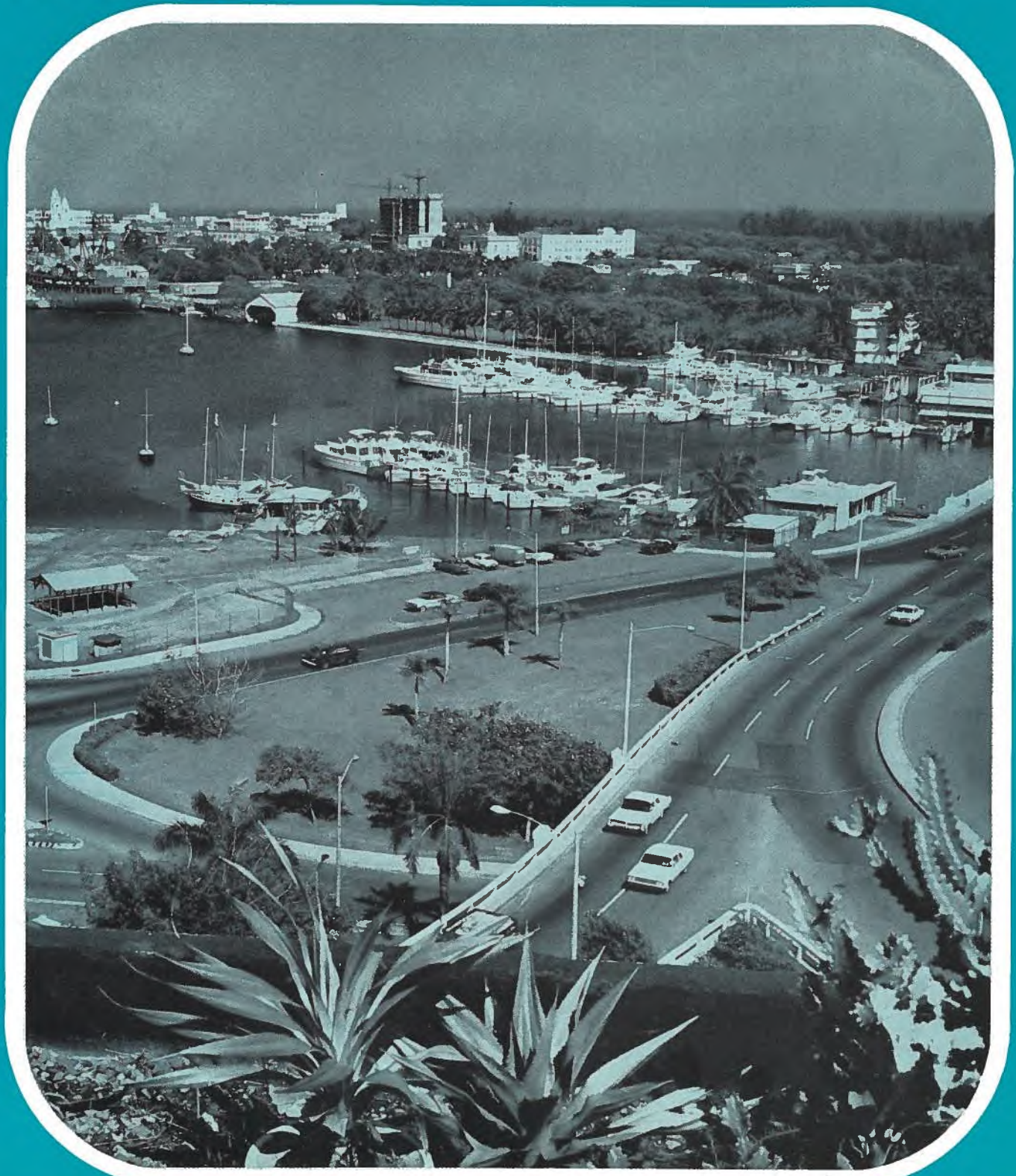
foreign trade

Department of Industry, Trade and Commerce, Canada

The Puerto Rican Market Expands

Canada/U.S.S.R. Agreement Strengthens Technological Ties

February 27/71



In This Issue

It takes a little while for a trade office to know the whys and wherefores of a foreign country's economy, to make meaningful business contacts and to pinpoint trends. Canada's office in San Juan, Puerto Rico, has now been open for just over a year, and during that time our trade commissioners there have discovered quite a lot that is of interest to Canadian exporters. The article describing their finds begins on page 2. The picture on the front cover shows a section of San Juan and makes you wonder how they found the time to do any work.

Important legislation governing state purchases has recently been passed in Argentina and is reported by our Buenos Aires office. This article begins on page 26 and should be of interest to all Canadian suppliers of goods to that country, particularly suppliers of engineering and consulting services.

Electronics is a closed world to many, particularly to those of us who are still faintly surprised by the picture on the television screen that appears with the simple adjustment of a knob or two. We do recognize, nevertheless, the great importance of this world to Canada's trade—and, indeed, to our way of life. Electronics is even going to make it possible to get into that rush-hour traffic on the expressway, as the article beginning on page 14 tells us. Altogether we have three articles on the electronics market, from Italy, New England and Germany. The Raytheon Corporation's photographs illustrate the New England article.

If you've always thought of Moscow as a fairly frigid place in the winter, you would have been pleasantly surprised if you had been there at the same time as the Canadian delegation, earlier this month. A colleague of ours, R. M. Shaw, whose article on the Canada/U.S.S.R. agreement begins on page 18, reports that the mercury hovered around the 35 to 40 degree mark all the time he was there—above zero, not below. It has been the mildest winter there on record, apparently. Incidentally, Mr. Shaw also took the photographs for the article.

Just after our February 13 issue went to press, we took off for Vancouver to talk with exporters there. It was a welcome change to leave Ottawa on a day when the early morning temperature was 16 below zero to walk out in Vancouver the next day without rubbers and to catch a glimpse of green grass.

It was also refreshing to hear at first hand several export success stories. Some of the firms that we interviewed in the next three days were selling products as distinctively Canadian as mink, beaver or other furskins and, more unusual, jade stones that come from a British Columbia jade mine. And speaking of mining, we also talked with a consulting engineering firm with an international reputation in the mining and mineral concentration field which is putting its expertise to work in the Kingdom of Morocco.

Other firms with which we talked were successfully marketing products such as a line of soup-beverages, a unitized system of kitchen cabinets for high-rise apartments, and cutting attachment and components for the chain-saw industry. Naturally enough, several of these companies looked to the United States, specifically the Pacific Coast and Northwest States, as their logical markets. Others have also succeeded in finding customers in some of the Pacific Rim countries and at least one has made sales in 28 different countries, including several in Western Europe. We shall be telling you about the techniques that they have employed and the problems they have overcome in forthcoming issues of the magazine.

foreign trade

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The Puerto Rican Market Expands

Canada's trade office in San Juan has been open for just over a year, and has seen our exports increase. This article points up further opportunities for Canadian suppliers—basic raw materials, electrical equipment, food products—and how to capitalize on them.

D. I. CAMPBELL
Trade Commissioner, San Juan

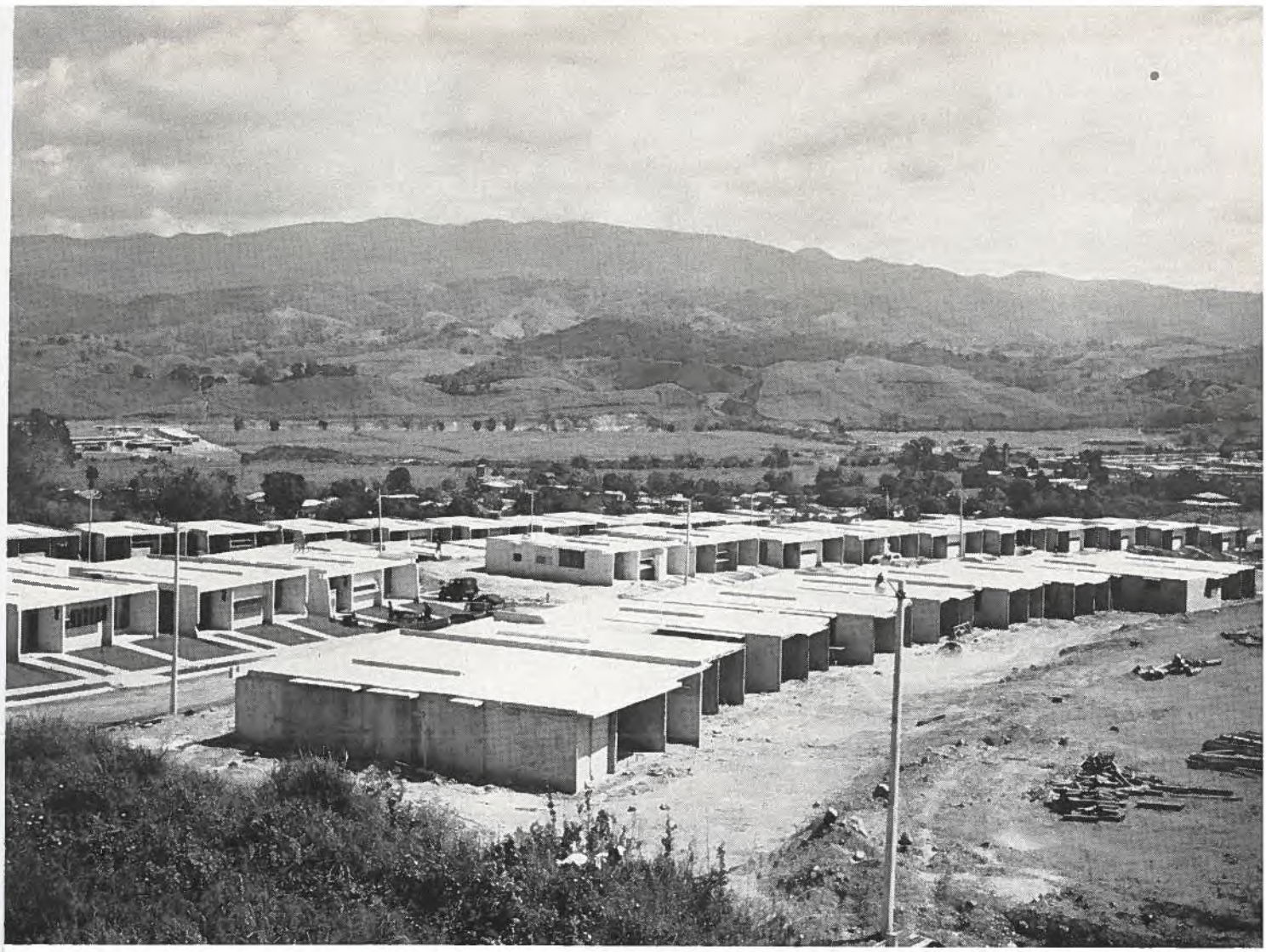
Our office in Puerto Rico has been operating for just over a year. At the time the decision to open it was taken, Puerto Rico's imports were valued at U.S. $1.8 billion and Canadian sales at approximately $27 million.

Once a new office begins operation, it takes time to find one's way in the market, to understand the problems facing Canadian exporters, and to determine the market potential. It also takes time to work out what makes the local economy tick. In Puerto Rico the principal catalyst for economic growth has been the Government's industrial development program. This program, one of the first and also most successful efforts at economic transformation, has resulted in an increase in average family income from $1,500 in 1950 to $5,400 in 1969, and a reduction of sugar- and coffee-based agricultural employment from 36 per cent of the labor force in 1950 to 12 per cent in 1969. Annual growth has averaged 10 per cent per year since 1960.

In the past year, however, there has been some slowdown in industrial development because of the economic recession in the United States and the higher cost of labor in Puerto Rico as wage levels rose. Because of the high cost of money, there has been a slowdown in private home construction, but the commercial and government-financed sectors have continued strong. Tourism is a major factor in Puerto Rico's economy and provides a substantial income but it too has suffered because of the economic slowdown.

Canadian exporters will, of course, be most interested in the market opportunities here for their products. In a

A peaceful scene in a residential street in Old San Juan, a contrast to the activity taking place in the rest of Puerto Rico, where the economy has averaged a 10 per cent annual growth since 1960, and where average family income in 1969 was $5,400.



A new housing development being built in San German. There have been fewer housing starts this past year because of the economic recession in the United States, which has affected the Puerto Rican economy, particularly the private sector.

broad sense, 47 per cent of import demand is for raw materials, 36 per cent for consumer goods, and 17 per cent for capital goods. Of particular importance is the fact that goods made in the United States enter Puerto Rico duty-free but products from Canada enter under the United States customs tariff. This may be a deterrent to many exporters, but any who are able to sell their products in the United States should be able to sell in Puerto Rico as well. Although 85 per cent of Puerto Rico's imports come from the United States mainland, this percentage is falling as other exporting countries, such as Japan, Canada and Spain, increase their market penetration.

In the past year, we have become aware of specific opportunities and terms of trade prevailing in the market for Canadian products. Here is a run-down on how we see it.

Agriculture and Fisheries—Puerto Rico imports over 80 per cent of the food products consumed on the island. Fisheries products from Eastern Canada have traditionally had an important place in the Puerto Rican market. The cured fish market has been well exploited but opportunities still remain in specialty, frozen, packaged, and consumer fisheries products. Some of these already reach here through brokers in New York. As a sidelight, we know a smoked salmon exporter in British Columbia who has found a useful market here through direct shipments by air freight.

Other food products entering Puerto Rico from Canada include potatoes (we have approximately 50 per cent of the market), pet foods (the Canadian supplier is dominant), malt, biscuits and cookies, and soft drinks (the latter could well be worth $300,000 to Canada in 1970). Prices are, of course, an important factor and the provisions of the United States Agricultural Stabilization Act and the United States Food and Drug Administration Act can limit sales opportunities. But the market is so large that we feel Canadian suppliers should contact us about their products and prices. We will investigate sales opportunities for them.

Apparel and textiles—Opportunities in this field are limited because of the United States tariff on textile products. There is a demand for medium- and high-priced lightweight clothing, however, and a number of Canadian manufacturers have made small but growing sales here. Puerto Rican buyers regularly visit New York shows in search of new lines and are also willing to travel to Canada at their own expense if they receive encouragement to do so.

Chemical products—These do not offer great opportunities to Canadian suppliers, although from time to time we do have local inquiries about Canadian capabilities in various industrial chemicals. We follow through on these and have had some success on specialty items, which must be competitive in the United States if they are to be sold in Puerto Rico.

Electrical utility equipment—This is one area in which there are substantial opportunities for Canadian manufacturers. The local purchaser in Puerto Rico is a government entity and is willing to entertain bids from any source, provided standards are equal to those of the NEMA organization. In recent months, a number of Canadian manufacturers have been put in contact with agents who specialize in utility tenders, and we are hopeful that a significant volume of business will result. If we receive descriptive literature and an indication of specifications from Canadian suppliers, we will discuss markct possibilities with one local utility and recommend a suitable agent. In the past year, we have examined the market for consumer electrical products, which is a price-sensitive area. We are not yet convinced that Canadian suppliers are not competitive in the market. Canadian electrical products for residential and commercial installation are normally not competitive because their quality is generally above that used locally.

Machinery—Canadian suppliers have obtained orders for a variety of equipment from Puerto Rican sources from time to time. The market is dominated by United States suppliers who maintain sales and service outlets here. But we feel this field deserves closer attention—some Canadian manufacturers have been successful.

Basic raw materials—This is a good market. Canadian copper suppliers are well represented here and sales in a normal year total $1 million. All asbestos used on the island comes from Canadian sources.

In the iron and steel group, there is an attractive market for sheet and strip for the local canneries, and sales this year could reach $1 million. Most commercial construction in Puerto Rico is of the concrete and reinforcing rod variety and one Canadian supplier has chalked up a significant volume of sales. This general raw-material area deserves greater attention because a large number of local industries are consumers of these types of products. We would be happy to hear from interested firms who wish us to examine this sector further.

Automobiles, trucks and parts—Canadian products are a major force in the automotive market in Puerto Rico. These products enter duty-free under the terms of the Canada-United States Automotive Products Agreement. We have received a number of inquiries

CANADIAN EXPORTS TO PUERTO RICO

	Cdn.$'000 12 months 1969	Jan.-Oct. 1970
Cars, trucks and parts	14,017	9,788
Lumber and plywood	5,374	4,783
Fisheries products	3,299	2,531
Newsprint paper	3,255	3,188
Potatoes	1,436	1,144
Iron and steel, basic	1,289	2,629
Copper, basic	964	1,160
Telephone apparatus equipment and parts	727	486
Pet foods	488	532
Insulated wire and cable	356	1,056
Wood pulp, bleached sulphite paper grades	345	177
Malt	322	227
Tires and tubes	273	246
Lamp bulbs	228	348
Fire brick and refractories	192	282
Non-alcoholic beverages	169	210
Cattle, dairy	62	295
Furniture	60	245
Combination receiving sets and record players	10	165
Engines, turbines and parts n.e.s.	—	9,537
Generators and parts	—	2,123
All others	4,702	2,826
Total Exports	**36,976**	**43,978**

Source: DBS

Ballad of the Widgets

An enterprising Canadian
Thought he'd sell widgets abroad,
And follow the example of others
Who exported wheat, newsprint, or cod.

There must be a market for widgets.
So around the whole world he flew,
To sell to "caballeros" in Chile
And a sherpa in far Katmandu.

His sales results were appalling;
But cities, he saw thirty-two
Picked up a bug in Calcutta
And in Hong Kong developed the flu.

He returned depressed but undaunted;
His dream just wouldn't die.
A new sales plan was in order!
So he'd give it at least one more try.

He wrote to a few Trade Commissioners
To see what they had to say.
"Please send us your pamphlets and prices
And we'll get you an order today."

It happened perchance that he learned
That his widgets would sell in San Juan
"Just write to the following people
You'll get orders before very long."

Of course he was truly delighted;
His profits steadily grew.
He expanded his plant operations
And bought a subsidiary, too.

Like most stories, this has a moral—
It's a fact that's really not new
The Trade Commissioner Service
Is here and prepared to help you.

R. A. FAIRWEATHER
Assistant Trade Commissioner, San Juan
(and resident poet)

from local firms for automobile parts and a few Canadian companies are successfully penetrating the market. There is a good volume of business in this field, but at the moment we lack Canadian firms willing to give it a full marketing effort.

Wood products—Canadian suppliers control the newsprint market and are the principal factor in the lumber market. Canada sold $5.4 million worth of lumber in 1969, most of it from Western Canada, using charter vessels to carry it between Vancouver and San Juan. We have attempted to introduce eastern Canadian lumber but to date the high transportation charges on non-charter shipments have made it uncompetitive.

In the past year a number of manufacturers of wooden office furniture have obtained new sales outlets in Puerto Rico and secured a substantial volume of business. We have had less success in introducing household furniture and this will be an area of concentration in the months ahead. Canadian-made furniture is competitive if manufacturers give full attention to packing, shipping and customs documentation.

These are the market opportunities for Canadian exporters as we see them. But exporters need to co-operate with us if they are to exploit these fully. For instance:

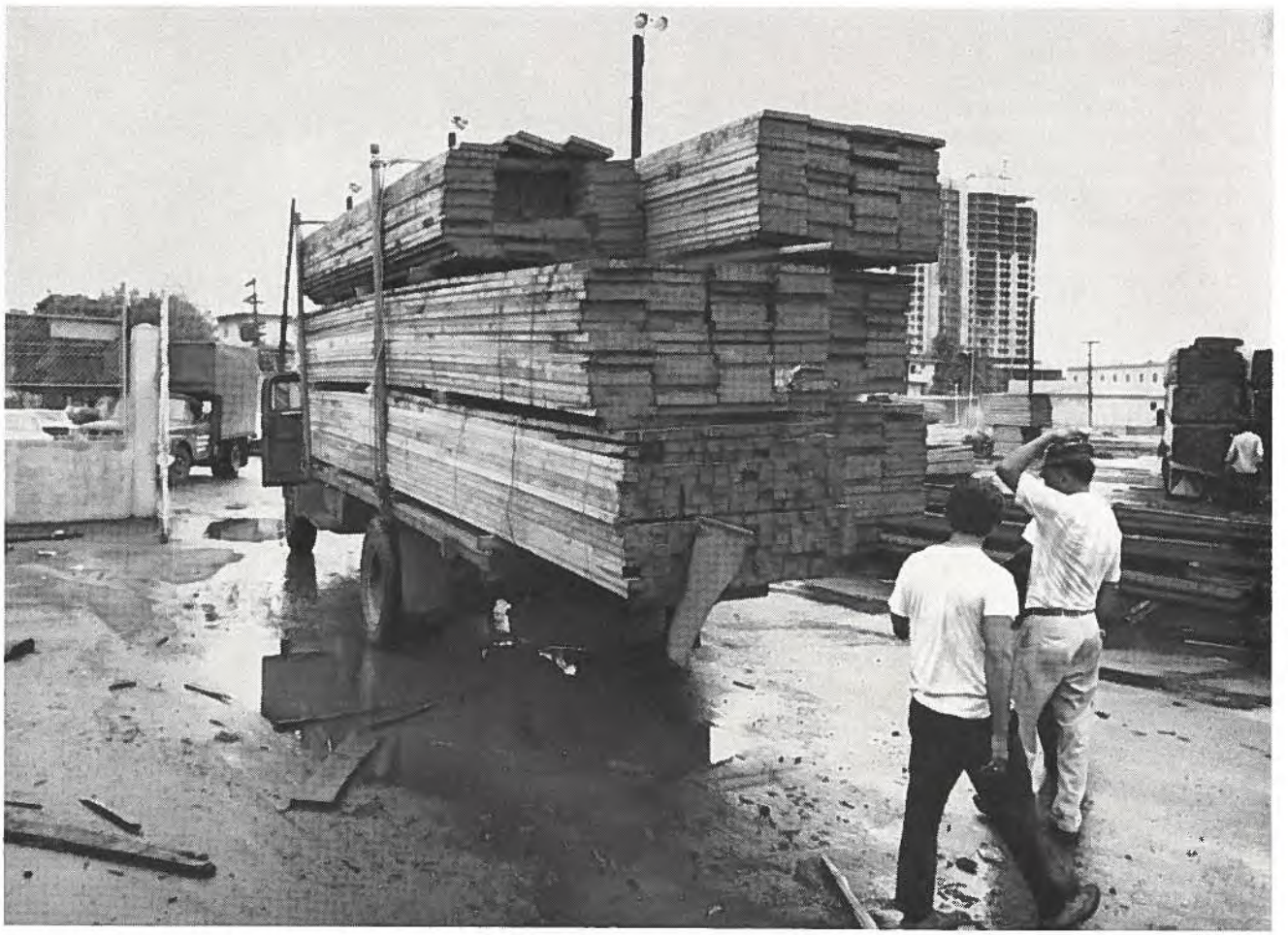
1. They should acknowledge and respond to trade inquiries sent to them. With a slackening of demand in Canada, they may be more anxious to turn their attention to the market in Puerto Rico.

2. Canadian suppliers are often well-versed in sales terms and conditions in Jamaica, Trinidad and other Commonwealth preference territories in the Caribbean, but overlook the sales possibilities in Puerto Rico. To those who are travelling this winter to the Caribbean, we recommend dropping a note to us in San Juan. We will run a preliminary sales survey and advise them whether it would be worth their while to stop off here and investigate the market in greater detail.

3. The U.S. Customs tariff has deterred many Canadian exporters from trying to sell in Puerto Rico. In our experience it should not, because many United States suppliers face higher transportation charges to Puerto Rico than do Canadians and this tends to offset the duty.

After just over a year in operation we in the Puerto Rico office can see that Canada's sales here are expanding. To the end of September 1970 they totalled $36 million compared with $36.9 million for the full 12 months of 1969. We would be delighted to hear from more Canadians and we look forward to visits from them in the coming months.

Our address is: Canadian Consulate, 1606 Pan Am Building, Hato Rey, Puerto Rico, 00917.



Canadian suppliers of forest products have a substantial market in Puerto Rico. Lumber from Western Canada—worth $5.4 million in 1969—is used mainly for forms for concrete and for reinforced steel buildings.

Argentina Develops Its Mines

Mining Promotion Plan announced over a year ago has sparked exploration programs by local and international firms and increased the need for equipment and processing plants.

J. M. VINCENT, Assistant Commercial Secretary, Buenos Aires

Argentina's mineral potential has remained almost completely unexploited, unlike that in most other South American countries. One reason has been the richness of its agricultural resources that has over-shadowed potential mineral wealth, and a second has been lack of development capital and government incentives for long-term investment in mining.

Because of this neglect, Argentina finds itself self-sufficient only in some non-metallic minerals and building stone. Even in this field, however, it is deficient in minerals as important as asbestos, sulphur and fertilizers. In metallic minerals, local production covers demand only for lead, zinc and silver. Exploitation of bitumen reserves in the extreme south represents the largest mining operation in Argentina (two million tons a year). The value of all Argentine mineral products is only U.S.$85 million, of which less than 10 per cent (or U.S.$7 million) is destined for export. Borates, salt, silver, tin and tungsten are the major minerals exported. Imports of minerals are therefore high, at some $80 million a a year, and are rising.

For some years now, Argentine mining and government officials have been concerned about the gap between mining production and internal demand, and about the export possibilities that could result from the exploitation of the east side of the Andes

Donald Robertson, a Canadian mineralogist with the UN, examines a rock sample taken from a depth of 1,300 in the Cordilleranos.

Mountains; Chile, Bolivia and Peru earn a large proportion of their income from mineral deposits in these mountains.

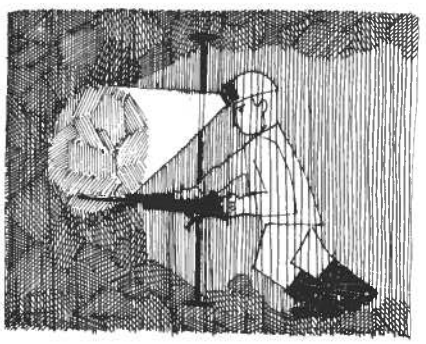
In May, Argentina's President addressed the nation as part of Mining Day activities and spoke of the basic official policy to be applied in this field with the objective of a greater use of mineral deposits vis-à-vis the current high volume of imports. He stated that the Government is playing an important part in the development of these deposits because of the inaccessibility of the most important ones and also for strategic reasons. He added that, as the reactivitation of the mining industry calls for large investments, the State's contribution would be complemented by increasing participation by private industry. Foreign investment would be authorized to participate in and accelerate projects if these incorporate advanced production techniques. Positive measures to be taken to stimulate the industry include:

1. A revision of the Mining Code, which dates back to 1887 and which does not favor large-scale mining operations. A new Code is expected to be brought into being shortly.

2. A Mining Promotion Plan. In late 1969, the Industrial Bank began to operate an extensive mining prospecting plan—the largest ever attempted in Argentina—to prospect for and exploit metalliferous deposits. Under this plan, low-interest loans will be granted to Argentine-based companies to cover exploration expenses and acquisition of machinery.

Many exploration programs have already begun. International interest is high; in the last year at least five international mining companies have established exploration offices in the provinces with potential rich resources.

Copper—One of the main exploration programs is the Plan Cordillerano which was initiated under the auspices of the United Nations Development Program eight years ago. Positive indications of porphyry copper were found and recently Fabricaciones Militares—the Argentine military-mining-industrial entity—called tenders for the extensive exploration of indicated areas in the northern and western provinces of San Juan, Mendoza and Neuquen. Three international mining companies have been approved for operation here and will likely be granted mining concessions shortly. They are Falconbridge Nickel Mines Ltd., of Toronto; Union Corporation Ltd., South Africa, and Compania Minera Aguilar S.A., a subsidiary of St. Joseph Lead Co. of the United States (currently the largest private mining enterprise in the country).



Uranium—This important energy resource has been located in various provinces, principally Mendoza and Salta. Annual production of uranium ore is approximately 13,000 tons but this is expected to increase when Argentina's first atomic energy plant comes on stream in 1973. The Argentine National Atomic Energy Commission (CNEA) is responsible for all uranium prospecting and production in Argentina but contracts a major proportion of its work out to private firms. Recently CNEA announced that private firms under its direction had discovered large uranium deposits in the Province of Mendoza.

Aluminum—This project, expected to be a government showpiece, envisages a U.S. $120 million aluminum smelter and hydroelectric power plant at Puerto Madryn, halfway down Argentina's Atlantic coastline. International tenders were called in early 1970 and subsequently three groups were preselected for participation: a British, an Italian and a U.S.-French-Canadian consortium. Specifications call for the 150,000-ton plant to be in operation by January 1, 1974. Estimated foreign equipment content is valued at approximately U.S. $70 million. Equipment procurement will depend largely on the group which is awarded the contract. Bauxite will be imported initially but once the project has begun, it should spark an intensive exploration program.

Iron Ore—Development of the Sierra Grande iron ore deposits in the southern province of Rio Negro has finally begun in earnest after many years of promotion by Fabricaciones Militares. In February 1970, Hierro Patagonico de Sierra Grande S.A., a company with majority state ownership, was formed. The project should reach by 1974 full production of two million tons a year of iron ore pellets.

Contracts have already been awarded for a ferro pipeline to the coast, 20 miles away, and for the discharge facilities at the port, roads and other civil works. A Swedish firm, Widmark & Platzer AB, has contracted to provide technical and engineering services and mine management for the first five years. The over-all cost of the mine and the new port is estimated at $82 million, of which $30 million will be financed by the IADB and $31 million from the company's capital fund. The remaining $21 million represents the cost of the concentration and pelletizing plants to be financed by suppliers' credits.

Canada and other selected countries have been officially requested by Hierro Patagonico de Sierra Grande S.A. to bid on the tenders for the concentration and pelletizing plants. These tenders will be called on April 30 and August 30, 1971. Long-term financing is a prerequisite to the consideration of any offers.

This and the aluminum project will be the major areas for participation by Canadian mining machinery manufacturers for the next few years. The market for exploration equipment and instruments, however, is expanding rapidly and Canadian firms should take advantage of the high Canadian reputation in this specialized field. A local representative is essential because local government and private entities much prefer to place equipment orders with Argentine agents and distributors. Firms interested in pursuing market opportunities in Argentina are urged to contact the Commercial Division of the Canadian Embassy in Buenos Aires.

92476—2½

Copenhagen Becomes a Fashion Center

Scandinavian Fashion Center Copenhagen

Why not Canadian displays at Fashion Weeks in Copenhagen, fast becoming the fashion center for Northern Europe? Nearly 10,000 buyers attend these shows, scheduled for March and September.

J. NEERGAARD, Commercial Officer, Copenhagen

Denmark's interest in and awareness of fashion has within the last ten years grown to a point where Copenhagen is seeking to establish itself as the fashion center for Northern Europe. A Scandinavian Fashion Center was opened last September and by the coming spring, about 120 Scandinavian manufacturers will have permanent showrooms there and two, three or four showings a year of their collections. Other activities are being planned, such as lectures and seminars, "special offer" weeks, shows for various groups of exhibitors, and air charter arrangements to bring in buyer groups from abroad. There is room for 200 permanent showrooms and non-Scandinavian exhibitors are being offered special terms during September, when fashion shows go on in Copenhagen. The center is located near the heart of the city in a building complex containing the newest luxury hotel, due to open in May.

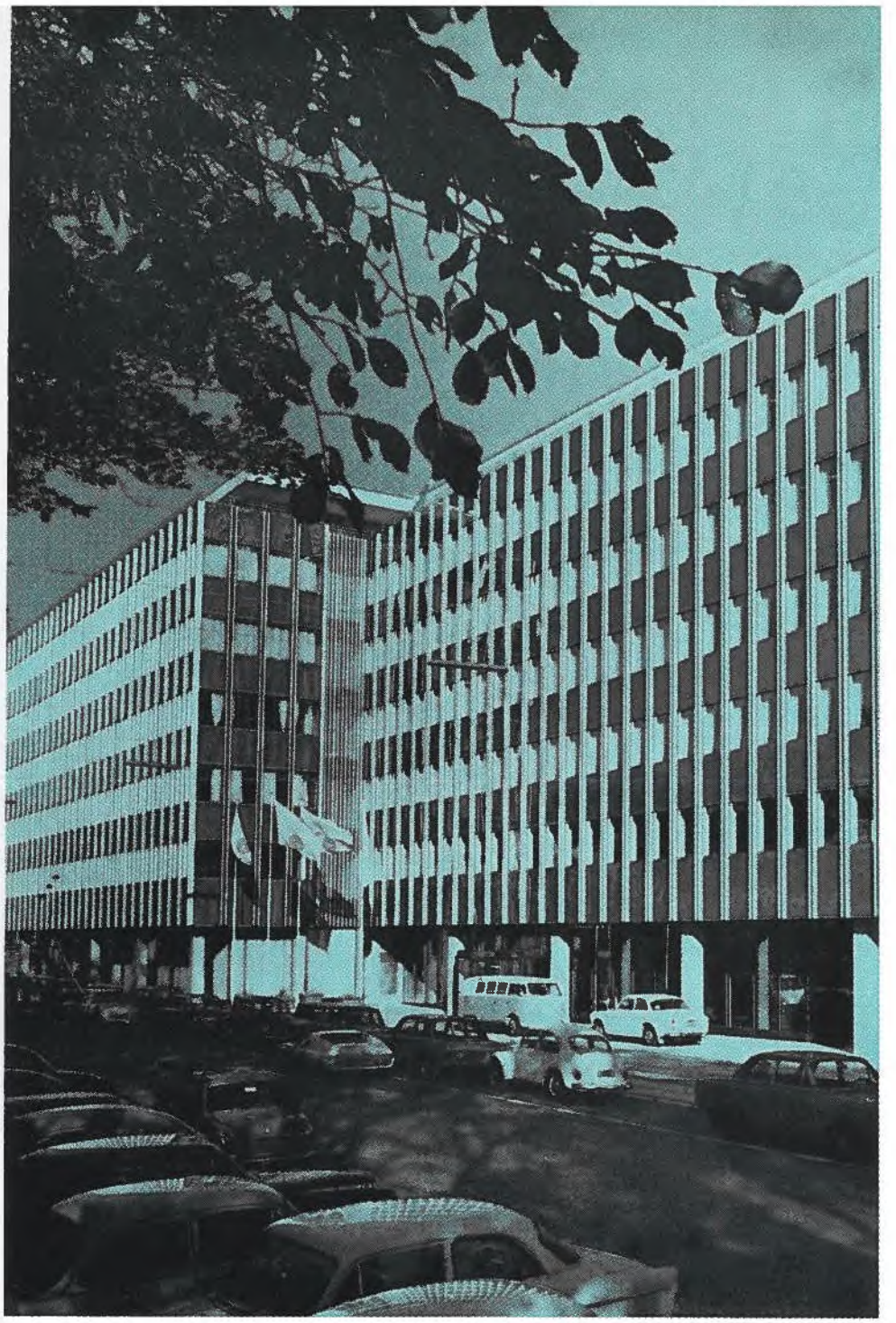
The Danish fashion industry, which now includes internationally known names like Margit Brandt, Bent Visti, Sos and Ib Drasbaek, and Sysse Ginsborg, is undergoing a difficult period, mainly because of a levelling-off in retail sales and structural changes in the industry. The past year has seen the liquidation of several smaller and less competitive manufacturers and important changes in the retail trade. The tiny fashion boutiques that sprang up in the mid-sixties have either expanded and survived or gone out of business. Firms producing only a limited number of each model and selling these to many small shops have not been able to face the competition from larger manufacturers with their own retail outlets. The Danish climate may well have encouraged a considerable number of Copenhagen citizens to take to the maxi and midi, but not to the degree the fashion editors forecast. This hemline problem is, of course, not confined to the Danish industry. The industry stresses mass production, with rapid delivery and turnover.

Most of the imported clothing sold in Denmark today comes from Britain and Sweden, not only because imports from EFTA countries enter duty-free (the duty on those from other countries is 22½ per cent) but also because the quality and the styling appeal to the Danish customer.

Women's Clothing—Imports from Britain amount to well over a third of Denmark's total imports of women's clothing. Sweden is the next biggest supplier, with exports valued at about half those from Britain. Much farther behind comes West Germany. The other principal suppliers in order of importance are Switzerland, Hong Kong (light dresses and blouses) France, Norway, Austria, Italy and Finland (cottons). The United States and Japan sell lightweights here. Israel has, through active trade promotion in recent years, made sales of leather outerwear. Some of the garments imported from Hong Kong are made to Danish specifications.

All these non-EFTA countries compete here in spite of the high duty,

One of the modern showrooms in the new Scandinavian Fashion Center. The center can offer 200 showrooms like these, some of which will be available to non-Scandinavian exhibitors.



Part of the Fashion Center building in downtown Copenhagen, opened last September. Starting this month, there will be three locations in Copenhagen for exhibitions of fashion, all of them offering facilities for exhibitors from foreign countries.

though low transport costs are undoubtedly a factor in West Germany's position as the third largest supplier.

The main types of women's clothing supplied and the sources for each are listed below.

1. Inexpensive high fashion—available for immediate delivery (ten days to three weeks) and exported to Denmark by air. Danish and British manufacturers hold most of this market.

2. Expensive high fashion—This market is mainly covered by Danish, British and Swedish manufacturers, plus a few French, West German, Austrian and Italian firms.

3. Expensive good-quality, fashionable classics—This market is covered by Danish, British, Swedish, West German, Swiss, Austrian, Norwegian and Finnish manufacturers.

4. Low-priced traditional clothes—Supplies come principally from EFTA countries and local production, and from manufacture under licence in Hong Kong.

Men's Clothing—Sweden is well in the lead as a supplier of men's clothing, followed by Britain, West Germany and Austria, each with an equally good share of the market. The United States and Hong Kong ship in lightweights and cottons and there are considerable imports of inexpensive suits from Yugoslavia.

The table gives imports of clothing and textiles into Denmark in the past three years and shows the increasing potential of this market.

Denmark's exports of clothing go mainly to the EFTA countries, but there is also a considerable North American trade based on design agreements. Several well-known Canadian manufacturers are already benefitting from Danish design which appears to be much in fashion at the moment.

Fashion Exhibitions—An important factor in Denmark's rapidly increasing fashion trade has been the semi-annual fashion exhibitions in Copenhagen in March and September. Until 1966 the Fashion Association of Denmark put on a small exhibition in Copenhagen's largest exhibition hall, Bella Centre. In March 1966, this exhibition included all of Scandinavia. In 1968, Copenhagen's other exhibition hall, Forum, organized a simultaneous exhibition for exhibitors from outside Scandinavia because the Fashion Association of Denmark was not keen to accept exhibits from non-Scandinavians. This new exhibition was called "Copenhagen Fashion Fair" as opposed to "Scandinavian Fashion Week". The British were the chief participants but there were also West German, Austrian, Swiss, Italian, French and Israeli stands. British participation was

Danish Imports of Clothing and Textiles

	Cdn.$ million		
	1967	1968	1969
Clothing	34	38	49
Textiles	76	70	80

government-subsidized and was organized by the Clothing Export Council of Britain. This dominance has continued, in spite of the fact that a group of about 12 high-quality producers, members of the Associated Fashion Designers (London), withdrew because they felt the show was unsuited to their products. The Austrians and West Germans also established themselves but the other countries continued to show in a minor way. The addition of the Copenhagen Fashion Fair provided another incentive for buyers to visit Scandinavian Fashion Week and the management of these fairs quickly realized that each was benefitting from the other's presence. In March 1970 the number of registered buyers attending the two totalled 9,642.

A crossroads has now been reached. The Forum exhibition hall has been sold and its future is uncertain. This March the Scandinavian Fashion Week at the Bella Centre goes international and several West European countries have already registered as exhibitors; among these is the small, exclusive group of Associated Fashion Designers from Britain. The Clothing Export Council group from Britain is returning to Forum, presumably for the last time because the British Board of Trade is withdrawing its support, now that British fashion exports to Denmark are established. In future, British firms exhibiting in Denmark will be on their own. Several West European firms have already booked rooms at the Fashion Center, which will run a bus service to the Bella Centre. Prospects are, therefore, for exhibitions at two (in March 1971, three) locations, all offering facilities for non-Scandinavian displays.

Scandinavian Fashion Weeks have shown good drawing-power in the face of the competition offered by the West German fashion exhibition IDIGO at Duesseldorf, which is held on exactly the same dates. One thing is certain—the Danish fashion industry is unlikely to let the present changes affect the position it has established as a Northern European fashion-trade center, but will grasp the opportunity to expand and to welcome exhibitors from other countries. Canadian clothing manufacturers will find an exhibit at Copenhagen's Fashion Weeks an excellent way of reaching a good cross-section of European buyers.

Electronics Markets

ITALY

Buyers want quality, sophistication, prompt deliveries, and are prepared to pay for them. This is a volume market but a competitive one, demanding credit facilities, but offering good opportunities.

V. G. LOTTO, Consul and Trade Commissioner, Milan

A Canadian businessman needs more than an Italian phrase book when he pays a call on most purchasing officers in Italian industry. The exception is the Italian electronics industry, because many people engaged in this sector were trained in the United States or with U.S. subsidiaries in Italy. Recently, a Canadian manufacturer of electronic components enlisted our assistance in selecting an agent. Eight appointments with prospective representatives were arranged, and all the prospects spoke an excellent brand of "electronic" English.

The Italian electronics industry has grown remarkably over the past few years and expansion will almost certainly continue. During 1969, electronic equipment sales were estimated at $782 million. Close to $200 million worth of electronic components were used. Labor difficulties during the latter part of 1969 and early 1970 caused a drop in production in all areas of Italian industry, including electronics, but production indices were rising again by the end of 1970.

There are opportunities in this field for increased Canadian exports, although the duty structure and firmly entrenched competition call for intelligent marketing. Manufacturers based in the EEC can export to Italy without customs duty and benefit from short shipping distances, but even without these advantages the United States is Italy's major supplier of advanced electronic components and equipment. The continual introduction of advanced products, plus the predominance of U.S. subsidiaries scattered throughout Italy, keep the U.S. in the lead.

The Clean Room at the SGS plant in Agrate. There are less than 100 dust particles of 0.5 microns per cubic foot in this room, compared with 100,000 in a normal lab.

Purchasing personnel of Italian-based U.S. subsidiaries do not follow a "Buy U.S." policy, but if U.S. equipment and components have more advanced features, then the U.S. supplier gets the order. Canadian companies who are selling to the major U.S. electronics corporations should study the possibilities of doing business with their Italian affiliates.

Italian manufacturers also look first to U.S. companies for advanced components. The U.S. is, of course, the world's leader in electronics, and U.S. electronic trade journals are widely read here. An Italian buyer of electronic items told me that he purchases some components regularly from U.S. sources, paying 10 per cent more than for European components. He gets superior technical service and the knowledge that, through dealing with the U.S. supplier and knowing of research efforts, he is guaranteed a source of even better components in the future. It is noteworthy that the U.S. firms like the ones from which he buys have local sales engineering offices that ensure customer satisfaction.

Consumer Products—The consumer products sector of the electronics industry is the largest, with production of domestic appliances valued at just over $652 million in 1969. About $266 million worth of television and radio receivers were made in Italy last year. Of the six biggest firms in the consumer products field, the Zanussi Company is the largest.

Zanussi's yearly output of 250,000 TV sets represents a fifth of Italian production. Zanussi is also the most important producer of closed circuit systems for educational institutions and industry.

The TV industry is awaiting a government decision on the type of color system to be employed in Italy. At present, color TV sets using PAL systems are produced for export (over $1.5 million worth exported in 1969) and the industry is pushing for the adoption of the PAL system. Color TV manufacturing for the domestic market would certainly revitalize the consumer electronics industry.

Automobiles—Italian car-makers are using more electronic items. By 1975 an automobile will have at least $170 worth of electronic parts, and a company within the Fiat group is working exclusively on electronic applications for the automotive industry. The highest priced Fiat, the 130, already has an electronic fuel injection unit.

Data processing—U.S. companies control the data processing field. IBM and Honeywell have large plants in Italy. Data processing equipment sales amounted to an estimated $215 million in 1969 and could reach $255 million in 1970.

Computers—There are about 2,300 computers in use in Italy, 47 per cent of them in use by manufacturers, 20 per cent by insurance companies and banks and 17 per cent by government agencies. Computer makers are now concentrating their sales efforts on the largely untouched market of medium-sized companies.

Olivetti is the world's major producer of "micro-computers", and probably holds one-third of the world's market for these machines. About 80 per cent of Olivetti's research expenditures are on electronics. Desk-top computers and auxiliaries for their programming are also produced by other Italian companies.

Several Italian organizations are involved in the automation and industrial electronics sector. Process computers, data transmission systems and electronic measuring and regulating instruments are the major products under this heading.

Communication systems—The largest telecommunications company is STET (Societa' Telefonica e Telegrafica), which is the major supplier to all the government-controlled communications systems. Domestic competition comes from CGE-FIAT (80 per cent General Electric—20 per cent FIAT), Litton Italiana, Generale di Telefonia and FATME of the Ericsson Organization. The telecommunications sector takes more professional components than other areas of industry. Italian telecommunications equipment manufacturers are also active in overseas markets, with earth stations for satellites being built in Argentina and the Sudan.

Italy and the rest of Europe lag far behind the United States in the instrumentation field. Recognizing this, Italy's National Research Council is financing instrumentation projects such as the development of an automated hospital services system. Efforts are also being made to develop composite semi-conductors for making new instruments. Several companies of the state-owned IRI group, particularly the Selenia company, have over the years worked on a wide range of projects in the fields of telecommunications, automation and instrument engineering.

Components—Fifty-two Italian electronic components companies had sales of $200 million last year. Components worth $58 million were exported and, despite the fact that Italy makes almost every type of component for consumer and professional use, imports amounted to $86 million. Italy depends on foreign suppliers for highly advanced components. Data on specific component imports are difficult to obtain because foreign trade statistics do not provide adequate product segregation, and make no distinction between professional and entertainment quality components. The accompanying table, extracted from official Italian foreign trade statistics, does give, however, an indication of imports and exports during 1969.

Integrated circuits—In 1969, sales of home-manufactured integrated circuits were up 50 per cent—from $3.3 million to $5.5 million. Total Italian sales of semi-conductors, including miniature circuitry, are estimated at $32 million. The computer, business machines and communications industries each took about $6.5 million worth of semiconductors in 1969, and the television manufacturers about $5 million. Within four years the computer sector alone may take about $26 million worth, business machines $22 million, communications $13 million, and domestic appliances $14 million. With booming sales of computers and communications equipment, semi-conductor sales are expected to increase considerably in 1970.

Three foreign firms manufacture miniature circuitry in Italy: General Instruments Europe (U.S.-owned), Philips (Netherlands) and Mistral (France). The two most important Italian firms in this field are Societa

ITALY'S TRADE IN SELECTED COMPONENTS, 1969

	Cdn.$ million	
	Imports	Exports
Other TV parts, n.e.s.	28.0	25.0
Mounted transistors	17.6	16.0
TV cathode tubes	14.1	3.1
Mounted diodes	13.2	3.2
Electric condensers (all types)	12.0	14.6
Relays	11.8	5.8
Bulbs, tubes, valves receiving and for amplifying	10.4	1.2
Non-heating resistances for electronic circuits	8.6	3.1
Dry batteries	8.6	0.4
Mounted integrated circuits	8.3	5.8
Connectors	7.0	1.2
Portable radio	6.6	3.9
Potentiometers and rheostats for electronic circuits	5.9	2.1
Other electronic valves and tubes	5.2	2.1
Car radios	2.4	1.6
Loudspeakers	1.8	2.9
Fuses	1.7	0.2
Amplifiers	1.4	3.8
Radio receiver rectifier valves	1.1	0.01
Frequency convertors and antenna parts	0.9	0.4
Mounted piezolectric crystals	0.4	0.1
TV tuners FM., VHF., UHF.	0.3	2.5
Television yokes	0.1	0.2

The Olivetti plant at Scarmagno. Olivetti is one of the world's biggest producers of "micro-computers" and spends about 80 per cent of its research budget on electronics. North American electronic components, however, are considered superior.

Generale Semiconduttori (SGS), which produces integrated circuits, and ATES of the state-owned IRI organization. SGS is owned by the Olivetti Company, which plans to substitute integrated circuits for certain mechanical parts used in calculating machines. Printed circuits by SGS are already in use in computers and terminal products, but Olivetti takes only a small fraction of the SGS output.

Volume sales, or at least the prospect of them, are essential to justify a full-time marketing operation in Italy. And it is virtually impossible to sell directly to the Italian electronics industry without the aid of a local organization. There are a number of highly qualified agents covering the field, and a number of representatives have expressed an interest in working with Canadian exporters.

To sell to the Italian market competitively the Canadian exporter must keep in mind these points:

1. Prompt deliveries, possibly from stocks kept on inventory at principal consumption centers. (A number of agents whom we have talked to can provide inventory facilities.)

2. Adaptation of certain products to meet Italian requirements

3. Training of sales personnel of local agents in selling your products

4. Contributions to market promotion programs and provision of technical handbooks and sales literature in Italian.

Domestic producers deliver shipments within 10 to 20 days on receipt of the order, and a month for large-volume shipments. European exporters can usually deliver within a month.

Credit terms should also be flexible. A number of European components manufacturers have occasionally granted terms of up to six months to their importers. Credit extensions beyond 90 or 120 days are common among Italian suppliers. Sizable discounts for cash payments must also be considered.

The Commercial Divisions of the Canadian Consulate General in Milan and the Canadian Embassy in Rome welcome the opportunity to work with more Canadian manufacturers of electronic equipment and components. This article touches only briefly on opportunities. If you have not investigated Italy or wish to expand current sales to this country, we would like to hear from you.

NEW ENGLAND

Now is the time to try out the market along Boston's Route 128, home of the electronics industry. Its current slowdown may work to the advantage of Canadian firms which can supply certain types of equipment or components.

K. R. HIGHAM Consul and Trade Commissioner, Boston

Some people claim that the mass of high-technology industry and research clustered around Boston's Route 128 is the largest concentration in the world. It is, without question, the largest on the U.S. East Coast and an industrial development officer's dream. Electronics is the common denominator of 128's infinite variety, covering the defence industry, medical electronics, data processing, communications, consumer products and, more recently, oceanology and pollution-control systems, plus research, research, research.

The Greater Boston Directory of Electronics lists more than 500 companies manufacturing and doing research in electronics. A recent listing of the Massachusetts data processing industry gives 140 companies—half of them engaged in actual manufacturing of computer-related hardware. The endless spin-off of ideas from Harvard University, Massachusetts Institute of Technology, and the countless other technical colleges and universities and research laboratories in the area is the reason for the establishment of a great many of the small firms producing specialized items for avant-garde applications.

Boston, Cambridge and the communities around Route 128 produce (and consume) more than the entire Canadian electronics industry. If your company manufactures products for the Canadian electronics industry, you could probably justify working this market with an effort equal to that of your entire Canadian sales force. If you are in Ontario, Quebec, or the Maritimes, you are possibly closer, geographically and in terms of time, to the Boston market than to the other major U.S. electronics centers. Flight time from Montreal to Boston is one hour, five times a day, and costs $58 return.

Testing large-scale integrated circuitry systems at Raytheon Company laboratory.

There are many Canadian firms enjoying the action that this market offers. We do best at supplying component parts and small sub-assemblies rather than complete electronics systems: at short-run, special-order contracts rather than volume supply of off-the-shelf items; at "problem products", and at labor-intensive work and jobs with close tolerances.

Canadian suppliers in general enjoy a good reputation with purchasing agents on Route 128. We are usually able to quote competitively and keep those all-important delivery dates and we comply with required (and promised) quality control. This is, of course, the only way we can hope to do business.

A market as large and complex as this is worth a try at any time so, despite the current slowdown in the electronics industry throughout the U.S. (defence and research have been hardest hit), there is no reason to put off getting started. In some ways, the timing could be advantageous. Many Canadian firms in this industry now have excess capacity for the market

A system for controlling access to high-speed highways is being tested in Massachusetts. Electronic sensors buried in highway identify gaps in the flow of traffic. This information is processed in real time by computer, which activates a pacer light, actually a series of lights operating in sequence. The driver on the ramp matches his speed to the pacer light and feeds smoothly and safely into traffic.

they normally serve, and could take the opportunity to build a wider marketing base by moving over the border to find sales opportunities. Another factor is that several marginal U.S. producers, large and small, have fallen victim to the current squeeze and closed their doors. In some instances there are opportunities to sell to their previous customers.

Purchasing agents are just not busy these days. You will find it much easier than before to get your foot in the door. As well as listening to your story (and it is a good time to make your pitch for future requirements) they may offer you some friendly advice or ideas to improve your product line for the United States market.

This is also an excellent time to line up a manufacturers' agent. Even the best representatives are going hungry and, as a result, these firms are willing to take on new lines in the hope of increasing the chances of making sales on a call. If you have an item that is profitable now, you will be a valued principal when the turn-around comes.

There are several ways to investigate the suitability of your product for this market. They all involve a personal visit to Boston. We suggest that before you come, you write to this office with details of your product, its price, and its potential buyers. Often a good approach is to let us make appointments for you with purchasing agents, buyers, and engineers who might make use of your item or your service. Calls like this are a good way of determining for yourself the appeal of your product and prices, and to get an indication of the potential market. If, after this first round of calls, you decide that Route 128 is worth the effort, we almost always suggest appointing a manufacturers' representative. A good agent with a limited number of lines can give much greater and more effective coverage than even regular visits by a sales representative from Canada.

Buyers too usually prefer to work through agents if the principal is located outside the immediate area. That way, when a problem or question arises it can be passed to the agent for sorting out. Usually agents working the New England market set up companies of three to five men. There are some one-man operations and several larger companies that will often stock equipment as well. Most firms prefer to limit themselves to either electronic components, or electronic systems (such as data processing or radio and microwave or electro-mechanical parts). Many agents, of course, are even more specialized, concentrating, for example, on printed circuit boards or on a special field of electronic test equipment.

Whatever your product, the Boston office would be happy to help you investigate its saleability to the New England electronics industry. If you have a competitive and attractively priced item for the Canadian market, there is probably little reason why it cannot be sold here.

Annual Showplace Provided

NEREM (Northeast Electronics Research and Engineering Meeting) is Boston's annual tribute to the importance of the electronics industry to the area. It is the showplace where local and national manufacturers introduce new products, and provides an effective and efficient information exchange for buyer and seller. Reflecting the difficult times current in the industry, last year's NEREM was not up to its usual pace and many previous exhibitors did not participate. Emphasis at the seminars reflected the change in the industry by concentrating on the use of electronics in pollution control, medicine, and transportation. The data processing industry, however, was still the most prominent single sector.

GERMANY

Canadian firms selling electrical and electronic equipment to Germany? Impossible! Or is it?

D. S. ARMOUR, Consul and Trade Commissioner, Hamburg

It might be argued that no one in Canada can compete in Germany against German industry in the electrical or electronics fields, or that it is too difficult to compete against suppliers from France, Italy, the Netherlands, etc., which have the advantage in freight costs, in delivery time, and in duty-free entry into another EEC country.

But United States firms do compete successfully and to the tune of $330 million in 1969. Why can't we capture part of this business?

In 1969, Germany's exports of electrical and electronics products increased to more than U.S. $3.1 billion, in spite of the revaluation of the Deutsche Mark and (of lesser significance) the devaluation of the French franc. The EEC countries were Germany's largest customers, with France, which bought $413 million worth, at the top of the list. Significant sales of $880 million were also made to the EFTA countries and to the United States ($137 million).

These significant figures might discourage any Canadian exporter trying to crack the German market. But the market has been cracked—by several Canadian firms. After all, one must remember that in 1969 Germany imported $1.4 billion worth of electrical and electronic products, 37 per cent more than in 1968.

Several factors make for better opportunities for Canada to sell here. First, wages and salaries in the electrical engineering industry in Germany increased by 14 per cent in 1969 and this rate of increase continued throughout 1970. Second, there have been significant price increases for primary materials, and shortfalls in profits because of the export tax. These costs are reflected in Germany's domestic and export pricing. Early in 1969 prices in the electrical engineering industry, which had been relatively stable, started to increase—and, since the beginning of 1970, at an even brisker rate. In the year ended February 1970, the average prices for capital goods increased 8 per cent over the previous year, and prices for consumer goods by 4 per cent. The industry thinks these price increases will not be sufficient to compensate producers for the present cost explosion. Further price increases of between 7 and 10 per cent, and extending to household appliances, have been announced.

Third, and of possibly greater significance, is the fact that Germany has a severe production capacity problem. This applies to the whole spectrum of German industrial production. There are just not enough workers to produce the volume of German goods required on world markets. As it is, Germany has been forced to bring in close to two million guest workers to augment its own resources. All these factors create tremendous opportunities in the near and long term for Canadian electrical and electronics exporters.

Complete figures for 1970 are not yet available, which makes it difficult to predict the future. However, all indications point to a good market potential for 1971. Production of electrical and electronic products in Germany for 1970 is expected to have increased in value by 20 per cent, to an estimated DM 46.5 billion (Cdn.$13.5 billion). After deducting the inflation factor, this is an actual expansion of 13 per cent. Exports have increased by 14.5 per cent to DM 13 billion (Cdn.$3.8 billion). Imports, however, are estimated to have gone up 30 per cent to a projected $1.8 billion.

As noted before, Germany imported U.S.$330 million worth of electrical and electronic products from the United States in 1969. This is broken down into DM 350 million (Cdn. $101.5 million) for electrical and DM 850 million for electronic products. The figures for imports from Canada were DM 7.8 million (Cdn.$2.3 million) for electrical and DM 16.6 million (Cdn.$4.8 million) for electronics. (See accompanying table.)

How can the Canadian manufacturer or export agent sell in Germany? There are several ways that this can be done. Possibly the easiest is to write to the two Consulates General, in Hamburg

SELECTED GERMAN IMPORTS IN 1969—FROM U.S.—FROM CANADA

	Cdn.$'000	
Electronics		
Statistical machines operated in conjunction with punchcards	53,900	—
Semi-conductor devices (transistors, diodes, piezoelectric crystals etc.)	43,500	—
Calculating, accounting and other office machines	38,300	179
Measuring and testing equipment	38,300	168
Radio-telegraphic and telephonic equipment	—	969
Electrical		
Control instruments and appliances	13,900	124
Appliances and apparatus n.e.s.	10,100	—
Control elements, switchgear installations and other equipment for energy distribution	8,990	132

and Duesseldorf, or the Commercial Division of the Canadian Embassy in Bonn, providing brochures and c.i.f. prices Germany. Depending on the product you wish to sell, we can do a brief market survey to find out the competitive position of your product.

A second method is to contact one of the German associations dealing in your field who, in turn, would approach manufacturers and/or agents to see whether they are interested in your product. If you are fortunate, you may find a German manufacturer who will take on your line as complementary to his own or as an alternative source of supply.

Copies of your original correspondence should be sent to us so that we can follow up on your behalf, if this seems a good idea. The names of the important electrical and electronics associations are given in the accompanying box, with the English translation of the names in italics.

The third approach, and possibly the best, is to visit one of Germany's major electrical and electronics trade fairs. By doing so, you can see how your products compare with those from Germany and the rest of the world. Two of the most significant trade fairs in Germany for electrical and electronic products are the Hannover Fair (held annually; this year from April 22 to April 30) and Elektronika (held bi-annually, the next one in November 1972).

The Elektronika trade fair specializes in electronic components. The Hannover Fair, although it is a general industries fair, also has specialized exhibits of electronic systems, electrical goods and computers. Other smaller but specialized fairs are the International Housewares and Domestic Appliances Fair, February 14–17 in Cologne, and the International Household Goods and Hardware Fair, September 5–7, also in Cologne. Intercama 1971 will be in Duesseldorf between October 14 and 20 and specializes in electrical and electronic components. Probably the Hannover Fair and Elektronika offer the best opportunities for the Canadian exporter.

Visiting trade fairs, particularly the latter two, provides several opportunities other than pure sales. You can see what the competition is producing, get new ideas, buy and sell licensing agreements, and possibly form joint ventures.

If you believe that you can sell in Germany, or if you wish to find out whether you can, allow one of the Canadian trade offices in Germany to assist you. Provide us with as much material as possible, such as brochures and c.i.f. prices, and let us see what we can do. The market is here and opportunities are developing fast.

Major German Associations in This Field

Manufacturers

Zentralverband der Elektro-Technischen Industrie e.V. (ZVEI)
Stresemann-Allee 19
6 Frankfurt/M.
Central Association of the Electro-Technical Industry

Wholesalers

Bundesverband des Elektro-Grosshandels
(VEG) e.V.
Elisabethstrasse 4
46 Dortmund
Federal Association of the Electro-Wholesalers

Verband Deutscher Rundfunk- und Fernseh-Fachgrosshaendler (VDRG) e.V.
Apostelstrasse 9
5 Koeln
Association of German Radio and TV Wholesalers

Bundesverband der Bueromaschinen-Importeure e.V. (BVB)
Bockenheimer Landstrasse 79
6 Frankfurt/M.
Federal Association of the Importers of Office Machinery

Representatives and Agents

Centralvereinigung Deutscher Handelsvertreter-und Handelsmakler-Verbaende CDH
Geleniusstrasse 1
5 Koeln-Lindenthal
Central Union of German Commercial Agents' and Brokers' Association

U.S.S.R. Develops Fast Reactor Nuclear Power Stations

The development of nuclear power stations in the Soviet Union, according to a government official, will be based on fast reactors. A fast-neutron reactor, Bor 6, has already been built at Melekess, a 350 Mw. reactor of this type is being built at Shevchenko and a 600 Mw. one in the Urals. These stations, it is expected, will help solve the main technical problems of building and operating commercial nuclear power stations of this type as early as the mid-1970's or the beginning of the 1980's.

Commercial nuclear power stations of various types which will go into service between 1971 and 1975 include a 440-Mw. station with two reactors of the water-water type on the Kola Peninsula and construction of a third unit of the same type at the Novovoronezh station is nearing completion. A nuclear power station is being built in Armenia and one with two-channel-type uranium-graphite reactor units, each with a capacity of 1,000 Mw., is going up near Leningrad. A second station of this type will be built near Kursk. A small nuclear power plant is being constructed at Bilibino in Magadan Oblast.

The U.S.S.R. has received orders for equipment for more than 20 nuclear power station units, which include units for six stations exported to Bulgaria, Hungary, East Germany, Romania, Czechoslovakia and Finland.

Canada/U.S.S.R. Agreement Strengthens Technological Ties

Untapped possibilities for expanding trade between Canada and the U.S.S.R. in a wide range of goods and services were noted by the Canadian-Soviet Mixed Commission on Co-operation in the Industrial Application of Science and Technology at its first meeting in Moscow January 28 to February 1, 1971.

The Mixed Commission was formed when an agreement was signed between the Governments of Canada and the U.S.S.R. in Moscow on January 27. The Honourable Jean-Luc Pepin, Minister of Industry, Trade and Commerce, signed the agreement on behalf of Canada, and is head of the Canadian side of the Mixed Commission.

Signing for the Soviet Union was V. A. Kirillin, Chairman of the State Committee of the Council of Ministers of the U.S.S.R. L.N. Yefremov, First Deputy Chairman of the State Committee of the Council of Ministers of the U.S.S.R. on Science and Technology, heads the Soviet side of the Mixed Commission and was chairman at the two meetings of the full committee.

The Canada/U.S.S.R. Agreement was signed by the Hon. Jean-Luc Pepin. Canada's Minister of Industry, Trade and Commerce, left, and Vladimir Kirillin, Chairman of the State Committee on Science and Technology of the Council of Ministers of the U.S.S.R., a Deputy of Prime Minister Alexei Kosygin.

In order to organize practical co-operation in specific branches of technology and industry, the Commission decided to set up joint working groups in certain industrial sectors. But co-operation will not be limited to these sectors. The working groups will seek to promote deeper understanding of problems of mutual interest and to establish direct contacts between Canadian and Soviet organizations and industrial enterprises.

The Commission decided to establish six working groups in the following areas:

1. Architecture, construction, building materials

Manufacture and supply of building materials, including development of new types; development, manufacture and supply of prefabricated building elements and relocatable modular units; regional and town planning, including development of community infrastructure; development of standards, regulations and building codes; design specifications and plans for buildings, structures, surface way construction and utilities; construction procedures and techniques.

Priority of exchange between the two countries would be in the permafrost and isolated areas.

2. Forest-based industry

Wood harvesting, pulp and paper, secondary wood industries.

3. Non-ferrous metals industry

Exploration and mining, ore handling and benefication, metallurgy, refining and semi-finished products.

4. Electric power industry

Design, construction and operation of dams and power plants under severe climatic and permafrost conditions; construction and operation of long-distance power lines; efficient combustion of fuels of low calorific value.

5. Oil industry

Techniques and technology of exploration and development, production, gathering and preparing of oil in severe climatic conditions; design, construction and operation of trunk pipelines (including pipelines for transporting high viscosity oil) in severe climatic conditions; improving oil recovery from formations by various methods of secondary recovery; consideration of all means of transportation of drilling rigs for year-round exploration and development and also for supplying of wells and fields.

6. Gas industry

Gas exploration, development, construction and transportation under severe climatic and permafrost condi-

Canada/U.S.S.R. Mixed Commission

Canadian Section

Chairman:

The Honourable Jean-Luc Pepin, Minister of Industry, Trade and Commerce

Members:

John Gratwick, Chairman, Transportation Development Agency, Department of Transport

J. G. H. Halstead, Assistant Under Secretary of State for External Affairs

R. D. Hiscocks, Vice President, National Research Council

A. D. Hunt, Assistant Deputy Minister (Northern Development), Department of Indian Affairs and Northern Development

G. M. MacNabb, Assistant Deputy Minister (Energy Development), Department of Energy, Mines and Resources

J. M. McAvity, President, Canadian Export Association

C. H. Scoffield, General Manager, Canadian Chamber of Commerce

J. H. Warren, Deputy Minister, Department of Industry, Trade and Commerce

J. R. Whitehead, Principal Science Adviser, Privy Council Office

J. C. Whitelaw, Executive Vice President and General Manager, Canadian Manufacturers Association

G. B. Williams, Senior Assistant Deputy Minister, Department of Public Works

R. A. D. Ford, Canadian Ambassador to the U.S.S.R.

Soviet Section

Chairman:

L. N. Yefremov, First Deputy Chairman, State Committee for Science and Technology of the U.S.S.R. Council of Ministers

Members:

B. P. Miroshnichenko, Ambassador of the U.S.S.R. to Canada

B. S. Gordeyev, Deputy Minister of Foreign Trade

N. N. Sofinsky, Deputy Minister, U.S.S.R. Ministry of Higher and Secondary Special Education

D. N. Pronsky, Member of the Committee, State Committee for Science and Technology, U.S.S.R. Council of Ministers

V. B. Spandaryan, Member of the U.S.S.R. Planning Committee

E. N. Makeyev, Head of the Second European Department, U.S.S.R. Ministry of Foreign Affairs

S. G. Korneyev, Director, Foreign Relations Department, U.S.S.R. Academy of Sciences

N. D. Maltzev, Deputy Minister of Power and Electrification

I. A. Ganichev, Deputy Chairman, State Committee for Construction

V. A. Yarmolyuk, Deputy Minister of Geology

D. A. Takoyev, Deputy Minister of Oil Industry

G. A. Kalashnikov, Member of Collegium, Ministry of Forest and Woodworking Industry

A. I. Sorokin, Deputy Minister of Gas Industry

V. N. Kostin, Deputy Minister of Non-Ferrous Industry

I. N. Krapivin, Deputy Minister of Cellulose and Paper Industry

tions; equipment, mechanisms, means of transportation, remote control and telemetering; underground gas storage and liquefied natural gas.

The Canadian section expressed interest in establishing a working group on airport design, facilities and servicing. The Soviet section said it would consider this proposal sympathetically.

The Commission decided to give all possible support to the working groups in their efforts to define areas of practical interest where co-operation will be of mutual benefit. It recommended that all working groups hold their first meetings during April-May of this year to define the immediate measures necessary to organize for this co-operation and to work out practical programs for the near future.

Both sides expressed the hope that the agreement will favor the expansion of existing contacts and lay the basis for new ones between the two business communities, and that, as well, it will promote an increase in the volume and variety of our bilateral trade and encourage the development of other forms of economic and technological co-operation.

The Commission also expressed the hope that the agreement would provide not only for the expansion of trade, but also for the participation of enterprises and organizations of the two countries in significant industrial and economic projects in Canada and the U.S.S.R.

The Agreement on Co-operation in the Industrial Application of Science and Technology takes into consideration the positive experience in co-operation between the two countries under existing agreements that continue in force.

These agreements are between the Department of Energy, Mines and Resources of Canada and the State Committee of the Council of Ministers of the U.S.S.R. on Science and Technology; the National Research Council of Canada and the Academy of Sciences

Meeting the press, Mr. Pepin, center, is interviewed by David Levy, left, Moscow correspondent of the Montreal Star, *and Leo Golubev, managing editor of Novosti Press Agency.*

of the U.S.S.R.; Atomic Energy of Canada Limited and the State Committee on the Utilization of Atomic Energy of the U.S.S.R.; Polymer Corporation Limited of Canada and the State Committee of the Council of Ministers of the U.S.S.R. on Science and Technology, and some Canadian universities and the Soviet Ministry of Higher and Specialized Education.

The session of the Mixed Commission took place in a business-like atmosphere and with a spirit of goodwill and mutual understanding. Sub-commission groups met each morning and afternoon for discussions.

Locations for the meetings were not confined to the offices of the Soviet ministries: they were also held at a number of projects that are under way and included visits to research laboratories, construction sites and the Soviet Palace of Achievement in Science and Technology. Visits were also arranged to industrial plants and power stations.

It was agreed that the Mixed Commission will normally meet once a year, alternately in Moscow and Ottawa. The next meeting will be held in Ottawa early in 1972. Advisers and experts may be invited to participate in the sessions. In addition, the Mixed Commission may set up subsidiary bodies, both temporary and permanent, for co-operation in particular areas of science and technology.

The members of both sides of the Mixed Commission, and the advisers who attended the first meetings, are listed on pages 19 and 22.

Mr. Pepin, left, and Nikolai Patolichev, Minister of Foreign Trade of the U.S.S.R., met to exchange views on international trade.

Formal sessions of the Canada/U.S.S.R. Mixed Commission were held—under five huge chandeliers—in Moscow's Dom Priomov, the House of Reception. The Soviet delegation is on the left, facing the Canadians.

Against a background that includes St. Isaac's Cathedral and the statue of Peter the Great, Mr. Pepin is greeted in Leningrad. From the left are Dr. J. R. Whitehead, Principal Science Adviser, Science Secretariat, Privy Council Office; J. H. Warren, Deputy Minister of Industry Trade and Commerce; Mr. Pepin; N. N. Sofinsky, Deputy Minister of the U.S.S.R. Higher and Secondary Special Education; N. A. Berdennikov, Deputy Director, Foreign Relations Department, State Committee for Science and Technology, U.S.S.R. Council of Ministers; J. D. Welsh, Commercial Secretary at the Canadian Embassy, and J. G. H. Halstead, Assistant Under Secretary of State for External Affairs.

Model of a completely enclosed apartment house development designed for extreme climates was inspected by the Canadian sub-commission on construction. From left are J. Cochrane, President, Domtar Construction Division; an unidentified Soviet lecturer; Dr. J. D. Wood, Senior Vice President, Engineering and Research, ATCO Industries Ltd.; Svetlana Koryachkina, Soviet Intourist guide/interpreter; G. B. Williams, Senior Assistant Deputy Minister, Department of Public Works; C. H. Scoffield, General Manager, Canadian Chamber of Commerce, and K. W. Stairs, Assistant Director (Construction and Maintenance), Technical Services Branch, Department of Indian Affairs and Northern Development.

The trade ministers of Canada and the U.S.S.R. met with their advisers in Leningrad. In the Soviet group, left, are Nikolai Patolichev, Minister of Foreign Trade of the U.S.S.R.; V. Y. Kusmin of the Ministry of Foreign Trade, and B. P. Miroshnichenko, Ambassador of the U.S.S.R. to Canada. At right are Mr. Pepin and Mr. Warren.

Advisers to Mixed Commission

Canadian

George W. Barnes, Managing Director, Coal Operators' Association of Western Canada

Lionel Boulet, Director, Research Institute, Hydro Quebec

W. J. Cheesman, President, Canadian Westinghouse Company Limited

John Cochran, Chairman, Construction Industry Development Council

M. R. M. Dale, Office of Science and Technology, Department of Industry, Trade and Commerce

K. Fallis, Director, Nelson River Hydro Project, Manitoba Hydro

Y. O. Fortier, Director, Geological Survey of Canada, Department of Energy, Mines and Resources

D. B. Furlong, Executive Director, Canadian Petroleum Association

R. H. Gayner, Counsellor (Commercial), Canadian Embassy, Moscow

K. S. Hoyle, Vice President, Technology Planning, Northern Electric Company Limited

J. B. Lavigueur, Chairman of the Board, Sicard Inc.

A. A. Lomas, Executive Assistant to the Deputy Minister, Department of Industry, Trade and Commerce

V. M. MacKiw, Vice President, Technology and Corporate Development, Sherritt Gordon Mines Limited

R. Martineau, Secretary, International Relations, National Research Council

H. M. Millar, Director, Construction and Works Management, Department of Public Works

H. R. Morgan, First Secretary and Consul, Canadian Embassy, Moscow

Cyril J. Morris, Special Assistant to the Vice President, Transportation and Maintenance, Canadian National Railways

H. D. Peel, Secretary, Interdepartmental Visits Panel, Department of External Affairs

P. R. Sandwell, Chairman of the Board, Sandwell and Company

C. R. Silversides, Chief, Logging Development Program, Forestry Management Institute, Department of Fisheries and Forestry

K. W. Stairs, Assistant Director, Construction and Maintenance, Technical Services Branch, Department of Indian Affairs and Northern Development

S. Wagner, Director General, Office of Science and Technology, Department of Industry, Trade and Commerce

J. D. Wood, Senior Vice President, Engineering and Research, ATCO Industries Limited

Soviet

N. A. Berdennikov, Deputy Director, Foreign Relations Department, State Committee for Science and Technology, U.S.S.R. Council of Ministers

E. S. Bobrov, Counsellor, U.S.S.R. Embassy in Canada

V. A. Kouzin, Chief of Division, Foreign Relations Department, State Committee for Science and Technology, U.S.S.R. Council of Ministers

I. P. Shvartz, Deputy Chief of Protocol Department, State Committee for Science and Technology, U.S.S.R. Council of Ministers

R. M. Kopeleva, Expert, Foreign Relations Department, State Committee for Science and Technology, U.S.S.R. Council of Ministers

V. M. Semenov, Chief of Division, U.S.S.R. Ministry of Foreign Affairs

V. S. Koshentaevsky, Deputy Head of the Directorate, Ministry of Foreign Trade

M. V. Ruchkin, Expert, Ministry of Foreign Trade

N. G. Snetkov, U.S.S.R. State Planning Committee

N. M. Kiselev, Chief of Division, Foreign Relations Department, U.S.S.R. Academy of Sciences

V. K. Balvanovich, Deputy Director, Foreign Relations Department, Ministry of Cellulose and Paper Industry

F. P. Kolonog, Deputy Director, Foreign Relations Department, Ministry of Forest and Woodworking Industry

S. P. Derejov, Director, Foreign Relations Department, Ministry of Gas Industry

N. N. Panfilov, Deputy Director, Foreign Relations Department, Ministry of Gas Industry

L. K. Davidov, Chief of Division, Ministry of Non-Ferrous Industry

P. N. Krivenko, Deputy Director, Foreign Relations Department, U.S.S.R. State Planning Committee

M. N. Gaikazov, Chief of Division, Ministry of Oil Industry

G. I. Gorbunov, Member of Collegium, Ministry of Geology

V. V. Fedinsky, Member of Collegium, Ministry of Geology

N. I. Kornilov, Deputy Director of Department, Ministry of Geology

N. A. Makavieva, Chief of Division, U.S.S.R. Ministry of Higher and Secondary Special Education

How the IBRD Supervises Procurement of Goods and Services

- What is the contractual basis of the World Bank's requirement of international competitive bidding?
- What procedures do borrowers and the Bank follow at various stages of the procurement process?
- What are the workload, staffing, organizational aspects of the procurement process?
- These questions, of interest to all firms interested in bidding in World Bank projects, are answered in this paper prepared by the World Bank's projects staff.

The Bank* is required by its articles of Agreement to ensure that the proceeds of its loans are used with due attention to considerations of economy and efficiency. For this reason, and as a co-operative international institution, the Bank requires its borrowers to obtain goods and services (other than consultants' services) through international competition open to all member countries of the Bank and Switzerland, unless another procedure, more appropriate to the circumstances, has been agreed between the Bank and the borrower.

The basic relationship between the Bank and the borrower in the procurement process is as follows.

1. The borrower is responsible for carrying out all stages of the procurement process, including the award of contracts, and the role of the Bank is designed not to interfere with the borrower's exercise of his responsibility. For many Bank-financed projects, borrowers are assisted in their procurement by consultants that must be acceptable to the Bank, and the familiarity of these consultants with Bank requirements facilitates the task of the borrower.

2. The essential role of the Bank is to ensure that all stages of the procurement process take place in accordance with its requirements for international competitive bidding, or with agreed modifications thereto. For this purpose, the Bank has prepared *Guidelines for Procurement under World Bank Loans and IDA Credits* (the latest edition of which is dated August 1969) and which are customarily part of the loan documents.

3. The Bank exercises its role by reviewing, generally in advance, the actions of the borrower at the various stages of procurement, from prequalification of bidders to final award of the contract and disbursements thereunder. How the review is carried out is explained more fully in Section III below.

Procedures to be followed by borrowers—The section of the loan documents dealing with procurement is typically along the following lines:

"Except as the Bank shall otherwise agree, (i) the goods and services (other than consultants' services) required for the project and to be financed out of the proceeds of the loan shall be procured on the basis of international competitive bidding in accordance with the *Guidelines for Procurement under World Bank Loans and IDA Credits*, published by the Bank in August 1969, and in accordance with such other procedures supplementary thereto as are set forth in the Schedule to this Agreement or as shall be agreed between the borrower and the Bank, and (ii) contracts for the procurement of all goods and services to be financed out of the proceeds of the loan shall (except as otherwise provided in such Schedule) be subject to the prior concurrence of the Bank."

The procurement schedule typically contains the following provisions:

1. The goods and services included in the project shall be grouped into contracts of such size as shall be acceptable to the Bank.

2. With respect to contracts for civil works estimated to cost (typically $100,000) equivalent or more, and contracts for equipment, materials, supplies or tools estimated to cost (typically $50,000) equivalent or more, the following procedures shall apply:

(a) Before bids are invited, the borrower shall submit to the Bank for its concurrence the invitations to bid, specifications and all other tender documents, together with a description of the advertising procedures to be followed. If prequalification is to be used, the borrower shall submit to the Bank for its concurrence the procedures for such prequalification before the qualification information is invited and, subsequently, the results of the prequalification with a justification thereof.

(b) After bids have been received and analyzed, the bid analysis and recom-

*All references to the Bank and Bank loans apply equally to IDA and to IDA credits.

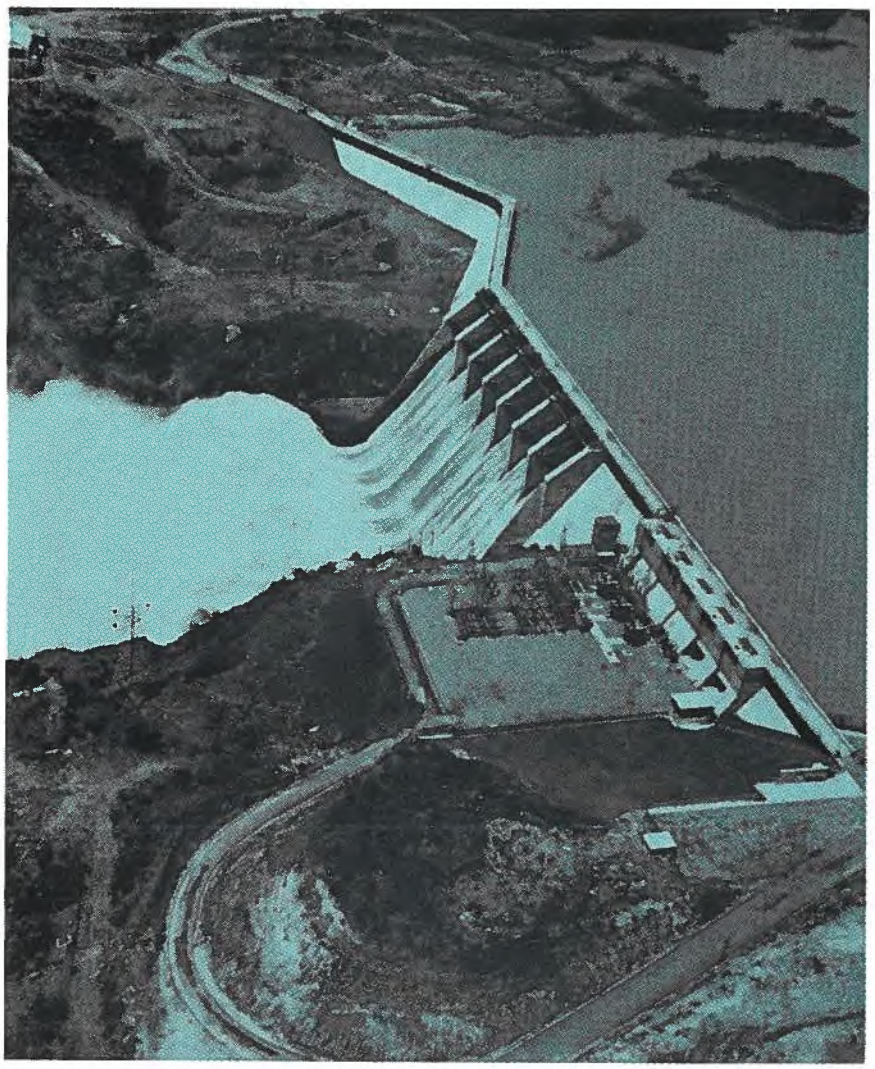
mendation for contract award, together with the reasons for such recommendation, shall be submitted to the Bank for its concurrence prior to the contract award or the issuance of a letter of intent.

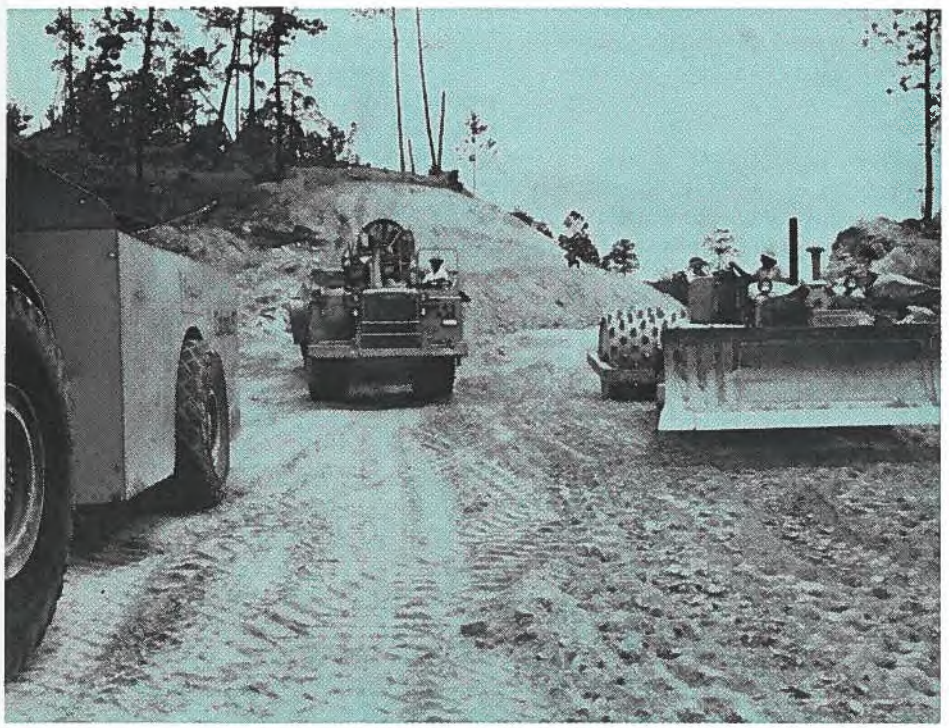
(c) If the proposed final contract differs substantially from the terms and conditions contained in the documents previously concurred with by the Bank, the text of the proposed contract will be submitted to the Bank for its review and concurrence.

3. With respect to any contract for procurement of such goods or services estimated to cost less than the equivalent amounts specified under (2), the borrower shall submit to the Bank, at the time the award is made, a summary of bids or quotations received, the analysis thereof and the recommendation thereon.

4. As soon as a contract is signed, and prior to the date of submission of the first application for withdrawal of proceeds of the loan in respect of any payment thereunder, the borrower shall furnish to the Bank a certified copy of such contract.

In case a preference for domestic manufacturers has been agreed to during negotiations, a detailed procedure for comparing domestic and foreign bids is specified in the procurement schedule.





Two examples of projects assisted by the IBRD are this highway construction in Honduras, near Tegucigalpa, and the Guayabo hydroelectric plant and dam on the Lampa River, El Salvador.

Bank supervision of procurement—The supervision of the borrower's procurement activities is carried out by the individual Projects Department concerned. The principal steps involved in the Bank's supervision are the following:

1. In the event that prequalification of contractors or suppliers is used, the

Bank's review is concerned, first, with the method proposed by the borrower for prequalification; at a later stage, the list of firms for which prequalification is proposed is reviewed with particular emphasis on the reasons given by the borrower or his consultant for denying prequalification to any firms. The proposed advertising procedures are also examined to determine whether they comply with the requirements of the Guidelines.

2. The review of draft specifications and general contract conditions is concerned particularly with verifying that the contract is in line with the purposes of the project, that the goods and services to be supplied are described with sufficient detail and clarity to form the basis for competitive tenders, that the manner in which the specifications are drawn does not prejudice participation in the bidding by any qualified sources of supply (for example, use of specifications in terms of performance rather than brand name) and that reasonable disclosure is made of the criteria to be followed in comparing and evaluating bids.

3. When the proposal for award is received in the Bank, it is reviewed to ensure that the bid evaluation has been properly carried out and the award justified; particular attention is given to those cases where the borrower proposes to make an award other than to the lowest evaluated bidder or contrary to the recommendations of his consultants. In all cases where the award becomes a non-routine matter, the staff pursues the question, consulting with management as required. Any complaints from the bidders or their representatives about the proposed or actual award which are brought to the Bank's attention are followed up. In the infrequent event that the borrower may award a contract despite objections raised by the Bank, the Bank would not disburse loan funds for the contract.

4. Once the contract has been awarded and signed, the contract documents are reviewed to ascertain that there has been no substantial change in their provisions. The contract is retained as the basis for disbursement during the execution of the project.

5. As payment applications are received by the Bank they are routed through the appropriate staff for action by the Controller's Department.

6. Periodic field supervision visits are made to all projects under construction, in the course of which Bank staff ensure *inter alia* that the project works are being executed, or project goods procured, in accordance with the contract provisions. Also, all borrowers are required to submit to the Bank regular reports on the projects while they are under construction, including comments on the status and progress of execution of the contracts.

Workload, staffing and organization— Of the total staff time of the Projects Departments, about 25 per cent is devoted to all phases of project supervision, of which about one-fourth to one-third (or 6 per cent to 8 per cent of total staff time) is spent on the monitoring of procurement. Specific deadlines are generally prescribed for the various stages of the procurement process, and Bank staff operate within the prescribed limits. Efforts are made to ensure that all proposed contract awards, for example, are reviewed promptly when they are received, and that the follow-up of complaints is also undertaken promptly.

In the past year, while several thousand contracts were reviewed by Bank staff, about 20 important complaints concerning the borrower's proposed or actual contract awards were received. In almost every case, after a thorough review of the complaint, the Bank was satisfied that the award decision was reasonable. Disputes concerning contract awards generally arise from the exercise of judgment in the evaluation of bids when taking into account the few factors that cannot be clearly expressed in monetary terms, and this is why the Bank stresses in the *Guidelines* that such factors should be kept to a minimum.

Within each Projects Department, the responsibility for supervising procurement is entrusted, to the extent that staffing arrangements permit, to the same operating team (engineer, financial analyst, economist, etc.) which is in charge of the project through the various stages of its cycle of identification, preparation, appraisal and supervision. In some of the larger Projects Departments, the more routine aspects of procurement are centralized to lighten the workload on the operating team. Two or three contract specialists in each of these Departments screen procurement material, act on routine issues and route to the project teams matters requiring detailed project knowledge and particular consideration.

India also is making use of IDA funds to mechanize and improve its agriculture.

"Buy Argentine" Legislation and Canadian Trade

A law passed recently provides further controls over state purchases of both goods and services. The author describes these controls and discusses their implications, particularly for Canadian consultants.

L. D. BURKE
Commercial Counsellor
Buenos Aires

The Argentine authorities have put into effect new legislation governing purchases made by the Argentine Federal Government Departments and their dependencies. Legislation of this type was previously in force, but the new law (number 18875 National Purchase Law) provides for more extensive and specific controls over the state's buying.

The purpose of Law 18875, according to the authorities, is to use the substantial purchasing power of the Government to develop and strengthen the industrial, construction and engineering potential of the country. Federal Government Departments, dependencies of the Government, and state corporations are obliged to purchase from local firms all their requirements of materials, equipment and services when these are available in the country. They must also use the services of local consulting and engineering firms and professionals except in special and carefully defined situations.

For purposes of this law, a distinction is made between firms that supply machinery, materials and general services and consulting and engineering organizations. For the first group, a further distinction is made between local companies with foreign capital, local companies with domestic capital, and foreign companies.

A company is considered a local firm with foreign capital if:

1. It has been formed in accordance with Argentine law

2. Has its legal domicile in Argentina

3. Eighty per cent of the directors, management and professional staff are residents of Argentina

4. Investment by the firm, especially in capital equipment during the past two years, has shown a continual evolution and growth.

A firm is considered a local company with domestic capital if it fulfills all of these requirements and in addition has at least 51 per cent of the capital and voting stock in the hands of Argentine residents. Corporations considered local firms with domestic capital must meet all of the obligations already stated, and also must issue a statement that the majority of shares are owned by Argentine residents. In addition, such corporations must have remitted less than 25 per cent of their total profits abroad annually during the past five years. All other firms that supply equipment, manufactured goods or services and are not able to meet the above criteria are considered foreign companies.

For professionals and engineering and consulting firms, there are just two categories, local or foreign. A local professional is one who has his effective residence in the country and who is enrolled in the appropriate Argentine professional association. A local engineering or consulting firm is one which:

1. Has been formed in accordance with Argentine law

2. Carries out its principal activities in Argentina

3. Eighty per cent of the directors, advisers and technical staff are permanent residents in Argentina

4. One hundred per cent of capital and voting stock is owned by Argentine residents

5. Management is independent of any public or private organization abroad

6. Is registered in the Argentine professional register of consulting firms.

National Industry—Some of the major features of Law 18875 are outlined below. When for public works or the supply of services required by the state there are technically acceptable alternatives, preference must be given to those schemes that permit the maximum use of locally made goods and services. With this object in mind, specifications for tenders, when issued, will include a list of those products available from local industry. Where national industry is not in a position to offer the products required, then an effort will be made to locate and use a suitable alternative available from local industry. A "suitable alternative" is considered to be one that technically can perform the same functions as the original product and is acceptable in quality and reasonable in price. The price of the local item is considered reasonable if it does not exceed the total of the c.i.f. price of the imported product, plus import duties and taxes, import surcharges, and other local taxes and charges. Should it become necessary for equipment or goods to be imported, foreign suppliers will be encouraged to use local parts and sub-assemblies by being given special credits for all such parts incorporated into their offer when a comparison is made between the various quotations received by the Government. Local firms which have benefitted from this law will be permitted to subcontract only up to a maximum of 25 per cent of the value

of any contract that the Government awards to them.

Where the state has a regular program of purchases of a specified item, it will be expected to enter into long-term buying arrangements with local companies. An interesting point is that such arrangements may include the stipulation that the local firms must not be operating under licences that prohibit them from exporting and furthermore, that they will eventually export part of their production.

Loans provided by organizations of foreign Governments or by international lending organizations will normally be accepted only for that part of a project that cannot be supplied by, or constructed in, Argentina and not for the whole project. When comparing quotations from foreign and local suppliers of equipment, materials and services, all such quotations in the future will be reduced to a cash basis. This stipulation has been included in the legislation because financing costs in Argentina normally are higher than those in many other large exporting countries. The Government is also prepared to include in tender documents, as necessary, special preferences for local companies with domestic capital to compensate for the higher financing charges that they may have to pay compared with foreign companies or with local firms with foreign capital.

Consulting and Engineering Services—All direct government contracts for engineering and consulting services must be awarded to local professionals or local companies. The only exception is when it can be proved that a required skill does not exist in Argentina and cannot be supplied under a subcontract. In such instances, a special Ministerial Decree will be required for awarding the contract. Argentina will not accept in the future, under any conditions, financing or loans for studies that are tied to the supply of engineering services from abroad. This is one of the most important features of the new law. Where a contract is awarded to a foreign engineering or consulting firm, this firm must associate itself with a local company. Engineering and consulting firms resident in LAFTA countries which provide reciprocal treatment for Argentine firms may, however, be awarded direct contracts.

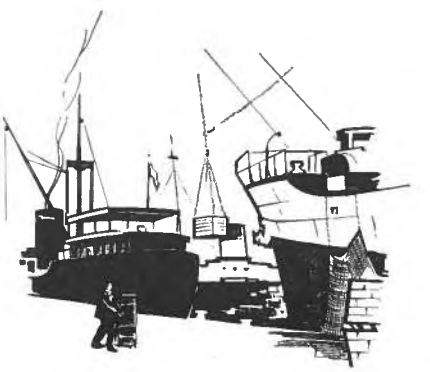
The present law applies only to Federal Government purchases. However, the provinces are invited to implement similar legislation and, in fact, it is probable that all of them will do so. A number of the provinces have already agreed to put similar legislation into effect.

Trade implications—In general, Law 18875 is an important one because of the substantial purchases made in Argentina by the Federal and Provincial Governments and their dependencies. It is calculated, for example, that 40 per cent of all construction work in Argentina currently is carried out for the public sector and that one third of the total national production of machinery and equipment is purchased by the Government, in large part by the state corporations, such as those responsible for transportation and production of electricity.

For Canada, however, the effect of the new National Purchase Law on the sale of machinery, equipment and supplies is likely to be fairly limited. Practically all of the major products that we export to Argentina (automobile parts, newsprint, pulp, metals, etc.) are sold to private industry and not to the state. In products of which the Argentine Government is an important buyer (such as aircraft) there is so far no direct competition from local manufacturers. Moreover, our trade with this country has already had to be adjusted because of previous 'Buy Argentine' legislation in force here. Until recently, for example, Argentina was an important market for Canadian-made road-graders. When the local assembly of such equipment began, imports of road-graders ceased. Now the only possibility is the sale of parts and subassemblies for locally produced machines.

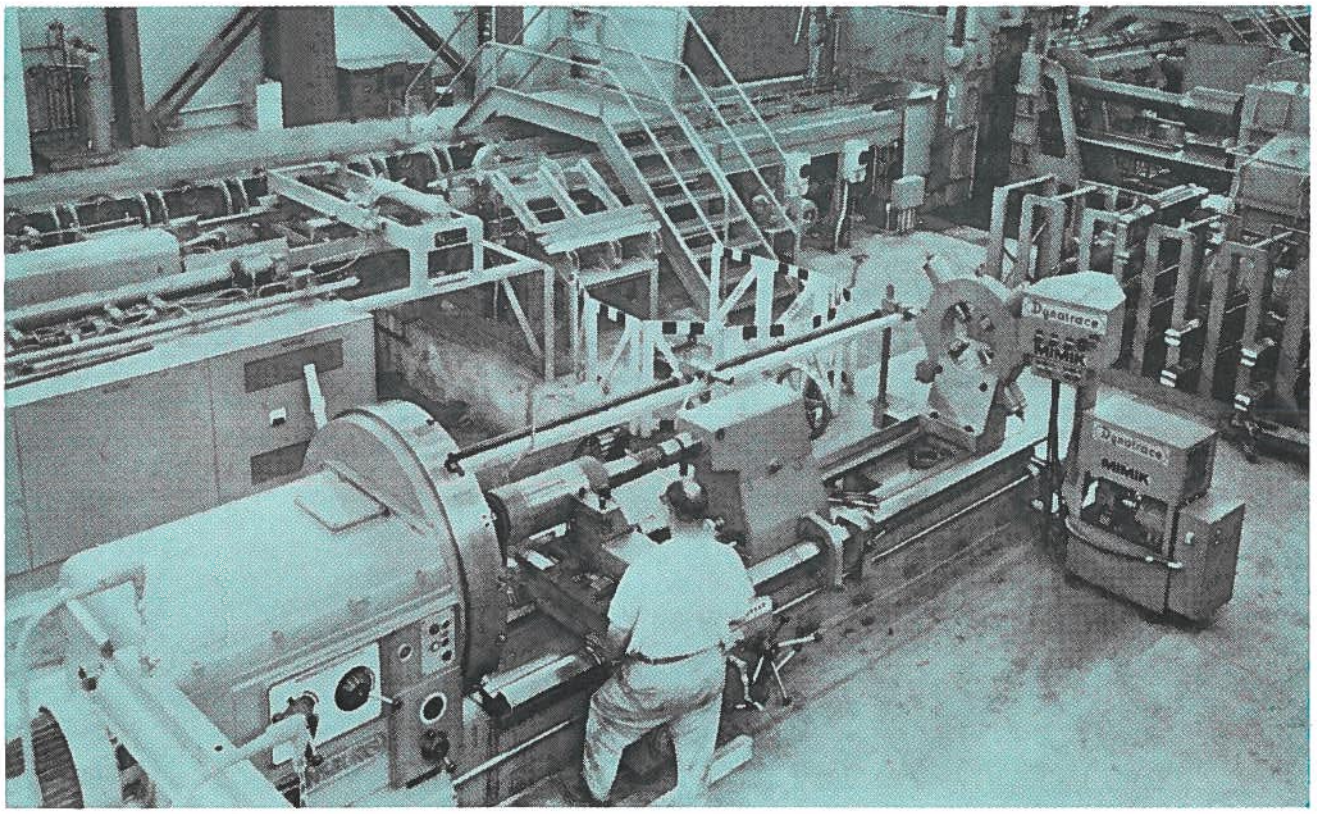
The new law may, to a certain extent, actually assist our sales efforts. To date we have not been very successful, with one or two exceptions, in selling machinery and equipment to Argentine Government Departments and their dependencies. With the added protection of Law 18875, Argentine firms should now be in a position to secure a larger part of local orders for machinery and equipment. Canada will have the opportunity to provide these firms with the materials, parts and subassemblies that they will undoubtedly require. Our office in Buenos Aires will be intensifying its contacts with Argentine manufacturing firms for this purpose and as future tenders are called by government authorities, we shall be approaching local firms likely to participate in the tenders which require imported materials or parts. Inquiries from such companies will then be passed on to the Department.

Consulting services—Law 18875 is distinct from previous 'Buy Argentine' legislation in the sense that, for the first time, engineering and consulting services have been included and, in fact, receive special attention in the new law. In the past, the Argentine Government has awarded contracts directly to Canadian consultants. This will not be so in the future except in unusual cases and loans from Canada for engineering studies which make the use of Canadian consultants compulsory will no longer be acceptable. Consulting and professional services from Canada will continue to be sold here, however. First there will be the opportunities presented by projects financed by international lending organizations or by multinational projects in which Argentina participates and where there is a need for an independent, internationally recognized consultant or professional. There are also the opportunities created for Canadian firms or Canadian professionals to work as subcontractors for local firms. Because of the new role of the Argentine firms, however, Canadian consultants will need to make a more personal and direct approach in the future to secure such work here. They will have to be prepared to visit Argentina, to get to know the Argentine consultants better, and to keep in more regular contact with them than in the past.



Industrial Machinery Down Under

Australia is an expanding market for almost all types of machinery, particularly for mining and power generating equipment. It is also an ideal base from which to serve the Southeast Asia market.



A Canadian-manufactured Mimik Dynatrace system fitted to a Ravensburg lathe in an Australian factory. Australian imports of Canadian machinery, which enter the country under preferential tariff rates, have been on the increase.

ROBERT J. McGAVIN, Assistant Commercial Secretary, Melbourne

Australia has gained significant expertise in industrial machinery over the past few years and therefore relies less on imports in certain fields. But as its industrial base expands, the need for certain types of equipment becomes evident and much of this must be bought abroad.

Table 1 lists Canadian exports to Australia of selected types of industrial machinery and equipment between 1965 and April 1970. During this period, Canada increased its sales to Australia of power boilers, turbine engines, compressors, cranes, winches and hoists, rock drilling and quarrying machinery, other mining machinery in general, construction machinery, machine tools, and machinery for the food and beverage industries. Exports of electrical equipment, electric motors, transformers and switchgear decreased, because of a marked increase in local manufacture. Agricultural setbacks have recently resulted in a general decline in Australian imports of agricultural machinery and equipment.

The general rise in imports of Canadian-made industrial machinery and equipment is comparable to increases in Australia's total imports of such equipment between 1965-68, as indicated in Table 2. Imports of power generating and pumping equipment, lifting and loading machinery, and mining equipment and machinery increased notably during this period. Table 2 also shows where these imports came from.

Table 3 shows the number of factories, numbers employed, and value of output of selected Australian industries during 1967/68. The industries with the most factories and providing the greatest scope for industrial machinery and equipment sales are the motor

TABLE 1

SELECTED CANADIAN EXPORTS TO AUSTRALIA

	Cdn.$ 1965	1966	1967	1968	1969	Jan.-Apr. 1970	Total
Power boilers	128,616	627,794	18,927	8,502,834	2,341,490	2,117,388	13,733,999
Engines: turbines & parts	67,642	260,546	208,172	231,727	389,187	61,439	1,218,713
Electric motors	11,276	41,077	22,224	20,565	3,570	20,338	119,050
Industrial furnaces, kilns, ovens	55,608	178,064	249,933	8,211	84,894	137,590	714,300
Compressors: air and gas	—	334,665	291,135	261,713	1,150,857	603,583	2,641,953
Pumps	46,965	46,671	226,470	151,453	122,736	26,152	620,447
Packaging machinery	144	87,038	19,290	66,549	21,699	137,590	332,310
Conveyors	8,534	107,340	5,500	596	400	4,837	127,207
Cranes, winches, hoists	107,101	472,112	990,640	1,486,163	1,842,451	29,838	4,928,305
Materiels handling equipment	73,360	30,135	21,683	103,660	46,992	3,660	279,490
Rock drilling & quarrying machinery	480,838	683,641	814,679	1,785,661	2,128,899	753,914	6,647,632
Mining machines	156,285	514,614	463,943	207,791	645,252	97,368	2,085,253
Machine tools	174,317	360,040	477,823	976,441	129,305	45,408	2,163,334
Metalworking machinery & equipment	254,863	39,430	103,593	97,291	67,130	10,734	573,041
Chain saws	—	302,479	260,720	443,630	201,714	92,410	1,706,449
Sawmill machinery & equipment	91,191	113,161	361,573	16,497	16,638	13,598	612,658
Construction machinery	259,672	338,431	1,208,742	1,328,088	1,018,943	513,649	4,667,525
Pulp & paper machinery	307,993	116,763	818,131	204,863	288,208	18,868	1,754,826
Textile machinery	245,252	210,852	303,360	243,345	379,969	176,853	1,559,631
Food & beverage machinery, equipment	—	34,338	104,552	217,464	98,577	147,423	602,354
Haying machinery	186,163	499,012	600,206	371,339	386,601	44,873	2,087,694
Swathers	34,282	48,603	83,947	9,253	186,003	16,579	378,667
Tractors & parts	216,738	242,853	333,649	139,715	89,867	4,653	1,027,471
Combine reapers & threshers	766,196	767,895	1,503,797	673,101	—	—	3,710,989
Transformers & parts	309,633	900,200	767,750	205,799	261,068	17,399	2,461,849
Switchgear & equipment	236,834	203,494	469,580	2,504,862	95,317	40,470	3,550,557

Source: DBS

vehicle repair industry, clothing, plant equipment and machinery, and forest products.

Table 4 shows major Australian imports of U.S., British, German and Japanese industrial machinery and equipment during 1968/69, and indicates the sectors in which Canadian suppliers might have the best opportunities. Mining equipment and machinery is one obvious area, motor turbines another, and machine tools for working metal a third. Paper-board cutting machines, pumps, air compressors, lifting, handling and loading machinery, packaging machinery and power generating machinery and equipment should also offer good prospects.

Mining—The mining industry is being given great emphasis. By the mid-1970's it is believed that 25 per cent of Australia's total exports will consist of minerals, for a value of about $2,000 million compared with $750 million in 1968/69. This sector will need everything from exploration equipment to production machinery.

Electricity—The need for generating equipment is increasing rapidly as demand for electricity grows in every part of Australia. Most Australian supply authorities are finding it difficult to construct power stations and transmission lines fast enough to keep up with the demand. The capacity of power station plants has doubled in the past seven years and some 12,000 megawatts of additional capacity must be brought into service by the end of 1976 to keep pace with demand. Each Australian state has some major power project being developed.

In the past, most of the specialized plant equipment was imported from Britain, but Australia is now able to supply much of the industry's requirements. Australia, nevertheless, has to rely on imports for the larger and higher voltage equipment which is uneconomic to manufacture locally. This includes turbo generators and boilers that go beyond 500 kilowatt rating, and higher voltage and specialized cable and switchgear of 220 kv and 330 kv. Electric motor production is usually of sizes less than 60 horsepower, though some of 1,000 h.p. are produced. But Canadian manufacturers should be able to sell motors larger than 60 h.p.

Forestry and Wood Products—Forestry equipment and machinery needs show signs of increasing for the short and medium term. There are 2,271 sawmills in Australia and 21 pulp and paper mills. A steady increase in planting of softwood forests (pinus radiata) will necessitate special expertise in

harvesting, and this expertise Canada has. The building industry is also looking more and more to wood, and the demand for softwoods is growing.

Southeast Asia—The ever-increasing market in Southeast Asia for forest products equipment and machinery offers medium- to long-term prospects. Canadian manufacturers and distributors of forest products equipment and machinery should look to Australia now for licensing arrangements both for the Australian market and the market in Southeast Asia. The types of equipment needed are labor-saving machines and machinery that will increase efficiency in all aspects of the industry, from getting the logs out of the forests to putting the finished product on the trucks and ships.

The manufacturing industry in general needs all types of industrial equipment and machinery, as Tables 3 and 4 indicate. If a Canadian manufacturer makes a unique type of machine or piece of equipment he would be well advised to consider Australia both as a valuable distribution base and as a country in which to have the machine manufactured under licence for distribution in Australia and Southeast Asia.

Agriculture—Prospects for selling agricultural equipment in Australia are not too promising but may increase in the long term when replacements are needed. The large producers in this field are currently manufacturing and distributing in Australia, and the industry on the whole is reasonably self-sufficient. Nevertheless, certain types of imports are needed and Canadian manufacturers should keep their eyes on this market.

Customs and Tariffs—Rates of custom duties can affect the competitiveness of certain types or categories of industrial machinery and equipment. It is a declared policy of the Australian Government to give tariff protection to certain domestic industries. To the extent and degree that such industries are not internationally competitive, the Tariff Board can be requested to recommend levels of protection for them, subject to the Government's approval. Goods for which a suitable equivalent is not easily available from Australian sources may be accorded certain concessions under Customs bylaw. Often this means duty-free entry from Canada and other

TABLE 2

AUSTRALIAN IMPORTS OF INDUSTRIAL MACHINERY AND EQUIPMENT

	A.$'000 1965/66	1966/67	1967/68
BY COMMODITIES			
Power generating machinery	99,137	124,382	130,607
of which			
boilers	4,689	9,184	5,847
turbines	1,714	1,537	3,592
Agr. machinery, implements & parts	71,398	63,378	72,344
of which			
harvesting & thrashing	9,855	9,332	14,419
Metal working machinery	48,385	38,358	44,828
Textile & leather machinery	33,049	28,023	29,031
Machinery & appliances	150,213	155,432	171,732
of which			
furnace burners	799	1,246	728
industrial furnaces	1,974	2,186	2,175
pumps for liquids	8,566	10,411	13,030
air pumps	13,780	12,284	13,791
lifting & loading machinery	10,572	13,731	15,858
Electric power machinery & switchgear	60,603	66,367	64,486
of which			
generators, motors	33,292	34,637	35,854
circuit breakers, switchboards	27,311	29,730	28,632
Mineral crushing & soiling machines	5,397	6,278	7,382
Excavating & boring machinery	37,952	48,240	48,827
Hand tools with self-contained motor (chain saw)	1,906	2,420	3,314
BY COUNTRIES			
Machinery (except electric)			
United States	200,588	201,804	224,313
Britain	200,362	181,700	178,336
Germany (West)	56,357	51,934	54,989
Japan	20,007	26,899	30,141
France	20,009	25,869	16,889
Canada	9,500	12,712	21,150
Total	**565,998**	**554,303**	**586,474**
Electrical Machinery			
Britain	67,242	66,122	64,235
United States	40,948	48,303	60,832
Germany (West)	17,506	15,290	19,362
Japan	18,645	17,059	18,472
Sweden	11,672	12,200	8,761
France	6,679	8,146	8,877
Netherlands	5,994	6,383	6,752
Italy	1,827	3,713	6,017
Canada	2,922	4,398	3,174
Total	**180,972**	**193,784**	**207,781**

Note: In total exports to Australia, Canada ranks fifth behind U.S., Britain, Japan, Germany; Canada's exports to Australia are about 4 per cent of Australia's total imports.

countries entitled to preferential tariff treatment, and a 11 per cent tariff from other sources. The system thus clearly encourages imports of those types of industrial equipment that are not manufactured in Australia. But this should not discourage Canadian exporters of equipment which is also made in Australia from investigating this market, because they benefit from preferential tariff rates when competing with non-Commonwealth suppliers. Where protective tariff rates apply, the margin of preference often exceeds the 7½ per cent. So don't let tariffs deter you from exploring this market.

For further information concerning tariffs, bylaw entry, etc., contact the Commercial Counsellor in Canberra, Office of the High Commissioner for Canada, Commonwealth Avenue, Yarralumla 2600, Canberra ACT, Australia.

Canadian firms with U.S. ownership should advise their head offices that Canada benefits from the preferential tariff in Australia and it could be more profitable to manufacture in and then export from Canada. It should be noted that 75 per cent Canadian content is usually necessary to qualify for Commonwealth preference.

The commodity sectors that offer the greatest potential include mining equipment and machinery, higher voltage power generation equipment, forest products machinery and equipment of advanced design, and unique types of general manufacturing equipment and machinery.

The offices of the Commercial Counsellor for Canada in Melbourne and Sydney can keep Canadian manufacturers informed of needs as they arise, can assist in securing reliable agents for distribution of products, and can advise about Australian firms interested in and capable of manufacturing Canadian products under licence.

These offices can also help Canadian firms wishing to participate in trade shows in Australia. Those planned for 1971 include the International Chemical Plant Engineering Show, March 29–April 2; the Sixth International Engineering Show, August 2–7; and the International Construction Equipment Road Show, September 27 to October 2.

TABLE 3

AUSTRALIAN INDUSTRY, 1967/68

	Number of Factories	Employed	A.$'000 Output
Plant equipment & machinery	3,820	104,139	1,099,373
Agricultural machines	764	15,759	131,808
Sheet metal working	1,296	33,918	406,615
Electrical machinery	1,761	71,079	731,459
Sawmills	2,172	26,498	290,642
Pulp & paper mills	21	9,920	193,283
Electric light & power	252	12,999	386,132
Plastic moulding	571	17,067	208,715
Clothing	4,053	101,266	683,415
Base metals	144	58,162	1,651,056
Motor vehicles			
Construction & assembly	51	25,951	332,409
Repairs	12,336	75,103	463,235
Cement & cement goods	849	52,981	320,437

TABLE 4

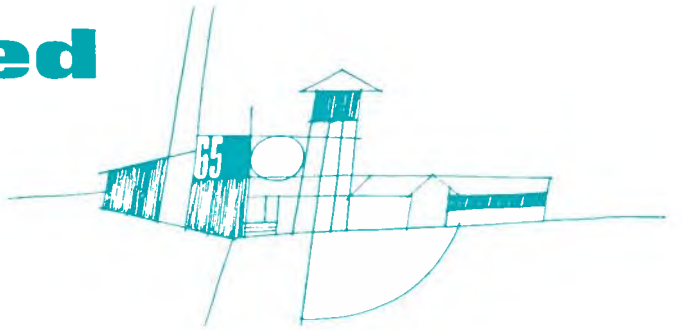
AUSTRALIAN IMPORTS OF MACHINERY & EQUIPMENT 1968/69 BY SELECTED COUNTRIES*

	A.$'000 U.S.	Britain		A.$'000 U.S.	Britain
Steam turbines	—	10,736	Excavating, levelling & tamping machinery	4,789	3,474
Forging, hammering, bending & straightening machinery	1,215	—	Apparatus for liquefaction of gases	3,331	—
Machine tools for working metal	3,518	—	Pumps & parts (incl. compressors)	4,974	—
Machinery for making, finishing cellulosic pulp & paperboard	—	1,810	Air compressors	2,111	—
Paperboard cutting machines	1,470	—	Filtering & purifying machinery	2,274	—
Machines for processing fiber	—	1,228	Lifting, handling & loading machinery	9,024	—
Presses for marking laundry	1,404	—	Machinery for filling, closing, sealing and labelling containers	2,231	1,272
Rotary percussive rock drills	3,069	—	Electrical apparatus for making & breaking circuits	2,269	—
Rotary percussive rock drill parts	3,004	—	D.C. universal generators	—	1,674
Rotary oil boring machinery	3,409	—	Outdoor circuit breakers, excl. 1,000 V	—	1,309
Rock housing & diamond drill machinery	1,085	—			
Shovels—3 cubic yard	1,233	—			
Parts for loaders & unloaders	—	2,989			
Parts for scoops, scrapers, dozers	3,876	—			
Coal cutting machines, complete	3,789	—			
Coal cutting machine parts	1,616	—			
Mineral substance working machinery	—	1,511			

Source: Commonwealth Bureau of Census & Statistics

* Imports from Germany during this period included steam turbines (A. $1,589,000), forging, hammering, bending and straightening machinery (A. $1,158,000), machinery for filling, closing, sealing and labelling containers (A. $1,044,000). Imports from Japan included excavating levelling and tamping machinery (A.$1,805,000) and lifting, handling and loading machinery (A.$3,728,000).

Wanted



Manufacturers

Air Freight Container

American company offers under licence the Canadian production and marketing rights for its economical shipping container. This special fiberboard container, made of weather-resistant, triple-strength, triple-wall material is bolted to a rugged four-way wooden pallet. One wall of the container has a wide removable access panel that slides up and down on plastic runners. This means that freight can be stacked easily and quickly from within the container. Once loading is completed, the panel is replaced and the top, an eight-inch-deep cap, is placed on the container. Empty containers are shipped knocked-down flat. This is claimed to be the first proven intermodel #9 airfreight container eligible for domestic and international discounts. Literature available. **Item 2352**

Process for Chemical Embossing of Plastic Materials

British firm offers Canadian production and marketing rights for its new method for chemical embossing of plastic materials. Chemical embossing is a method of obtaining a printed relief effect on a vinyl-coated base without using mechanical embossing methods. Its chief advantage is visual: the process gives depth and prints the design in complete register with the embossed surface. The main applications include vinyl floor and wall covering and vinyl coated fabrics for furniture. Literature available, **Item 2353**

Clamp for I.V. Administration Set

American firm offers under licence or joint venture the Canadian manufacturing and marketing rights to its disposable plastic roll clamp for intravenous feeding administration sets. Primary advantage claimed is that, for the first time, a constant flow rate is possible with only one setting of the clamp. This item is designed specifically for use with plastic tubing and may be adjusted with one hand. The flow rate setting is essentially independent of thumb pressure and thus does not change when the thumb is removed. Literature available. **Item 2354**

Adhesive Tape Remover

German firm offers a licensing arrangement to a Canadian firm to produce and sell its adhesive tape remover. This product is claimed to remove all types of adhesive tapes painlessly, even from thickly haired skin; to be harmless to skin and wounds, and to have indefinite shelf life. It can also be used to remove other self-sticking tapes from paper, pasteboard, metals and plastic surfaces. The potential markets are hospitals, especially children's, drugstores and departmental stores. Literature available. **Item 2355**

Wall Bed

Canadian inventor offers under licence the Canadian manufacturing and marketing rights for a bed that saves space by folding against a wall. The bed is of metal construction, uses standard sizes of box springs and mattresses, and can be supplied with or without a metal bookcase headboard. It is claimed that a unique new blanket holder that moves forward as the bed is raised retains the mattress and bedding in place. Bed legs move to extended position automatically as bed is lowered. Suitable for apartments, motels and homes. Literature available. **Item 2356**

Ski Lift

Swiss inventor offers under licence the Canadian manufacturing and marketing rights to his ski tow vehicle for transporting skiers uphill. The unit consists of a ski-mounted, track-driven unit with a rope winch. The unit is attached to the skis of a riding skier who steers it to the top of the hill. The rope from the winch is then attached to some fixed object and the vehicle descends alone until stopped by the rope. It is claimed that a group of up to 10 skiers can be towed uphill by the winch. It has the advantage of being small, therefore easily transported, and eliminates the necessity of erecting a permanent, expensive facility. This item has not yet been commercially produced. Literature available. **Item 2357**

Radiotelephone

French company offers under licence the production and marketing rights in Canada for its two models of marine radiotelephones. These radiotelephones use the latest techniques in semi-conductors and printed circuits. They are transistorized up to the final stage of the transmitter, which in the 35-watt model has six frequencies and a high output for medium- and long-range contacts. The receiver brings in long-range weather reports, etc., and the addition of a BFO system makes it possible to hear radio beacons. A special attachment on an azimuth compass makes it possible to take bearings by radio phasing. The 35-watt model is powered by a 12-volt battery and the 100-watt model by a 12 or 24 volt battery. Literature available. **Item 2358**

Vehicle Suspension System

American inventor offers under licence the Canadian manufacturing and marketing rights to a suspension system that supports the wheels of a vehicle individually. It is claimed to apply equally to wheels which are driven, steered, or both driven and steered. A self-adjusting braking system is incorporated in the design. The system is claimed to be simple and less expensive than the one presently employed in the industry. Licensor will furnish patents, technical information and drawings. Literature available. **Item 2359**

Colognes and Toilet Waters

French firm is offering under licence the Canadian manufacturing rights and the North American marketing rights for its colognes and toilet waters produced from natural oils. The firm will provide the Canadian licensee with the manufacturing formulae and with technical assistance for nine or ten of its products in consideration of a specific sum of money plus royalties on the proceeds from the sales. Literature available. **Item 2360**

Bracket Structure for Pivoting Ironing Board

Canadian inventor offers a licensing arrangement to a Canadian manufacturer to produce and sell his patented support bracket for a pivoting ironing board. The support bracket consists essentially of a box-like sheet metal framework designed to be rigidly secured to a wall or to wall cabinet framing and incorporating a "foldable" board holder. The structure is claimed to supply exceptional rigidity without additional legs or braces and is strongly braced to prevent side sway or twisting when in use. Literature available. **Item 2361**

Electrical Wiring Device

American inventor offers to a Canadian manufacturer under licence or outright sale the manufacturing and marketing rights to his replacement electrical cord and switch. This invention comprises a replacement electric lamp or radio cord which is helically coiled and a conventional two-prong plug at one end. The other end is fitted with a cam lever and a socket that is the proper size to receive the cut off end of a conventional plastic lamp cord. It is claimed that an inexperienced person can attach this replacement cord in less than 10 seconds. Literature available. **Item 2362**

Photochromic Glass

Czechoslovakian foreign trade corporation offers under licence the Canadian production rights and the North American marketing rights to a new process for photochromic glass. The innovation serves to extend the optically effective absorption, which with normal photochromic glasses ranges only from the UV range to short wave region, towards the longer wave region of visible light spectrum. A more extensive darkening of irradiated photochromic glasses for the purpose of extending their range of use is also attained by adapting the chemical composition of the glass. Literature available. **Item 2363**

Trade Lines

Portuguese firm seeks to build oil refinery

As a result of recent Portuguese government incentives, SONAP, a Portuguese oil company, is seeking to construct a refinery near Lisbon, which will have an estimated annual production of four million metric tons. Another Portuguese oil company, SACOR, already operating two refineries, plans to increase production capacity at its refinery in northern Portugal to a minimum of four million metric tons a year. The projects are estimated to cost Cdn.$88 million—Lisbon.

New hotels under Howard Johnson franchise

KLM Royal Dutch Airlines, in co-operation with Messrs. Pulitzer and Dryer, will build hotels and operate them under the Howard Johnson franchise system in 12 European cities served by KLM. Hotels in six other cities may be added to the chain later. This was announced at the opening of the Howard Johnson Hotel in Amsterdam. The builders will endeavor to acquire locally a minimum of 50 per cent of the funds required for each hotel. The cities were not named and KLM's financial share in the project was not specified at the Amsterdam opening, but it will be a minority one. In addition to the Amsterdam venture, KLM-Pulitzer-Dryer have co-operated in setting up a Howard Johnson hotel in Djakarta and one in Bali—The Hague

West German mergers continue

The unprecedented number of West German company mergers, first observed in 1968, continues. During the first eight months of 1970, the Federal Cartel Office registered 200 mergers, of which 56 involved companies with more than Cdn.$279.1 million in total assets, more than Cdn.$139.5 million in turnover, and employing 10,000 or more people. The industries with the greatest concentration of mergers are machinery, textile, chemical, brewing, electrical equipment and publishing. West Germany now holds second place on the listing of the Western world's 100 largest industrial companies. The Federal Republic added three firms to this listing in 1970: the government-owned VEBA power and mining group, Friedrich Krupp, and the Ruhrkohle AG. The latter was created by the merging of numerous smaller German coal and mining companies—Duesseldorf

Iceland resumes mink farming

Iceland has lifted its 30-year ban on mink farming. Two farms are already operating, in co-operation with Sandefarmen of Norway, and another six are expected to be established soon. Mink farmers, in addition to importing 5,000 female animals this year, will experiment with a hardy domestic type of wild pastel mink. The first skins will be sold at Scandinavian auctions, but in 1972-73 Iceland hopes to hold auctions itself and will also sell some skins from Scandinavian countries—Oslo

Venezuela updates its agriculture

Venezuela's $182-million agricultural development program will be assisted by a $75 million loan from the Inter-American Development Bank. The work, to be undertaken as part of the Programa Integral de Desarrollo Agricola (Prida), includes building rural roads, silos and other storage units, grading and packing facilities for produce; providing funds for agricultural research and training and, where required, overseas technical assistance—Caracas

International Loans

ADB Loan for Malacca Water Supply

The Asian Development Bank will loan U.S.$5 million to the Federal Government of Malaysia for relending to the State of Malacca for increasing its water supply for domestic and industrial use. It will finance the foreign exchange cost of the first stage of the three-stage Durian Tunggal Scheme which is designed to provide 20 million gallons per day of treated water by 1990.

The project includes construction of a 4,000-million-gallon storage reservoir across the Sungei Durian Tunggal, a tributary of the Malacca River; expansion of the existing intake works and pumping station on the Malacca River; construction of a treatment plant with a capacity of four million gallons per day; a new pipeline system, and service reservoirs. The project will also ensure a dependable supply of treated water, essential to the success of the industrial estate of Ayer Keroh as well as in other areas of the State. The estate is being planned by the State of Malacca in co-operation with the Federal Government to promote economic development in the State.

ADB Aids Korea's Modernization

Korea's program of strengthening its industrial base will be given a boost by a U.S.$10 million Asian Development Bank loan. Made to the government-owned Korea Development Bank for relending to private enterprises, it will be used for financing the foreign exchange costs of machinery, equipment, supplies and services needed to establish, modernize or expand capital facilities. In utilizing the loan, preference will be given to industries that will help to widen the base of the national economy or improve the balance of payments.

Iceland to Get Improved Roads

A World Bank loan of $4.1 million to Iceland will be used to improve roads in the vicinity of Reykjavik, the capital and main economic center. Two sections of primary roads totalling 30 miles and radiating from Reykjavik will be rebuilt to two-lane, surfaced standards. The project also includes the purchase of highway maintenance equipment for both paved and gravel roads.

Apart from some 31 miles in the Reykjavik area, all roads in Iceland—the main mode of transport—are built to gravel standards. A recent transport survey gave high priority to the construction of modern surfaced highways in the areas of heaviest traffic. This is part of the Government's effort to encourage the industrialization of the country.

Tanzania Increases Tobacco Acreage

The International Development Association of the World Bank Group has extended a $9-million credit to Tanzania for expansion of its tobacco acreage. Under the project, some 15,000 new tobacco growers will be settled in 150 village communities, who at full development will cultivate 30,000 acres. This expansion of the smallholder production of flue-cured tobacco is expected to increase the country's export earnings by $11.5 million a year. A study of the storage, auctioning and processing methods required to handle the increased crop will also be undertaken.

Peru Builds Roads

Peru will use a World Bank loan of $30 million to reconstruct one or more of the three access routes into the Callejon de Huaylas, the Andean valley in the center of the area devastated by the recent earthquake. This will help agriculture by providing an improved route to coastal markets. The project is also expected to increase tourist traffic into the valley. This two-way traffic will help revitalize the economy and improve the living conditions of the some 500,000 people severely affected by the earthquake. The final route or routes will be selected on the basis of a feasibility study to be initiated soon, and a detailed engineering study will follow. The project also includes technical assistance to improve maintenance of Peru's highways as a whole.

Costa Rica Expands Power System

An Inter-American Development Bank loan of $3.8 million will help Costa Rica expand the electric power distribution system in the provinces of Guanacaste and Limon through link-ups with the national system and the installation of diesel generators. This will result in power distribution doubling to 24.2 million kilowatt hours. The work will be undertaken hy the Instituto Costarricense de Electricidad (ICF), the state power agency, and includes the expansion of one substation and the construction of three others; the building of an office, workshop and warehouse; the installation of two 500-kilowatt diesel generators, and the installation of transmission lines and distribution networks in 15 towns. These projects, all in Guancaste Province, will be operated by a rural cooperative. In Limon Province the loan will help purchase and install a 300-kilowatt diesel generator and five 488-kilowatt diesel units; construct a booster substation, an office and maintenance building, and build a transmission line and distribution network.

Water Works for Nairobi

The water supply system serving Nairobi, the capital of Kenya, will be increased by nearly 50 per cent with the aid of an $8.3 million World Bank loan. The new waterworks will assure an adequate supply of water through 1980. The city is not only the seat of government but is the focal point of industrial, commercial and tourism activities in Kenya. Nairobi's population of about 500,000 is increasing at an annual average rate of 6 per cent and water consumption is expected to rise at an annual average rate of 6½ per cent.

Construction work to be financially assisted by the loan includes a water intake on the Chania River, a raw-water pumping station, a water-treatment plant, a 24-mile transmission main to Nairobi, a terminal reservoir, and strengthening and expansion of the distribution system, including the purchase of water meters.

The loan will be made to the Nairobi City Council, which has consolidated all responsibility for water supply and sewerage in a new department, which will execute the project with the aid of consultants. It is scheduled for completion by mid-1974 at a cost equivalent to $12.1 million. The loan will cover the foreign exchange costs, including interest during construction. The loan is guaranteed by the Republic of Kenya. Local expenditures will be financed by the City Council.

Singapore Improves International Airport

An Asian Development Bank loan of U.S.$20.5 million will be used by Singapore to develop and expand its international airport at Paya Lebar. It is the largest single loan committed by the ADB so far and will cover the U.S.$17.94 million foreign exchange cost of constructing a new passenger terminal, new parking aprons, extension of the runway, a new air freight terminal, a hangar for jumbo jet aircraft, fire and rescue services and improved communications and navigation aids. The ADB loan will also cover the interest and commitment charge, estimated at U.S.$2.56 million, during the construction period and for recruitment of foreign consultants to assist the Department of Civil Aviation. Total cost of the project,

which will take about five years to complete, is estimated at U.S.$34.70 million, of which the equivalent of U.S.$16.76 million will be provided in local currency.

Singapore has a strategic location on the world's air routes. As many as 21 airlines operated services through the city in 1968 and the number is expected to rise substantially by 1976. In 1969 more than 1.35 million passengers and 18,000 metric tons of air cargo passed through Singapore's international airport. In the four-year period 1965-69, passenger traffic increased annually on an average by 17.7 per cent and air cargo by 27.3 per cent.

Singapore's Tourist Promotion Board has intensified its promotional campaigns in other countries and, through other measures it is taking plus the anticipated introduction of new types of aircraft, the air traffic at Singapore's international airport is expected to expand rapidly.

Iran Expands Power System

Iran will use a World Bank loan of $60 million to finance the major part of the Tehran Regional Electricity Company's (TREC) expansion program for 1971-72, which includes extension to almost double its current capacity of the distribution system in Tehran and construction of a 23 kv transmission ring around the city. The loan will also cover the cost of engineering services and provide funds for the training of TREC's management, technical and supervisory personnel. This work, together with new generating capacity now being constructed, will enable TREC to meet the projected demand for an additional 800 megawatts by 1973.

TREC is by far the largest and best developed of the 11 electrical distribution companies organized and administered by Iran's Ministry of Water and Power. Its service area, comprising some 60,000 square miles with a population of five million, accounts for about 55 per cent of Iran's total power consumption. The area includes the capital city of Tehran, the main center of industry and commerce.

Sierra Leone Builds Roads

A $3.7 million loan from the World Bank and a $3.5 million credit from its affiliate, the International Development Association (IDA), will be used by Sierra Leone to build a 43-mile road between Bo and Kenema, both important administrative and commercial centers. The road is the last section of the trunk highway between Freetown and Kenema to be completed. Funds are included for the detailed engineering of this road and the rural section of it between Freetown and Waterloo, and for road maintenance equipment. Contracts for road construction and the procurement of mechanical equipment will be on international competitive bidding. Although Sierra Leone has about 9,000 miles of roads, only 300 miles are paved. They are generally inadequate for the volume of traffic and are deteriorating because of lack of maintenance.

Indonesia to Build Technical Centers

An International Development Association (IDA) credit of $4.6 million will be used by Indonesia mainly to build and equip five technical training centers, which will give training in civil, electrical and mechanical engineering to about 14,000 students. The centers will provide workshop and laboratory facilities for students from two to four senior technical secondary schools. The project will also train the 330 teachers required to staff these centers.

This will take the form of a special one-year course for selected senior technical secondary school teachers and workshop instructors. Also a team of five technical overseas specialists, one at each center over a four-year period, will help their Indonesian counterparts in the initial operation and supervision of the centers. The IDA credit will cover all foreign exchange expenditures of the $7.6 million project.

All contracts will be awarded on the basis of international competitive bidding.

Foreign Tariffs and Trade Regulations

Britain

British Customs have revised their booklet, **Notice No. 27A**, that explains preference requirements for Commonwealth goods imported into Britain. There have been no changes in the preference regulations themselves but the booklet is now presented in a question and answer form intended to make the regulations more readily understood by traders.

Simultaneously, Britain has introduced a new style of certificate of origin for preference purposes, suitable for use with the aligned series of forms adopted by some Commonwealth countries. Copies of the new certificates are appended to the revised **Notice No. 27A**. H. M. Customs have indicated there is no objection to existing stocks of certificates being used up.

The revised notice and the new certificates of origin are expected to be available in quantity shortly and copies may then be obtained from the Britain Division, Office of Area Relations

Republic of Ireland

To meet demand until the 1971 home crop of apples becomes available, the Irish Minister of Agriculture and Fisheries will grant licences, under Apples (Regulation of Import) Order 1951, for imports during the period February 16 to July 7 of raw apples grown elsewhere than in Britain. Under the order, import licences are not required for apples grown in Britain.

Applications for licences should be addressed to the Secretary, Department of Agriculture and Fisheries (Section 4), Dublin 2, and should indicate the quantity it is desired to import up to March 31. Apples imported from sources outside Britain from March 1 to July 31 are liable to duty of 1d per pound. British apples are not dutiable during this period.

Apples imported from any source during the period August 1 to February 28 are liable to duty of 1½d per pound. During this period, a quota of 3,000 long tons of apples of British origin are permitted, dutiable at 1d per pound under the Free Trade Area agreement.

Trade Commissioners on Tour

In Territory

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

Algeria

D. P. Lindores, Assistant Commercial Secretary in Paris, France, will visit Algeria February 22–March 6.

Angola, Madagascar, Mauritius, Reunion

Officers of the Johannesburg, South Africa, office will make visits as follows:

Angola—G. P. Orban, Assistant Trade Commissioner, March 15-19.

Mauritius, Reunion, Madagascar—M. A. Brault, Assistant Trade Commissioner, March 25-31, April 1, April 2-6.

Bulgaria, Hungary, Romania

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

Cyprus

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

Finland

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

Dominican Republic, Haiti, Virgin Islands

Trade Commissioners from San Juan regularly visit the Dominican Republic, Haiti and the Virgin Islands. Canadian businessmen who would like officers to undertake assignments for them in these countries are invited to write to the Consulate in San Juan.

Guyana, Trinidad

Officers of the Port-of-Spain, Trinidad, office will make visits as follows:

Guyana—J. M. C. Lavoie, Assistant Commercial Secretary, March 15-19.

South Trinidad—J. A. Ahow, Commercial Officer, March 10.

South Korea

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

Turkey

Trade Commissioners in Ankara visit Istanbul frequently. Canadian businessmen who would like the officers to undertake assignments for them in that city are invited to write to the Commercial Division, Canadian Embassy, Vali Dr. Resit Caddesi 52, Cankaya, Ankara, Turkey.

A Race Has Been Saved

PUREBRED CANADIAN HOLSTEIN-FRIESIAN BULLS ARE CREDITED WITH RESCUING THE SWISS FRIBOURGER CATTLE RACE FROM EXTINCTION.

On this statement, there hangs a tale. Once upon a time a race of Black & White cattle was almost wiped out by a bull named Mouton Sales 156, when he spread his lethal genes far and wide among the unsuspecting cows of Switzerland's pre-Alpine region. Close and line breeding by this villain resulted in abnormal calves born with their hind legs joined to the abdomen. The whole Black & White race was threatened with extinction unless the lethal recessive genes could be overcome by continuous breeding of desirable traits from dominant progeny-tested stock.

Enter the Canadian Holstein heroes in black-and-white uniforms and with names like Medallist, Rockman, Perseus, Master, Cord and even Anthony! The Black & White Swiss "Cleopatras" responded so well to the rescue offered by artificial insemination that in just five years a leading geneticist was able to report, "a race has been saved". Others claim that the improvements in size, udder conformation, soundness in feet and legs, and ease of milking was even more than the resurgence of a dying race; the combination of new genes has resulted in the birth of a new cattle breed, the Swiss Holstein-Friesian.

Canadian semen sales in Switzerland have risen to over $60,000 a year through the efforts of one man—Fritz von Allmen, who spent forty years raising cattle in Canada. Now back in Murren, his home village (and incidentally, the scene of the James Bond movie, "On Her Majesty's Service"), Mr. von Allmen is known as "Canada Fritz" for his assistance to the farmers whose cattle he saved from extinction. The success of the Canadian Holstein-Friesian semen has had some influence in neighboring Austria, Germany, France and Italy, where George Clemons of the Canadian Holstein-Friesian Association has been actively promoting sales. The Black & Whites are on the march throughout Europe and, with 45 million head, represent Europe's biggest racial cattle block. They also represent a potential multi-million dollar market for the Canadian cattle industry.

The exceedingly favorable results achieved from the early use of semen are being consolidated by semen from new sources: Bond Haven Maple Diplomat, Downalane Reflexion Emperor, and a host of other bulls standing in Canadian artificial insemination centers. By the end of the current breeding season almost 50,000 Swiss cows will have been serviced by Canadian semen, resulting in over 30,000 Swiss-Canadian calves.

This trade is not all one way. Canadian cattlemen have purchased several hundred Swiss Simmental cattle for crossbreeding with Canadian Herefords. The number of Swiss cattle sold to Canada reached a high of 210 in 1970, all prize cattle. It is profitable for Canadian breeders to improve their beef stock and it has proved equally profitable for Swiss farmers to improve their dairy breed.

Canadian semen has played a major role in creating the modern dual-purpose breed required in Europe—milk and still an appreciable amount of beef. "Canada Fritz" pointed out the importance of all this when he observed recently, "The cow of the European Common Market is born."

R. D. MERNER
Assistant Commercial Secretary, Berne

Canadian Timber for Australia

A. J. STEWART, Assistant Commercial Secretary, Sydney

The forest products industry plays a major role in the Australian economy and seems likely to continue to make a significant contribution. None the less, Australia still has a need for imported timber and Canada has long been a supplier.

We maintained reasonably steady exports of timber to Australia in fiscal 1969-70 (year ended June 30) despite strikes in British Columbia that affected shipments. The total value of Canadian timber exports showed a modest increase of 5½ per cent, but the pattern has been gradually changing. Douglas fir maintained its leading position—builders prefer it—but suppliers are declining and there is an aggressive campaign to promote other species, mainly hemlock, which is used here chiefly for siding and joinery work. Consequently imports of these other species are increasing and those of Douglas fir declining. Imports of hemlock, for instance, rose by more than 50 per cent in 1969-70 (see accompanying table), helped largely by the efforts of the Sydney office of the Council for Forest Industries of British Columbia.

Australia also imports small amounts of other coniferous and non-coniferous woods, including ash, from Canada, and these imports generally are worth between $100,000 and $200,000 a year. For statistical purposes, redwood is combined with Western red cedar and balsam with hemlock.

From a regional viewpoint, our principal markets have remained relatively stable. The latest statistics are for 1968-69 and show that New South Wales is our chief buyer. Almost all hemlock goes there, about 50 per cent of the Western red cedar, and 60 per cent of Douglas fir. The other markets are in South Australia and Victoria. This market pattern will probably remain unchanged in the current fiscal year.

Our major competitor for the Douglas fir market is the United States. In 1968-69 Australia imported about 68.6 million board feet from that country, and about 61.2 million in 1969-70. New Zealand's exports of radiata pine to Australia have remained relatively constant, although in 1969-70 they were about one million board feet less than in 1968-69, when they totalled 29.4 million board feet.

The market for 1970-71 appears to be relatively unchanged. Douglas fir imports, as mentioned before, are gradually declining, but a substantial increase in hemlock is expected. A disturbing factor, however, is a move here to reduce the strength specifications of hemlock which, if successful, could adversely affect acceptance of the species. We do, nevertheless, expect the trend to wider use of hemlock to continue. Western red cedar imports should total between 34 and 36 million board feet—a substantial increase over the previous year—if the total for the last four months of the fiscal year equals the average for the first eight.

There are, however, several factors likely to affect our shipments, including the floating rate of exchange for the Canadian dollar. United States companies are actively promoting sales here and seasonally adjusted figures for dwelling approvals and starts show a down trend for the latter part of the last fiscal year and the early part of this.

As for local production, there appears to have been little change, at least since 1964. The figures for undressed sawn timber for the four fiscal years 1964-65 to 1967-68 (the last year for which statistics are available) in millions of board feet are: 1,533 in 1964-65, 1,518 in 1965-66, 1,469 in 1966-67 and 1,482 in 1967-68. Most of this timber comes from hardwood—75 per cent of it in 1967-68. But as more pine plantations reach maturity this percentage will drop; this trend has already begun. In the last year mentioned, undressed sawn timber production from local softwoods amounted to 225.8 million board feet. An active planting program is being carried out; in 1968, 66,035 acres were planted to softwood, mainly in New South Wales, Victoria and Queensland.

This year should see continued growth in imports of Canadian timber. The natural advantages of our timber, plus the positive impact of softwood promotion, will ensure our active participation in this market. The National Building Code being discussed between the states will probably provide for a more orderly market and further help our exports.

If you need more information, or if we can help you in any other way, our address is: Commercial Counsellor for Canada, P.O. Box 3952 G.P.O., A.M.P. Building, 21st Floor, Circular Quay, Sydney, Australia.

AUSTRALIAN TIMBER IMPORTS

	in millions					
	Douglas fir		Redwood & Western red cedar		Hemlock & balsam	
	Bd. ft.	A$	Bd. ft.	A$	Bd. ft.	A$
1966-67	98.2	8.5	19.7	2.2	15.0	1.0
1967-68	87.8	7.6	23.2	2.9	10.9	0.8
1968-69	106.7	11.5	25.1	3.5	12.3	1.2
1969-70*	83.7	10.1	28.7	5.2	19.4	1.8

Source: *Overseas Trade*, Commonwealth Bureau of Census and Statistics, Canberra.
*Preliminary figures

Foreign Exchange Rates

These nominal quotations may help exporters in checking prices, but they should consult their banks before making any firm commitments. When more than one rate is shown, the one to be used depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the Office of Area Relations, Department of Industry, Trade and Commerce, Ottawa.

The mid market rates only are quoted, except when buying and selling rates are specified. The buying rate is that at which banks purchase exchange from exporters; the selling rate is that at which banks sell exchange to importers.

Rates used exclusively in non-merchandise trading are *not* included in this table.

For conversion of column one to the U.S. dollar equivalent. *multiply* **by .99.** **To convert column two.** *divide* **by .99.**

Country and Currency	Value of foreign currency unit in Canadian dollars at February 11	Canadian dollar in foreign currency units
Algeria Dinar	.2053	4.87
Argentina Peso (free)	.2521	3.96
Australia Dollar	1.1368	.87
Austria Schilling	.0389	25.68
Bahamas Dollar	1.0084	.99
Belgium and Luxembourg Franc	.0203	49.21
Bermuda Dollar	1.0084	.99
Bolivia Peso	.0847	11.80
Brazil Cruzeiro (official free)	.2011	4.97
Britain Pound	2.4361	.41
British Honduras Dollar	.6078	1.64
Burma Kyat	.2118	4.72
Ceylon Rupee	.1694	5.90
Chile Escudo (bank rate)	.0853	11.72
(free)	.0703	14.22
China, People's Republic of Renminbi	.4125	2.42
Colombia Peso (fixed)	.052	19.13
Congo (Kinshasa) Zaire	2.144	.46
Costa Rica Colon	.1522	6.57
Cuba[1] Peso	.....	.....
Czechoslovakia Koruna	.1401	7.13
Denmark Krone	.1347	7.42
Dominican Republic Peso	1.0084	.99
Ecuador Sucre (official)	.0403	24.78
El Salvador Colon	.4034	2.47
Fiji Dollar	1.1641	.85
Finland Markka	.2401	4.16
France, Monaco, etc.[2] Franc	.1827	5.47
Franco-African Republics[3] Franc	.0037	273.67
French Pacific[4] Franc	.0101	99.50
Germany D Mark	.2776	3.60
Ghana New Cedi	.9883	1.01
Greece Drachma	.0336	29.75
Guatemala Quetzal	1.0084	.99
Guyana Dollar	.5884	1.69
Haiti Gourde	.2017	4.95
Honduras Lempira	.5042	1.98
Hong Kong Dollar	.1664	6.00
Hungary Forint (official)	.0921	10.85
Iceland Krona (official)	.0115	87.26
India Rupee	.1339	7.46
Indonesia[5] Rupiah	.0027	374.22

Country and Currency	Value of foreign currency unit in Canadian dollars at February 11	Canadian dollar in foreign currency units
Iran Rial	.0131	76.41
Iraq Dinar	2.8236	.35
Ireland Pound	2.4361	.41
Israel Pound	.2881	3.47
Italy Lira	.0016	618.81
Jamaica Dollar	1.2181	.82
Japan Yen	.0028	354.48
Kenya Shilling	.1412	7.08
Lebanon Pound (free)	.3126	3.19
Malaysia Dollar	.3294	3.03
Mexico Peso	.0807	12.39
Morocco Dirham	.2026	4.93
Netherlands Florin	.2803	3.56
Netherlands Antilles Florin	.5347	1.87
New Zealand Dollar	1.1401	.87
Nicaragua Cordoba	.1441	6.93
Nigeria Pound	2.8376	.35
Norway Krone	.1412	7.08
Pakistan Rupee	.2118	4.72
Panama Balboa	1.0084	.99
Paraguay Guarani (free)	.0081	123.94
Peru Sol (free)	.0232	43.04
Philippines[6] Peso (free)	.1571	6.36
Poland Zloty (fixed basic rate)	.2537	4.01
Portugal & Colonies[7] Escudo	.0351	28.50
Saudi Arabia Riyal	.2237	4.47
Sierra Leone Leone	1.508	.66
Singapore Dollar	.3273	3.05
South Africa Rand	1.4229	.70
Spain & Dependencies Peseta	.0145	69.01
Sweden Krona	.1948	5.13
Switzerland Franc	.2347	4.26
Syria Pound (free)	.2819	3.55
Thailand Baht (free)	.0489	20.44
Trinidad & Tobago[8] Dollar	.5042	1.98
Tunisia Dinar	1.9209	.52
Turkey Lira	.0672	14.87
United Arab Republic Pound (official)	2.3194	.43
United States Dollar	1.0084	.99
Uruguay Peso (free)	.0040	247.89
Venezuela Bolivar (official free)	.2245	4.45
Yugoslavia Dinar (official)	.0672	14.87

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

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

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

4. New Caledonia, New Hebrides, French Polynesia.

5. Exchange rate at December 9, 1970.

6. Exchange rate in Philippines on floating basis with daily quotations by banks.

7. Approximately same rate for Portuguese territories in Africa.

8. Also used in Barbados, Leeward and Windward Islands.

PANAMA

Area: 28,753 square miles, plus 553 square miles in the Canal Zone.

Population: 1,463,500.

Climate: tropical, with heavy rainfall.

Language: Spanish, but English is in common use.

Currency: Balboa, at par with U.S. dollar.

Foreign exchange and import controls: exchange permit not required. Import licences are required for many items, including arms, ammunition, wheat flour, live animals, live plants, flowers, certain animal products, and certain agricultural products.

Weights and measures: metric system, although U.S. standards are widely used.

Capital: Panama City.

Chief ports: Colon, 48 miles from Panama City and situated on the Atlantic end of the Canal, is the main port. Balboa and Puerto Armuelles are the principal Pacific ports.

Marketing centers: Panama City (population) 405,300, Colon 66,300, David 34,320, Santiago 13,240.

Economy: agricultural and fisheries, supplemented by the tourist trade and revenue from the Canal Zone, form the basis of the economy.

Total Panamanian imports: 1968—U.S.$243.3 million; 1967—U.S.$229.2 million.

Chief imports: 1967 (U.S.$ million, f.o.b.) manufactured products 64.1, machinery and transportation equipment 57.5, oils and fats 50.5, foodstuffs 81.1, chemical products 50.5.

Chief suppliers: 1968—(U.S.$ million) United States 93.4, Venezuela 49.0, Britain 5.9, Germany 6.5, Japan 12.3, Italy 5.9, Canada 4.4.

Value of imports from Canada: 1969—Cdn.$6.5 million; 1968—Cdn.$5.5 million.

Chief imports from Canada: 1969 (Cdn.$'000) sheet and strip steel 805; insulated wire and cable 553; newsprint 547; aluminum materials 636.

Total Panamanian exports: 1968 (f.o.b.) U.S.$93.8 million; 1967—U.S.$85.2 million.

Chief exports: 1967—(U.S.$ million) foodstuffs 59.6, oil and fuel 22.9, raw materials 1.2.

Chief markets: 1968 (U.S.$ million) United States 73.1, Canada 13.0, Italy 3.6, Costa Rica, 2.4.

Value of Canadian purchases: 1969—Cdn.$13.6 million; 1968—Cdn.$12.5 million.

Chief Canadian purchases: 1969 (Cdn.$ million) bananas 7.7, motor gasoline, n.e.s. 2.7, hormones and antibiotics .629.

Prices: quote in U.S. dollars, preferably c.i.f. Panamanian port.

Usual credit terms: sight to 180 days, depending upon various factors.

Samples: samples of no commercial value and weighing no more than 18 ounces can enter free of duty. Valuable samples to be re-exported are admitted if a bond is placed with customs authorities.

Visas: visa for next country to be visited, or onward or return ticket, required.

Inoculations: smallpox.

Trade agreements: Canada and Panama accord each other most-favored-nation treatment. Free trade treaty with Nicaragua and Costa Rica.

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

Correspondence: airmail essential; letters 15 cents per half ounce.

For detailed information on this market write to: Latin America Division, Office of Area Relations, Department of Industry, Trade and Commerce, Ottawa or Commercial Secretary, Canadian Embassy, P.O. Box 3-A, Guatemala City, Guatemala, C.A.

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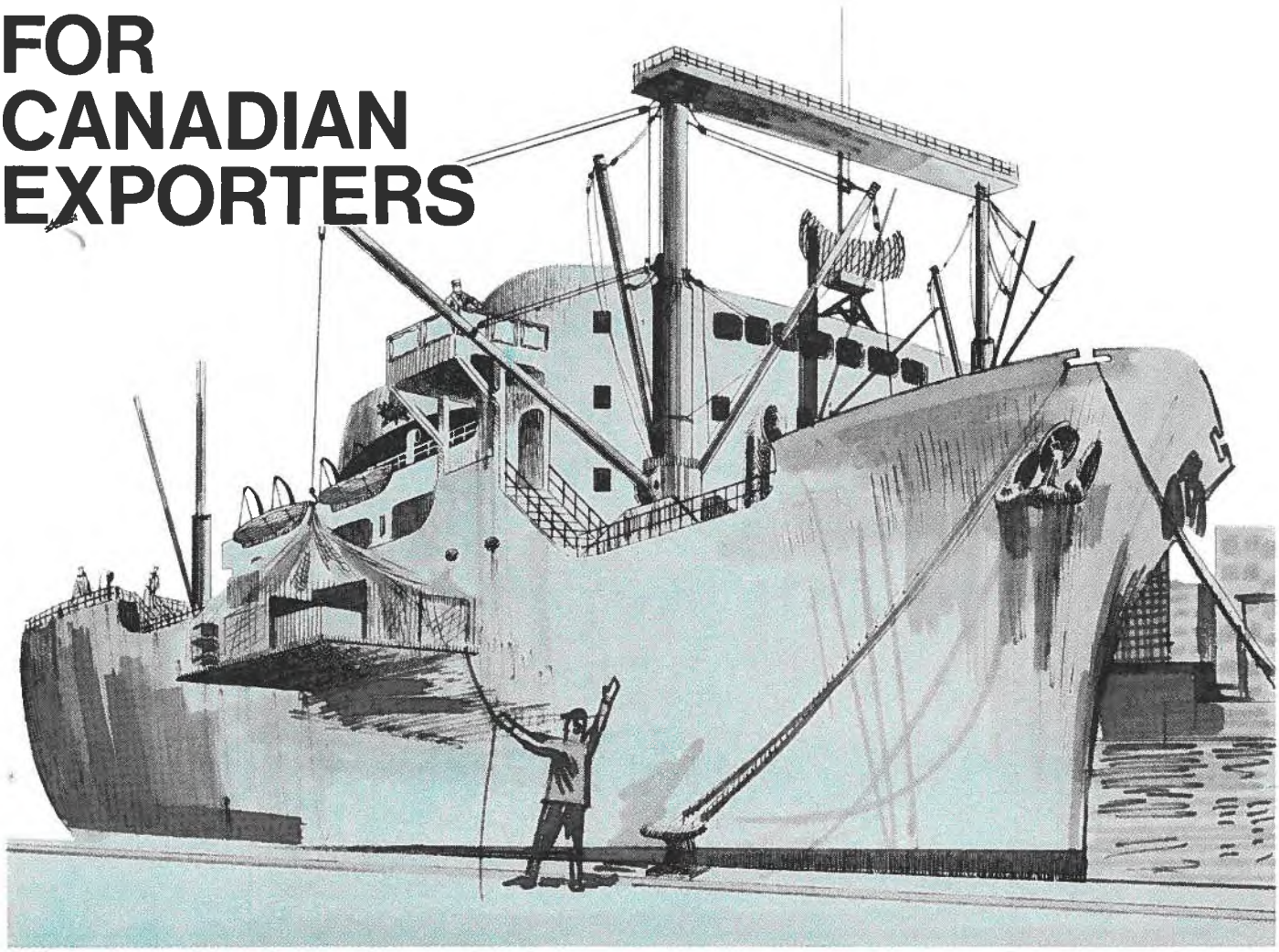

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