppliers of pharmaceutical products.

Piecegoods

SWITZERLAND—Franz Heusser, Walchestrasse 11/15, 8006 Zurich, wants printed piecegoods of cotton, jersey, nylon and tricel.

Sewerage scheme

IRAQ—The Sewerage Board of Iraq is inviting tenders for the first stage of the Nassiriyah sewerage scheme. The work consists of: supply and construction of about 48 km. of subsidiary and intercepting sewers of asbestos cement and concrete pipes ranging in diameter from 30 to 163 cm., including house connections and manholes; construction of two pumping stations; widening and deepening of the existing Bazool drainage canal (about 3.75 km.); construction of treatment plant, including all mechanical and electrical installations, comprising main pumping stations for sewage and sludge, sedimentation tanks, filter pumping stations, pipelines, channels and manholes; supply and construction of various buildings, including a laboratory, workshop, transformer and administration buildings. The closing date is November 8, 1971. Offers should cover either the whole work (supply, installation and all civil, mechanical, electrical work involved), or all equipment and installation connected with pumping stations and treatment plant. Tender documents are available at U.S.$140 per copy from the Sewerage Board of Iraq, Saadoun, Baghdad. A refundable bank guarantee of $196,000 must accompany the tender offer.

Smokers' requisites

SWITZERLAND—A. Duerr and Co., AG, Konradstrasse 12/14, 8000 Zurich, seeks cigars, cigarettes, pipe tobacco and other smokers' requisites.

Steel wire

BRAZIL—Fabrica Nacional de Instrumentos para Auto Veiculos, Ltda., (FANIA), has a requirement for steel wire for the manufacture of flexible cable, SAE 1045-60, with tensile strength of 180 to 200 kilos per square millimeter, in diameters of .30, .40, and .5 millimeters. Contact: Theophil B. Jaggi, Director, at Caixa Postal 30612, Sao Paulo, SP, Brazil.

Steel wire, rods, etc.

JAMAICA—Local company has a continuing need for steel wire rod for drawing purposes, wire-drawing accessories, steel rods, bars, plates, angles and for miscellaneous metals. Also needed is used wire-drawing machinery. Prices should be quoted c.i.f. Kingston. Contact: Robert Requa, Jamaica Reinforcement (Steel Industries) Company Ltd., 14 Bell Road, Kingston 11.

Toilet and facial tissues

HONG KONG—Yuen Kee Hong, 247 Wing Lok Street, needs packaged toilet and facial tissues. Contact: Wong Yung Woo, Manager, at above address.

Toy manufacturing partnership

NIGERIA—Professional group seeks Canadian partner to contribute financially or to supply equipment and machinery (not to exceed 50 per cent of value of total capital costs of N£128,000, approximately $363,000) in venture to manufacture light mechanized plastic or metal toys. Local finance is available to set up plant. Estimated initial annual turnover will be N£200,000 (about $567,000). For further information, contact S. O. Akhidime, Mechanical Department, Chief Mechanical Engineer's Office, Nigerian Railway Corporation, Ebute Metta, Lagos, Nigeria.

Zip fastener machinery

SINGAPORE—Local company is interested in contacting manufacturers of zip fastener machinery (various models, such as chain-making, chain finishing, parts manufacturing, assembling, etc.) for metal and nylon slide fasteners. Contact, with full details and catalogues on all models available: Director, Hoe Seng Co. (Pte) Ltd., 19 Bridge Road, Singapore 1, Singapore.

Agencies Wanted

Chemicals and plastic raw materials

FINLAND—The firm Oy Esope wants to locate and represent Canadian suppliers of chemicals and plastic raw materials, particularly polystyrene, ABS and plasticizers. The firm works on a commission agency basis, handling chemical raw materials for industrial use, glues, plasticizers, asbestos, cattle feed, and other commodities and dealing with plastics manufacturers throughout Finland. If interested, contact: Lars Aminoff, president, Oy Esope AB, P. Roobertink 8, Helsinki, Finland. For follow-up, send copies to Commercial Counsellor, Canadian Embassy, P.O. Box 14042, Kungsgatan 24, S-104 40, Stockholm, Sweden.

Chemical raw materials

FINLAND—An importing agency firm dealing in Finland wants to contact Canadian suppliers of raw materials for fertilizers, glue for the chipboard and plastics industries, and impregnation chemicals for treatment of hardboard and plywood. The firm now represents Dutch State Mines of Holland, British Drug Houses of Britain and Occidental Chemicals of Germany. Those interested should contact: F. Byring, president, F. Byring Chemicals Kommanditbolag, Skeppsbrogatan 14, Helsinki, Finland. For follow-up, send copies to: Commercial Counsellor, Canadian Embassy, P.O. Box 14042, Kungsgatan 24, S-104 40 Stockholm, Sweden.

Coking coal, pig iron, wire rods, cold and hot rolled coils

UNITED STATES—The White Trading Co. of New York City wants to represent Canadian producers of coking coal, pig iron, wire rods, and cold and hot rolled coils in sales to South America, South

Africa, Europe and India. Contact: W. Kahn, president, White Trading Corp., 80 Wall Street, New York, N.Y. 10005.

Copper tubing, paraffin

UNITED STATES—A firm of export agents specializing in sales to the Caribbean, Central America, and South America wants to represent Canadian suppliers of copper tubing and of paraffin. Contact: W. E. Fuerst, vice-president, Curacao Trading Co., Inc., P.O. Box 1132, Wall Street Station, New York, N.Y. 10005.

Domestic appliances

UNITED STATES—An export agency selling outside North America wishes to represent Canadian manufacturers of major domestic appliances and portable domestic appliances. Contact: F. Berdach, president and treasurer, Manhattan Commercial Western Corp., 366 Broadway, New York, N.Y. 10013.

Frozen foods, honey

UNITED STATES—Export agents specializing in sales to Europe want to represent Canadian producers of frozen foods and honey. Contact: A. H. Velleman, president, Ovimpex Inc., 11 Park Place, New York, N.Y. 10007.

Giftware, novelties, advertising specialties and premium articles

UNITED STATES—Bishop International Corp., an import/export agent selling in the United States and in Central and South America wants to represent Canadian manufacturers of giftware, novelties, advertising specialties and premium articles. For information, contact: H. M. Bishop, president, Bishop International Corp., 1123 Broadway, New York, N.Y. 10010.

Hydraulic systems and pumps

UNITED STATES—Maiben Corp., export agents specializing in sales to Europe and Britain, South Africa, Israel, Greece, Australia and Latin America, wants to represent Canadian manufacturers of all types of hydraulic fluid power system components, including high pressure pumps. Contact: W. E. Wurtmann, president, The Maiben Corp., 65 Park Avenue, Bayshore, New York. 11706.

Industrial chemicals

FINLAND—A Finnish commission agent for chemical and plastic raw materials, fluids, food ingredients, oil additives, abrasives and pigments wants to represent Canadian suppliers of ethylene glycol, formaldehyde, paraformaldehyde, carbon black, aluminum hydroxide, manganese dioxide, and technical fumaric acid. The firm, Oy Santomo, covers all of Finland and sells mainly direct to industries in the chemical, rubber, plastic, paper, electric, pharmaceutical, automotive and glass industries. Contact: Algot Hellne, managing director, Oy Santomo AB, P.O. Box 10222, 00100 Helsinki 10, Finland. For follow-up, send copies of correspondence to: Commercial Counsellor, Canadian Embassy, P.O. Box 14042, Kungsgatan 24, S-104 40, Stockholm, Sweden.

UNITED STATES—Export agents specializing in sales to the Caribbean area, South and Central America and the Far East want to represent Canadian manufacturers of industrial chemicals, alkalis and solvents. Contact: E. S. Darvin, general manager, Sylvan Chemical Corp., P.O. Box 998, Englewood Cliffs, New Jersey. 07632.

Industrial chemicals and fertilizers

UNITED STATES—The International Commodities Export Corp. of New York wishes to represent Canadian producers of muriate of potash, urea, and sulphur. Export agents specializing in markets outside North America, the firm can be contacted at 200 Park Avenue, Pan Am Building, New York, N.Y. 10017. Attention: E. S. Finley, president.

Industrial refrigeration equipment

UNITED STATES—A firm of export agents specializing in sales to Central and South America, Belgium, Ethiopia, Thailand and Ceylon wants to represent Canadian suppliers of industrial refrigeration equipment in those areas. Contact T. H. Pfeiffer, Kahn-Pfeiffer Company, 50 Broad St., New York, N.Y. 10004.

Newsprint and pulp

UNITED STATES—Matko Sales, a firm of export agents, is interested in representing Canadian producers of newsprint and pulp on the Australian market. Contact: A. A. Hatkovsky, president and treasurer, Matko Sales Corp., 11 Broadway, New York, N.Y. 10004.

Non-ferrous metals

UNITED STATES—Export agent selling outside North America interested in representing Canadian manufacturers of non-ferrous metals and residues, including spent catalysts. Contact: L. Berberich, managing director, Leo Berberich, 198 Broadway, New York, N.Y. 10038.

Novelties and party goods

UNITED STATES—Export agent specializing in sales to Western Europe and Latin America wants to represent Canadian suppliers of novelties and party goods. Contact: R. Premselaer, president, Coles International Co., Inc., 302 Fifth Avenue, New York, N.Y. 10001.

Pharmaceuticals, X-ray equipment and other medical products

MEXICO—Mexican firm would like to represent Canadian firms supplying pharmaceuticals, X-ray equipment and other medical products. The firm is well-established. Contact: Fred Bach, director general, Farma S.A., Diagonal 20 De Noviembre 261, Mexico 8, D.F. and/or Commercial Counsellor, Canadian Embassy, Apartado Postal 5-364, Melchor Ocampo 463, 7th Floor, Mexico 5, D.F., Mexico.

Plastic raw materials

FINLAND—A Finnish firm acting as commission agent and importer for all kinds of plastic raw materials and covering the whole of Finland wants to locate Canadian suppliers of ABS, PVC, polyethylene (HD and LD), polypropylene, polystyrene and polyester. Contact: Insinooritoimisto Absor Oy, Iso Roobertinkatu 10 A, Helsinki 12, Finland.

Small machines

GERMANY—The machine shop Eugen Dinkel, 7311 Hochdorf, Breitwiesenweg 21, German Federal Republic, is interested in representing any of Canadian companies manufacturing small machines or in manufacturing such machines under licence for the German market.

Textiles, fabrics, apparel

HONG KONG—The Hong Kong firm Liberty Fashions Ltd., which acts as an indent importer on a 5 per cent commission basis, is interested in contacting Canadian suppliers of textiles of all kinds, including women's and men's suiting materials (woolen and synthetic); cotton and synthetic men's shirting; knitted yard goods suitable for men's suits and slacks; lining materials, laces and outerwear fabrics. Contact: Liberty Fashions Ltd., B-2, 7th Floor, Burlington House, 92 Nathan Road, Kowloon, Hong Kong, with a carbon copy to: Canadian Government Trade Commission, P.O. Box 126, Hong Kong. Quotations should be c. & f. Hong Kong.

Toys, consumer items, household products of plastic

MEXICO—A plastics firm with a modern plant is seeking Canadian lines for joint venture manufacture in Mexico; especially interested in toys, consumer items, and household products. Contact: Manuel Diaz Barreiro, manager, Manufacturas Plasticas S.A., Manuel J Othon 261, Mexico 8, D.F. Mexico with a copy to: Commercial Counsellor, Canadian Embassy, Apartado Postal 5-364, Melcher Ocampo 463, 7th Floor, Mexico 5, D.F., Mexico.

Yarns and fibers

UNITED STATES—A New York firm would like to represent Canadian manufacturers of synthetic yarn, polyester, nylon, acrylic and synthetic staple fiber. Interested and synthetic staple fiber. Interested firms should contact Jacques Sakal, president, Afetra International Corp., 1270 Broadway, New York, N.Y. 10001.

Wanted: Manufacturers

This information is intended to promote additional manufacturing in Canada. Further material on items listed is for prospective Canadian manufacturers only. No responsibility is assumed for claims or statements made. Address inquiries, quoting item numbers, to: Industrial and Trade Enquiries Division, Department of Industry, Trade and Commerce, Ottawa, K1A 0H5 Canada.

Cutting tool bit and holder

British firm is seeking a licensing arrangement with a Canadian company to manufacture and market its range of cutting tool holders and disposable inserts. The product is used in the engineering industry for threading, forming and grinding applications. Each insert is mounted vertically on edge in a precision vee seat, and transmits all cutting forces to the centre of the seat. The tools are designed to give the carbide inserts maximum support, thereby increasing cutting edge life. Toolholders are manufactured in a wide range of popular shank sizes. Preferred licensee would be a manufacturer of tungsten carbide cutting tools. Literature available. **Item 2450**

Dry-forming process for paper and nonwovens

Danish firm offers under licence the Canadian production and marketing rights covering its process for dry-forming a wide range of fibers into sheets and bats. The firm has developed about 800 different products in its laboratories and pilot plants, e.g. textile-like products of cellulose fibers for making disposable bedsheets and other consumer products; paper made according to the dry process with no hydrogen bonding, thus permitting deep embossing of wallpapers and other papers; reconstituted leather in rolls made from leather scrap; building materials; cardboard, etc., made from a wide range of waste fibers such as hay, banana fibers, and man-made fibers. Literature available. **Item 2451**

Prefabricated lightweight structures

South African inventor offers under licence the Canadian rights to his patented method of prefabricating rigid building elements of folded metal or plastic sheets. According to the inventor, these lightweight structures are load-bearing and do not need supporting frames and skeletons. The process covers such building elements as slabs, panels, decks, roofs, walls, pipes, etc., and is claimed to have a multitude of applications. The elements are welded by a unique high pressure continuous welding process. Literature available. **Item 2452**

Tube couplings

British firm is seeking a licensing arrangement with a Canadian manufacturer to produce and market its tube couplings designed for hydraulic and pneumatic systems. The couplings were developed to meet the demand for reusable joints in high pressure systems using thin-walled tubes. Using these couplings, joints may be broken down and remade for servicing purposes, without cutting off the tube ends. No replacement parts are necessary, with the possible exception of the "O" ring. The couplings can also be used with thick-walled tubes. Literature available. **Item 2453**

Tube expanders

American company offers under licence the Canadian manufacturing and marketing rights to its line of tube expanders and accessory tooling used in the construction and repair of commercial and marine boilers, heat exchangers, etc., where expansion of a tube into a tube sheet is required. The company claims that the automatic cycle of this equipment makes it possible to train a man to operate it in only a few minutes. The unit, with two gear changes, will expand tubes from 3/8-inch over-all diameter to 1 1/2-inch over-all diameter. It is claimed that this fast expansion cycle nearly doubles the life of the mandrel and rolls. Literature available. **Item 2454**

Linear measuring equipment, and step and repeat machine

British firm offers the Canadian production rights and the North American marketing rights to its linear measuring instrument and its manually operated step and repeat machine. The linear measuring instrument consists of a glass graticule operating in conjunction with a dial indicator gauge, and a three-element magnifier which gives a sharp, clear image magnified eight times. It is used for checking negatives, measuring material shrinkage/stretch, and accurately measuring any flat surface. The rapid repeater machine is claimed to provide high speed, low capital cost production of precision negatives or positives for making printed circuits, nameplates, dials, labels, etc. The result of years of experience in the litho and silk-screen field, the machine incorporates dial indicators for greater accuracy. Literature available. **Item 2455**

Mixer-faucet

Swiss company offers to a Canadian manufacturer the production and marketing rights, as well as possible export rights to other countries, for its mechanical mixer-faucet. This faucet, designed primarily for use in bathrooms and on sinks, is composed of a piston with two series of slits; the piston's ball joint allows for adjustment of the hot and cold water slits and the control of the outcoming water to any temperature or rate of flow. Its major advantages are its great simplicity, its economical manufacturing, and its adaptability to all kinds of pipes and fixtures. Literature available. **Item 2456**

Girder clamps

New Zealand firm seeks Canadian licensee to manufacture and market its girder clamps. These clamps are attached to a girder with a bolt which varies in length according to the width of the girder flange; the clamps are designed to fit varying thicknesses of flange. It is claimed that, with these clamps, any service such as air conditioning, lighting, plumbing, etc., can be fitted to a building at any time without the need to weld gussets onto the girders. The clamps are made from 14-gauge galvanised sheet strips in a die that punches five different sizes in a 65-ton punch press. Literature available. **Item 2457**

Anti-jackknife device for tractor-trailers

American inventor offers the Canadian production and marketing rights for his anti-jackknife device for tandem and tractor-trailer vehicles. The object of this invention is to provide an improved means for preventing jackknifing between a towing and a towed vehicle when the brakes are applied. The device is claimed to maintain the towed vehicle in a straight line behind the towing vehicle but may be released when desired, e.g., when backing up or making a sharp turn. Literature available. **Item 2458**

Sauna cabinet

British inventor offers the Canadian production and marketing rights for his coin-operated sauna cabinet. Run on the same principle as a coin laundrette, the unit consists of an individual cabinet in which the person sits with the door shut, his head outside. He can control the heat as desired. The claimed advantages of this invention are that it is easily installed and economical to operate. The coin-feed mechanism automatically switches the heater to the desired temperature and cuts it off when the time has expired. Suitable for homes, hotels, motels, beauty salons, sports clubs, etc. Literature available. **Item 2459**

Tracked vehicle

American inventor is seeking a licensing arrangement with a Canadian firm to manufacture and market his tracked vehicle. The flexible track and chassis combination is claimed to combine the advantages of industrial, all-terrain and amphibious vehicles with the manœuverability, speed and soft-riding qualities of passenger vehicles. This all-terrain vehicle has a multiplicity of uses on both land and water. The unique track can be adapted to other kinds of vehicles. Literature available. **Item 2460**

Expandable file folders

Dutch firm seeks Canadian licensee to produce and market its multi-purpose, expandable filing folders. The folders are easily accessible, and closed with an elastic clip. The flexible back expands only as far as the space required by the contents of the folder at any given time. Several sizes are available. The smaller sizes are particularly suitable for card indexes, the larger sizes for magazines and periodicals. The folders can be filed upright, like a book, even if they only contain one or two documents. Literature available. **Item 2461**

Design for skating rinks, cold storage plants

French company offers to a Canadian manufacturer the production and marketing rights in Canada, and possibly in the U.S., for a process used in constructing skating rinks and cold storage plants. The design consists of a corrugated plate and a flat plate of glass-resin laminate bonded together, the channels thus formed being used for circulating the cold-producing fluid. For skating rinks, water is applied to the flat plate to produce a skating surface. In such applications a sub-base of rigid polyurethane foam is moulded to the underside of the corrugated sheet. The design can also be used for constructing cold storage rooms and for other applications. Literature available. **Item 2462**

Rotary milking system

Australian inventor offers under licence the Canadian production and marketing rights to his rotary milking plant. The system consists of an all-steel platform running on steel rails. The elevated platform is 20 feet in diameter and is driven at the rate of one revolution every 6½ minutes. The milking plant is mounted underneath the platform and revolves with it. Milk is pumped from the milk interceptor under the platform to a bulk tank in the milk room. The inventor claims the system increases milking efficiency by allowing each operator to milk 120 cows an hour, that the care and health of the herd are improved, and that operator convenience is increased. Literature available. **Item 2463**

Toilet chair

Canadian inventor seeks Canadian licensee to manufacture and market a toilet cover chair which hides the toilet and water tank. The chair, which is attractive and comfortable, has particular application for sick and elderly people and young children, permitting them to use the toilet unaided and preventing falls. It has an opening at the back to permit flushing the toilet, and compartments in the arms and at the front to hold toilet paper and cleaning supplies. Literature available. **Item 2464**

New York Center for "Buyers for Export"

D. H. LEAVITT, Consul and Trade Commissioner, New York

You may well ask "What is a 'Buyer for Export'?" The answer is that direct export sales are not the only export sales. New York is the center for hundreds of well-established export agents who represent principals from all over the world, primarily for sales outside North America. There are also many purchasing offices for international corporations and foreign governments located here.

Why have an export agent based in New York? Export agents have a specialized knowledge of a commodity or product and, in many cases, an intimate knowledge of a particular area of the world. Some of these companies maintain branch offices overseas. These agents can thus become another avenue to serve those areas of the world where an exporter has no established representation.

The various types of companies, the products handled, and the areas of concentration that are included within this New York export community enable the interested Canadian manufacturer to select the most appropriate contact for him. Some firms are export merchants which purchase goods and assume credit risks; others are intermediaries who find a buyer but do not take title to the goods. Some act as buying offices for foreign companies, making purchases out of New York for overseas clients. Large corporations have centralized buying offices in New York with responsibility for all or some of their corporate purchases throughout the world. Although it is impossible to generalize about or to classify all of these operations, the foregoing provides some idea of the scope and variety of the export community covered by the New York "Buyers for Export" program.

The Commercial Division of the Canadian Consulate General in New York maintains contact with many of the companies engaged in this type of export business. In 1969 the Department of Industry, Trade & Commerce published the fourth edition of the *Directory of New York Buyers for Export*, which lists some 250 firms of the type described. Under the name and address of each firm is the name and telephone number of the officer to contact and a list of the products handled for export and the markets in which the firm primarily operates. Banking references, terms of payment and basis for quotation are also listed. Firms and products are both indexed alphabetically.

This office recently surveyed all firms listed and found that the directory is still substantially up to date and useful to interested exporters. Copies of the directory and a supplement based on our survey can be obtained in English or French by writing to our office.

We suggest that you let this office know of your intention to do business through a New York intermediary. We will then be able to recommend the most appropriate firms and give you more specific data on their operations and commercial standing. If you write directly to any of the firms listed we would appreciate receiving a copy of your correspondence so that we can follow up on your behalf.

These "Buyers for Export" have expressed an interest in representing a wide range of Canadian products—everything from toys, textiles and pharmaceuticals to machinery, auto parts and minerals. These companies can become part of your sales force and are as near as your postbox. For further information write to the Deputy Consul General (Commercial), Commercial Division, Canadian Consulate General, 680 Fifth Avenue, New York, N.Y. 10019.

Foreign Tariffs and Trade Regulations

Angola

In the interest of quick clearance of goods through the Port of Luanda, effective January 1, 1971, harbor dues will be assessed on the metric measurements indicated on the manifest rather than by the direct measuring of cargo.

Exporters to Angola are advised to include, without fail and with maximum accuracy, the weights and cubic measurements on the bills of lading in order that they may be shown on the ship's manifest.

Should measurements not be provided on the manifests, the Angolan Harbour Services will calculate them by using co-efficients, or by multiplying the weight by three. This method will impose needless expense on the importer in Angola.

Argentina

The Argentine Government, by Decree No. 2118, imposed import restriction for a period of one year, effective June 30, 1971, on luxury and non-essential products enumerated in approximately 340 items of the Customs Tariff. The list includes preparations of meat and fish, sugar and chocolate confectionery, pastry, sauces, beer, wines, alcoholic beverages, cigars, cigarettes, perfumes, cosmetics, travel goods, carpets, fabrics, clothing, glassware, stoves, electric refrigerators, domestic washing machines and dryers, other domestic electric appliances, radio and television receivers, bicycles, tricycles, toys, etc. The restriction does not apply to imports from LAFTA or to products granted tariff concessions under special arrangements.

Further information on specific products is available from the Latin America Division, Office of Area Relations.

Britain

The British Government recently announced that, effective immediately, the rates of purchase tax have been reduced by two elevenths of the former rates. The following are examples of the new purchase tax rates:

Clothing, furniture, carpets—11¼ per cent

Confectionery and soft drinks—18 per cent

Automobiles, TV and radio sets, toys and games, trunks and suitcases, light fittings—30 per cent

Smokers' requisites, furs, gold watches, hairdressing goods, jewellery, diaries and calendars, pictures and frames, tape recorders, cinematographic and slide projectors, cameras other than cinematographic—45 per cent.

New Zealand

Import Control Exemption Notice No. 17, 1971, creates an exemption from the requirement of a licence for eggs, whole, fresh; pineapple, whole, fresh; citrus fruit, whole, fresh; grapes, fresh; apples, whole, fresh, and pears, whole, fresh.

The distribution and marketing of eggs, citrus fruits, apples and pears in New Zealand is under the control of the Producer Boards and it is only through these distribution channels that an importer would market the products. The exemption effectively prevents the import of these products by other than the Boards concerned.

Each of the products covered by the exemption is subject to stringent regulations designed to prevent the introduction of disease-bearing organisms into New Zealand. A basic requirement is that the country of origin must have facilities for inspection and certification to standards acceptable to the New Zealand Government.

Nigeria

The Nigerian Government announced a number of tariff changes on June 10, 1971, subsequent to the April 1 budget. The changes affect flour, textile fabrics, metals, sewing machines, electrical appliances and a few other minor items. The duty on flour was reduced from N£25 per ton or 50 per cent (whichever is higher) to N£7.10.0 per ton or 15 per cent for imports by the Government, and to N£11.4.0 or 33⅓ per cent for private imports. The move was designed to increase the quantities of flour available on the Nigerian market. Shortages had lead to sharp price rises.

Spain

The Spanish Ministry of Commerce has announced that all imported foods containing sodium cyclamate must show clearly the cyclamate content, expressed in milligrams, on the label.

Spain

By virtue of Decree 1877 issued by the Spanish Ministry of Commerce, the following commodities may be imported into Spain duty free from August 6, 1971, until October 31, 1971: dry codfish; frozen tunny; soya beans; seeds for sowing (e.g., grass, vegetable, sugar-beet, etc.); meat and fishmeal flour; glutamic acid and salts; herbicides (excluding those derived from dechlophenoxiacetic chlorate and acid), and agricultural chain tractors up to 6,000 cc inclusive.

Trade Commissioners on Tour

In Canada

If you wish to meet the officers whose itineraries are listed below, get in touch with—

In Ottawa—
Department of Industry, Trade and Commerce

In Fredericton, Halifax, Montreal Toronto, Winnipeg, Regina, Edmonton, Vancouver—
Regional Office, Department of Industry, Trade and Commerce

In Windsor, Ontario—
Greater Windsor Industrial Commission

In all other centers—
the local Board of Trade, Chamber of Commerce, or Industrial Commission

Australia

H. J. Horne, Commercial Counsellor, Sydney:

Montreal: September 10
Winnipeg: September 13
Edmonton: September 14
Calgary: September 15
Vancouver: September 16-17

K. F. Osmond, Commercial Counsellor in Melbourne:

Montreal: September 16-17
Toronto: September 18-24
Vancouver: September 25-29

Brazil

H. H. E. Kock, Commercial Officer in Sao Paulo, Brazil:

Toronto: September 10-15
Vancouver: September 17
Montreal: September 20-22

Britain

G. M. Deyell, Assistant Commercial Secretary, London:

Calgary—Edmonton: September 7-9
Toronto: September 10-15

The Netherlands

D. H. Cheney, Commercial Counsellor, The Hague:

Toronto—Hamilton: September 14-17
Winnipeg: September 20-21
Edmonton: September 22
Vancouver: September 23-24
Montreal: September 27-29

Venezuela

J. M. Vincent, Assistant Commercial Secretary, Caracas:

Toronto: September 8-11

Temporary Duty in Ottawa

Trade Commissioners on temporary duty in Ottawa may be contacted through the Trade Commissioner Service, phone 996-7231 (area code 613).

D. S. Armour
Consul and Trade Commissioner
Hamburg, Germany
September 20-October 8

A. B. Brodie
Trade Commissioner
Glasgow, Scotland
September 1-8

G. Bruneau
Assistant Commercial Secretary
Tel Aviv, Israel
October 5-15

D. H. Cheney
Commercial Counsellor
The Hague, Netherlands
September 6-10

R. Frenette
Assistant Commercial Secretary
Bonn, Germany
September 7-10

E. G. Maguire
Consul General
Hamburg, Germany
October 4-8

K. F. Osmond
Commercial Counsellor
Melbourne, Australia
September 9-15

In Territory

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

Antigua, Montserrat, St. Kitts

J. G. Tardif, Assistant Commercial Secretary in Port-of-Spain, Trinidad, will visit Antigua, Montserrat and St. Kitts, October 11-15.

Persian Gulf

Officers of the Beirut, Lebanon, office will vist the Persian Gulf as follows:

John Marrow, Commercial Officer: Bahrain October 2-4, Qatar October 5-8, Abu Dhabi October 9-12 and Dubai October 13-16.

Emile Maklouf, Commercial Officer: Kuwait October 14-21.

Bahamas, Turks and Caicos Islands

W. D. Hutton, Assistant Commercial Secretary in Kingston, Jamaica, will visit Bahamas (Nassau and Freeport) and the Turks and Caicos Islands August 30-September 17.

Grenada, St. Lucia

D. Hobson-Garcia, Commercial Officer in Port-of-Spain, Trinidad, will visit Grenada and St. Lucia September 21-24.

Iraq

F. Ian Wood, Commercial Counsellor in Beirut, Lebanon, will visit Baghdad October 2-16.

Saudi Arabia

S. G. McDowall, Commercial Secretary in Beirut, Lebanon, will visit Saudi Arabia October 8-21.

Surinam

G. H. Musgrove, Commercial Secretary in Port-of-Spain, Trinidad, will visit Surinam October 4-7.

The Ocean Freight Market

Industrial Traffic Services Division

Charter rates, which began to show signs of easing off in the last quarter of 1970, have continued their decline through the first and second quarters of 1971. Rates have dropped to the depression levels reached in 1958-59, which followed the boom period after the 1956 closure of the Suez Canal.

Concurrently with the decline in freight rates, the number of ships taken out of service by shipowners reached a peak of 120 ships totalling 654,073 gross tons(1). It seems evident that the drop in rates is linked directly to the cut-backs in Japanese chartering programs. Rates covering shipment of coal from Hampton Roads to Japan have been particularly affected. In marked contrast to rates of U.S. $11.50 to $13.00 per ton in the peak period of 1970, a rate of $3.75 per ton (two ships, August shipment) was set towards the end of the quarter.

In the Canadian context, all the important trades reflected declines from first-quarter averages. Examples in certain important trades include heavy grain, St. Lawrence to Britain, dropping from $5.48 to $5.09, and coal from British Columbia to Japan falling from $4.76 to $3.33. The drop taking place throughout the second quarter is further illustrated in the St. Lawrence to Belgium/Holland/Germany range grain trade: a fixture at the beginning of the quarter was $3.42 per ton (23,000 tons), while the last fixture reported during the quarter was $2.27 (31,000 tons).

The tanker market is experiencing similar world-wide low rates. Substantial increases in rates took place in 1970 bringing high profits to tanker owners. The current market is posting some historic lows. At the peak of the 1970 charter market, a rate of $27.51 per ton was agreed for a movement between the Persian Gulf and Rotterdam. The average rate in the second quarter of 1971 was one tenth of that level. The low rates are considered a consequence of little activity by major oil companies in the voyage charter market, substantial stocks of stored oil, and a surplus of time-chartered tonnage by several oil companies. Average rates in the trade from Venezuela to Eastern Canada reacted similarly to the changed charter market conditions and dropped from the average rate of $2.83 per ton in the first quarter to $2.13 in the second quarter.

Charter Rates—Second 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 £=$2.437 and U.S. $=$1.007. For comparison, the rates for the previous quarter are shown in column C with the Canadian dollar equivalent in column D calculated at £=$2.436 and U.S. $=$1.011. The rate schedule does not necessarily represent all charter movements to or from Canadian ports because details of certain fixtures are not published.

	Second Quarter 1971		First Quarter 1971	
	A	B	C	D
	£ or U.S.$	Cdn.$	£ or U.S.$	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 second quarter of the year were as follows:				
General Trading (approximately 4 to 12 months)				
11,000-15,000 dwt. 13-16 knots	3.99	4.02	4.57	4.62
15,000-20,000 dwt. 13-16 knots	4.21	4.24	4.23	4.28
20,000-30,000 dwt. 13-16 knots	—	—	3.51	3.55
30,000-40,000 dwt. 13-16 knots	1.68	1.69	3.31	4.24
Voyage Charters—Average rates for the second quarter of the year were as follows:				
Heavy Grain (per long ton)				
St. Lawrence to Britain	£2.09	5.09	£2.25	5.48
St. Lawrence to Belgium/Holland/Germany	3.33	3.36	3.53	3.57
St. Lawrence to Portugal	6.07	6.12	—	—
St. Lawrence to Yugoslavia	6.70	6.75	6.90*	6.98
St. Lawrence to Persian Gulf	12.08	12.17	—	—
St. Lawrence to Spain (Atlantic)	5.65*	5.69	—	—
St. Lawrence to Poland	4.43	4.46	—	—
St. Lawrence to Norway	3.53	3.56	—	—
St. Lawrence to Algeria	7.97	8.03	—	—
St. Lawrence to France (Mediterranean)	5.71	5.75	—	—
St. Lawrence to Albania	5.80*	5.84	—	—
St. Lawrence to Lebanon	5.75*	5.79	—	—
Great Lakes to Britain	£3.97	9.66	—	—
Completing St. Lawrence	£2.05	4.99	—	—
Great Lakes to Belgium/Holland/Germany	7.06	7.11	8.73	8.83
Completing St. Lawrence	2.72	2.74	4.20	4.25

(1) Daily Freight Register, July 21, 1971.

*One fixture only reported.

	Second Quarter 1971 A £ or U.S.$	B Cdn.$	First Quarter 1971 C £ or U.S.$	D Cdn.$
Great Lakes to Norway	7.80*	7.86	—	—
Completing St. Lawrence	3.90*	3.93	—	—
Great Lakes to Japan	9.00*	9.07	12.55*	12.69
Completing St. Lawrence	5.00*	5.04	8.55*	8.64
Great Lakes to France (Atlantic)	7.00	7.05	—	—
Completing St. Lawrence	3.50	3.53	—	—
Great Lakes to Portugal	8.00*	8.06	—	—
Completing St. Lawrence	4.75*	4.79	—	—
Great Lakes to Spain (Atlantic)	6.75*	6.80	—	—
Great Lakes to Spain (Mediterranean)	6.67	6.72	—	—
Completing St. Lawrence	2.75	2.77	—	—
Great Lakes to Yugoslavia	10.68	10.76	—	—
Completing St. Lawrence	6.28	6.33	—	—
Great Lakes to Italy	8.12	8.18	—	—
Completing St. Lawrence	4.00*	4.03	—	—
Great Lakes to Venezuela	8.67	8.74	—	—
British Columbia/North Pacific to Japan	7.30	7.36	7.99	8.08
British Columbia/North Pacific to Philippines	8.64	8.71	10.00	10.11
British Columbia/North Pacific to South Korea	8.59	8.66	9.48	9.58
British Columbia/North Pacific to People's Republic of China (northern ports)	£2.80	6.81	£3.12	9.75
British Columbia/North Pacific to People's Republic of China (southern ports)	£3.66	8.91	—	—
British Columbia/North Pacific to Persian Gulf	13.40	13.50	—	—
British Columbia/North Pacific to Peru	9.05	9.12	—	—
British Columbia/North Pacific to El Salvador	7.08	7.13	—	—
Coal (per long ton)				
Hampton Roads to Japan	5.16	5.20	7.34	7.42
British Columbia to Belgium/Holland	4.75	4.79	—	—
British Columbia to Japan	3.30*	3.33	4.71	4.76
Oilseeds (per long ton)				
British Columbia to Japan	7.15	7.21	9.38	9.48
British Columbia to east coast of India	£6.08	14.80	£7.34	17.87
Great Lakes to France (Atlantic)	7.50*	7.56	9.60	9.71
Scrap Iron and Steel (per long ton)				
U.S. North Atlantic to South Korea	9.63	9.70	11.82*	11.95
U.S. North Atlantic to Italy	4.68	4.72	4.82	4.93
U.S. North Atlantic to Spain	6.18	6.23	7.55	7.63
St. Lawrence to People's Republic of China	£6.37	15.50	—	—
Sulphur (per long ton)				
British Columbia to Taiwan	8.75*	8.82	—	—
British Columbia to Belgium/Holland	5.10*	5.14	7.30*	7.38
British Columbia to New Zealand	£3.50	8.52	£3.80*	9.26
British Columbia to India (east coast)	11.25	11.34	—	—
British Columbia to Brazil	8.10	8.16	—	—
Potash (per long ton)				
British Columbia/North Pacific to India (east coast)	11.33	11.42	12.55	12.69
Iron Ore (per long ton)				
St. Lawrence to U.S. Atlantic	1.10	1.11	1.63	1.65
St. Lawrence to Japan	6.40*	6.45	6.55*	6.62
Petroleum Coke (per long ton)				
California to Belgium/Holland	7.98	8.04	10.50	10.62
California to Japan	3.10*	3.12	6.95	7.03
Oil Black (per long ton)				
Venezuela to Portland, Maine	1.99	2.01	3.28	3.32
Persian Gulf to Portland, Maine	8.90	8.97	16.86	17.05
Mediterranean to Portland, Maine	3.57	3.60	5.94	6.01
Venezuela to east coast of Canada	2.11	2.13	2.80	2.83

*One fixture only reported.

Fur Trails End in Vancouver

He's done a thriving export business for more than 30 years, yet he never leaves Vancouver. He doesn't go out and look for customers: five or six times a year they come to him—from the United States, Britain, Germany, Italy, Switzerland, and even Japan and Hong Kong. He sells a product for which Canada has a world-wide reputation, raw furs, and at a single auction in his warehouse 200,000 or more skins may change hands for a total of two million dollars.

His name is Theodore Pappas and he owns and operates Western Canada Raw Fur Auction Sales Limited. In an unimpressive-looking building on West Pender Street in downtown Vancouver he combines office, auction room, and storage floors, where the processed skins, appraised, graded and sorted, hang in long rows awaiting buyers. Before each auction, buyers troop into the building, examine the bundled skins with skilled eyes and fingers, make up their minds about their bids, and a day or two later, attend the sale.

Mr. Pappas is his own auctioneer. In front of him as the sale proceeds is the "stand book". It records each lot of skins, the owner, the grade, and eventually the buyer and the price obtained. Before the auction begins, Pappas has decided on the floor price for the various bundles, based on the latest current information and on his own assessment of the highly volatile fur market. These prices he may adjust up or down as the sale proceeds and as he senses the reaction of the poker-faced buyers sitting in long rows before him. Lots on which he cannot get his floor price are left over to the next sale.

The first auction of the year normally takes place about mid-January and the last at the beginning of December. The latter is a prestige sale and draws representatives from some of the top fur houses, such as Mayer & Company of Zurich, because it is then that Pappas offers the finest mink skins. Mayer's has been known to buy $600,000 to $700,000 worth of skins at one sale. The other auctions are strung out over several months.

Western Canada Fur Auctions doesn't go in for complicated credit arrangements with either customers or suppliers. The terms of sale are cash before the skins leave the premises; very occasionally, Pappas accepts sight draft. He deducts his 5 per cent commission, then sends out the cheques to trappers and fur traders within five to six days of the end of the sale. Certain traders, usually mink ranchers, sometimes make special arrangements with him. When the trader knows the number of kits he will have to raise, he can calculate his feed bill and gets an advance on it from Pappas. When the mink skins are sold, Pappas deducts the advance and forwards the rest of the receipts to the trader.

One of this season's sales took place on January 21 and 22, with the furs to be auctioned ready for inspection by possible buyers on January 19 and 20. On January 26, Mr. Pappas issued a bulletin that went out to every raw fur producer and to every buyer. It began: "We are very pleased to report that our first 2-day general sale of the current season was very successful. Our large offering of 125,000 choice Canadian Ranch Mink and strong quantities of wild furs attracted many overseas and continental buyers to our sale. Competition was very spirited". Then followed details on each type of furs—number of skins offered, number sold, and the trend of prices.

What makes the Pappas business tick? Mainly Pappas himself and his broad experience—experience in a trade that depends more than most on thorough knowledge and shrewd judgment. He acquired both of these straight from the trapper's mouth. As a young immigrant from Greece before the first World War, he went to Prince Rupert and later to Prince George. While he earned his living in local hotels and saloons as a "boy of all work", he listened to the talk among trappers and fur traders and eventually began to do a little trading in furs himself on the side. Next, he started going out and buying directly from the trappers: with a bit of a sigh he recalls the days when he travelled over every trapline in the Prince George area on snowshoes, bought skins and sold them, usually to New York fur houses. In 1941, he opened his own fur auctions, one of the three in Canada. (The other two are in Winnipeg and Montreal.)

Most of the fur ranchers and trappers ship to Pappas on consignment. Furs flow into his warehouse from all parts of Canada; nowadays many of the finest come from the Eskimo co-operatives in places like Inuvik, Fort McPherson, and Resolute Bay: others come from Quebec, the Prairies, and the Maritime Provinces. Four skilled graders work with Pappas; even the youngest of them, he says, has had 15 years of experience. All the skins are graded, matched and sorted into bundles, and a tag attached showing the number of skins in each bundle and the owner's name in code. When he considers that he has enough skins, he advertises an auction some three weeks in advance in *Women's Wear Daily*, and *Fur Age Weekly*, as well as in publications in London and Frankfurt. He also sends out mimeographed circulars to a large mailing list. One such circular, dated December 1970, advertised the January 21-22 sale. "We invite the entire trade to attend this important sale and OUR WAREHOUSE WILL BE OPEN FOR INSPECTION FROM TUESDAY, JANUARY 19th AT 8:00 A.M."

It's a long way from Corinth, Greece, to West Pender Street, Vancouver—in fact, it took 27 years to travel. It was long enough to build and perfect a career based on the forests, the snowshoe trails, the traplines and the fur ranches of Theodore Pappas's adopted country.

The fur auction won't take place for two or three days, but prospective buyer Kurt Hanauer is checking out this lot of lynx skins to decide whether or not he wants to bid on them, and how much. Each lot carries a tag that lists the number of skins in it and also, in code, the name of the owner. Shrewd fur buyers take their time over examining the skins in each lot, checking on color, depth of fur, and other points. Pappas deducts 5 per cent commission when he sells the pelts and remits the rest to the trapper supplying them.

The raised pen in the hand of the man third from the left in this group of fur buyers is the preferred way of making a bid as the auction progresses. Most of the auctions are attended by some 25 to 30 men, some of whom may hail from New York, Zurich, or even Hong Kong. The notebooks on the table in front of them contain their jottings about the bundles that they have examined previously and their tentative bids. Some of these buyers have been coming to the auctions in Vancouver for 25 years or more. Normally Pappas holds five or six sales per season.

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