Canada Commerce

Formerly foreign trade

December 1971

News on the Export Front

Visitors to the Walt Disney World in Florida may well arrive there in Canadian aircraft. In fact the first to arrive by commercial airline did travel in Canadian planes—Twin Otters built by de Haviland Aircraft of Canada. Four of these planes were the first to land at Walt Disney World's new Lake Buena Vista airport opened in October, inaugurating STOL services there. The planes were owned (two each) by Shawnee Airlines and Executive Airlines. And just for the record, the airport took 116 days to build, or rather between the decision to build and the inaugural flights.

Another de Haviland Canada product was recently accepted into the Peruvian Air Force, when Major General Podesta took over the logbook of the first of 16 Buffalo STOL aircraft. These planes can carry 41 troops or 14,000 pounds of cargo, can use the most primitive type of landing strip, and have proved their worth in times of natural disaster.

Over in Japan, pollution is as dirty a word as it is anywhere else, but a Toronto firm has managed to find some good in the problem. Barringer Research has come up with a device to measure pollutants in the air and the speed at which they are moving in the airstream. Called a correlation spectrometer, the device uses reflected sunlight or even artificial light sources to measure the amount of nitrogen dioxide and sulphur dioxide in the atmosphere. Two units have already been sold to Japan and more orders are expected. Chief use, of course, is for pollution measurements over cities, but they have also been used to measure sulphur dioxide emissions from the Mt. Mihara volcano.

The spectrometer came into production this year only, after five years of development helped by the National Research Council's Industrial Research Assistance Program (IRAP) and the Department's Program for the Advancement of Industrial Technology (PAIT).

It's a long jump from Japan to France, but France was the recent recipient of one of Canada's more unusual exports. Arcachon, near Bordeaux, is famous for its oysters. Some time this summer disease stalked the oyster beds leaving death and destruction in its wake and the beds desolated. The French sought replacements and finally found what they wanted, not in Japan but in Canada. Surfside Shellfish Company, Ltd., near Vancouver, was able to supply oyster larvae at cheaper rates than any other supplier. It seems that the larvae swim around when they are born looking for a pleasant place to start their lives at the bottom of the sea. When they find it they cement themselves firmly in place, whether for the rest of their lives or until they grow up we don't know. It seems that the traditional way of catching the larvae is to strew the ocean bed with tiles for the larvae to latch on to. Surfside, turning its back on tradition, put down veneer boards. This innovation managed to swing the deal with France—because the oyster larvae have to be shipped on whatever they have cemented themselves to and the veneer boards were lighter than tiles, thus saving considerably on the cost of air freight.

From oysters to islands. Three Canadian consulting firms are engaged in studying the future aviation needs of some 12 islands in the Eastern Caribbean. Montreal Engineering Company, Kates, Peat, Marwick and Co., and N. D. Lea and Associates have formed a consortium to find out what factors will affect air traffic in the area over the next 20 years and make recommendations for the handling of this traffic. The consortium will examine geographic, socio-economic, political and other factors and will forecast the growth of the tourist industry there. Another Canadian consultancy firm has been working this summer in Fiji. Forestal International Ltd. has been studying whether or not an export-oriented forest industry for Fiji is feasible. The Fijian authorities have been experimenting with Pinus caribaea plantations that have so far given encouraging results but have not yet reached the harvesting stage. The study being carried out by the firm is part of a United Development program being executed by the Food and Agriculture Organization, and includes the potential sales volume and the minimum volume required to make the industry viable, plus a look at the harvesting methods and equipment best suited for the island.

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In This Issue

Last summer the then editor of *Foreign Trade*, O. Mary Hill, took off from Ottawa to spend 10 days in the Maritime Provinces. She wanted to find out, to put it colloquially, just what exporters there were up to. Travelling mostly by car and with the way prepared in advance by the Regional Offices in Fredericton and Halifax, she interviewed 11 firms making everything from bread to cymbals, and from paint brushes to oil exploration drilling rigs costing millions. (The most promising oil strike off Sable Island, she says, occurred during her visit and brought big headlines in the Halifax papers.)

From the copious notes made during her travels she produced our leading article in this issue, "Maritime Exporters Are Enterprising"—and we think she proves the title well chosen.

There has been continuing speculation about what the European Economic Community means to world trade and trade patterns, particularly in relation to the so-called developing countries. Since the Treaty of Rome was signed in 1957, discussions have been taking place between the signatories and their former dependencies, and other nations, on associated and preferential agreements. The article starting on page 8 outlines some of these agreements as they now stand.

And, a little closer to home, our Philadelphia office offers on page 43 some interesting sidelights on what the United States surtax really means to the apparel industry.

COVER: The wheels of industry are not idle in the Maritimes. Left to right are shown, top, cymbal finishing at the AZCO plant; a completed oil exploration rig, made by the Halifax Shipyards Division of Hawker Siddeley Canada Ltd., and a solid state broadcast transmitter for a radio station being tested by the maker, Nautical Electronic Laboratories.

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Articles

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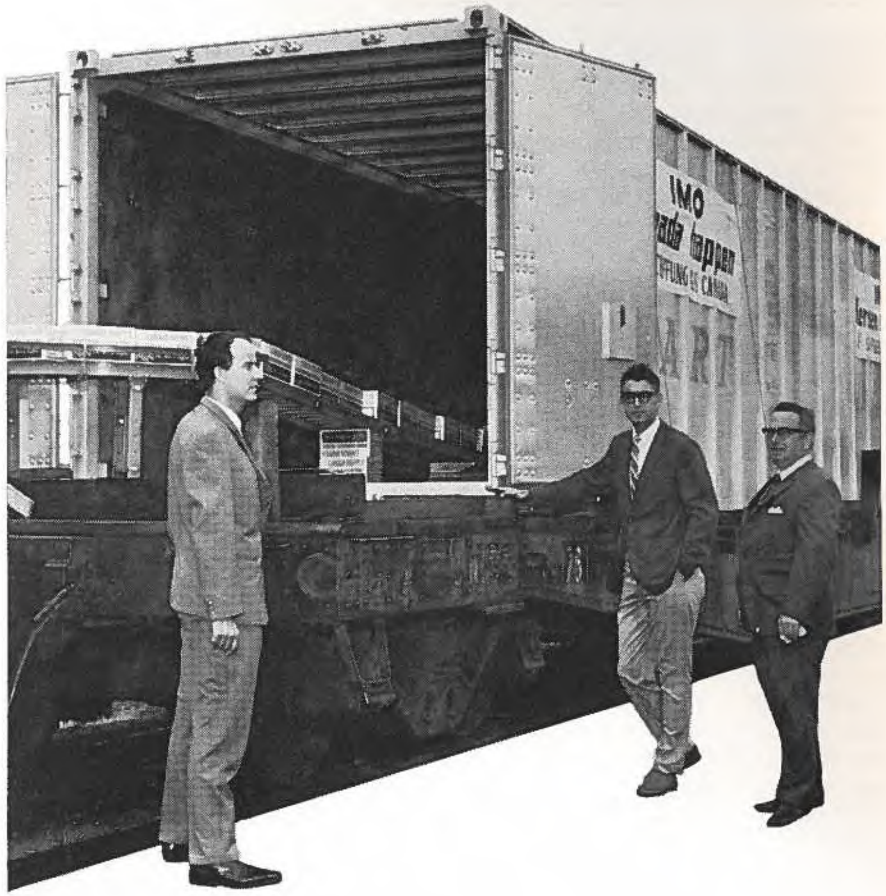
Maritime Exporters Are Enterprising

They're developing sophisticated products for the export market and offering traditional exports in a new guise. In all three provinces, they are busy going after foreign customers.

O. MARY HILL



This container is being loaded with boxes of herring fillets canned in various types of sauces at the IMO Foods plant in Yarmouth, N.S. The container will go by rail to Halifax and will be shipped from the container port there to London or Hamburg. Shipments also go by container to Australia, reaching there in about 25 days. The president of IMO Foods, Volker Thomsen, is standing at the left of the picture. The firm has been selling its products abroad since 1969.

The road from Halifax to Hackett's Cove winds along the shore of St. Margaret's Bay, past small villages and groups of summer cottages. Then, in the midst of a clearing that looks relatively new, one sees several long, low buildings. The visitor half expects to find some fish or food processing going on inside. Instead, he finds a small group of engineers with impressive technical qualifications turning out solid state aeronautical beacon transmitters and solid state broadcast transmitters for use by radio stations.

In many ways this Hackett's Cove firm, Nautical Electronic Laboratories, is typical of what is happening among Maritime exporters, present or potential. Where exports once were concentrated on lumber, on fisheries or agricultural products fresh or processed, or on long-standing operations like the Sydney steel mill, there is today a move towards diversification and towards turning out products with a greater degree of innovation. Nautical Electronics, for instance, has developed transmitters that enable aircraft to pick up the signal from an airport beacon and take a bearing from it. Vacuum tubes are normally used in these beacons and when one part of the equipment goes wrong, the signal can't be received. Nautel's beacon uses transistors and if any major part ceases to work, the rest goes on functioning. The same principle is applied to the broadcast transmitter, a prototype of which has just been turned out and is being tested.

Three of Nautel's four engineers, including president Dennis Covill, came originally from Britain and worked together at the EMI plant in Dartmouth. When EMI decided to close its Canadian subsidiary, Covill and two of his colleagues elected to stay in Nova Scotia and to go it on their own. Covill expresses the philosophy of his young firm and of others in the Maritime Provinces when he says that they are "committed to the concept that there is a real place in Canadian industry for the small or medium-sized company to really sell a product with a high degree of innovation built into it." Up to now, Nautel has sold mainly to the Department of Transport and is also working on an order for 14 beacon transmitters for Guyana, financed by CIDA. But it has agents in other countries and is ready for an export breakthrough.

Over in Dartmouth, across the harbor from Halifax, Hermes Electronics Limited is producing and selling a wide range of electronic equipment in the fields of communications and ocean engineering. One of its products is a receiving antenna deployed in a circle 50 meters in diameter in a rosette pattern, which can function just below ground and underneath snow. It replaces sprawling antenna farms and is being used by government and civilian agencies in many countries. The firm has also designed and developed data collection buoys that can be moored in depths greater than 20,000 feet and relay weather and navigational data and other scientific information—another example of its many products. Hermes has set up offices in London and Washington and has agents in all major countries; a substantial part of its sales is made to the armed forces, especially in Britain and the United States.

The trend towards innovation, particularly for a single firm, has sometimes been triggered by events. In February 1970 the tanker *Arrow* sank in Chedabucto Bay and the authorities, federal and provincial, were faced with a gigantic cleanup job. A group of experts headed by Dr. P. D. McTaggart-Cowan, executive director of the Science Council of Canada, was sent down. One day an engineer from Truro named Annand turned up at the disaster site and said to McTaggart-Cowan, "I have come down to see what my firm can do to help." (The firm, Annand Steel, did metal fabrication work.) He was soon busy developing, with the help of experts at the Chedabucto site, the Department of Transport, and the naval design office of the Naval Dockyard in Halifax, a seagoing vehicle that could carry the Slicklicker, an oil-recovery device developed on the Pacific Coast, to the scene of the spill. In about four weeks they had designed the first Oilcat and Annand had built it—an all-welded vessel of epoxy-coated steel, with unsinkable foam-filled hulls and Volkswagen engines, in the middle of which the oil-recovery unit is placed. Since then, the Oilcat has been refined and improved and Annand has sold two to Gulf Oil and three or four to the Department of Transport. Gulf Oil uses them at its Point Tupper terminal, where jumbo tankers are unloaded, to take care of any spills. The Oilcat has already been presented to potential United States buyers at trade fairs and Annand believes it is a natural for export, although there is still development work to be done on it.

Innovation has also come to traditional exports like fisheries products, foods, fruits and vegetables. Take fish, a Maritime mainstay. Time was when fisheries firms exported largely frozen groundfish blocks, live lobsters, and that staple, dried salt cod. Not any more. To gain additional markets, they had to move in new directions. Down in Yarmouth, N.S., IMO Foods Limited is canning herring fillets in 20 different sauces (paprika, curry, onion, and even whisky) and selling these "Kersen Bits from the Sea" to more than a dozen countries. Shipments of some 500,000 cans a month go out to its British distributor alone, the biggest buyer of canned fish in the world. Not the least of IMO's innovations is a ringpull can that eliminates the struggle with a turning key. Soon IMO expects to start smoking herring, using an electronically controlled process.

Or take food products, another traditional export, but often confined to potatoes, blueberries, and apples. A Saint John firm, Chan Food Products Limited, is finding a good market, particularly in the eastern United States, for frozen Chinese-style dishes, such as egg rolls, sweet and sour chicken, and chicken chop suey. Originally a restaurant operation, the Chans began to sell to local supermarkets and then, following some market research, to go into export. Last January Chan Foods opened a new plant in Grandview Industrial Park on the outskirts of Saint John and, as the general manager puts it, they "have been running ever since." They obtained approval of their products and labels from the United States Department of Agriculture even before the plant was finished, ("get your research done early in the game," says Chan), decided to offer buyers the convenience of a "boil in the bag" item, and selected two experienced food brokers to handle their products, one based in Boston and one in Philadelphia. After only six months of operation in their new plant, exports were already making up 10 per cent of their business. Shrewdly, though, they are making sure that promises of supply never exceed production capacity.

Sometimes the new product coming out of a Maritime plant results from foreign expertise allied with the specific advantages that this area can offer to a manufacturer. On the shores of the St. John River at Meductic, in a completely rural setting, there's a small plant, AZCO Limited, that since August 1968 has been turning out cymbals. These are made according to a formula known only to the Zildjian family, who made them in Turkey for hundreds of years and in 1929 moved the operation to North Quincy, Mass. They are said to supply 90 per cent of the world cymbals market.

One of the Zildjians has been coming to New Brunswick for years to enjoy the hunting and fishing and became acquainted with Willard Way, who manages a number of sporting camps. Zildjian also gradually became aware of what New Brunswick could offer to industry—specifically a good supply of labor and unpolluted air, a factor in cymbal-making. With Willard Way as manager, the Zildjian family set up the AZCO plant to manufacture the Zilco line of cymbals. The castings are sent up from the North Quincy plant and the cymbals then finished and polished. Eighty per cent of sales of the Zilco line go to the United States and the other 20 per cent chiefly to Europe. In April 1971 the company added 2,000 square feet to the present plant (half as large again) to make possible production of the top line cymbal, A. Zildjian. These will be marketed in Canada and Europe.

The belief that innovation is the key to survival and success is not characteristic only of the new firms that are springing up in the Maritimes. Some of the older corporate citizens

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in these provinces have proved that they too go for new ideas and new products. One excellent example is T. S. Simms and Co. Limited of Saint John, founded over 100 years ago and still owned by the Simms family. (Average age of its executives, however, is only 33.) Its original line was brushes, which it has made and sold abroad since the turn of the century. Then, as the demand for a more automated approach to making paint brushes appeared, Simms started to turn out brush-making machinery of original design and to sell it around the world. By 1964, the brush-making activity had expanded into a separate division of the company. In fact, says Gerald Burega, the firm's vice-president and general manager, "Simms has automated the brush industry all over the world today,"—and it turns out twenty models of different types of machines.

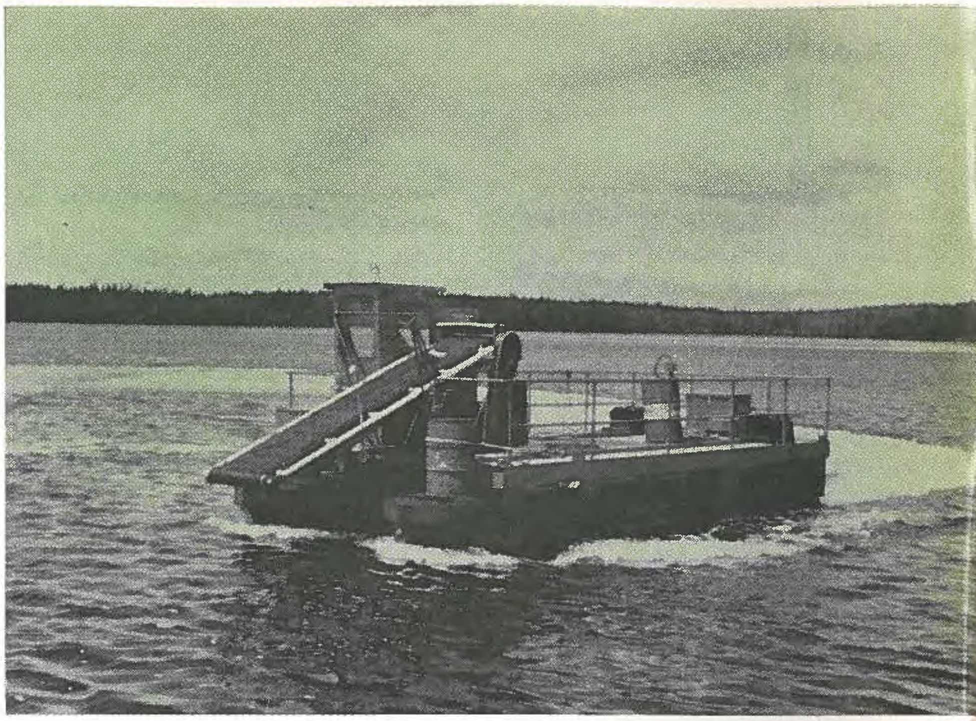
This diversification is a continuing process. Quite recently Simms entered into an arrangement with a Swedish firm to make a new line of plastic leisure-time products using Swedish moulds and designs—examples are camping sets, carafes, bowls, etc. These will be made in a newly built 112,000-square-foot plant and will be on the Canadian market shortly. (Another plant, already open, is making paint scrapers for the Canadian market: five out of ten paint scrapers currently used here are imported.)

Nor is the Swedish one Simm's only new departure. It has entered into a joint venture with a brush firm in Britain (now one of the largest in the country) and in Guatemala it has an equity position in a brush plant that sells throughout Central America. This was the only possible way, says Mr. Burega, to counter the move toward Central American economic integration. A third joint venture with a New Jersey company is the raison d'être for still another Simms plant that coats wooden dowels, etc., with plastic. These coated dowels, 90 per cent of which will go to the United States, are chiefly used for handles and the Simms contribution to the enterprise is mainly its expertise with wood and its management skills.

Simms is not the only long-established Maritime firm with fresh blood coursing through its veins. In Halifax there is the Halifax Shipyards Division of Hawker Siddeley Canada Limited, famed during the Second World War as the builder of the Tribal class destroyers. Shipbuilding and repairing still goes on there but the firm has struck out in new directions. In one section of the sprawling yards I saw work going forward on the footings for an oil exploration drilling rig of the semi-submersible type that will cost, when owner-furnished equipment is added, $17 million. This is the third rig that Halifax Shipyards is building for Southeastern Commonwealth Drilling Limited of Calgary; the first two, Sedco H and I, are drilling off Sable Island and the Grand Banks, and a fourth one was recently ordered by the client. These rigs, designed by naval architects in California, must measure up to exacting standards, especially in the quality of the welding, because they must withstand great pressures and heavy seas. The Halifax workers, specially trained for the job, have won praise for the quality of their work from both Canadian and American inspectors of the job.

Sometimes innovation is speeded up by the changing demands of the market. Down in Sussex, N.B., on a side street, stands the modest plant of Sussex Manufacturing Ltd. Originally its line was church furniture, to which school furniture was added when the boom in the building of new schools in the Maritimes began. In 1964, it was bought by a Fredericton entrepreneur. By then the wave of school-building was subsiding and the firm began to seek markets in New England. But its first real introduction to exporting came about through a CIDA contract. An architectural firm with offices in Moncton and Montreal, with which this Sussex company had done business, encouraged it to try for the CIDA contract for school furniture for Senegal. No wood was to be used, because of the ravages of the climate. Sussex Manufacturing came up with newly designed school furniture using steel and plastic laminate that could be shipped completely knocked down yet could, unlike Humpty Dumpty, easily be put together again. Competing against four other Canadian firms, Sussex won the contract.

It then began to explore the New England market, especially the demand from educational institutions for laboratory and school furniture. It



Here is the Oilcat, developed during the oil-pollution crisis at Chedabucto Bay in February 1970 and built by Annand Steel of Truro. It's an all-steel vessel with twin unsinkable foam-filled hulls, and carries in the middle the Slicklicker, an oil-recovery device developed out on the Pacific Coast for lapping up oil spills.

had the foresight to acquire an excellent U.S. sales representative based in Nashua, New Hampshire, with good connections throughout New England. Last January it started bidding for contracts and won two fairly quickly —one for laboratory furniture for the Massachusetts Institute of Technology and one for Brown University; both these contracts have since been completed and the furniture installed. Several other orders are in hand and Sussex is competing for contracts at places like the University of Massachusetts and New Hampshire College. Its United States business has also called for some adaptation: the cabinets, for instance, must be all wood, to take advantage of a lower tariff rate.

A number of Maritime firms are well started on the road to success by taking advantage of changed circumstances that mean opportunities. Sometimes these circumstances are unusual—such as the fact that eels captured in the St. Lawrence River are now unfit for human consumption. Two young men in Pokemouche, New Brunswick, saw a chance to supply New Brunswick eels to the European gourmet's taste. They set up a firm, Rivers and Nowlan, and set to work on the problem of getting live eels to the European market in good condition. (They also ship frozen eels.) While work on this problem was going on with the help of Air Canada, they also dispatched letters to the Canadian Trade Commissioners in Europe and in this way uncovered the most promising markets. The Trade Commissioners also supplied names of potential brokers and the firm chose one in London, who has been replaced since by one who is more active.

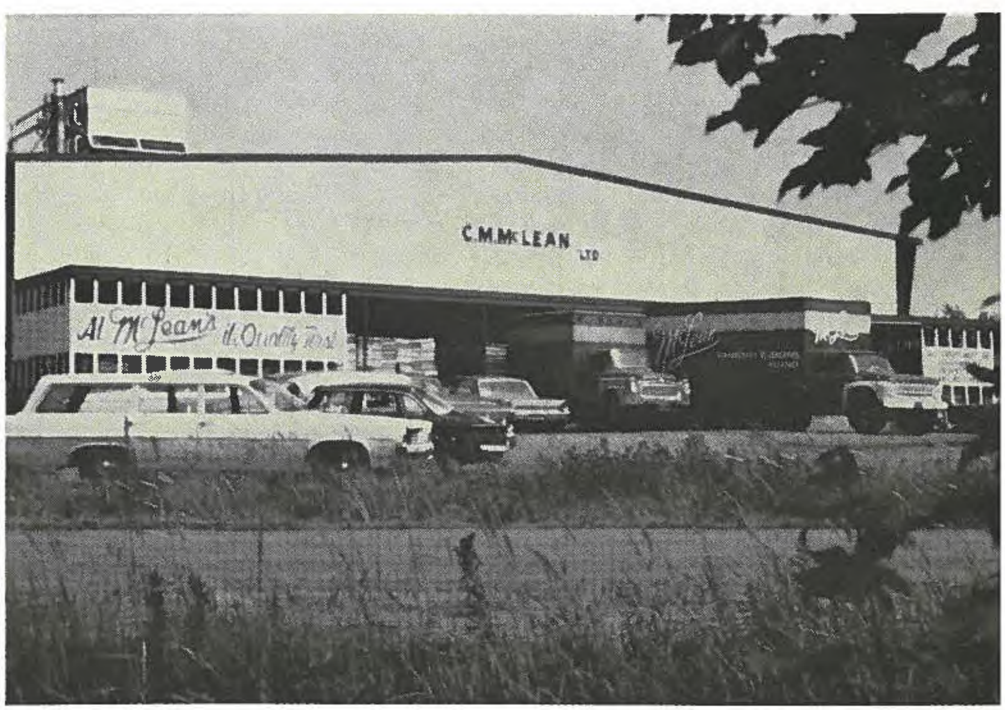
A system of shipping the eels was worked out, based on the fact that a live eel will travel well for several hours as long as his skin is kept moist. The eels, in tanks, are driven down to Moncton and then put into corrugated cartons lined with waxed paper and with a pound of dry ice per carton. They leave the Pokemouche plant about five o'clock twice a week and 13 or 14 hours later are in London, where they are delivered to the broker-distributor. In addition to Britain, Rivers and Nowlan have found markets in Belgium and in Germany, a small number of customers in the United States (particularly around Christmas time) and have had some nibbles from the Japanese, who came to Canada looking for suppliers and who have requested sample shipments.

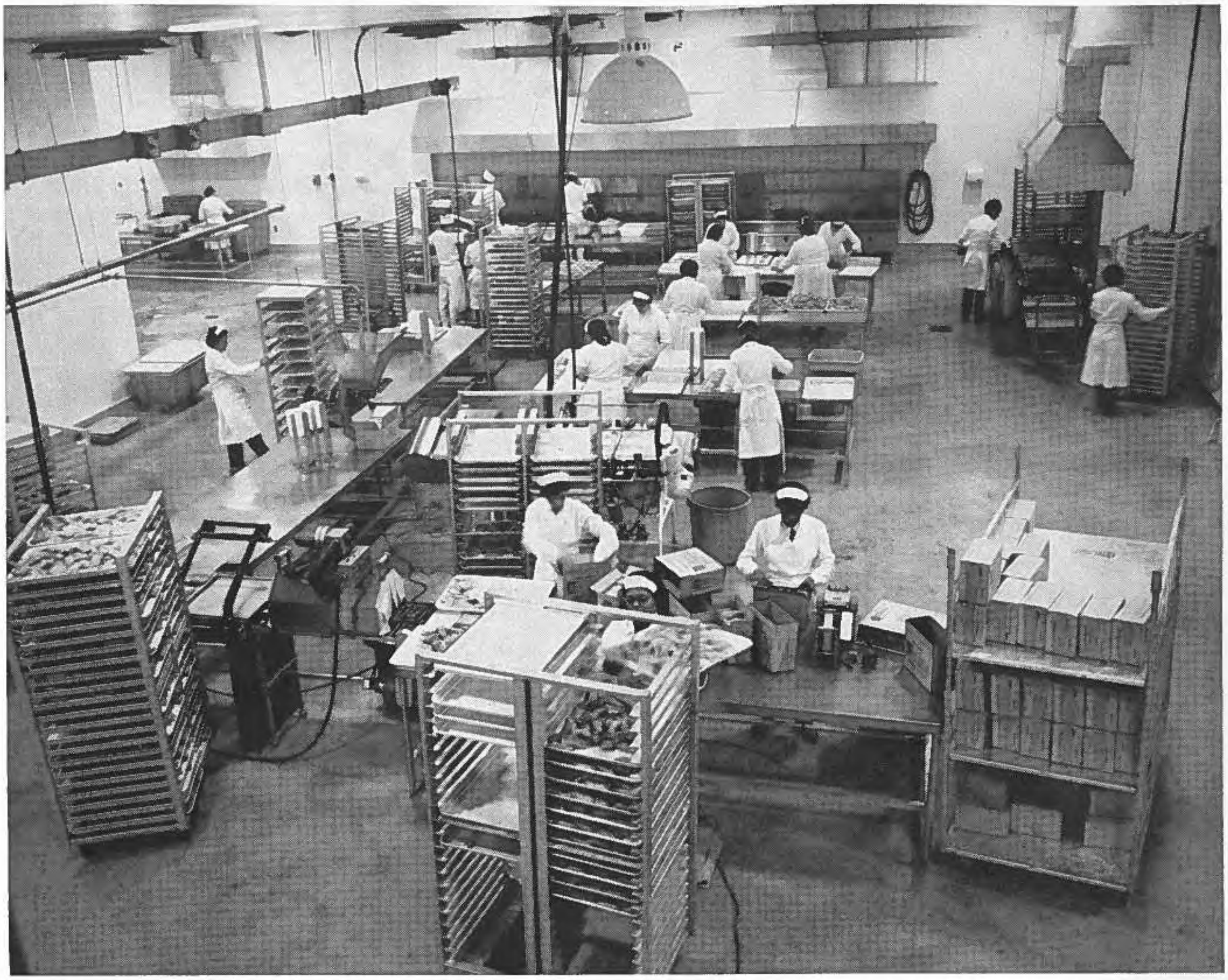
Another New Brunswick firm has capitalized on the American taste for foods "like mother used to make" in this age of mass-produced bakery products. On the outskirts of Woodstock, amid well-trimmed lawns and a pond that harbors a family of ducks, stands Karnes Bakery, which has parlayed home recipes for brown bread —oatmeal brown, plain brown, and raisin brown—into a nice little business. Today it sells its bread, with the help of good United States distributors, from Houlton, Maine, (only ten miles away) all the way down to Boston. Every night except Friday and Saturday a transport truck with trailer leaves Woodstock and rolls across the United States border. It then makes three stops—at Bangor and Portland in Maine and in Boston. Recently it has been expanding into the area around West Hartford, Connecticut. Because bread is a perishable product, its market range is of course limited.

Over on Prince Edward Island, the "Garden of the Gulf," a veteran exporter, C. M. McLean Ltd., is also moving in new directions. One afternoon I visited its Sherwood plant, which it took over after Seabrook Farms went into bankruptcy. It was busy installing strawberry freezing equipment and had plans to go into frozen vegetables, concentrating on frozen "cole" crops—brussels sprouts, cauliflower, and broccoli. It already has the biggest blueberry and strawberry freezing plant in the world at Springhill, N.S., and from this plant ships blueberries to big United States companies like Kraft Foods and Pepperidge Farms. Selling to firms like Kraft means passing rigid tests for quality control, but once listed as a reliable supplier, half the battle is over. Traditionally, McLean's business has been potatoes, both table and seed; according to Mr. McLean, the president, it holds 100 per cent of the seed potato market in Greece, supplies 90 per cent of the table potatoes eaten in Puerto Rico, and has developed special-process potatoes. The United States is, of course, the primary market for frozen fruit and vegetables.

In going after expanded export markets, Maritime firms have made

This is one of the plants of C. M. McLean Ltd., over on Prince Edward Island. Its original line was potatoes, both table and seed, which it still ships to many parts of the world. Now it is specializing in cole crops like cabbage and cauliflower.





Egg rolls, sweet and sour chicken, sweet and sour spareribs, and many other Chinese-style foods are prepared and packed in this Chan Food Products plant in Grandview Industrial Park in Saint John. Recently the firm, with the help of two experienced food brokers whom it selected, entered the U.S. market, concentrating mainly on the Eastern Atlantic States.

use of advanced techniques and of the services available to them, both through the Regional Offices of the federal Department of Industry, Trade and Commerce at Fredericton and Halifax and also through the provincial Departments of Economic Growth and of Development. One of these techniques is trade fairs. Because New England is the prime market for many Maritime firms, the provincial governments usually sponsor participation in the Eastern States Exposition held each fall at Springfield, Mass., and attracting up to 600,000 visitors, including many brokers in search of new accounts. Jenkins Bros. of Summerside, P.E.I., makers of sandwich spreads, canned chicken, lobster spread, etc., found a good broker there and Karnes Bakery made itself known to many United States consumers by selling its bread right off the stand.

Last spring the Nova Scotia Department of Trade and Industry took over the ferry *Prince of Fundy* that runs between Yarmouth, N.S., and Portland, Maine, set up displays by a number of firms, sailed down to Boston, and invited buyers there to come and see. Despite a bad storm that hit the ship after it left Portland and laid most of the exhibitors low, they were on deck by the time it reached Boston and reported that the affair was a great success. Many of the exhibits were of consumer products, but Annand Steel showed its Oilcat and Hermes Electronics various electronic devices. Boston was also the scene of the Architectural Show in which the New Brunswick Department of Economic Growth took space; Sussex Manufacturing displayed its laboratory furniture there and as a result, obtained an excellent New England representative for its line.

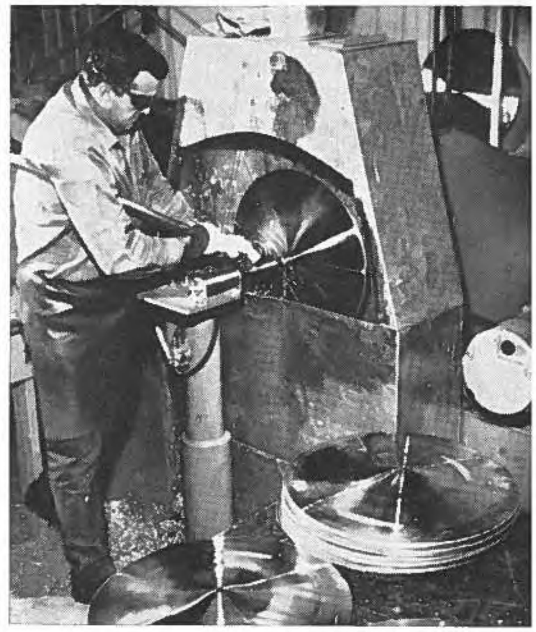
Many companies beginning to exploit the United States or European markets prefer to enter the vertical, or specialized, shows, where they can meet potential buyers knowledgeable in their field. Sometimes these firms are included in a participation organized by Industry, Trade and Commerce—in the International Petroleum Exposition at Tulsa, Oklahoma, for instance, or Oceanexpo 71, in Bordeaux, France, in which Hermes Electronics participated. Hermes thinks so highly of trade fairs as a promotion medium for its products that it has designed and built a portable display unit on the modular system, with provision for changing slides, photos, mockups, etc., and for shipping the unit completely knocked down. Chan Foods too has opted for the vertical fair and went into the Massachusetts Restaurant Association show in Boston on its own and acquired an excellent representative in Philadelphia as a result.

One of the problems that Maritime firms—like those in other provinces—mention frequently is the lack of working capital. In this area, federal agencies like the Department of Regional Economic Expansion help—and did, for instance, when Nautical Electronics was putting up its second plant in Hackett's Cove. So does Industry, Trade and Commerce, with its Capital Grants Incentive Program and its subsidy for new ship construction, which reduces the price of the vessel and thus assists the owner. Provincial governments also offer some new plant financing, as with the AZCO factory in Meductic. The New Brunswick Research and Productivity Council will undertake market research surveys for a small fee, and the Department of Industry, Trade and Commerce offers the services of its Trade Commissioners in finding new markets. Its Office of Area Relations can help with tariff and classification-for-duty problems, especially in the complex United States market, and with the United States Food and Drug regulations and labelling laws.

Transportation is one of the problems that has been tackled vigorously. Trucking seems to be the accepted method of getting goods to the United States market but when a firm moves farther afield, shipping comes into the picture. The big advance in this sector has been the building of container ports at Halifax and at Saint John. Halifax has installed at its container port two huge container cranes that can load and unload ships and handle an average of 20 containers per hour. The service provided by fast trains that load and unload at dockside means quick delivery for goods and fast turn-around time for ships. The Yarmouth firm, IMO Foods, ships by container out of Halifax to Hamburg, and also to Australia, where the containers arrive in the record time of 25 days. Saint John, with its $4 million container port, is furnishing exporters with similar service; last June both the Hansa Line and the Fabre Line announced that they would provide full container service from Saint John to Mediterranean ports. And for those who need especially rapid delivery, the airline companies like Air Canada are assisting the exporter not only with quick deliveries but with his packaging problems.

Another development that was slow in coming to the Maritimes is taking shape—the appearance of the export agent, through whom the inexperienced can get started in selling abroad. I talked to one of them, Anthony Oland, who lately set up A. R. Oland Agencies in Saint John.

Just outside Woodstock stands the Karnes Kitchen Ltd. plant, a modern bakery that literally began in a country kitchen and still uses the old recipes that bring it faithful customers not only in New Brunswick but also in New England.



Using castings sent up from the parent plant in Massachusetts, an operator at the Azco Ltd. plant, in Meductic, N.B. is carrying out finishing operations on a rolling mill. These cymbals, sold all over the world, are made from a secret metal-casting formula developed by and in the possession of the Zildjian family, who brought it with them from Turkey to the United States in 1929.

Already he is acting as agent for IMO Foods in the United States, and is working with some fisheries companies in New Brunswick on the development of products to meet specific export needs.

At the moment, Maritime exporters have many things going for them. One is a good supply of easily trained labor; in one plant I saw, for example, fishermen's daughters competently wiring electronic devices.

Another—one that will become more and more important with the passing of time—is a good supply of land in areas where the air is still unpolluted and towns still uncrowded, a potent attraction for those tired of living in the big North American cities, as many Maritimers told me. But most of all, Maritimers have their own spirit of enterprise going for them. It's bringing results; I saw some of them this past summer.

O. Mary Hill, the author of this article, is the former editor of this magazine.

Association and Preferential Agreements in the EEC

The European Economic Community has negotiated a number of association and preferential trade agreements with certain Mediterranean and other countries. This article outlines these agreements as they exist today.

NORMAND VILLENEUVE, Second Secretary, Mission of Canada to the EEC, Brussels

When the six members of the European Economic Community signed the Treaty of Rome in 1957, they provided for the possible association of their former dependencies under Article 131. The countries covered were the Republics of Burundi, Cameroun, Central Africa, Chad, Congo (Kinshasa), Congo (Brazzaville), Dahomey, Gabon, Ivory Coast, Malagasy, Mali, Mauritania, Niger, Rwanda, Senegal, Somali, Togo and Upper Volta. Their first agreement of association with the Community was signed in Yaounde in 1965 and renewed in 1969. In addition, a protocol to the Treaty allowed the member states to continue their special relationships with certain countries.

Among the relationships mentioned were customs treatment of imports of goods originating in Surinam or the Netherlands Antilles into the Benelux countries; of goods coming into France from Morocco, Tunisia, the Indo-Chinese states and the New Hebrides, and of goods coming into Italy from Libya and Somali. Two other articles in the Treaty provided for the possibility of negotiating agreements of association and preferential trade arrangements with third countries.

Under these association and preferential agreements (see Table 1), the Community has granted between 50 and 100 per cent tariff reductions on imports of industrial products from the associated countries. The Community has also reduced, in varying degrees, the duty on tropical products and on a limited list of agricultural products, mainly citrus, wine and tobacco. It grants financial aid for the development of these countries, in particular to the 18 signatories of the Yaounde Convention, to Turkey and Greece. In return, the associated countries and the countries benefiting from a preferential trade agreement offer the Community tariff reductions on most industrial products. Exceptions are made for sensitive industries. These tariff reductions have contributed substantially to the increase in trade between the EEC and these countries (see Table 2).

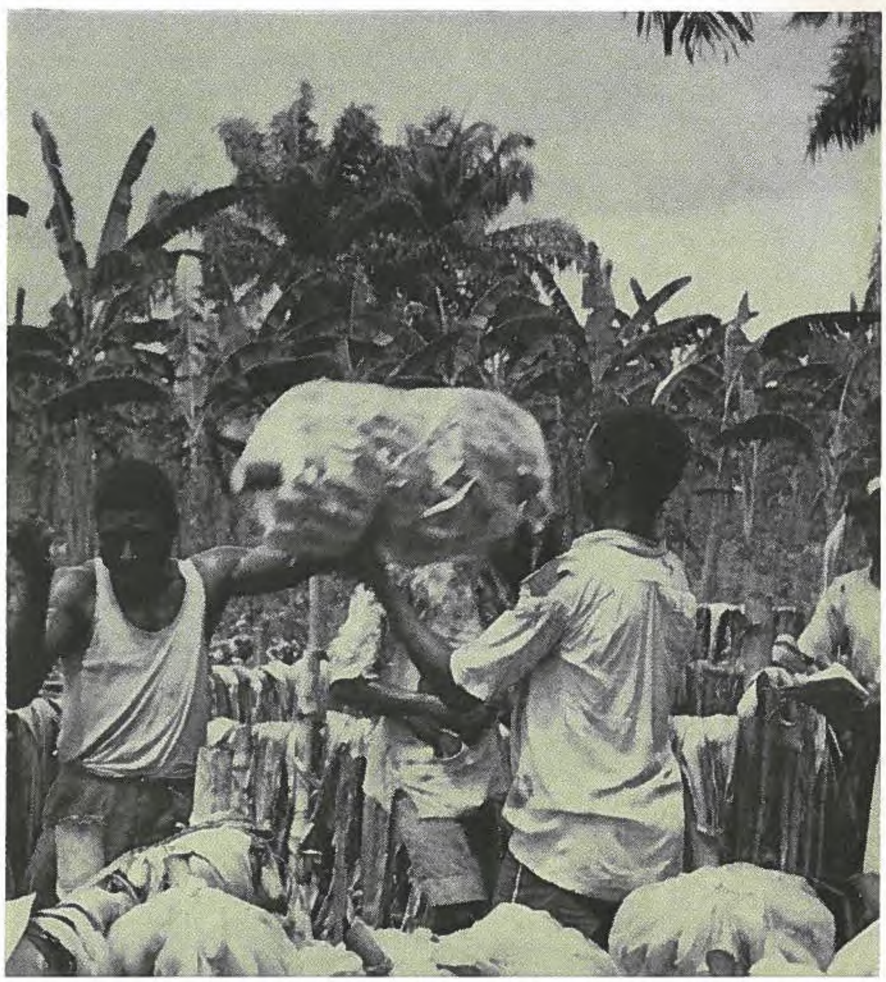
The commercial content of the agreements with African and Mediterranean countries is summarized below.

Association Agreements

Yaounde—Except for those falling under the Community's Common Agricultural Policy, products originating from the 18 signatories of the Yaounde Convention enter the Community duty-free. The main products are bananas, coffee beans, cacao, spices and tobacco. Community products enjoy duty-free access; however, there is a clause permitting the re-introduction of duties by the associated countries in the event of injury to domestic industries.

Arusha—This agreement covers three East African countries, Tanzania, Uganda and Kenya. The commercial content is modelled on the Yaounde agreement, but does not provide for development aid. The main products imported from these countries are bananas, coffee beans, tea and copra.

The agreements signed at Yaounde permit duty-free entry into the EEC countries of many of the agricultural exports so important to the economies of the 18 African signatories. Bananas are on the list: here a Cameroun crop is loaded.



Nigeria—Nigeria negotiated in 1966 an association agreement with the Community. This has not entered into force because two member states, France and Luxembourg, have yet to ratify it. The agreement stipulates that products originating in Nigeria enter the Community duty-free, except for the following, on which there are duty-free quotas: cocoa beans, groundnut oil, palm oil, plywood, blockboard, laminated board, battenboard and veneered panels.

For its part, Nigeria would eliminate customs duties and equivalent import charges on goods originating in the member states, except for products on which such customs duties and charges would be eliminated gradually, as follows:

1. A 50 per cent reduction on the coming into force of the agreement.

2. A 25 per cent reduction one year, and a further 25 per cent reduction two years, after the coming into force of the agreement. This reduction applies to sardines, other prepared or preserved fish, crustaceans and molluscs, caviar and caviar substitutes, tomato puree and paste, beer, pile and chenille fabrics of silk, domestic radiograms, watches.

Greece—This association agreement provides for the development of a customs union with the Community over a transition period of between 12 and 22 years. The Community has granted duty-free treatment to industrial products and to a limited number of agricultural products: fresh and frozen vegetables, citrus, fish, fruit juice and olive oil. Greece granted a tariff reduction of 60 per cent and 20 per cent, depending on the sensitivity of the product.

Turkey—This is an association agreement providing for a three-phase movement towards a customs union and the free movement of goods. The second phase has now been negotiated and will come into force after ratification. To assist in the development of Turkey, the Community has granted tariff preferences to promote the marketing within the Community of its main export products: tobacco, dried raisins, dried figs, nuts, textile products, quality wines, fish and seafood.

Tunisia, Morocco and Malta—Association agreements with Tunisia, Morocco and Malta have recently been concluded. These are for five years, subject to review. The Community grants duty-free entry for all industrial products (with the exception of products like tuna, and canned fish where there are quotas), and ad hoc reductions (100, 80 and 50 per cent) for some agricultural products. Tunisia extends tariff and quota concessions to the Community.

Morocco grants quota concessions and has accepted the principle of granting tariff preferences within the framework of an over-all agreement.

Malta—The agreement provides for concessions in the industrial sector: 70 per cent tariff reductions by the EEC, and 35 per cent by Malta. In the agricultural sector the EEC extends no concessions; Malta grants a 35 per cent tariff reduction on Community products.

TABLE 1

Country	Duration	Effective Date	Expiry Date	Negotiations Open
Association Agreements				
Greece	Unlimited	Nov. 1/62	—	—
Turkey	Unlimited	Dec. 1/64	—	—
Tunisia	5 years	Sept. 1/69	Aug. 31/74	Aug. 31/72 (at latest)
Morocco	5 years	Sept. 1/69	Aug. 31/74	Aug. 31/72 (at latest)
Malta	5 years	Apr. 1/71	Mar. 31/76	Oct.1/74
East African countries: (Uganda, Tanzania Kenya)	5 years	Sept. 24/69	Sept. 23/74	Mar. 23/73
Agreements with Third Countries				
Spain	6 years (at least)	Oct. 1/70	Sept. 30/76	—
Israel	5 years	Oct. 1/70	Sept. 30/75	Apr. 1/73
Egypt (A.R.E.)		Negotiations in progress		
Lebanon		Negotiations in progress		

TABLE 2

EEC TRADE WITH ASSOCIATED AND PREFERENTIAL AREAS

	$ million 1968	1969	1970
Exports to world	35,291	39,236	45,198
Exports to associated and preferential areas	3,986	4,516	5,052
Percentage	11	11	11
Imports from world	33,567	39,242	45,621
Imports from associated and preferential areas	2,737	3,255	4,148
Percentage	8.1	8.2	9

Preferential Agreements

Israel—This agreement involves a 50 per cent reduction (over four years) of Community duties on all industrial products, with the exception of a few sensitive items. In the agricultural sector, it involves 40 to 30 per cent reductions on the main products that Israel exports (citrus fruits, grapefruit, pimentos, etc.). On Israel's part, the agreement provides for tariff reductions of 30, 25, 15 and 10 per cent for four lists of industrial and agricultural products and the consolidation of liberalization. The agreement covered approximately 80 per cent of the trade between the two parties in 1968.

Spain—Concessions in the industrial sector (excluding Coal and Steel Community products) are 60 or 70 per cent tariff reduction by the EEC and alternative tariff reductions (60 or 70 per cent and 30 or 25 per cent) and liberalization of imports by Spain. Concessions in the agricultural sector include ad hoc measures and provide for important exceptions on both sides. The main products involved are citrus,

TABLE 3

TRADE OF COUNTRIES WITH EEC PREFERENTIAL OR ASSOCIATION AGREEMENTS

	$ million to the world			to EEC			to Canada	
EXPORTS	**1968**	**1969**	**1970**	**1968**	**1969**	**1970**	**1968**	**1969**
AASM (Yaounde countries)	1,880	2,100	n.a.	1,000	1,320	1,862	2.2	6.6
East African countries (Arusha Agreement)	578	618	694	92	85	96	18.7	16.
Morocco	455	491	n.a.	295	328	358	1.	.5
Tunisia	165	174	n.a.	95	93	113	.2	.01
Spain	1,587	1,899	2,386	520	700	902	25.6	28.9
Greece	465	530	612	269	300	344	3.2	4.3
Turkey	497	537	588	207	243	279	1.69	3.6
Israel	602	683	775	159	186	194	12.8	15.
	6,229	7,032	5,055	2,737	3,255	4,148	65.39	74.91

	$ million from the world			from EEC			from Canada	
IMPORTS	**1968**	**1969**	**1970**	**1968**	**1969**	**1970**	**1968**	**1969**
AASM (Yaounde)	1,721	1,915	n.a.	1,085	1,202	1,265	4.7	8.3
East African countries (Arusha Agreement)	857	667	806	124	117	147	4.3	8.3
Morocco	558	569	n.a.	264	301	343	4.6	1.4
Tunisia	228	279	n.a.	130	151	173	1.5	2.5
Spain	3,521	4,231	4,747	1,134	1,370	1,475	41.	55.9
Greece	1,236	1,418	1,696	589	654	808	8.9	10.
Turkey	763	801	947	314	345	412	13.	18.9
Israel	1,081	1,240	1,451	346	376	429	9.	16.9
	9,965	11,120	9,647	3,986	4,516	5,052	87.	122.2

figs, grapes, meat and fish, fruits and vegetables.

The EEC's trade with countries having an agreement of association or preferential agreement with the Community is set out in Tables 2 and 3. Even though the trade increased in absolute value during the last three years, the percentage of EEC imports from these countries compared with the total extra-EEC imports has remained at 8 per cent in 1968-69, rising to 9 per cent in 1970. EEC exports to these countries represented about 11 per cent of total Community exports from 1968 to 1970 (see Table 2). From the point of view of the associated states and other countries, the Community is their first customer and their first supplier. Imports from these countries are made up largely of tropical products, some agricultural products and some other raw materials. The main products imported into the Community are canned fish, fruit juice, canned and fresh fruits (such as oranges and mandarins, bananas), coffee, tea, olive oil, dried fruits, tobacco, wine and some calcium phosphate from Morocco, and aluminum from Greece and the Cameroun.

On the other hand, the EEC exports to these countries consist mainly of manufactured products for consumption and for industrial development. The main exports are synthetic fibers and yarn, organic chemicals, equipment for specialized industries, refined petroleum products, plastic products, steel rod and plate, telegraph and telephone equipment, automobiles and parts, and various scientific and medical supplies.

These preferential and association agreements reflect the close economic and commercial relations which have existed for many years between the associated and other Mediterranean countries and member states of the Community, as well as the geographical trading pattern of these countries.

The relative importance of this trade for the associated countries and countries with preferential trade agreements is illustrated in Table 3.

It seems significant that these countries have increased their trade with the Community appreciably as a result of these arrangements. Their exports to the Community in 1968 accounted for 44 per cent of their total world exports and rose to 46 per cent in 1969, which represents an increase of 19 per cent in their exports over 1968. This compares well with the 17 per cent increase in total Community imports from third countries. Detailed figures for 1970 are available only for the 18 associated members under the Yaounde Convention: these countries have increased their exports to the Community by 30 per cent compared with a 17 per cent growth in the Community's imports for 1970 over 1969. During the same period, Canada increased its exports to the Community by 41 per cent.

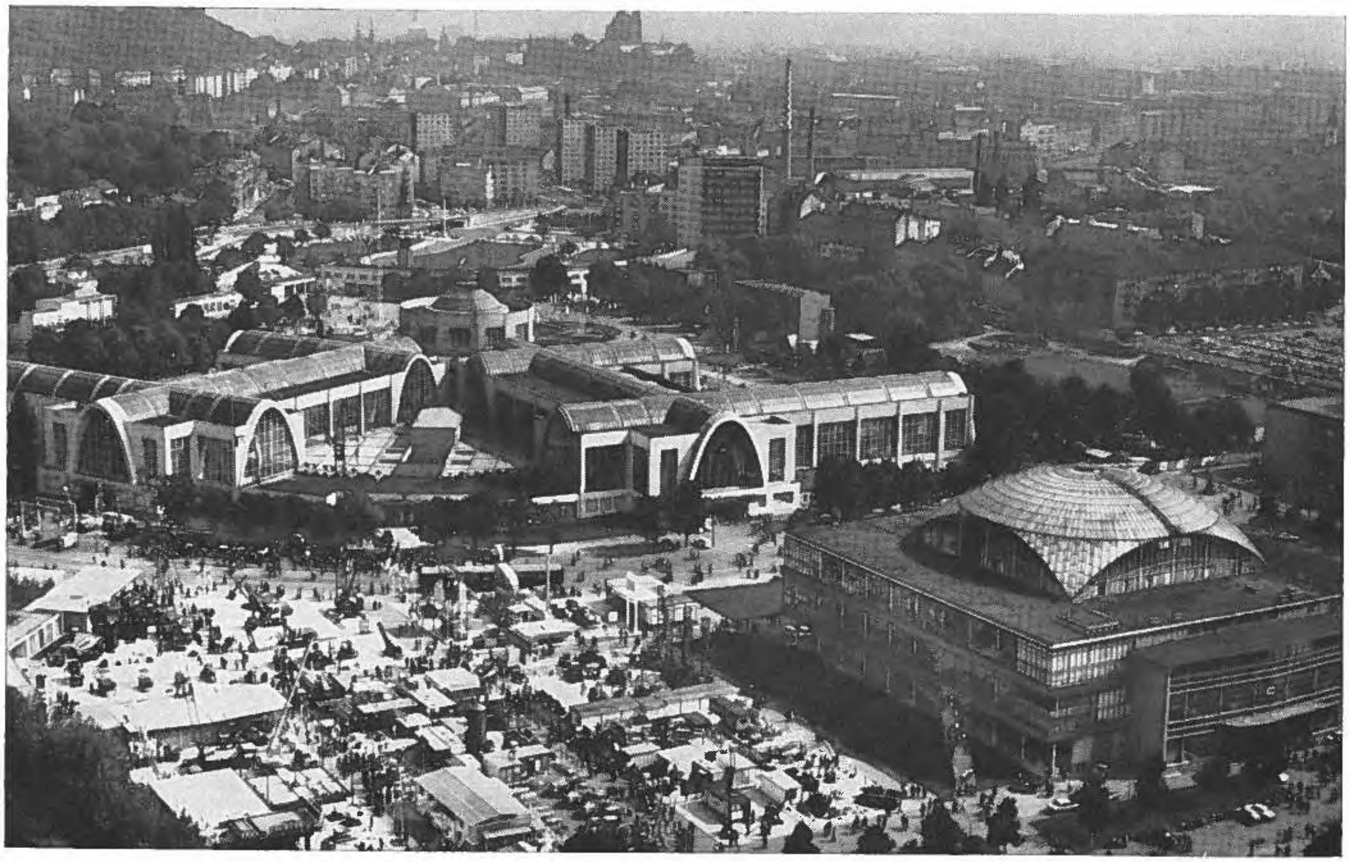
The implications of the EEC's preferential arrangements for Canadian trade have been a subject of discussion at meetings during the past year between Canadian Ministers and members of the EEC Commission. Canadian Ministers have emphasized the danger of polarization of the world trading community into inward-looking rival blocks.

The various agreements and arrangements discussed in this article have also been the subject of review in the GATT—a review that is continuing.

Czechs Raise Sights for Engineering Industry

The importance of Western expertise and technology is emphasized in a bid to increase export sales by 50 per cent.

D. S. BAKER, Commercial Secretary, Prague



The Czechoslovak engineering industry is putting emphasis on production of advanced machinery and machine tools and this was evident at the 13th International Engineering Fair held last September at the Brno fair grounds, seen above.

The Czechoslovak Government is attempting to rationalize the engineering industry in the country and to make it more of a specialist industry. Because it is a basic component of the economy, it is of vital importance that it be kept modern and competitive. The emphasis on advanced machinery and machine tools was evident at the 13th International Engineering Fair held last September at Brno. Officials emphasized the advantages to be gained by specialization and co-operation within the group of Socialist, COMECON, countries. But there is also recognition of the need to trade with the Western countries. This includes entering into licensing arrangements with foreign firms, and importing knowhow and advanced technology for engineering production. Specifically cited were the advantages resulting from co-operation in the industrial application of science and technology. Such agreements have been signed with a number of Western countries, including France, Britain, Belgium, Denmark and Finland.

Great stress is laid on socialist economic integration. This is defined by the Minister of Foreign Trade as "a planned, deliberate process of bringing the economies of the member countries closer together and of shaping modern, effective structures of the national economy, and forging deep and firm fundamental links in the main branches of the national economy. A salient feature of socialist integration is its implementation on the basis of respect for national sovereignty, independence and the national interests of the COMECON member countries, for their full equality and mutual benefits. It is being carried out on a completely voluntary basis and is not accompanied by the setting up of supranational bodies."

Most of Czechoslovakia's exports of engineering products go to the Socialist countries and most imports come from there. Capitalist countries, however, are extremely important. In 1970, Czechoslovakia imported 28 per cent of its goods from Western countries, compared with 72 per cent from Socialist countries. In the same year the percentages for exports were 30.9 and 69.1.

Within the total spectrum of Czechoslovak trade, mechanical engineering accounts for more than 50 per cent of all exports and more than 30 per cent of all imports. In the fifth Five Year Plan (1971-75), engineering exports are to be increased by more than 50 per cent. The main emphasis will be on the following:

Semi-conductors, measuring control and regulation engineering; modern communication systems; numerically-controlled machine tools; forming and holding machines; machine systems for automatic production lines; progressive farm engineering; trucks and automobiles; power-generating and mining equipment; and machinery and equipment for textile, leather working, shoe- and boot-making, rubber and plastics industries.

Canada ranks as a relatively small trading partner with Czechoslovakia. We buy a fairly wide range of products (chiefly machine tools, footwear, textiles, steel and steel products, sporting goods, glass and ceramics), but our sales to Czechoslovakia are much less in value and are limited to a narrow range of products. Most of Canada's exports in the past year have been limited to oilseeds (chiefly rapeseed), asbestos, aircraft engines, railroad maintenance equipment, and some scientific instruments.

There is great scope for expansion of Canadian exports to Czechoslovakia, and the list of areas of concentration of the Czechoslovak engineering industry indicates where Canada will find opportunities. The first and foremost requirement is for equipment to increase labor productivity and that is not readily available from the COMECON countries. Next there is a requirement for machinery and equipment for the modernization of these industries. There is also some possibility of setting up licensing arrangements.

For those Canadian firms unfamiliar with the Czechoslovak market, it is worthwhile to mention that basically all industry and commerce is controlled by the State. In common with some other Socialist countries, the Ministry of Foreign Trade has under it a number of "Foreign Trade Companies" through which all foreign transactions must be concluded. The end user, however, determines what will be purchased and controls the foreign exchange allocation necessary for the purchases. Thus any negotiations for sales to Czechoslovakia are with at least two parties, the Foreign Trade Company and the end user. Services are available for publicizing your products within Czechoslovakia.

Perhaps the most important key to developing business is personal contact and persistence. It usually takes considerable time to develop sales. This is due to a number of factors, including the necessity of becoming known to several organizations. Allocations for foreign exchange may also have to be rearranged to include your equipment, and it is not unusual for a successful sale to take over a year from the time of the first negotiations. Despite these things, and the fact that there are certain differences between North American and European technical standards, many manufacturers are finding a successful and profitable market in Czechoslovakia.

The Canadian manufacturer who feels his product could sell in the Czechoslovak market should contact the Department of Industry, Trade and Commerce for information on the particular aspect of the economy he wants. He should also contact the Commercial Division of the Canadian Embassy in Prague for an assessment of the potentials of his product or services. This assessment must necessarily be a general one because complete statistical information may not be available. It can, however, be a useful guide. If there seems to be worthwhile potential, plan a personal visit. But first, please, send any technical information, brochures and full details (in at least three copies) to the Commercial Division for forwarding to interested parties. It is also important that considerable advance notice be given of any visit so that we can arrange meetings for you with all interested officials. This can take some weeks and we recommend a minimum of three weeks notice of any personal visit in order to avoid disappointment on your part.

One visit probably will not accomplish a great deal, and businessmen should be prepared to make regular visits to develop business. Both Air Canada and Czechoslovak Airlines now offer direct services between Prague and Montreal-Toronto. Our hope is that more Canadian manufacturers will consider Czechoslovakia and include it in their European marketing plans. The Commercial Division of the Canadian Embassy, Prague, is anxious to assist and we will do our utmost to make all suitable arrangements for interested Canadian companies.

Scots Eye the Holstein

Interest in the Canadian Holstein breed is increasing as more and more Scottish dairy farmers are leaving the dairy business. During the last year or so, at least 234 registered dairy farms have gone out of the dairying business in Scotland, leaving only 4,476 recognized producers, with 274,124 registered dairy cows.

The output per animal, however, has risen steadily from an annual yield of 573 gallons in 1939 to 825 gallons now.

Dairy producers here maintain that the scale of Scottish dairy herds will increase enormously over the next five years. This will in part offset the switchover in certain instances from dairy to beef.

The tidy small animals will have to give way to a larger animal capable of giving more milk production and being marketed as a good beef animal later.

The third point, they say, is to increase production. A group of farmers recently said: "Buy a bull with substance and dairy character. Get your bull from a good female line—make sure that not only the dam but the grand dam and great grand dam were all classified. The animal must be bigger all around and proportioned with a clean flat bone and a good rib. It must not be short of thigh, but big all through, with good legs and the right conformation."

Much interest has been expressed in our Canadian Holstein Friesians by The Scottish Milk Marketing Board for its artificial insemination stations, and the board is examining the advantages of importing a proved Canadian bull. Over the next few years, the British Friesian, and even the Ayrshire, may lose valuable ground to our Canadian Holstein—Glasgow.

Markets for Food and Processing Equipment

Denmark is importing frozen seafood, vegetable and bakery products; possible market for high-quality specialty products.

In Hong Kong, competition is tough and price the criterion; Canadians should concentrate on western-style foods, both frozen and canned.

Close-by Ohio consumes an enormous variety of foods and some Canadian firms are well established there; careful market research recommended.

The Philippines wants processing equipment and materials for the developing food industry; Canadian suppliers are urged to contact the Trade Commissioner in Manila.

Denmark
Philippines
Ohio
Hong Kong

Denmark

T. W. HARBOE, Commercial Officer, Copenhagen

Food—Denmark—good living—are words that go together. Eating, in fact, has been called the main Danish pastime. Certainly the Danish housewife is very skilled in the preparation and presentation of food. But with the change in the traditional social pattern and with more and more women, married or single, working outside their homes, the need for easily and quickly prepared meals has expanded. This has led in turn to a rapidly expanding market for frozen foods. No longer do vegetables other than potatoes vanish from Danish tables in the winter. With rising incomes, Danish families are buying higher quality and more expensive foods throughout the year. One evidence of this is that fifteen years ago frozen foods in retail packs were practically unknown in Denmark and sales in 1957 totalled only 1,000 metric tons, or less than half a pound per capita. By 1962, sales (excluding ice cream) had increased to 13,300 m.t. or more than six pounds per capita. From 1965 to 1970 they rose by 153 per cent to 49,811 m.t., or over 20 pounds per capita (60 pounds per household) in a country with a population close to five million.

There are now 25 manufacturers producing 182 brands and types of frozen foods. Danish frozen food plants now export nearly 80 per cent of their production but frozen imports account for about 12 per cent of domestic consumption.

Sales in 1970 increased over 1969 by 25.7 per cent, and are expected to continue rising during the next few years. Sales to the catering trade (hotels, restaurants, hospitals, armed forces, etc.) in recent years have expanded more than those to retail outlets. In 1969, catering sales increased 56 per cent over 1968 (retail sales went up 29 per cent) and in 1970 rose by 30.8 per cent (15.2 per cent rise in retail sales).

The accompanying table shows the distribution of frozen food sales in 1970.

Marketing Channels—Technical and economic developments during the last decade have changed the structure of the Danish retail trade. Small shops are disappearing rapidly. Ten years ago there were practically no supermarkets, but today there are 665, with the number expected to increase to nearly 1,000 within three years. Altogether there are 15,795 outlets carrying frozen foods, and sales are divided among the following: 8,850 groceries, 3,600 butchers and delicatessen shops, 1,780 greengrocers, 900 fishmongers, and 665 supermarkets.

Advertising frozen food products in Denmark is expensive. There is no commercial advertising on Danish television or radio; cinema advertisements are very expensive and only a few manufacturers use them. Danish retailers generally advertise in the many local weekly newspapers. Handbills are distributed in shops and delivered to homes, and in-store promotion with free sampling is also used. It should be noted that if an intro-

SALES OF LOCAL FROZEN FOODS BY PRODUCT AND TRADE CHANNEL

	Number of Products	Metric tons '000 Retail	Catering	Total	Percentage
Vegetables	43	8,661.0	3,798.8	12,459.8	25.0
Fruits	5	477.0	436.4	913.4	1.8
Prepared meals	20	1,626.3	1,038.1	2,664.4	5.3
Poultry	13	—	—	18,375.0	37.0
Meat	34	4,973.1	3,384.4	8,357.5	16.8
Fish	30	4,452.2	832.7	5,284.9	10.6
Other products	37	1,253.3	503.1	1,756.4	3.5
Total	**182**	**21,442.9**	**9,993.5**	**49,811.4**	**100.0**

Except for the language, this is a familiar scene to Canadians and one that is becoming more and more familiar to Danes. The frozen food market is expanding rapidly in Denmark for the usual reasons—higher incomes, faster pace of living and more working women. This is the time to get into this market; Denmark imports 12 per cent of its frozen food requirements at present, including seafood, bakery products, and some vegetables.

ductory campaign is undertaken, the manufacturer is expected to pay most of the advertising and promotion expenses, in addition to granting distributors substantial discounts.

Canadian Opportunities—At present, Denmark is importing frozen lobster, shrimp, and crabmeat, frozen bakery products, and frozen beans. There is a market here also for peas, corn on the cob and kernel corn, and possibly for frozen Chinese foods and other high-quality specialty products, as well as frozen sour cherries for the bakery industry.

No possibility should be overlooked; this is a dynamic and expanding market, and Canadian exporters who are interested in getting in on the ground floor are invited to write to the Commercial Counsellor, Canadian Embassy, 2, Prinsesse Maries Alle, 1908 Copenhagen V.

Send, in the first instance, descriptive literature, labels and/or wrappings, plus c.i.f. Copenhagen prices, terms of payment and delivery terms, import agent's commission and/or distributor's discount.

Philippines

R. T. ARCIAGA, Commercial Officer, Manila

The Philippines, despite fertile soil and grasslands, is still not self-sufficient in food production. In 1969, the National Economic Council estimated that the country was only able to meet its needs for certain cereals (rice and some varieties of corn for human consumption), roots and tubers (sweet/white potatoes and arrowroot), coconut-based fats and oils, and cane sugar. Other major items of the diet must be supplemented by imports. In 1969, the Philippines imported, among other foods, those listed in the table.

The higher prices for imported finished food products have pushed these items beyond the reach of a major portion of the Philippine population, and the result has been substantial deficiencies in the average diet.

The growing population (37 million in 1970 and increasing by 3.5 per cent each year) has heightened the pressure to produce more food. With trade deficits at an all-time high since 1968, there is pressure also to turn out products that will substitute for imports and others that can be expected to earn foreign exchange.

Faced with the problem of scarce foreign exchange, the Government recently restricted imports of those foods that, under a priority system, are considered non-essential. The determination of these items is based on such things as the selectivity and size of demand, the availability of good local substitutes, and the amount of local production. The restrictions take the form of either a complete ban on imports, or stringent control of foreign exchange to curtail purchases abroad.

Under the umbrella of these restrictions, the Government encourages agricultural production and processing by providing some financial assistance and technical aid, with the co-operation of certain foreign countries. Tax incentives, foreign exchange allocations and/or credit guarantees are also available to viable projects. Unfortunately, economic problems in general, and those of the food industry in particular, are so great that the Government's resources have been thinly spread. In the food industry alone, several major areas need immediate attention: provision of better transport, handling and storage facilities; exploitation of agricultural and fishing resources; more capital to develop many of these resources, and the creation of an effective food-processing industry. The current dependence on imported raw materials is not expected to change in the near future.

Here is a picture, by sector, of the food-processing industry.

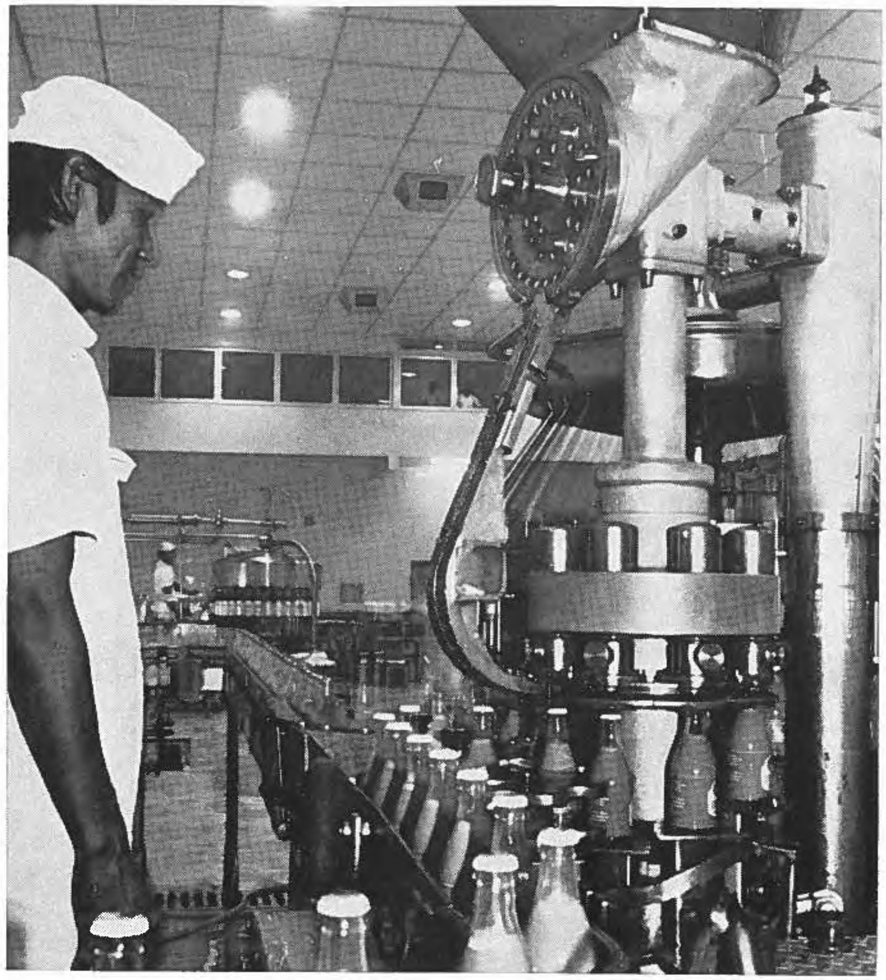
Dairy Products—Large imports have encouraged the growth of a non-integrated dairy products processing industry that uses most of the imports of powdered whole and skimmed milk (50,000 metric tons a year) and of cheese and cheese curd valued at $1.4 million a year. Nine substantial firms produce increasing quantities of canned, reconstituted, evaporated, and sweetened condensed milk, using a combination of skimmed milk powder and coconut cream fat to boost nutritive content. Fresh cow's and water buffalo's milk is also produced in limited quantities, and so are cheese, butter, ice cream and packaged whole milk powder for infant feeding. Most of these processors are subsidiaries or partners of large producers in the United States, Australia, and New Zealand and this gives them continued technical assistance and a supply of raw materials. In 1970, six of these local processors reported total net sales equivalent to U.S.$10 million. The industry is profitable and it is expected that new facilities will be established in central and southern Philippines.

Meat and Poultry—Imports of canned and frozen meat (mostly beef) fluctuate at about $6 million a year. The national livestock herd and poultry flocks are small compared with the needs of 37 million people—4.75 million head of water buffalo, 2.14 million head of cattle, 11.09 million hogs, and 95.03 million poultry. Poultry production has made the greatest strides in recent years and should be able to achieve official goals. No imports of poultry meat, canned or frozen, have been necessary in recent months.

Beef and pork cuts and offals, however, are constantly imported. In 1969, the National Economic Council reported that 2,400 tons of beef, 430 tons of pork, 340 tons of mutton, and 700 tons of meat offals were brought in to augment the domestic supply.

There are over 20 active meat processors, most of them in the Greater Manila area. Only seven produce canned meats; the rest market their produce in the form of Chinese-style hams, sausages and cured meats. The seven canners have a rated capacity of 21,000 metric tons a year and the facilities to process corned beef, meat loaf, sausages and meat spreads. However, because of lack of raw materials (thanks to the Central Bank's stringent foreign exchange allocations and the inadequate local livestock industry) barely 40 per cent of this capacity is being used. The seven meat canners reported total net sales equivalent to U.S.$12.3 million in 1970, on investment of some $540,000.

One bright hope for the meat canning trade (and probably the milk processing industry) is the possibility that the World Bank will extend a substantial loan to the Philippines to develop livestock production. A loan of $18.5 million has been requested by the Bureau of Animal Industry to develop breeds already in local use (mainly the water buffalo, United States and Indian Brahmas, and North American Holsteins). The proposal calls for the loan to be extended to and managed by the government-run Development Bank of the Philippines, which will in turn re-lend suitable amounts to the public and private sector for individual projects. A World Bank research team has recently evaluated conditions in the islands and



Philippines food production is still not sufficient for its growing population and the price of imported foods puts them out of reach of most of the people. The processing industry must be developed and the need for equipment creates a very interesting market. At present, unsophisticated units ("starters") are wanted.

hope runs high that it will arrive at positive conclusions.

Fish Canning—Imports of fish and fish products amount to about $18 million a year, with 90 per cent consisting of canned mackerel and sardines. There is no apparent reason why the Philippines, in the midst of a tropical sea rich in many varieties of fish, cannot eliminate substantial imports. The reasons advanced for the minimal exploitation of offshore and deep sea fishing grounds are shortage of technically-trained manpower, inadequate and antiquated fish marketing, storage and handling facilities, limited credit loan assistance, and lack of reliable research data on fisheries resources.

Lately, Japan has taken an interest in the fishing industry here, mainly because of its own need for food. Several Japanese deepsea fishing vessels have been turned over (on soft, long-term suppliers' credit) to private fishing enterprises and much of the catch has been accepted as part payment. This type of arrangement helped to improve exports of prawns to Japan and also to Canada. In 1970, Canadian purchases of frozen Philippine prawns amounted to 2,500 cwt., worth $278,000.

There are only three sizable companies with canning facilities, and they only can tuna and mackerel as a sideline. Apparently, reliable and economic sources of supply cannot be found because the fresh fish market takes most of the catch.

The need to develop the supply of fish to support a canning and processing industry has been recognized both by the Government and by private entrepreneurs. The Asian Development Bank has made available a loan of $4 million to improve the principal fishing port of Manila.

In the southern islands, the Mindanao Development Authority (a provincial government agency) is scheduled to establish a fish canning and storage plant to encourage the exploitation of rich fishing grounds. With the current interest in this sector, it is hoped that the fairly substantial domestic market will, within the next few years, be almost completely supplied from local sources.

Canned and Preserved Fruits and Vegetables—The Philippines produces 21 major varieties of tropical fruits and vegetables, with a harvest of over two million metric tons a year, but less than 8 per cent of the arable land is devoted to fruit and vegetable crops. This situation, plus the lack of capital and marketing facilities, accounts for the fact that the Philippines still does not produce the quantities needed to support a major processing industry.

There are a dozen substantial firms engaged in fruit and vegetable processing, with a total rated capacity of 285,000 metric tons a year. However, almost 95 per cent of this capacity is owned by two integrated United States-controlled companies that specialize in pineapple growing and processing for export. Their production is estimated at 200,000 tons a year, and consists of canned pineapple, pineapple juice and concentrate, 80 per cent of which is exported worldwide through principals in the United States.

The ten other processing firms, with capacities ranging from 500 to 2,000 metric tons per year, depend mainly on contract purchases from producers and middlemen. Perhaps for this reason, these firms operate at an average of only 70 per cent of rated capacity. Principal processed products include tomato sauce, pickles and relishes, banana catsup, tropical fruit cocktail, soy sauce, chili sauce, beans, peas, peanut butter, and various types of tropical fruits. It is in this segment of the fruit and vegetable-canning sector that substantial progress is indicated, supported by current government incentives for agricultural development.

In July 1969, an American consulting firm commissioned by the Asian Development Bank submitted a report on investment opportunities in the Philippines. Among its findings were: "There appears to be a number of investment opportunities and opportunities for technical, organizational, and management assistance to the Philippines in resolving its food deficit and shifting it to a position of producing exportable surpluses. A study of the feasibility of developing an integrated meat industry might be undertaken. Food processing technology appears to be at a low level in the Philippines. Consideration might be given to organizing a technical school. Financial problems appear to be at the root of many food production problems. The task of identifying the financial needs of the industry and developing a system of loans and credits to satisfy them is also a worthwhile undertaking."

The number of opportunities presented by this forthcoming loan, and the opportunities in the development of the fishing industry and canning of tropical fruits and vegetables, should be heeded by Canadian investors. Canadian Trade Commissioners in Manila can assist and they can also help Canadian suppliers find qualified representatives.

Good trade contacts have given the following as current requirements of the growing market:

1. Equipment

Packaging machinery (utilizing PVC and polystyrene material)

Can-making equipment

Sealers and closures equipment

Poultry processing equipment

Milk processing machinery

Prefab walk-in freezers

Seafood freezing equipment

Sausage-making machinery

2. Materials and supplies

Milk powder

Beef and pork offals, trimmings, bellies, shoulderfat and backfat

Frozen meat cuts

Dried white beans, green peas and chick peas

Cheese curd and cheese seasoning

Spices

Meat and fish curing agents

Flavoring agents, binders, stabilizing agents, emulsifiers, and antioxidizers

Coloring agents

Cellulose casings

Preservatives

Lecithin

Mustard flour

Tomato paste

Gelatin powder

Liquid or powdered fruit concentrates

The current need for equipment rests mainly on unsophisticated units, because the volume handled is not yet substantial. These machines are often called "starters" for what are expected to be worthwhile undertakings, and the consequently low initial investment is attractive to potential users. In material and supplies, the pressing need is for low prices, often at the sacrifice of top quality.

Although the competition to supply equipment and materials to the Philippine food-processing industry is intensive, we would urge Canadians to take an interest in this market. The opportunities are too good to be overlooked. Begin your investigation of this promising market today by writing to the Consul General and Senior Trade Commissioner, P.O. Box 1825, Manila, Philippines, or to the Pacific Division, Office of Area Relations, Department of Industry, Trade and Commerce, Ottawa.

SOME PHILIPPINE FOOD IMPORTS 1969

	Metric tons '000
Fresh frozen meat	7.5
Dried beans and peas	2.0
Canned and processed vegetables	3.7
Fresh fruit (oranges, apples, grapes)	16.5
Evaporated milk	53.5
Sweetened condensed milk	8.0
Whole powdered milk	22
Dry skimmed milk	28
Malted milk compound	.8
Cheese and cheese curd	3.5
Other milk and cream preparations	1.0
Canned fish (sardines and mackerel)	54
Cocoa beans	9
Spices	.5
Tea	.4

Ohio

CHARLES S. COLLINS, Marketing Officer, Cleveland

Retail food sales in Ohio last year reached four billion dollars—and this in a market from which Canadians are separated only by Lake Erie. Ohio has more than 300 food brokers and distributors who are busy supplying every possible type of food product to an almost insatiable market. Many Canadian companies are already selling a wide variety of food products here, including cheese, meat products, macaroni, candy, biscuits, frozen and canned fish, beer, ale and wine. The total value of these exports to Ohio is unknown, but approximately $2 million worth of Canadian biscuits alone were sold here last year by one wholesale distributor.

Almost any food product can, in theory, find a market here but a good deal of preliminary market research should be undertaken first to find out whether the product is competitive in price. The supplier should also realize that selling a new product takes considerable effort, and before he makes any commitment, he should be able to satisfy the following requirements:

1. Have sufficient production to be able to supply continuously.

2. Be able to obtain approval of the product from the United States Department of Agriculture. (The nearest Regional Office of the Department of Industry, Trade and Commerce or the U.S. Division of the Office of Area Relations can provide guidance on the procedure for gaining approval.)

3. Be able to quote competitive prices, c.i.f. Cleveland.

4. Be willing to conform to the usual trade practices and to use an accepted marketing channel in Ohio.

5. Be in a position to ship promptly when orders are received.

6. Be interested in developing a long-term market, not merely disposing of seasonal surpluses.

7. Be ready to visit the Cleveland area periodically to discuss problems with an appointed representative there.

Canadian suppliers should, we believe, be located within a 600-mile radius of Cleveland because freight rates on bulky food products are relatively high.

The manager of a food market in Cleveland introduces a customer to Canadian cookies. Canadian producers are already selling a variety of food products to the huge Ohio market. Selling here takes effort, but it's worthwhile.

Representation—The first step is to send samples and c.i.f. prices to this office so that we can report on the sales potential for the product. This will also make it possible for us to help find suitable representation. If a firm has fairly substantial production and can allocate a satisfactory volume of it to the export market, a food broker is probably the best choice. In some instances, we may suggest a wholesaler or a specialty distributor, or even direct selling to a retail outlet. We know of one Canadian firm that sells exclusively to kosher delicatessens in this country.

Brokers usually operate on 5 per cent commission. They are not interested in taking on a new product unless it is available on a continuing basis in satisfactory volume. Otherwise the low commission does not justify the considerable effort and expense required to promote a new and unknown brand.

Food brokers usually sell to wholesale distributors as it is not profitable for them to sell to small accounts because of the high handling costs. Canadian suppliers with limited production for export may find it more advantageous to consider a wholesale distributor or a specialty distributor. This is especially true for those selling biscuits, honey, pickles, candy and other perishable products.

Wholesale distributors, unlike brokers, usually have warehouses and can therefore deliver direct from stock, even in less than full case lots, which is usual for slow-moving items.

Distributors do not compete in any way with food brokers, but serve as an adjunct and provide services which would not otherwise be available. In dealing with a distributor, it is most important to be able to deliver direct to his warehouse, preferably by truck, and to arrange United States Customs clearance at the nearest border point. Wholesale distributors seldom wish to become involved in import formalities.

Promotion—It is common practice for United States manufacturers to offer introductory or promotion allowances to distributors as an incentive to sell an unknown brand. For products like cheese, biscuits, jams, jellies and similar supermarket items, the allowance is usually 25 cents to 50 cents per case during the initial promotion period. For candy and confectionery in general, it ranges from 50 cents to one dollar per case, or one case free with every ten.

The majority of food brokers and distributors in this area prefer not to have food products pre-priced by the manufacturer. It is desirable to print "imported" conspicuously on the package because products so labelled sometimes command a premium price.

Institutional Market—The special demand for food products used by airlines, schools, hospitals and institutions has risen dramatically during the past few years. Unprecedented changes are expected to transform the market radically and reshape the pattern of competition. Such recent concepts as microwave and infrared ovens for fast preparation of foods will be supplemented by cryogenic freezing and aseptic processing and packaging.

Canadian suppliers of food products who are interested in developing a long-term market in this country should take these factors into account in their planning for the future.

The Canadian Consulate in Cleveland invites Canadian firms to contact us for additional information and assistance in marketing.

Hong Kong

FRANK M. LOH, Commercial Assistant, Hong Kong

Hong Kong offers a lucrative market for Canadian suppliers of food products. The variety of foodstuffs that it imports during a year ranges from sophisticated packaged goods to frozen chicken feet, and in 1970 reached a value of $526 million,* 17 per cent of the Colony's total imports. Because arable land is limited, the economic growth of Hong Kong's agriculture is restricted and the necessity of importing food and other agricultural products opens a profitable market for overseas suppliers. Local production of primary foodstuffs during the period 1969-70, including vegetables, fruits, paddy rice, dairy products, poultry, fish and livestock, amounted to only $117.4 million, a little over 20 per cent of Hong Kong's total food consumption. Table I shows the value, in general groupings, of imports in 1970.

By far the largest supplier is the People's Republic of China with the lion's share of 46.2 per cent ($243.3 million) of Hong Kong's total food imports. Second is the United States with 10.3 per cent ($54.3 million), Thailand 9.6 per cent ($50.5 million), Japan 4.3 per cent ($22.6 million), and Australia 3.6 per cent ($18.8

This Hong Kong grocery store is one of several which cater to Western tastes as well as oriental. It is the market for western-style foods that Canadians should investigate. The Hong Kong market is free and extremely competitive. A flexible approach is needed and price is all-important.

*All values are in Canadian dollars unless otherwise specified.

million). Canada ranks sixteenth with sales valued at $3.8 million in 1970. Table 2 lists the principal products we shipped to Hong Kong last year.

The following paragraphs describe briefly the main market opportunities in the general groups.

Live animals, meat—Live animals, chiefly for food, are imported from China, Indonesia and other neighboring countries. This is a captive market with no competition from non-Asian countries. However, the bulk of frozen meat imports come from the United States, Europe and the Commonwealth countries, although China leads as an individual supplier.

Imports of meat and meat preparations follow the same pattern as those of frozen meats. Denmark is the next strongest competitor for both prepared and canned meats (mainly luncheon type).

Dairy products—Leading suppliers are: for tinned milk the Netherlands, for powdered milk the United States, for butter and cheese Australia. Milk, both canned and powdered, is a popular item and imports in 1970 reached $9.3 million.

Fish and preparations—Fish and other seafood products are supplied chiefly by China and other Asian countries. Canada ranks third as a supplier of smoked and salted fish. Sardines in oil is the most popular canned item.

Cereals and cereal preparations—Rice, the staple food of the people, is the largest single cereal import and Thailand is the leading supplier. Wheat for the local flour mills comes chiefly from Australia, the United States and Canada. Flour is an important item and in 1970 Canada supplied approximately 30 per cent of the total imports valued at $569,000. Maize and other unmilled cereals, used principally for animal feed, are also imported in fairly large quantities. Market opportunities for pasta products, biscuits, prepared breakfast cereals, and quick-cooking rolled oats are promising.

Fruits and vegetables—Apples are the only fresh fruit that Canada exports to Hong Kong. The colony imports large quantities of fruits annually—$52.8 million worth in 1970. Oranges are the biggest single item and the United States is the leading supplier of them. Other fresh fruit imports, in order of importance, are apples, pears, grapes and citrus fruits. Canned fruits and fruit juices are becoming popular, particularly fruit juices, and imports last year reached $3.5 million. There is also a market for canned nuts, preserved fruits and jams.

The fresh vegetable market is almost exclusively supplied by China; other Asian countries cater to the demand for dried and dehydrated vegetables. Opportunities exist in the canned and frozen vegetable area in both retail and institutional packs.

Animal feedstuffs—Bran, oilcakes and fishmeal come principally from Asian countries; others, such as feed concentrates, come from the U.S.

Miscellaneous—Margarine, shortening and lard, soups, peanut butter, jelly crystal and powder, natural yeast and other food preparations are also selling here.

All standard retail packs of canned and packaged foods are normally accepted in this market. A glance at the price list provided in the table will give some idea of the popular packs of the different products that are sold in this market. An important point to remember is that all goods should be shipped in sturdy export cartons or crates to protect the merchandise against loss, damage or pilferage in transit and during loading and unloading, and to withstand the long sea voyage.

Since the population of Hong Kong is 99 per cent Chinese, Chinese-type foods dominate the market. The staples are rice, fresh vegetables, fresh meat and fish which are obtained mostly from China, Taiwan and other neighboring countries. However, recent indications are that preserved, processed and frozen foods of all types are gaining popularity among the Chinese, particularly with the younger generation, because of the convenience of ready-to-cook items and the increasing difficulty and cost of employing domestic servants to prepare fresh foods. The Chinese are very brand-concious and they usually stay with a particular brand once they find it satisfactory, even though the price may be slightly higher.

Despite the population makeup, Western-style foods are imported in significant quantities for the expanding tourist trade and for the local expatriate population. Most hotels and res-

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TABLE 1

HONG KONG'S FOOD IMPORTS, 1970

	$ million
Live animals	85.3
Meat and meat preparations	58.4
Dairy products and eggs	43.1
Fish and fish preparations	57.9
Cereals and cereal preparations	95.9
Fruits and vegetables	115.8
Sugar, sugar preparations and honey	17.6
Coffee, tea, cocoa, spices and manufactures thereof	27.1
Feedstuffs for animals (not including unmilled cereals)	10.3
Miscellaneous food preparations	14.6
Total	**526.0**

TABLE 2

PRINCIPAL CANADIAN FOOD EXPORTS TO HONG KONG

	Cdn. $'000	
	1969	**1970**
Poultry, fresh or frozen, parts	69	180
Fancy meats, edible offals, fresh or frozen	135	327
Meat and meat preparations, canned	8	13
Frozen salmon	29	60
Smoked salmon	51	170
Frozen fish, n.e.s.	—	11
Fish, salted and/or dried, n.e.s.	—	115
Salmon, canned	10	18
Sardines, canned	12	14
Fish roe	4	7
Skim milk powder	70	14
Evaporated milk	24	—
Wheat	1,662	1,220
Malt	89	21
Wheat flour	508	455
Apples	420	793
Vegetables, frozen	7	20
Pickles and relishes	5	9
Sugar preparations and confectionery, n.e.s.	22	17
Precooked frozen dinners and preparations, n.e.s.	5	15
Edible gelatin	32	23
Canned nuts	2	9
Whisky	71	103

Source: Statistics Canada

TABLE 3

WHOLESALE PRICES OF POPULAR FOODS SELLING IN HONG KONG

Description	Packing	Wholesale Prices* Cdn. $	Origin
Canned meat products			
pork luncheon	24/12 oz.	6.02	Denmark
	24/12 oz.	5.17	Netherlands
	24/12 oz.	5.00	Britain
	48/14 oz.	13.80	China
ham and pork	24/12 oz.	10.34	Netherlands
	48/14 oz.	13.27	China
ham	24/1 lb.	23.88	Netherlands
	24/1 lb.	24.83	Denmark
	6/9-12 lb.	.66/lb.	Denmark
corned beef	24/12 oz.	9.57	Argentina
	24/12 o.z	12.07	Britain
	48/12 oz.	16.20	China
sausages—			
Vienna	6/140 pcs.	18.62	Denmark
	24/10 pcs.	11.47	Denmark
cocktail	24/36 pcs.	12.67	Denmark
	24/18 pcs.	7.41	Denmark
hot dog	24/10 pcs.	8.62	Denmark
Canned fish			
sardines	24/15 oz.	4.48	South Africa
	48/8 oz.	5.00	South Africa
	100/4 3/8 oz.	12.07	Portugal
	100/4 3/8 oz.	13.44	Morocco
Canned fruits and vegetables			
fruits—			
peach	24/29 oz.	8.62	United States
	24/29 oz.	8.45	Australia
pears	24/29 oz.	8.45	Australia
cocktail	24/29 oz.	9.48	Australia
	24/30 oz.	10.51	United States
	24/8 3/4 oz.	8.62	United States
vegetables—			
tomato	24/14 oz.	6.38	United States
	6/115 oz.	8.79	United States
asparagus	24/14½ oz.	15.50	United States
processed peas	24/19 oz.	4.48	Britain
cream style corn	24/30 oz.	5.10	United States
pork and beans	24/16 oz.	4.83	United States
	24/15½ oz.	4.83	South Africa
baked beans in tomato sauce	48/14 oz.	7.41	Philippines
juice—			
orange	24/18½ oz.	6.51	United States
grape fruit	24/18½ oz.	7.59	United States
grape	24/12 oz.	6.20	United States
	48/4 oz.	8.28	United States
pineapple	24/18½ oz.	4.48	United States
tomato	24/18½ oz.	4.83	Italy
	48/5¾ oz.	4.14	Italy
	12/46 oz.	6.55	United States
Canned soups			
chicken	48/10½ oz.	9.48	United States
tomato	48/10½ oz.	7.59	United States
asparagus	48/10½ oz.	12.24	United States
consomme (beef)	48/10½ oz.	11.73	United States
oxtail	48/10½ oz.	10.69	United States
corn potage	48/10½ oz.	7.84	United States
vegetable	48/10½ oz.	8.62	United States

Description	Packing	Wholesale Prices* Cdn. $	Origin
Jams and jellies			
strawberry	12/1 lb. jars	5.17	Britain
golden shred	12/1 lb. jars	4.05	Britain
apricot	12/1 lb. jars	4.45	Britain
lemon curd	12/14½ oz.	4.51	Britain
jelly powder	12 doz. ctn.	10.34	South Africa
Cereal and bakery products			
cocoa krispies	24/9 oz. pkg.	14.07	United States
puffa rice	24/8 oz. pkg.	13.80	United States
corn flake crumbs	12/10 oz. pkg.	4.76	United States
quick cooking oats	36/20 oz.	9.48	Britain
soda crackers	12/1½ lb. tin	12.41	Britain
assorted biscuits	12/1 lb. 11 oz.	15.17	Britain
Frozen food products			
meats—			
pork sausage	30/1 lb.	15.00	Britain
	48/1 lb.	31.20	United States
beef sausage	30/1 lb.	14.70	Britain
sliced back bacon	48/½ oz.	10.80	Denmark
sliced streaky bacon	48/½ cz.	8.14	Denmark
all-beef frank	24/1 lb.	19.30	United States
vegetables—			
garden peas	60 lb. bulk	0.17/lb.	New Zealand
	60 lb. bulk	0.16/lb.	South Africa
	30/10 oz. pkg.	5.70	New Zealand
brussel sprouts	24/8 oz. pkg.	8.16	Britain
broccoli spears	24/9 oz. pkg.	12.48	Britain
corn on the cob	12/14 oz. pkg.	7.20	Britain
green asparagus	24/8 cz. pkg.	19.20	Britain
leaf spinach	24/8 oz. pkg.	9.12	Britain
fish—			
cod fillet	20/1 kg.	0.42/lb.	Denmark
	14 lb. carton	0.45/lb.	Britain
	6/7½ oz.	2.16	Britain
haddock fillet	6/7½ oz.	2.28	Britain
fish fingers	48/6 oz.	14.88	Britain
	48/6 oz.	15.20	United States
Dairy products			
butter	108/½ lb.	25.60	Australia
	112/½ lb.	28.00	New Zealand
margarine	48/½ lb.	6.83	Britain
cheddar cheese	4/10 lb.	15.55	New Zealand
sliced processed cheese	24/8 oz.	3.40	Australia
cheese spread	12/6 × 3 oz.	12.41	Denmark
evaporated milk	48/14½ oz.	8.73	Netherlands
		6.90	Netherlands
Others			
corn oil	6/1 gal.	17.07	Netherlands
chicken essence	72/1½ oz.	39.83	Britain
	72/3½ oz.	46.03	United States
sweets—			
fruit drops	24/12 oz.	7.07	Britain
mintos	36/200 gm.	7.07	Britain

*All prices converted from Hong Kong dollars at the rate of Cdn. $1.00 = HK $5.80

taurants serve food prepared in the western style and the principal grocery stores maintain stocks of all the well-known brands of packaged foods on their shelves. It is this area of the food market that Canadian exporters should investigate, in particular the opportunities for frozen poultry and meat, processed and canned meats, fish and fish preparations, wheat flour, dairy products, frozen vegetables, fruit juices, canned fruits and vegetables, confectionery and prepared foods.

Food imports are normally handled by importers who in turn distribute either direct or through wholesalers or dealers to grocery retailers, restaurants, hotels and other food establishments. Thus, food distribution may be channelled through either importers/retailers, importers/wholesalers/retailers, or wholesalers/retailers. Wholesalers sometimes purchase for their own account but the majority, because their finances are limited, draw supplies for stock from the importers who provide them with special terms and credit facilities. Wholesalers, in actual fact, may be considered as importers' agents. A couple of financially-sound, large grocery retailers who have their own retail sales outlets and who carry some well-established self-selling branded items, play the role of all three. Firms like these normally have their own buying agents in the supplying countries but they still purchase from local importers a variety of other lines for which they do not hold agencies in order to fill their shelves with as wide a range of foodstuffs as possible.

The functions of the importer and wholesaler are exactly the same: each purchases for his own account and maintains his own stock. The only difference is that, in general, the importer works with a much wider variety of merchandise than does the wholesaler and, for economic and other reasons, prefers to restrict his delivery service to bulk quantities. Because space is limited in most local retail shops, storage presents a problem. On the other hand, the wholesaler will deliver piecemeal. For this reason importers often use the services of a wholesaler to obtain the widest distribution and a quick turnover.

Hotels, restaurants and other food establishments do not make direct purchases from the suppliers, but from either the importers or wholesalers on a contractual basis.

Hong Kong, being virtually a free port, is an extremely competitive market and Canadian suppliers will have to be flexible. Most importers prefer quotations based on c.i.f. or c. & f. Hong Kong in either Canadian or United States currency. This helps them to calculate the landed cost of the product and to assess its competitiveness with similar products already in the market. Offers should be accompanied by specimen labels and illustrated brochures for all packaged items. Payment is usually made by letter of credit although other terms, such as sight draft and documents against payment, are also commonly used. Documents covering a shipment should include a bill of lading, or an airway bill in the case of airfreight shipment, a commercial invoice and an insurance certificate and should be sent to the importer as soon as shipment is effected. Official health certificates are required for frozen meat shipments.

Certainly, there is a good potential in this market for Canadian products. A look at Table 3 shows that most of the products in demand here are available from Canada. If you are prepared to compete on a price basis, Hong Kong is ready to buy from you.

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.

Bolivia

Trade Commissioners from the Lima, Peru, office visit Bolivia approximately every two months.

Bulgaria, Hungary, Romania

Trade Commissioners in the Vienna, Austria, office make frequent visits to these countries.

Cyprus

An officer from the Tel Aviv, Israel, office visits Cyprus approximately every two months.

Dominican Republic, Haiti, Virgin Islands

Trade Commissioners from San Juan regularly visit the Dominican Republic, Haiti and the Virgin Islands.

Ecuador

Officers of the Bogota, Colombia, office visit Ecuador approximately every two months.

Finland

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

Guyana

G. H. Musgrove, Commercial Secretary in Port-of-Spain, Trinidad, will visit Guyana February 14-17.

Libya, Sudan

The Trade Commissioner in Cairo, the Arab Republic of Egypt, visits Libya approximately every two months, and the Sudan every six months.

South Korea

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

Surinam

G. H. Musgrove, Commercial Secretary in Port-of-Spain, Trinidad, will visit Surinam February 14-17.

Turkey

Trade Commissioners in Ankara visit Istanbul frequently.

Afghanistan Copes with Development Problems

Emphasis is shifting to projects that will improve production quickly and help the balance-of-payments problem. Foreign loans are forthcoming and present opportunities for Canadians to participate in development programs.

A. D. McARTHUR, Commercial Secretary, Islamabad

The name Afghanistan, to some, brings visions of camel caravans, nomads and wide expenses of desert. All these are still found in that country, but gradually the arid land is being cultivated, the nomad is moving to small communities, and motor transport is replacing the caravan.

Situated on the edge of Western Asia and joined to Central Asia by mountain ranges which extend to Tibet, Afghanistan is a small country and today is struggling for greater development. Its GNP is estimated at U.S.$1.4 billion, or approximately U.S.$85.00 per capita, based on the unofficial population figure of 16 million. As in most developing countries, progress depends largely on agriculture. In 1969/70 (the latest year for which figures are available) agriculture contributed approximately 50 per cent of the GNP and provided a livelihood for an estimated 85 per cent of the population. The services sector comes next to agriculture, providing 32 per cent of GNP, with handicrafts supplying 8 per cent and industry, minerals, fuel and power, transportation and communications contributing the remainder.

Foreign Trade—During 1969-70, Afghanistan's total trade exceeded U.S.$150 million, with imports worth U.S.$71 million and exports $79 million. Much of this trade is conducted under bilateral trade and barter agreements. Trade agreements with Pakistan and India contain special provisions covering most transactions and provide for payment in inconvertible rupees, payment through self-balancing accounts maintained by the respective central banks, and payment under letter of credit in U.S. dollar or pounds sterling. Barter arrangements are maintained with Bulgaria, the People's Republic of China, Czechoslovakia, Poland, Yugoslavia and the U.S.S.R. Under these arrangements, export and import targets are established by negotiation and prices in U.S. dollars are fixed at the time of signing. Afghanistan has no significant trade agreements with any other countries.

To the extent that the balance-of-payments situation will permit, Afghanistan follows a liberal import policy. Imports have risen since 1966, particularly those of foodstuffs, small manufactures, petroleum products and transport equipment. The sources of imports have also changed over this period, with fewer shipments from barter countries and larger ones from the multilateral area. Imports from Japan have increased the most and now account for approximately 33 per cent of Afghanistan's total imports.

Some 85 per cent of export earnings is derived from agriculture. However, since 1967 exports of natural gas to the Soviet Union have offset a general decline in traditional exports of karakul, wool, cotton, carpets, and hides and skins to other markets. In general, exports of all products to barter countries have increased and those to multilateral countries have been declining. None the less, over-all performance in the export sector has been disappointing and is a matter of some concern to Afghan government authorities.

The current tariff is based on the Standard International Trade Classification. A complete revision and rationalization is proposed and the new tariff will be based on the Brussels Tariff Nomenclature; it may become effective in 1972. Duties are predominantly ad valorem and are assessed either on an arbitrary tariff value for each commodity or on the invoice price c.i.f. Afghanistan. Most goods do not require import licences but all importers must hold a trade permit issued annually by the Ministry of Trade and Commerce.

The Afghan market is extremely competitive and Canadian exporters must reckon with the long distance and high freight costs. For shipments by sea, quotations are usually made c.i.f. Karachi, Pakistan, with transshipment by rail to Peshawar or Chaman, Pakistan, then by truck to Kabul. Shipments by air can be made through Beirut or Tehran on a c.i.f. Kabul basis.

Until recently agents resident in Afghanistan were allowed to represent third-country manufacturers. Current regulations restrict their activities to transactions between the country of origin and Afghanistan only.

Development Problems—Despite past inflows of bilateral and multilateral foreign development aid, Afghanistan has not yet arrived at the development "take-off" point. The relatively low rate of economic growth over the past few years has been barely sufficient to offset the rise in population, and many live at a subsistence level. Wages and salaries have remained stable but the general price index has risen by about 25 per cent in two years, partly because of annual budget deficits and partly because of drought that has prevailed throughout the country over that period. Annual debt-service payments now amount to 30 per cent of export earnings and are expected to rise to 40 per cent over the next five years. And government revenues have stagnated, with little improvement in the system of tax collection.

Yet there has been considerable progress and even though the picture in the immediate future is somewhat clouded, the medium- to long-term

Seemingly quite happy with their lot, two Afghan farmers dig an irrigation ditch in the traditional way. The International Development Association has made available to Afghanistan a credit equivalent of $5 million to modernize and extend existing systems which will eventually irrigate about 74,000 acres. More than three quarters of the population are farmers, and agriculture supplies about 85 per cent of the country's export earnings.

prospects are encouraging. It is apparent that Afghanistan will require additional wheat imports to offset crop losses from drought in the past two years. The Government has requested from Canada, the United States, U.S.S.R. and Australia grants of wheat during the coming year. In the last 12-month period, Canada's food aid to Afghanistan consisted of 11,600 metric tons of wheat. Inputs of improved seed and fertilizer should also improve the food situation next year, especially if there is more rainfall.

Current planning efforts are directed at shifting emphasis to development projects with a quick payoff in production, and promotion of investment that will have a direct effect on the balance of payments. This is a significant change from previous development efforts which concentrated on capital-intensive infrastructure projects, many of which have showed a low rate of return.

There are also signs that Afghanistan is moving toward greater reliance on multilateral financing for its development. The World Bank, which has a resident representative in Kabul, has so far made only three loans but is considering at least three more. The Asian Development Bank has granted its first loan to Afghanistan and may soon consider others. And the various United Nations agencies are expected to continue with extensive programs in this country.

Export Opportunities—For Canadian exporters, these changes could provide new opportunities, especially in agriculture and irrigation, tourism and airport development. Provisional targets for the agricultural sector during the period 1972-76 call for an over-all percentage increase of 25 per cent for all crops, with industrial crops (cotton, sugar and oilseeds) increasing by 45 to 60 per cent. If these targets are to be met, mechanical agricultural equipment, fertilizers and technical assistance will all be needed, and also processing equipment for these crops.

An expanded irrigation system is also on the planning board and multilateral financing for two projects has been arranged. Canadian consulting engineering firms should pursue possibilities in this area. Project preparation is also under way on an IDA credit for livestock development.

In tourism and airport development, Afghan authorities have begun negotiations with the International Development Association for two loans. Afghanistan's major airport at Kabul is currently restricted to daylight operations and one of these loans would be used to finance the development and improvement of facilities there to make it operational on a 24-hour basis. In addition to consulting services, this will require communications and navigation equipment, runway lighting and other products. There is a high regard here for Canada and Canadian products in the aircraft field that could assist prospective sales. There are now two Canadian STOL aircraft in service with Bahktar Airlines, the domestic carrier, and two more are on order for delivery this autumn. Additionally, Canadian radio equipment is in operation with the Afghan meteorological service. The other loan will provide for ground transportation and perhaps hotel and motel complexes.

In the sectors outlined above, the Afghan market offers some interesting possibilities for Canadian manufacturers. The Department of Industry, Trade and Commerce, Ottawa, and the Trade Commissioner in Islamabad, Pakistan, will be pleased to hear from interested exporters and to work with them in this market.

Show of the Month

"It's great to see you Canadians back again," said one mid-West marine dealer. He was referring to the Canadian exhibit last September in the new McCormick Place in Chicago. The Department of Industry, Trade and Commerce sponsored the presence of 15 Canadian boat manufacturers in this year's Marine Trades Exhibit, which resulted in on-the-spot sales of more than $340,000 for Canadian exhibitors.

In a letter to the Department, J. R. Hall, president of Interpublic Industries Limited (formerly Corbec Corporation) of Montreal, exhibiting the Sea Doo, wrote: "May I first thank you for inviting us to participate. Response was generally good and we did establish the nucleus of a distribution pattern. The general impression about the Canadian presentation was that it was in good taste and professionally handled."

The boat show opened under a cloud of gloom because of the recently announced surtax charge by the United States, but ended with most dealers and exhibitors exchanging frowns for smiles. Business wasn't booming but it was far better than most people expected. The 15 exhibitors who displayed their sail, power and novelty craft were:

Aluminum Goods Limited, Toronto

Alwest Marine, Winnipeg

Aqua Sport Ltd., Fabreville, Quebec

Canots Cadorette Inc., Grand'Mère, Quebec

Interpublic Industries, Ltd., Montreal

Eskay Plastics, Ltd., Fabreville

International Fiberglass Ltd., Winnipeg

Moto-Naute Inc., St-Georges East, Quebec

North American Fiberglas Moulding Limited, London

Northern Yacht Sales, Ajax, Ontario

Performance Sailcraft Limited, Pointe Claire, Quebec

The George D. Simpson Mfg. Co. (1955) Ltd., Winnipeg

Sirocco Boatworks & Fiberglass Ltd., Oshawa, Ontario

Tamco Limited, Windsor

Vandestad & McGruer Limited, Owen Sound, Ontario.

A United States dealer (back to camera, above) discusses model ranges with a representative of Tamco, makers of the Sea Lark. This boat generated a lot of interest among the visiting dealers.

Terence Elworthy (right), sales manager of North American Fibreglas Moulding, outlines special points of the Douglas 32 sloop to two mid-West dealers. This off-shore cruiser was the biggest boat in the Canadian exhibit.

Below is a view of one corner of the Canadian stand. The United States dealers, some of whom can be seen, were greatly impressed with the products of the 15 exhibitors.

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

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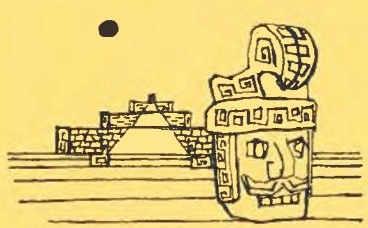

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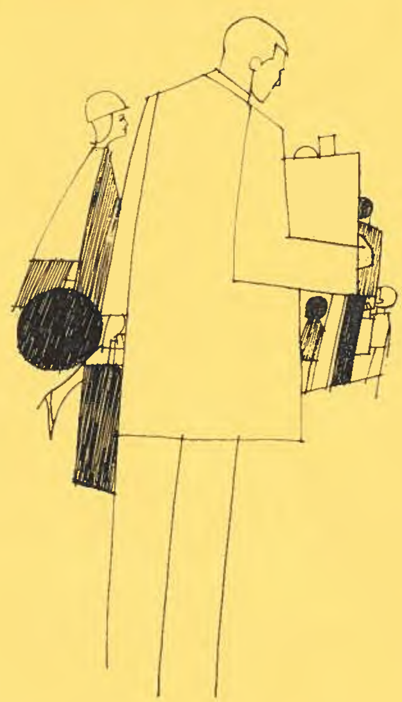

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East Africa Makes Sound Progress

The four-year-old East African Community is proving viable and progressive. Extensive developments are planned, with the aid of foreign financing. Canadian sales, $4.3 million for the first seven months of 1971, could be increased.

R. J. ARCHAMBAULT, Commercial Secretary, Nairobi

To many Canadians, East Africa represents merely an exotic playground full of dangerous game kept in vast parks for the benefit of tourists. Tourism is a significant industry in East Africa, but it is far from the only one. Since independence, the three East African countries of Kenya, Uganda and Tanzania have emphasized industrial development with some success, even though the economy remains largely agricultural, with tea, sugar, cotton and sisal as the main crops. These countries are also putting stress on improving transportation and communications. More Canadians might well come here in search of business as well as a holiday.

Effective December 1, 1967, the three countries set up the East African Community for co-operation in industrial, commercial and other matters and for establishing a common customs tariff for imports of goods from foreign countries. The Community also operates for all three countries postal services and telecommunications, harbors, transportation facilities such as railways and airlines, and the Customs service. Through the Community, the people of this part of the African continent are striving to show that Africans can co-operate and work together for progress. Their leaders are recognizing the need to stay together and to iron out their differences through negotiation. A recent illustration of their success was the coup in Uganda last January. To many observers, this seemed to threaten the existence of the Community but despite this, the regular legislative meeting was held last May and bore witness to the will to survive. Although relations have been somewhat strained recently, one hopes the recognition of the need for co-operation will prevail.

The European Economic Community has already recognized the importance of the East African Community by an agreement of association that became effective on January 1, 1971. Under this agreement, the EEC granted duty-free entry to most of the commodities that this area exports to Europe. In return, the East Africans granted preferential treatment to some 58 commodities imported from Europe, especially foodstuffs, wines and liquors, glassware, office machines, T.V. and radio sets, motorcycles, and automobile spare parts.

This is the first Canadian all-terrain vehicle to arrive in East Africa. R. J. Archambault (left), author of this article, discusses its finer points with two representatives of the Nairobi-based distributor prior to tests in Kenya.

Nationalization of Industry—The three governments are becoming more and more involved in the industrial development process. They have taken over and nationalized some industries completely, and in others have acquired a share that may range from 40 per cent up. The method of nationalization varies from one country to another. The new Government of Uganda, for example, has become more flexible and has invited industries nationalized under the previous regime to review the arrangements and has offered to discuss modifications. In Kenya nationalization is voluntary, with the industries themselves taking the initiative and inviting the Government to participate in their operations, usually on an equity basis. In Tanzania, on the other hand, nationalization policy is clearly defined, with the Government telling industries what share in their operations it wishes to acquire—generally 60 per cent and over. In addition, the Tanzanian Government has nationalized the major wholesale and retail outlets and brought them under the umbrella of the state trading corporation, which also controls all export-import trade activities.

Generally speaking, the three East African countries have made steady and substantial economic growth since the achievement of independence nine years ago. Take the gross domestic product as one index. In Uganda, the GDP in 1969 rose to an estimated $836 million, or 12.5 per cent over the 1968 figure. In Kenya the figure was $1,551 million in 1970, 7.7 per cent higher than in 1969. Tanzania's GDP for 1969 was estimated at $1,095 million, or 5.7 per cent over the previous year; 1970 saw a further rise of 6 per cent.

Foreign Aid Important—Development in this area still depends to a significant extent on various forms of foreign aid, both multilateral and bilateral. Soft-term financing is an integral part of most aid schemes and more often dictates the choice of a donor country than does the amount of the loan itself. These East African countries are, however, well aware that in 1972, ten years after independence, the first ten-year grace period on their loans will expire and they will have to start making the initial debt repayments.

Naturally, many of the major projects that are planned for this area —many of which should offer opportunities for Canadian suppliers—are to be financed in whole or in part by foreign grants or loans. Two important hydroelectric projects—the Kamburu Dam on the Tana River in Kenya and the Great Ruaha power project on the Great Ruaha River in Tanzania—will soon begin. The Kamburu development represents the second stage of a larger hydro scheme that started in 1968. It is to cost $45 million and will be financed jointly by the World Bank, Sweden, and the East African Power and Lighting Company. It is to have three 30 Mw. generator sets; the third one will be ready in 1976, when the whole program is to be completed. The Ruaha scheme in Tanzania will have an ultimate capacity of 200 Mw. and will be financed by a World Bank loan; the total cost is estimated at $59 million. In Uganda the proposed hydroelectric development at Murchison Falls was recently given up by the Government after much discussion.

A major industrial project in Kenya, delayed for some years, is soon to materialize. This is the Pan African Pulp and Paper Mill to be built at Broderick Falls in northern Kenya. Construction is to start by the end of this year, with completion scheduled for 1974. The mill will have a capacity of 150 tons a day (75 tons of bleached, 75 of unbleached pulp) and will turn out newsprint, wrapping and writing paper. The total cost is set at $35 million and financing is being provided by the World Bank (40 per cent), Birla Brothers of India (32 per cent), and the Kenya Government (28 per cent). The tenders for mill machinery have been called and are being handled by Birla Brothers. Future requirements will include transportation and logging equipment.

Transportation Programs—Many of the planned future developments are concerned with improving transportation and communications. In telecommunications, the three countries have a common PTT organization, and a current expansion program calls for a microwave system to link Kampala, Nairobi, Mombasa, and Dar es Salaam, with the help of World Bank and other loans. Tenders have already been called for telephone exchanges for Kampala and more are to follow for exchanges in other centers.

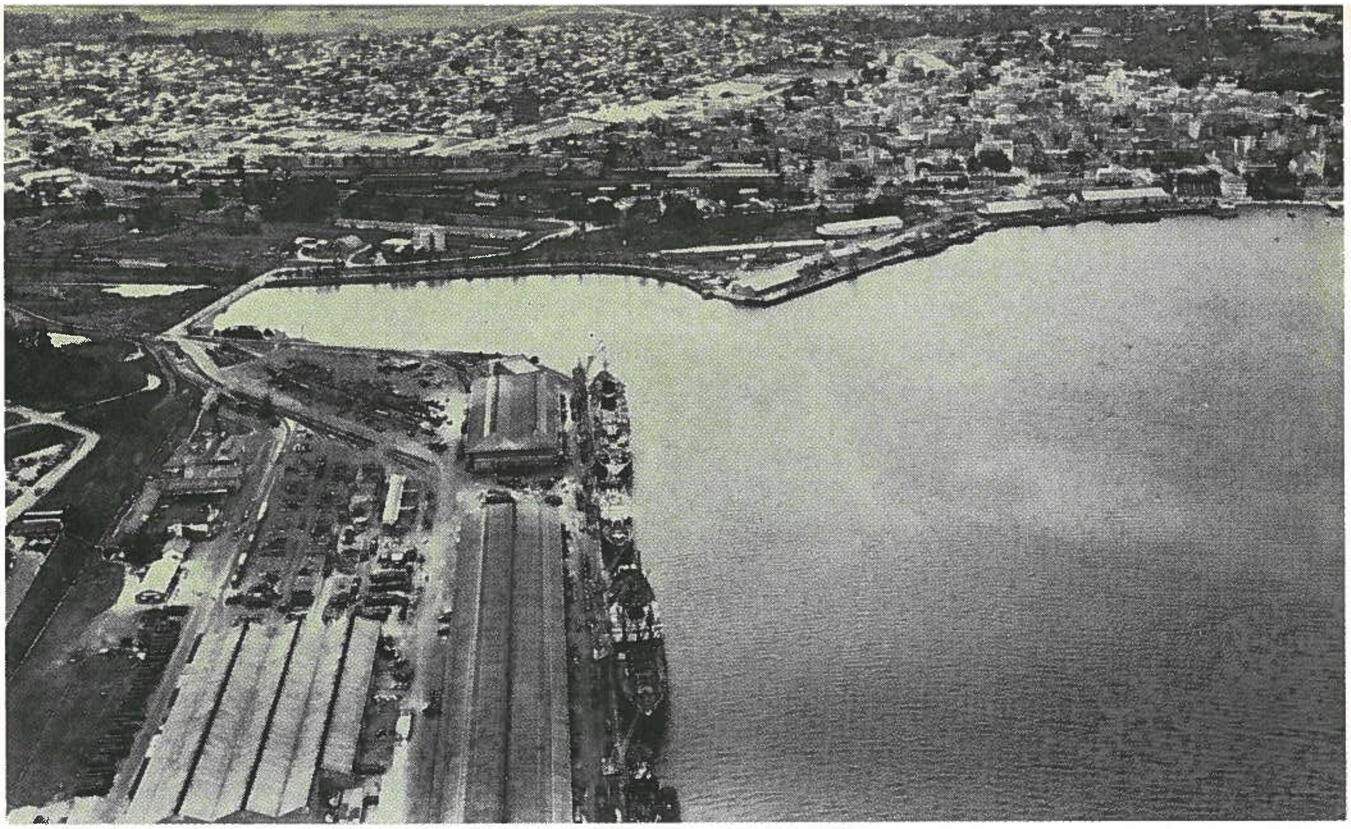
Major extensions have already been carried out to various airports in East Africa, such as Entebbe, Nairobi, and Dar es Salaam. The runways at the international airport in Nairobi are being extended and strengthened to accommodate the Jumbo jets and a new terminal building put up to handle the ever-increasing number of tourists. Tanzania has a new airport, the Kilimanjaro, which is to be in operation by the end of this year, and two other airports in Kenya, at Mombasa and Malindi, on the coast, expect to undertake major extensions shortly.

The major ports that serve the East African Community—Mombasa, (Kenya) and Dar es Salaam (Tanzania)—have had problems with congestion and consequent delays, especially Dar es Salaam. The facilities at both are being enlarged, but not fast enough to keep pace with the increase in tonnage; in 1970 Mombasa handled 5.8 million metric tons and Dar es Salaam 2.5 million, an increase of 10 per cent, on the average, over 1969. Contracts have recently been awarded for the building of bulk unloading facilities in Dar es Salaam and for additional terminal sheds at both ports. A jetty is shortly to be completed at Tanga in Tanzania. On some sailings from Canada, calls at Dar es Salaam have been discontinued because of the congestion. Service between Canada and Mombasa has remained more regular but at the moment that port too is congested. From Mombasa, goods may be trucked or railed to Uganda, Tanzania, and the eastern Congo.

MAIN CANADIAN EXPORTS TO THE EAST AFRICAN COMMUNITY

	1970 $
Kenya	
Newsprint paper	352,947
Aircraft, engines and parts	248,188
Aircraft assemblies, equipment and parts	180,723
Chemical elements	55,190
Commercial communication equipment and parts	63,549
Total:	**1,454,932**
Tanzania	
Wheat, except seed	97,033
Newsprint paper	113,428
Wheat flour	60,964
Radio transmitting-receiving units	56,557
Total:	**633,274**
Uganda	
Asbestos fibers (milled), groups 4 and 5	127,740
Aluminum fabricated materials	106,147
Aircraft, complete with engines	162,929
Cattle, dairy, purebred	280,565
Mining-quarrying machinery and parts	56,159
Laboratory, optical instruments equipment and parts	50,087
Prefabricated building structures and parts	60,100
Total:	**1,121,044**
Total exports	**3,209,250**

Opportunities for Canadians—Canada currently has an unfavorable trade balance with this area. In 1970, Canadian exports to the three East African Community countries totalled a modest $3.2 million (Kenya $1.45 million, Uganda $1.12 million, and Tanzania $633.274). Our imports



Shown here is Dar es Salaam harbor, before construction of new facilities was started to keep pace with the traffic.

amounted to \$17.5 million (Kenya \$5.7 million, Uganda \$7.8 million, Tanzania \$4.0 million). During the first seven months of 1971, the trade balance continued unfavorable but less so, largely because of sizable sales of aircraft to Tanzania which has become the largest market of the three for Canadian goods. Canadian exports for the seven months totalled \$4.3 million. Among the major commodities in the trade last year was newsprint (\$466,000), which was successfully introduced into this market about a year ago; prospects for larger sales are good. Also figuring largely in the trade were complete aircraft and aircraft engines, assemblies, equipment and parts (\$592,000); purebred cattle (\$280,565), wheat (\$95,033) and wheat flour (\$61,000). (See the table.) Kenya has so far been able to supply soft wheat to the other East African countries but its domestic consumption is rising without any parallel increase in production. By next year, in fact, it may have to import wheat from abroad. Canadian wheat sales have so far been made mainly to Tanzania.

Canadian companies should also be able to sell more bulk fertilizers in this area. Government organizations or the private estate owners such as the Madhvani and Mehta groups, the two most important manufacturing complexes in East Africa, import substantial quantities of fertilizer. The two private groups mentioned above have their headquarters in Uganda and, in addition to plantations, their operations embrace steel fabrication, breweries, textile plants, etc. They also maintain marketing agencies in the three countries.

Aircraft from Canada, both commercial and military, have already made their appearance here. We are also supplying 35 diesel locomotives under a development assistance loan announced last January. Other potential sales include road construction equipment, because there are road extension projects either under way or on the drawing board. Kenya expects to start soon the extension of primary, secondary and trunk roads with the aid of a World Bank loan of \$12.8 million, \$9.5 million of which is earmarked for purchase of machinery.

The East African Community, with an estimated population of 34.5 million in 1970 (Uganda 10.5 million, Kenya 11.5, and Tanzania 12.5) should be an expanding consumer market. In 1969, the three countries imported \$653 million worth of goods. Canada should be able to improve on its present share of this market of less than 1 per cent. Canada enjoys good relations with East Africa: our traditional links through the Commonwealth are one factor in this relationship; another is the increasing amount of aid Canada is extending to this area. In fiscal year 1970-71, Tanzania became the largest African recipient of Canadian foreign aid with allocations running at \$5.5 million. Therefore, the climate is good for developing stronger commercial links with the Community. For example, traditionally it has looked to Europe as a source of foodstuffs and various consumer products. Canadians have not yet seriously investigated this market, though Canadian apples, pickles, syrups and spices have begun appearing in local supermarkets. Gourmet products might have a good chance here.

Canadian exporters keen to improve their sales in the East African market are invited to use the services of the Commercial Section of the Canadian High Commission in Nairobi. They will find that East Africa has more to offer than merely lions, elephants and rhinos; it can also offer promising commercial opportunities. The Nairobi office also covers Ethiopia, Somalia, Malawi, and Zambia, and can provide useful information to Canadian companies also interested in these countries.

Markets for Electronics

California market, depressed for some time, is expected to improve in next year and a half with new demands to supply new technology. Danish market has expanded sharply, imports rose from $81.9 million in 1965 to $181.5 million in 1969; opportunities for a wide variety of products. Canadian suppliers should keep in touch with the Venezuelan market and make their products known; joint ventures worth considering.

California

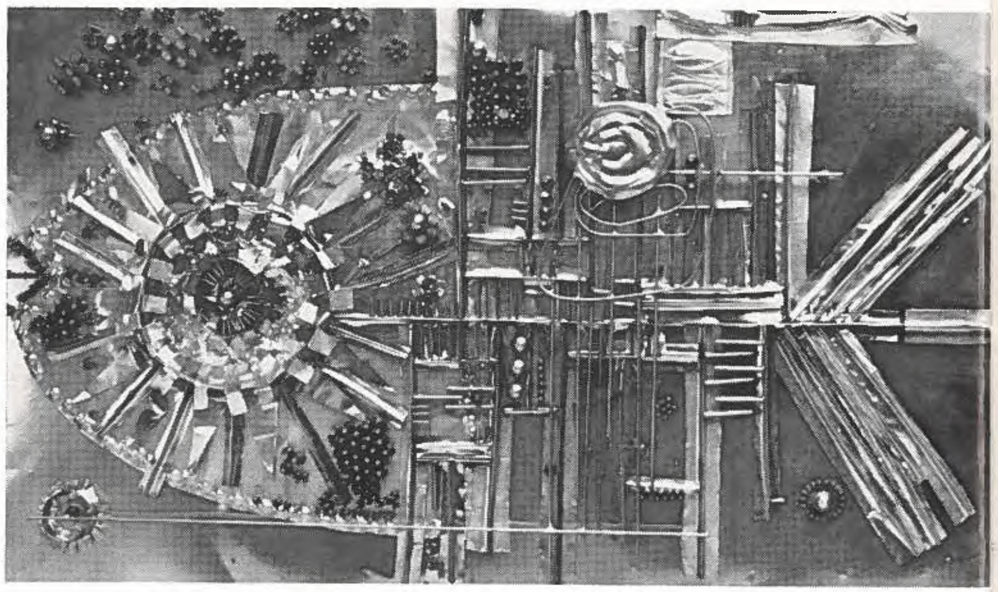
RICHARD ROY, Consul and Assistant Trade Commissioner, San Francisco

S. F. PATTEE, Consul and Assistant Trade Commissioner, Los Angeles

The big California electronics market, although it has been depressed for some time, still offers worthwhile opportunities for suppliers of components and certain types of equipment. Several new fields have opened up, including pollution control equipment, the need for finding ways to transport large numbers of people quickly and efficiently, and the development of new technology and devices for automation to cut down on spiralling labor costs. Estimates are that some time during 1972 or possibly by early 1973, the industry will have recovered from the present recession.

Even under present conditions, the outlook is relatively bright in certain sectors—some related to those mentioned above—such as medical equipment (electro-optical instruments, bio-medical testing and measuring equipment), metering devices of all kinds, computers and miniaturization equipment, detection and surveillance equipment, etc. In both northern and southern California, the aerospace industry has been suffering from cutbacks and, for the next few years, the biggest opportunities will lie in commercial rather than military production.

Experience in both the San Francisco and Los Angeles offices has shown that there is a demand for four main electronic product groups in California: components, computer and peripheral equipment, instrumentation (test, control and measurement), and communications and other scientific equipment. It is in supplying these product groups that the best opportunities for Canadians lie.



To symbolize modern communications, much of which travels under the seas, sculptor Chieu Shuey Fook created "a demon fish—but a good demon—which seems to glide through reflected light like modern communications being transmitted electronically."

Components—A recent survey prepared by a local research company showed that the electronics industry in the Western area of the United States buys about $3 billion worth of components and parts per year to be used in manufacturing its products. Of this, about 60 per cent is obtained outside the Western states, including foreign countries.

Breaking down this demand further, the components most in demand seem to be capacitors, crystals, resistors, metal parts, etc. But this is a very competitive market and the Canadian firm must compete not only against California-based companies but also against those located in the Eastern States. To face up to this competition, it must be able to offer its product at a competitive price, respond to an inquiry promptly, deliver on time, and offer service as needed. It must also have a competent representative and send its own officials down to make and maintain contacts several times a year.

In selling to the large electronics manufacturers, the Canadian company must first qualify with them as an approved source. All suppliers must submit information about their manufacturing facilities, capabilities, and financial position. Most of these large companies have liaison officers on staff who can help potential suppliers to complete the various forms and can recommend the right buyer contacts. At some time, either before or during sales negotiations, the electronics firm may wish to conduct a survey of the Canadian company's facilities.

Data Processing and Control Equipment—There are well over 50 firms in California making full systems or various components. Northern California is already a major center for the computer peripheral industry, and many other firms specialize in offering their programming and/or administrative services. Because so many industries are potential users of computers for accounting, invoicing, or more advanced on-line process control, this sector has the greatest growth potential. The relatively small Canadian computer industry finds it difficult to compete with giants like IBM or Control Data, and should therefore concentrate on selling less sophisticated systems or attachments. This field is vast and relatively unexplored.

Instrumentation—This sector has the highest production, over $600 million a year, in electronics in northern California. (For our purposes we have included in it various types of scientific equipment.) This sector is now giving way to the computer industry, partly because its applications are fewer and its range of customers not as broad. This is a more difficult market to penetrate because of important local production but there is always a need for new or improved products, especially in the medical or educational fields and for under-sea exploration.

Communications Equipment—This area too is more limited because the largest customers, the aerospace industry and the military, have been affected by cutbacks in federal funds or the economic slowdown. This sector should become more active when plans for the new satellite communication system (INTELSAT V) are more definite—say in about two years, or possibly earlier. Now is the time to consider the potential that it offers. At one time there was great interest in portable telephone systems but Canadian suppliers did not pursue this market, for various reasons. Other equipment for telephone companies would have to overcome stiff competition from domestic suppliers or their subsidiaries. The best opportunities are probably for electronic components (gears and others). Video and audio broadcast equipment might have some possibilities in Los Angeles, where the big studios are.

The accompanying box feature lists a number of directories that the Canadian supplier can use to find information on potential customers or on representatives. We suggest that you determine from these directories which firms offer the best potential for you, and then ask the office in either San Francisco or Los Angeles for help in contacting these firms and in follow-up. We emphasize that a sales trip to this area is the only way to secure any business and several trips may be needed before a sale is made. It is also possible to work through a manufacturers' representative in this market, a number of whom specialize in the electronics field. Whatever your approach, a representative can play an important role because he will build up the relationship between the buyer and the seller, maintain close touch with any new developments, and make sure that you receive requests for quotations, as appropriate.

Both the Los Angeles and the San Francisco office will be glad to answer requests for specific information, to suggest possible representatives, and to arrange appointments for Canadian businessmen bent on investigating this market personally.

Directories for the California Electronics Market

WEMA Directory
Western Electronic Manufacturers Association
2600 El Camino Real
Palo Alto, Calif. 94306

Lists over 750 electronic manufacturers, with product lines and names of officials. Excellent tool if your market consists of electronic manufacturers. Price: $15.00

EIA Guide
Directories of Industry Inc.
3701 W. 54th Street
Los Angeles, Calif. 90043

This is a catalogue-directory for electronic, industrial and aerospace product buyers in the 13 Western states and Texas. It includes indexes to products, representatives, distributors and manufacturers. Price: $10.00

California Manufacturers Register
Times Mirror Press
1115 So. Boyle
Los Angeles, Calif. 90023

Lists over 1,500 manufacturers of all types with product lines and names of officials. Also has an alphabetical listing of products. Excellent if your potential customers are industrial firms in various fields. Price: $38.00

ERA Directory
Northern California Chapter, Electronic Representatives Association
P.O. Box 545
San Carlos, Calif. 94070

Lists over 80 northern California electronic representatives and their lines. Price: no charge

ERA Directory
Southern California Chapter, Electronic Representatives' Association
16400 Ventura Blvd., Suite 301
Encino, California 91316
Telephone: 213-783-4467

Lists over 100 southern California electronic representatives and their lines. Price: no charge

Denmark

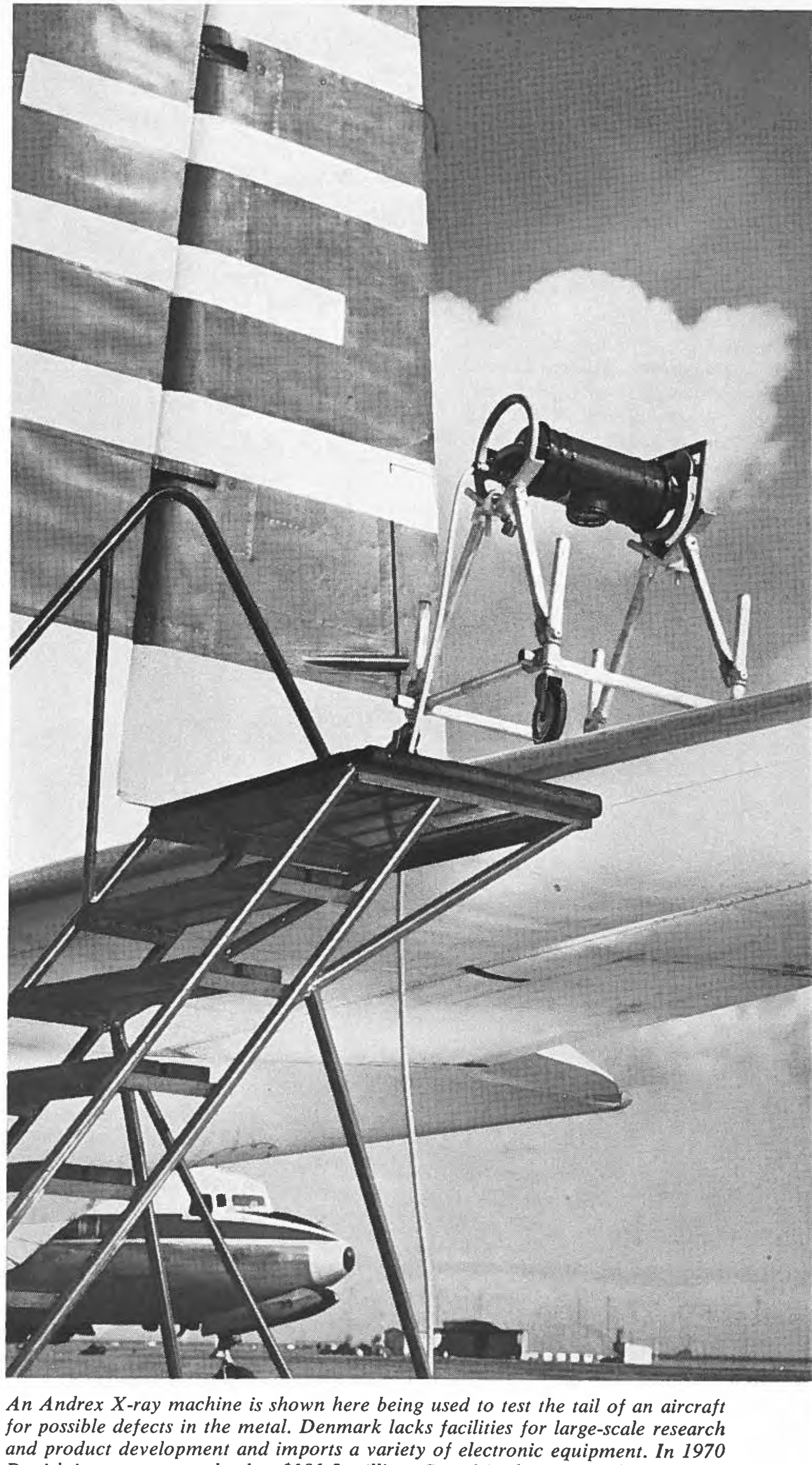
T. W. HARBOE
Commercial Officer, Copenhagen

The market in Denmark for electronic products has expanded sharply in recent years. Consumption of electronic products in this country rose from $133 million in 1965 to $260.7 million in 1969. Local production increased from $121.4 million in 1965 to $206.5 million in 1969, and imports rose from $81.9 million to $181.5 million. Exports of electronics increased from $70.3 million to $127.2 million.

The industrial and commercial electronics group comprises telephones and telephone installations, radio communications and broadcasting equipment, electrical calculating and accounting machines, medical electronics, X-ray equipment, thermostats, navigational equipment, echo sounders, measuring instruments, signalling apparatus, and traffic-regulating equipment. Canadian exports to Denmark in this group in 1970 totalled $827,499.

The consumer electronics group includes radio and TV apparatus, amplifiers, gramophones, tape recorders, tapes, electrical musical apparatus, hearing aids, electrical film cameras, and batteries. Canadian exports to Denmark in 1970 in this area totalled $102,915, of which photographic equipment and supplies accounted for $102,283, and sound amplifiers (excluding parts) for $632.

The electronic components group consists of resistors, condensers, switches, transformers, coils, relays, other components, radio tubes, picture tubes, semi-conductor rectifiers, channel selectors, microphones and loudspeakers, wire and cable. Canadian exports to Denmark in 1970 in this group totalled Cdn. $184,424 and comprised electronic resistors and parts $4,980; semi-conductors and parts $66,680; electronic equipment components n.e.s. $95,645; insulated wire and cable $4,829; transformers and parts $2,246; and industrial control equipment and parts $10,044.



An Andrex X-ray machine is shown here being used to test the tail of an aircraft for possible defects in the metal. Denmark lacks facilities for large-scale research and product development and imports a variety of electronic equipment. In 1970 Danish imports were valued at $181.5 million, Canada's share being $1.1 million.

CANADIAN SALES TO DENMARK OF INDUSTRIAL, COMMERCIAL GROUP EQUIPMENT, 1970

	dollars
Telephone equipment and parts	24,674
Radar equipment and related devices	420,763
Radio transmitting-receiving units	3,468
Radio-TV-broadcast transmitting equipment	8,582
Communications equipment n.e.s.	125,994
X-ray and related equipment and parts	4,712
Measuring, testing equipment and parts	41,968
Navigational instruments, apparatus, and parts	124,542
Card, punch and sort TAB computers and parts	19,581
Office machines and parts n.e.s.	53,214
Total	**827,499**

DENMARK'S ELECTRONIC EQUIPMENT MARKET, 1969

	millions of Kroner*			
	Production	Import	Export	Local Consumption
Industrial, commercial				
Telephones and equipment	124.8	134.0	26.3	232.5
Radiocommunication and broadcasting equipment	127.5	29.0	111.3	45.2
Electrical calculating and accounting machines	60.8	241.1	37.1	264.8
Medical	23.2	15.4	12.8	25.8
X-ray equipment	12.8	21.9	14.4	20.3
Thermostats	70.1	27.7	59.8	38.0
Navigation, echo sounders and radar equipment	10.6	72.6	17.1	66.1
Measuring instruments	216.6	133.9	197.0	153.5
Signal and traffic regulating equipment	23.1	5.1	6.3	21.9
Others	28.8	28.4	14.3	42.9
Total	**698.3**	**709.1**	**496.4**	**911.0**
Consumer				
Radios	87.7	40.8	32.9	95.6
TV's	120.7	49.5	45.0	125.2
Amplifiers	13.9	7.6	19.4	2.1
Gramophones	47.2	13.5	21.7	39.0
Tape recorders	36.7	58.3	16.6	78.4
Tapes	0.0	22.9	0.3	22.6
Electrical musical apparatus	0.1	5.1	5.8	0.6
Hearing aids	52.2	0.3	46.3	6.2
Electrical film cameras	2.4	23.0	3.8	21.6
Batteries	75.4	8.8	45.0	39.2
Total	**436.3**	**229.8**	**236.8**	**429.3**
Components				
Resistors	35.0	22.6	29.9	27.7
Condensors	29.0	39.7	11.8	56.9
Switches	23.5	2.9	13.4	13.0
Transformers and coils	35.4	28.3	6.8	56.9
Relays	6.0	65.3	9.8	61.5
Other components	112.3	49.0	39.4	121.9
Radio tubes	0.0	27.8	1.1	26.7
Picture tubes	0.0	25.8	1.5	24.3
Semi-conductors	0.0	85.6	3.0	82.6
Canal selectors	44.6	1.9	32.3	14.2
Microphones and loud-speakers	86.6	37.2	46.4	77.4
Wire and cable	—	—	—	—
Total	**372.4**	**386.1**	**195.4**	**563.1**

* 1 Krone = $0.1366

The EEC countries supply nearly 45 per cent of Danish electronic imports and purchase nearly 28 per cent of its electronic exports. The corresponding percentages for the other EFTA countries were 36.1 and 47.2.

Canada's exports of electronic products to Denmark amounted to 0.6 per cent of total Danish imports in this field, but exports from the United States amounted to 14 per cent. Canadian imports of Danish electronic products accounted for 1.2 per cent of Denmark's total exports of these products, and the United States for 5.3 per cent.

The Danish electronic industry produces mainly specialized products, such as scientific measuring instruments, radio communication equipment and hearing aids. Some of the major companies export up to 80 to 90 per cent of their production, and are competitive because of the quality, reliability and design of their products. The industry does not, however, possess the resources for large-scale research and product development that the major international companies do. As a result, Denmark imports telephones and telephone equipment, computers, navigational equipment, tape recorders and tapes, electrical film cameras, condensers, condenser transformers, relays, and semi-conductors. The accompanying tables give a good picture of the market by showing domestic production, imports, exports, and consumption in 1969.

Denmark represents a good market for a large variety of electronic products and Canadian manufacturers are invited to write to the Commercial Counsellor, Canadian Embassy, Prinsesse Maries Alle 2, 1908 Copenhagen V., who will be glad to assess market possibilities and establish contact with suitable potential outlets. Descriptive literature, c.i.f. Copenhagen prices, terms of payment and delivery, agent's commission and/or distributor's discount are the details necessary for investigating market opportunities here.

Venezuela

MARC C. PELLETIER
Assistant Trade Commissioner
Caracas

Venezuela is purchasing large quantities of modern, competitively priced electronic equipment and systems. The local technicians are good and you and your agent will have to be ready for hard selling and prepared to compete in price, quality, and delivery. And you will need good knowledge of the local industry and business practices, including contracts.

The following paragraphs deal with the electronics industry in Venezuela under three headings: commercial electronics, consumer products, and components.

Commercial Electronics

Avionics, commercial radio and broadcasting (wireless), data processing equipment, and communications (telephone and telegraph) will be considered specifically here. Companies with other products to market in Venezuela are invited to write to the Commercial Division of the Canadian Embassy in Caracas which will endeavor to obtain information on the marketing possibilities.

Avionics—Large airport projects are underway and equipment is needed. The international airports of Margarita and Maiquetia are being designed to accommodate 747s and the most modern electronic equipment is being sought now by the Ministry of Public Works (M.O.P.) which specifies and purchases all requirements except radio equipment and ground support equipment. The exceptions are the responsibility of the Ministry of Communications.

The Ministry of Defence is spending a great deal of money updating equipment. They are at present discussing with many suppliers of aircraft, navigational equipment, radio communications equipment, etc. American military specifications are used as reference for comparison purposes and acceptability levels.

Wireless—The sales volume of radiocommunication equipment (SSB, UHF, VHF, etc.) is running high in spite of the heavy annual licence fees (up to \$500), and the shortage of radio frequencies. All makes are available and competition is keeping the prices at a reasonable level. Pricing is by far the most important qualification. After-sale service is made easy because many highly qualified technicians are available to carry out repairs.

This ground satellite station has just been completed and is part of the \$300 million program undertaken by the Venezuelan Telephone Company. Radio communication equipment is one of the sectors offering good potential as the country is further opened up.

The potential remains great because of large areas still to be developed in the southern part of the country. The shortage of frequencies means greater emphasis on imports of low-powered transmitters. An import licence from the Ministry of Communications is required for these.

Some 30 radio and television broadcasting stations are in operation, many American controlled. This influences the choice of equipment purchased. As yet, there are no FM stations in Venezuela and color television is still a few years away. No decision between the PAL and NTSC systems has been made yet.

Data processing equipment—This foreign-controlled market is expanding rapidly. Manufacturing companies refuse to give sales statistics but two older surveys indicate the trend. In 1967, 92 machines were operating in the country; one year later there were over 152. The main users are government departments, banks, and foreign-owned companies. Purchases and rentals are usually in package form controlled by the manufacturers. At this time, very few agents have taken on representation of software because the volume is not large enough and they do not have the financing available to satisfy the manufacturers' requirements and, at the same time, extend credit facilities to the purchasers.

Telephone and telegraph equipment—The Compania Anonima Nacional Telefonos de Venezuela (CAN TV), a wholly government utility that provides the country's public telephone and telex services, is pursuing its $300 million expansion program for 1970/1974. This program includes:

(1) installation of 370,000 new lines of local exchange equipment,

(2) cable and associated facilities to add 250,000 connected direct exchange lines,

(3) new microwave links and provision of multiplex equipment for 8,000 channels on existing and new links,

(4) satellite ground station (completed), and associated facilities,

(5) 1,700 new telex lines, and

(6) hiring of management consultants (already named).

The telephone cable tender has already been called and only about 3 per cent of the exchange equipment will be put up for international bidding, the remainder will be supplied by ITT and Ericsson for standardization purposes. Therefore, Canadian companies are excluded from participation in a very large portion of the program. The sale of private systems, nevertheless, remains interesting but very competitive—the larger international companies have permanent offices in Caracas.

VENEZUELAN ELECTRONIC IMPORTS 1969

	$U.S. '000			
Products	**Total**	**U.S.**	**Largest outside U.S.**	**Canada**
Radio telegraph and radio telephone transmitters	4,412	1,672	1,619 Britain	40
Radio telegraph and radio telephone receivers up to 10 kg.	7,640	1,324	5,328 Japan	—
T.V. receivers up to 10 kg.	1,959	344	1,482 Japan	—
Tubes and valves	1,650	695	472 Netherlands	94
Condensers, filters and other parts and spares for (1) and (2)	5,361	1,786	2,173 Japan	62
Telegraph and telephone equipment	5,826	484	3,053 Germany	20

Consumer Products

A licence from the Ministry of development is required (and is hard to get) for imports of a wide range of assembled home entertainment equipment. Licensing has been imposed to protect some 25 local companies which assemble radios, TVs, turntables, amplifiers and tape recorders under licence from foreign companies. Kits are shipped to Venezuela, with some replacement parts. A few locally-produced parts are incorporated and the unit is assembled into a cabinet, which is usually manufactured locally. Luxury lines are imported under licence and a duty of up to 50 cents a pound is levied. Retail prices are kept low by competition, mostly from Japan and the Netherlands.

In 1968, the value of production, manufacturing and assembling of radio and television sets, tape recorders, record players and intercommunication equipment totalled $26.1 million. Manufacturing of tubes, transmitters and similar electronic equipment totalled $330,000.

Components

Because of the local assembly of kits and the non-existence of completely locally-produced electronic equipment, there is no real market for Canadian components. Canadian manufacturers have to get their parts incorporated in the original manufacturers' kits and therefore must concentrate their sales efforts at the source.

The replacement market for tubes is small. Large volume tubes are being replaced by transistors, and the specialized ones in this limited market are not worth stocking because they become obsolete so rapidly. Spares are incorporated in the original kits.

Interesting prospects do exist for companies that would consider manufacturing their components in Venezuela on a joint venture basis. Canadian knowhow, Venezuelan knowwho, the Canadian Government feasibility study incentives and the fact that the Venezuelan Development Corporation will do the study if requested make it easy to consider the prospects favorably. Furthermore, if a company can supply the market properly the Venezuelan Government will close down imports from overseas competitors.

The Commercial Division of the Canadian Embassy welcomes inquiries from Canadian manufacturers, especially those who have products competitively priced. Send us three or four sales catalogues and prices and we will send you information on local conditions, statistics, and names of recommended agents to write to. Your technically advanced products cannot be sold by correspondence alone and it is always advisable to visit the market and discuss with agents and potential buyers the high degree of technology incorporated in your products. As the industry becomes more sophisticated, price, now the most important factor, may take second priority with local buyers as they realize the advantages of buying quality products such as those available from Canada.

Clothes for the New Englander

Canada's reputation for well-designed apparel has already reached this area of the United States, and buyers are seeking Canadian contacts. This article tells how to get in touch with agents and potential customers.

ROBERT V. THOMPSON, Commercial Officer, Boston

New England is one of the markets closest to the major portion of the Canadian apparel industry. It is about one hour's flying time from Canada and easily within one day's drive from both Montreal and Toronto. But proximity is not the only reason that New England should interest you.

Ties with Canada are very strong, as many families have come originally from Canada or still have relatives living there. Two million people of Canadian origin comprise the largest ethnic group in New England.

Other New Englanders have travelled in Canada on holiday and know about its life and standards. Canada and quality are almost synonymous in the view of your potential consumers. Weather is somewhat similar, although the winters are not quite as harsh and cold.

Total population for the five states in the territory of the Boston Consulate is 8.5 million. Within a 15-mile radius of Boston there are 3.2 million people, equivalent to nearly half the population of Quebec. The other major population centers are within one-and-a-half hour's drive from Boston. The average per capita income for all New England is $3,877 (1969 figure). This compares with the Canadian national average of $2,915.

Another reason to consider this area seriously is that buyers are becoming more conscious and aware of Canadian capabilities. The Department of Industry, Trade and Commerce has been sponsoring visits of United States buyers to Canadian apparel shows and to Canadian manufacturers. In addition, it has developed shows in New York and Philadelphia. All these ventures have affected the New England market too. Buyers who have attended shows have returned with favorable comments and asked when the next shows will be taking place. The New York showings are attracting more and more buyers from major stores all over New England. Other buyers are calling the Consulate to inquire about resources, and we offer all possible assistance so that they can familiarize themselves with the Canadian market.

Particularly helpful has been the discovery by buyers of European styling at North American convenience, and of the Canadian industry's ability to offer quality, value, prompt delivery and good design at reasonable cost. All indications point to New England buyers becoming more and more conscious of and susceptible to Canadian apparel, nearly all types of which sell well—outerwear and suedes very well.

By nature New Englanders are a bit more conservative than most Americans. Possibly some of the extra trim, belts, stitching and whatever else may be used to give advanced styling to a garment may have to be modified. The buyer, with your assistance, should be able to alter and modify your basic models to suit his consumers' tastes. One manufacturer showed men's clothing and outerwear in the Consulate at the very end of the fall buying season. Buyers were saying that their lines were already complete but agreed to view his line anyway. When they saw it and how he could adapt his styling for them, their pocketbooks opened up. After a week the manufacturer left, extremely pleased, and anticipates returning earlier next season for two weeks.

One of the most important elements in your marketing efforts is pricing. New England buyers do not want to calculate their ultimate cost and prefer to know exactly what the

Major New England Marketing Areas and Main Stores

Boston

Bradlees
Commonwealth Trading Corp.
Conrad and Chandler
W. Filenes Sons Co.
Gilchrist Company
Gorin Stores
Grover Cronin
Jordan Marsh Company
Kennedys
R. H. Stearns
Zayre Corp.

Providence, R.I.

The Outlet Co.
Shephard Co.
Peerless Co.
Cherry and Webb Co.
Gladdings Inc.

Worcester County-Springfield

Casual Corner
Denholm & McKay Co.
Forbes & Wallace
Albert Steiger

Portland, Maine

Porteous, Mitchell & Braun Co.

Manchester

J. J. Moreau & Son

Lowell

Bon Marche
Giant Stores

New Bedford

Star Store

garment will cost delivered to their door. You should therefore quote a c.i.f. Boston landed price in U.S. funds.

Pricing may sometimes be closely allied to your duty classification. One manufacturer who visited Boston to determine his competitiveness discovered that the duty he would have to pay would make his prices too high. His styling was superior but the principal selling factor was the retail price of the garment. Classification may well be the determining factor in New England. To help you to obtain proper classification for duty you should contact the Chief, United States Division, Office of Area Relations, Department of Industry, Trade and Commerce in Ottawa.

Once you have committed yourself to New England and determined your pricing, there are three possible avenues open to you: (1) selling direct, (2) appointing a manufacturer's representative or jobber, (3) selling direct with the intention of appointing an agent.

If you are going to sell direct, then before you come let the Boston Consulate know of your intentions far enough in advance so that we can give you as much help as possible. Let us arrange appointments with buyers to visit the Consulate, where we have a display area at your disposal. Plan on establishing your headquarters at the Consulate if you wish. A description of your merchandise with its retail price range and how many samples you will be bringing is helpful. Not every buyer we call will confirm a definite appointment. He may say: "Give me a call when he arrives and we'll arrange a time." Some buyers may not be able to visit the Consulate, so you should be prepared to take selected samples to them. We can suggest which stores you should be calling on. Other Canadians have had good success following this approach.

If you wish to profit from a local manufacturers' representative's knowledge of market conditions, contacts and awareness of New England, you can use our contacts with the local trade. Information needed is a detailed description of the product line, retail price range, territory involved, and the commission or drawing account offered.

The third method involves a personal visit to establish yourself with a few clients, gain first-hand knowledge of the market, and engage a manufacturers' representative either through your own contacts or through ours. There are many agents and we can help you to find the most suitable one. But whatever method you choose, remember that service, quality, style, price, delivery and follow-up are all essential in maintaining your position and obtaining new accounts. The apparel industry is keenly competitive: if you can't provide the service required there are many others who can.

The pattern of distribution is determined by the marketing objectives of a particular organization, and these in turn are determined by the nature of the market and by financial factors. Base your approach, then, on your own marketing objectives and capabilities. But don't wait at home for that occasional buyer—he certainly doesn't represent all the stores.

Reflections on the Surtax...

BARBARA GRAY WEST, Commercial Officer, Philadelphia

Now that the dust caused by the 10 per cent surtax has settled somewhat, one fundamental fact is emerging and carrying with it optimistic overtones for Canadian apparel manufacturers—importing has become an important competitive tool for American retailers, a basic way of life, and will continue despite the surtax.

The reasons are obvious. Within the major cities of Philadelphia, Baltimore and Washington, D.C., four large department stores are located in close proximity to each other. In suburban centers, at least two of these giants serve as anchor stores for the complex, competing for the consumer dollar just a short walking distance apart.

The problem, as one merchandise manager points out, is that all these stores shop the top New York apparel resources in all categories, buying the same best-selling numbers. The result is a monotony of merchandise from store to store, with service and price the only possible variables. And varying price usually is synonymous with lower, not higher, markups.

Add to this picture the plight of the smaller store with less financial clout in the market place and a more limited range of services to offer the customer, and the attraction of imports again becomes clear. By "smaller" we are referring to stores doing approximately $10 million versus those doing in excess of $100 million a year in sales.

Imports, then, add spice to merchandise assortments. They enable the retailer to offer a different look, a different group of values, more shopper excitement and satisfaction than can be found across the street. The result is higher markups, more traffic and a better competitive position.

Few retailers are willing to discard these plus factors when the added surtax on dutiable value is relatively small against the retail price of the garment, particularly when the merchandise is walking off the floor and profits are being made.

Buyers currently reordering from Canadian resources point out that, for example, they can get a 60 per cent markup and retail a coat for $150 with excellent customer acceptance. A $4 to $5 increase at retail because of the surtax is not going to turn customers away nor turn off the store's enthusiasm for imports. In fact, a majority of customers interviewed by *Women's Wear Daily* repeatedly state they will continue to buy the clothes they want, surtax or no.

Volume goods—Where the import tax has had an impact has been on volume merchandise, which requires high turnover and low markup for profit. With the added surtax, much of this merchandise is now priced out of range of the budget departments. Merchandise too highly priced relative to its Seventh Avenue competition or to its competition from other foreign resources is also being eliminated by the surtax. According to merchandise managers, some countries have been removed from buyer itineraries for just this reason, but these countries, they point out, were in a tenuous position to begin with.

This article has not been written to suggest that no problems have been caused by the surtax. Problems do exist. Stores which normally would be excellent candidates for the Canadian markets are holding back until they can assess the "after-November 13" economic programs and the depth of the United States dollar float. In some cases, large department stores have cancelled orders rather than pay any part of the surtax, despite the fact that the added cost can be passed on. It can be suggested, however, that other factors such as a heavily over-bought position entered into the decision and the surtax was used as a cover-up.

Looking for reorders—In other cases, however, Canadian manufacturers have taken the loss and absorbed the surtax under the astute assumption that sizeable reorders at prices including the surtax would help offset the initial loss. This assumption is based on the knowledge that many United States buyers tend to place small initial orders to sample the merchandise on their floors. If the merchandise moves, large reorders follow. As one United States merchandise manager stated, "We can't afford to place large initial orders until we have worked a few seasons with a resource and have a pretty clear idea of what he can do for us."

This brings us to the next point, delivery. Profits are in the reorders, not the sample orders. How many orders were cancelled not because of the surtax but because merchandise was not delivered by the completion date? How many orders, had they been completed when specified, would have beaten the surtax? Buyers have complained loudly about merchandise arriving from Canada at the tail end of the selling season rather than at its height.

One buyer recently was so irate he threatened to take a sample of the merchandise to New York and have it copied if the Canadian manufacturer persisted in not delivering his reorder. Top management of this store, by the way, is very keen about shopping the Canadian market in all apparel areas, regardless of the surtax. If they are forced to have reorders knocked off in the United States, what advantage accrues to the store in shopping Canadian resources? What advantage accrues to the Canadian manufacturer?

The next point falls into the category of a cliché but it is still worth repeating. An old business axiom states, "Never sell more than 5-10 per cent of your production to any one customer unless the purpose is to grab the profits and run." Where manufacturers have committed half to three-quarters of their production to one store, it should be understood they face more than a 50 per cent chance of failure. One cancellation, without a stable of old reliable customers to pick up the slack, and the company is finished.

Unique styling—The Canadian Apparel Market continues to attract American buyers because, as a merchandise manager aptly stated, "Canadian apparel is an intriguing mixture of American and European styling made unique through original Canadian interpretation and design." He also added that customers can spot the quality across the floor.

Merchandise managers and buyers in the Philadelphia-Baltimore-Washington area do not look to Canada as a foreign resource where purchases are made in bulk on a one-shot basis. Rather, the majority are sincerely interested in building the same type of profitable year-long relationship as they have with Seventh Avenue resources. In a word, they want to be able to reorder and reorder. This means delivery and more delivery. With Canadian styling, quality and customer acceptance, plus good delivery, the 10 per cent surtax is not a large enough hammer to knock success.

Morocco Modernizes Education Facilities

The International Development Association (IDA), an affiliate of the World Bank, has extended credit, equivalent to $8.5 million, to the Kingdom of Morocco to assist in financing educational research and teacher training, upgrading of scientific and technical education in secondary schools, vocational and agricultural training, and technical assistance.

The credit will help to finance many different items, including construction, equipment and furnishing of a new National Institute of Pedagogy at Rabat, which will be responsible for research into the structure, content and techniques of teaching, co-ordination of training of primary and secondary school teachers and advanced courses for teachers and supervisors; construction, equipment and furnishing of a new higher teacher training college at Rabat to train approximately 300 senior secondary teachers per year; and construction, equipment and furnishing of six new regional teacher training colleges with a total enrollment of approximately 4,320 students and an output of 1,200 lower level secondary school teachers per year.

Other objects to be helped include science laboratories (including equipment and furnishing for six existing general secondary schools); additional equipment for 10 existing technical secondary schools; new equipment and furnishing for 13 existing commercial secondary schools; and construction, equipment and furnishing of two new vocational training centers to increase the supply of skilled labor for industry.

A new Department of Veterinary Medicine will be built and equipped to introduce a six-year course of veterinary training into the existing Institute of Agronomy "Hassan II" in Rabat, and the Royal School of Forestry at Sale will be extended.

The credit will also be used to provide for the services of two architects and a procurement specialist. These experts will assist the Moroccan Government in the execution of the project and in the maintenance of school buildings.

The total cost of the project, which is scheduled for completion in 1974, is estimated at the equivalent of $13.5 million. The IDA credit represents about 63 per cent of the total project cost and has been extended to the Kingdom of Morocco for a term of 50 years, including a 10-year period of grace, and is interest-free.

Trade Lines

Swedish pigs fly to Spain

Swedish Landrace and Yorkshire pigs—318 of them—were successfully flown to Spain this past summer. This export is a result of the good impression Swedish swine breeding made on a Spanish delegation visiting Sweden in 1969. The Swedish exporter, Swedish Livestock, encouraged by the successful air shipment, is seeking other markets—Stockholm

New quays for aluminum plant

Together with the aluminum plant that is to be built at Puerto Madryn, Argentina, an ore quay 180 meters long, with a depth of 40 feet and a new general cargo quay 130 meters in length and 30 feet deep will also be constructed—Buenos Aires

Shavers for Export

The United States firm, Sperry Rand, is to build an electric shaver plant in the Jurong Industrial Estates, Singapore. From an initial investment of about $5 million eventual capital investment may exceed $7 million. The shavers are intended mainly for export. American investments in Singapore have risen in the last three years from $50 million to $203 million—Singapore

Colombia firm to make condensers

The Colombian company INELEC, manufacturers of TV sets, sound apparatus, amplifiers, and other electronic equipment, will inaugurate a new subsidiary plant for the production of electronic condensers. Output of the plant will mean a saving of about $250,000 a year in imports. Total investment for this plant was 10 million pesos (US$500,000)—Bogota

Norway lacks oil refining capacity

Norconsult, one of the leading Norwegian firms of consultants, has recently stated that only 13 to 15 per cent of Ekofisk oil can be refined and processed in Norway, and the remainder will probably have to be shipped to Britain or the Continent. Norconsult has prepared a report for the Ministry of Industry on shipment alternatives for oil, and on the effects of petrochemical industrial developments in Norway in connection with North Sea oil production—Oslo

Singapore combats shortages

The Singapore Government is taking measures which will be completed in the next few years to increase Singapore's water, electricity and gas supplies. By the introduction of effective anti-pollution measures it will be possible to extract one-third of the average yearly rainfall of 750 million gallons. A service reservoir capable of holding eight million gallons will be constructed at Mount Faber. Two other reservoirs will be built at Kranji-Pandan and Jalan Eunos.

Stage 1 of the Jurong Power Station has recently been completed and Stage II will be completed before the end of 1973. A new power station will be built and will be operational before the end of 1974. A gas producing plant, the Vickers Zimmer Reformer capable of producing three million cubic feet of gas a day, was commissioned in 1970. This plant uses naphtha as feedstock, thus cutting down on pollution. Another gas-making plant of similar capacity will be commissioned by the middle of 1973 to meet Singapore's demands, which by 1973 are expected to exceed 300 million units a year—Singapore

Aramco payments to Saudi Government increase

Payments by the Arabian American Oil Company (Aramco) to the Saudi Arabian Government in 1970 totalled $1,148.4 million, 28.2 per cent over the 1969 figure of $895.2 million, according to the Saudi Arabian Monetary Agency. Oil production by Aramco in the same period rose by 18.7 per cent—from 1,092.4 million barrels in 1969 to 1,295.2 million in 1970—Beirut

Denmark to get first PVC plant

Kema-Nord (Sweden), Pechiney-Saint Gobain (France) and Lonza (Switzerland) intend to put up a factory to produce polyvinyl chloride near the Gulf Oil refinery south of Skaeskor, southwest Sealand. It will be the first of its kind in Denmark. Construction costs are estimated at about Cdn.$7 million and the plant is expected to start operations in the spring of 1974. At present Denmark imports some 25,000 tons of PVC a year—Copenhagen

Portugal builds up merchant marine

About $150 million has been invested in the Portuguese merchant marine in the last three years. Twenty-one ships with 330,000 metric tons displacement were put into service, increasing the total of the merchant marine to one million tons. A further nine ships are being built, including three big tankers, for a total of 490,000 tons—Lisbon

Morocco to invest in cold storage

Morocco plans to set up a cold storage chain throughout the main trading centers in the country. A company known as SERECAF has been organized to implement this project. The immediate objective is to install cold storage facilities at the ports of Agadir and Casablanca before the next fishing season opens; these will form the first links in a country-wide cold storage chain—Madrid

Swiss machinery industry prospers

World-wide exports of Swiss machinery and apparatus reached $1.95 billion in 1970, or 14.1 per cent more than in the previous year. This is by far the most important industry in the country, employing about 30 per cent of the total labor force. Although the outlook for 1971 is equally good, there are a number of problems, including an acute labor shortage, increasing competition, rising costs of raw materials and labor and the need for new and expensive installations to protect the environment—Berne

United States overseas investment increases

Investment in plant and equipment by the foreign affiliates of United States corporations increased by 22 per cent last year to a record of $13.2 billion. The biggest increases were in manufacturing and, in the industrial countries, chiefly Europe.

Investment in 1970 was broken down as follows: Canada, $2.7 billion, up from $2.3 billion in 1969; Europe, $5.1 billion, up from $3.7 billion in 1969 (of this total, $2.9 billion was in the EEC countries, up from $2 billion the year before); Western Hemisphere other than Canada, $2 billion, up from $1.9 billion the year before, and all others, including Asia and Africa, $3.4 billion, up from $2.9 billion the year before—New York

Mexico exports more steel laminate

The Ministry of Industry and Commerce announced recently that steel laminate exports to foreign markets totalled 69,406 metric tons and earned 119.9 million pesos between January and April 1971, an increase of 56.3 per cent over the same period of 1970. Exports of seamed and seamless steel pipe increased by 161 per cent during the four-month period, reaching 20,799 metric tons valued at 53.5 million pesos—Mexico, D.F.

Norway opens chipboard mill

Norway's biggest and newest chipboard plant, owned by A/S Saga Skogindustri, was officially opened this past summer. Maximum production is to be 90,000 tons a year; Norwegian chipboard production last year totalled 134,000 tons. The new Saga plant therefore represents a big increase in total output. The major part will be exported, chiefly to Britain—Oslo

Foreign Tariffs and Trade Regulations

Argentina

Decree Law 19327 imposes a 15 per cent surcharge on all imports, effective November 1, 1971. At the same time, Decree Law 19326 prohibits automatic import of goods by government departments and state entities. Until further notice, all public entities must obtain special permits from the Ministry of Commerce for foreign purchases considered essential.

Denmark

The Danish Government has implemented a surcharge on imports effective October 21, 1971. It is to remain in effect until March 31, 1973. The surcharge has been set at 10 per cent until June 30, 1972, after which it will be reduced to 7 per cent. It will be reduced again to 4 per cent for the period January 1 to March 31, 1973.

The surcharge is levied on the customs value of goods shipped after October 19, 1971.

The surcharge does not apply to certain food-stuffs, industrial raw materials and some manufactured goods. Of these, the following may be of interest to Canadian exporters:

Detailed information on specific items may be obtained from the Western Europe Division, European Affairs Branch, Department of Industry, Trade and Commerce.

Tariff Item Number	
03.01	Fish, fresh, chilled or frozen, not canned
03.02	Fish, salted, in brine, dried or smoked
03.03	Crustaceans and molluscs, whether in shell or not
04.02	Milk and cream, preserved, concentrated or sweetened. Milk powder for animal feed
04.05	Birds' eggs and egg yolks, fresh dried or otherwise preserved, sweetened or not
07.01	Vegetables, fresh or chilled
07.03	Vegetables provisionally preserved in brine, in sulphur water or in other preservative solutions but not specially prepared for immediate consumption
10.01	Wheat and meslin
10.02	Rye
10.03	Barley

Tariff Item Number	
10.04	Oats
10.05	Maize
10.06	Rice
10.07	Buckwheat, millet, canary seed and grain sorghum, other cererals
11.02	Cereal groats and cereal meal
12.01-12.10	Oilseeds and oleaginous fruit, miscellaneous grains, seeds and fruit, industrial and medical plants, straw and fodder
15.04	Fats and oils, of fish and marine animals
23.01-23.07	Residues and waste from the food industries, prepared animal fodder
24.01	Unmanufactured tobacco
25.01-25.32	Salt, sulphur, earths and stone, plastering materials, lime and cement, including asbestos
26.01-26.04	Metallic ores, slag and asli
27.01-27.17	Mineral fuels, mineral oils and products of their distillation, bituminous substance, mineral waxes
28.01-28.58	Inorganic chemicals, organic and inorganic compounds of precious metals, of rare earth metals, of radioactive elements and of isotopes
29.01-29.45	Organic chemicals
38.01-38.19	Miscellaneous chemical products
39.01-39.06	Synthetic resins
40.01-40.04	Natural and synthetic rubber
40.15	Hardened rubber
43.01	Raw fur skins
44.01-44.05	Fuel wood and wood clear coal; plywood not exempt
47.01-47.02	Wood pulp, waste paper and paperboard
48.01	Only newsprint sulphate paper and board
49.01-49.04	Printed books, newspapers
49.06-49.07	Plans and drawings, stamp impressed paper
49.11	Other printed matter
73.01-73.20	Iron and steel and articles thereof, except structures, etc.
74.01-74.08	Copper and articles thereof including rods, bars, and pipe fittings
75.01-75.05	Nickel and articles thereof except household and sanitary articles
76.01-76.03	Aluminum and articles thereof, scrap bars, plates
76.05-76.07	Aluminum powders, tubes, and pipe fittings—foil not exempt
77.01-77.02	Magnesium waste and bars
77.04	Beryllium
78.01-78.03	Lead and articles thereof, waste bars, plates; foil not exempt
78.05	Lead tubes and pipes
79.01-79.04	Zinc and articles thereof, waste bars, plates, tubes
80.01-80.03	Tin and articles thereof, waste, bars and plates; foil not exempt
80.05	Tin tubes and pipes
81.01-81.04	Tungsten, molybdenum, tantalum and other base metals
83.15	Wire, rods, tubes, plates, electrodes and similar products coated or cored with flux material of a kind used for soldering, etc.
85.21	Mounted transistors and similar mounted devices incorporating semi-conductors and mounted piezo-electric crystals
88.01-88.05	Aircraft and parts thereof

Trinidad and Tobago

On October 21, 1971, pipe fittings of all types of plastic were added to the Negative List of goods which require a specific licence before import.

International Loans

Tunisian fisheries development

The International Development Association (IDA), an affiliate of the World Bank, has extended a credit of $2 million to Tunisia for fisheries development. The credit is the first made by the Bank Group for fisheries in that country.

The project aims at increasing annual inshore fish production by about 2,600 tons, valued at U.S.$1.2 million, and —over a four-year investment period— will provide credit to fishermen for replacement of obsolete inshore craft by about 335 fully equipped 31-foot wooden boats with diesel engines.

The IDA credit is being made to the Tunisian Government, which will relend $1.83 million to Banque Nationale de Tunisie, which in turn will finance the procurement of boats on appropriate terms. The remainder of the credit will be used to finance technical assistance and to buy gear and spare parts.

The credit to the Government is for 50 years, including a 10-year grace period, and is interest free except for a ¾ of 1 per cent service charge to meet administrative expenses.

Highway improvement in Israel

Israel's efforts to expand and improve the country's highway network will be assisted by a World Bank loan of $30 million to finance the construction or improvement of about 75 miles of roads and the provision of four interchanges on existing roads.

The project includes the construction of the following: the first phase of the Ayalon expressway in Tel Aviv; the Ayalon-Ganot-Lod-Ramleh expressway; four interchanges on the eastern bypass of Tel Aviv and Tel Aviv-Haifa roads and the construction of three sections of the four-lane divided highway between Beit Dagan and Ramleh, Rishon-le-Zion and Rehovot and Ra'anana and Beit Lid. The roads and interchanges are concentrated mainly in the heavily populated part of the country in and around the capital, Tel Aviv. The project, due for completion by the end of 1974, will eliminate some important transport bottlenecks, reduce travel distances and permit faster travel.

The total cost of the project is estimated at the equivalent of U.S.$91.3 million. The Bank loan will cover most of the foreign exchange cost, and is for a term of 20 years, including a five-year grace period, with interest at 7¼ per cent.

Wanted: Manufacturers

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

Suspended plastic ceiling

Swedish firm is seeking a licensing arrangement with a Canadian company to manufacture and market its suspended plastic ceiling system. It consists of an extruded plastic wall moulding and a PVC sheet with an interlocking edge welded to the sheet. The ceiling is prefabricated to the size required and installed by fixing the wall moulding to the existing walls and then snapping the interlocking edges into the moulding. The ceiling does not require painting, comes in a standard grey-white color and has a matt finish which does not reflect light. Its life expectancy is estimated at 20 years. Literature available. **Item 2490**

Self-erecting tower crane

Swedish company is seeking a licensing arrangement with a Canadian company to manufacture and market its self-raising tower crane. This crane is characterized by its low weight and its quick erection time on the site. It can be erected, using its own machinery, in about one hour and does not require concrete foundations or rails. In transport position, the crane can be driven over very rough terrain. Literature available. **Item 2491**

Melting torch

Swiss firm offers under licence the Canadian manufacturing and marketing rights to its universal melting torch. This torch consists of a 13.2 foot long thermic lance attached to an oxygen hose which is, in turn, connected to an oxygen cylinder. The working pressure for the torch ranges between 115 and 180 lb. per square inch. It can drill, cut or melt concrete, steel, granite, etc., even under water. The torch bends easily making it possible to work from any position. Literature available. **Item 2492**

Road rollers

German firm offers under licence the Canadian manufacturing and marketing rights to its four types of road rollers: static three-wheel, tandem, vibrating tandem and pneumatic-tired. Simple to operate and easy to manœuver, these rollers are equipped with diesel engines, hydraulic servo-steering system and hydrodynamic torque converter transmissions or fluid clutches. Literature available. **Item 2493**

Insulated sliding-wall truck bodies

Swiss firm is offering under licence the manufacturing and marketing rights in Canada to its insulated sliding-wall system for truck bodies. Side doors forming the wall slide over one another towards the front or rear, thus making the loading area accessible over its entire length. One handle makes it possible to unbolt the two wall-forming doors simultaneously. This system is suitable for trucks, semi-trailers and trailers. It is also applicable to shipping containers. Literature available. **Item 2494**

Shutters

French firm offers under licence the Canadian production and marketing rights to its line of shutters. For windows there are venetian blind, wooden rolling, iron and wood slatted, metal folding, accordion, and wood/metal folding types. For garages and workshops the shutters are incorporated into flexible wooden or metal vertical sliding doors, flexible metal horizontal doors, and overhead doors. For the workshop, the shutters consist of a decorative extendable grille and an overhead rolling grille. All shutters are designed to give protection against sun and/or burglary. Literature available. **Item 2495**

Tailgate for trucks

German inventor offers under licence the Canadian manufacturing rights and the North American marketing rights to his electrically-operated loading platform tailgate for trucks. The unit has no hydraulic components. It is light in weight and is powered from the vehicle's own battery. It is claimed that its cost is half that of a hydraulically-operated unit, and that current consumption is so small that no recharging is necessary. The lifting capacity of this unit is approximately 3,300 pounds. Literature available. **Item 2496**

Mechanical power amplifier

American company offers under licence the Canadian production and marketing rights to a mechanical power amplifier. This device utilizes a capstan force multiplier which offers unique potential for improving the response of mechanical servo-mechanisms. Response of 10 to 20 Hertz is obtainable on light systems. This amplifier may be used as a multistage amplifier or a general control and instrument amplifier. In its heavy duty application, the amplifier may be used for vehicle steering and guidance, remote operation of various devices, etc. Literature available. **Item 2497**

Rotary hearth furnace forges

German firm seeks Canadian licensee to manufacture and market its rotary hearth furnace forges equipped with loading and unloading equipment which provides automatic and continuous operation. Used mainly for drop forging and heat treating, these furnace forges offer several advantages, such as fast warm-up, precise temperature adjustment, and saving of labor. The machines have a maximum capacity of five tons per hour. The combination of a rotary hearth with loading and unloading equipment provides a high quality product at a reasonable cost. Literature available. **Item 2498**

Synthetic hair

French firm wishes to negotiate a licensing agreement with a Canadian company for the production and marketing of synthetic hair using a melt compound of polyvinyl chloride and acrylic resin. This product is used primarily in the manufacture of wigs and hairpieces. The hair can be dyed during extrusion and can be produced on normal equipment, according to claims made. The process permits low-cost production of synthetic hair with the characteristics of human hair. Literature available. **Item 2499**

Powdered heat insulation material

Czechoslovakian state trading agency offers under licence the Canadian production rights and the North American marketing rights to a water repellant powdered thermal insulation material. This material is a fine inorganic powder which is permanently resistant to moisture, chemical influences and bacteria. It can be produced from several minerals but best results are obtained from expanded pearlite. Used to insulate hot water pipelines principally, this process is claimed to reduce capital expenditures and labor costs by 20 to 50 per cent. Literature available. **Item 2500**

Spin dryer

Swiss firm offers under licence Canadian manufacturing rights and North American marketing rights to its domestic spin dryer. This unit is claimed to be the most compact and portable spin dryer on the market. Equipped with a foam rubber cushion designed to absorb vibrations, the spin dryer can be used in all locations. Centrifugal force removes most of the water from the washing and releases it through a spout on the side of the machine. It is made from highest quality material and should require little servicing since there are no parts such as springs, brakes, shock absorbers, driving belts, to wear out. Literature available. **Item 2501**

Portable grill

American interests wish to negotiate a licensing agreement with a Canadian manufacturer for the production and marketing of a portable, self-contained barbecue grill. Two flashlight batteries operate a motor which rotates four spits, two on each side of the fire basket. The unit has three cooking surfaces, two on the sides for barbecuing, one on the top for grilling. The carrying weight of the unit is approximately 25 pounds. It requires only 1.6 cu. ft. of space for storage. Literature available. **Item 2502**

Concrete patio blocks

Canadian inventor is seeking a licensing arrangement with a Canadian firm to manufacture and market his line of concrete patio and sidewalk blocks. The unique features of these blocks are their shape and artistic appearance. Formed in a one-piece, shell-type mould made of fiberglass, steel or aluminum, the whole block consists of four straight edges, four concave portions and two semicircular forms. The portions are assembled as a jigsaw puzzle to form an ornamental design. Surface design can be varied as well as thickness. Literature available. **Item 2503**

Piston stopcocks

Belgian inventor is seeking a licensing arrangement with a Canadian firm to manufacture and market his piston stopcocks. These stopcocks consists of a Pyrex glass body and a piston which has a pure and flexible rubber core covered by a polytetrafluorethylene envelope. The stopcock bodies are of two types, one with limbs that are straight, the other with limbs at right angles. Two choices of piston are available, direct motion and microthread screw. All parts are interchangeable and no lubrication is required. Fields of application: laboratories, breweries, milk processing plants, chemical industries, etc. Literature available. **Item 2504**

Copy receiving tray

Canadian inventor seeks Canadian licensee to manufacture and market his copy receiving tray which is detachable and adjustable. It is designed to automatically sort the originals and the copies in such a manner that they fall into the tray in the same rather than reverse order. The tray is claimed to be economical to manufacture, simple and dependable, and strongly constructed. Literature available. **Item 2505**

Automatic fish-feeding device

Canadian inventor is offering under licence the Canadian manufacturing and marketing rights to his automatic fish-feeding device for use with aquariums. It consists of a timing device connected to a food measuring and dispensing unit, and provides automatic feeding of a predetermined amount at a preselected interval of time. The unit is enclosed within a removable box-like cover which is mounted with an attractive ornament. Depending on the number of fish being fed, the hopper holds one- to three-months' supply of food. Literature available. **Item 2506**

Combination handle-pouring spout

American inventor offers under licence the Canadian production rights and the North American marketing rights to his range of detachable combination handles and pouring spouts made of plastic. These devices are designed for use with milk cartons, jugs and glass bottles. Literature available. **Item 2507**

Fold-away wall tablet

Canadian inventor is offering under licence the Canadian and American manufacturing and marketing rights to his fold-away wall tablet which can be opened or closed with finger-tip control. Equipped with a bracket and slide, it can be installed near a telephone and can also be provided with a notebook, a pencil and a stand on which to rest the telephone receiver. Space is provided in the top to hold a telephone index. The tablet, which takes up very little room when closed, can be made of steel or plastic. Literature available. **Item 2508**

Buckle for wrist watch

Canadian inventor offers under licence the Canadian manufacturing and marketing rights to his unique buckle to be used with a two-piece wrist watch band. The buckle incorporates a compass or a pill box. A second design without a buckling device is being developed for use with expansion bracelets. Literature available. **Item 2509**

Aid for Indian irrigation

The International Development Association (IDA) is providing $39 million to finance part of the cost of completing the first phase of the Pochampad irrigation scheme at the Godavari to irrigate initially about 250,000 acres in the State of Andhra Pradesh in southern India. Subsequent phases will ultimately enable 988,000 acres to be irrigated.

The Pochampad scheme was started in 1964. Progress, however, has been slow, partly because of the scarcity of funds. Works now to be carried out under the first phase include completion of construction of a nine-mile dam on the Godavari river to create a storage reservoir; a main canal and a distributary system to serve 247,000 acres along the right bank of the river; improvement of the drainage system; land levelling; and construction of 285 miles of new village and farm-to-market roads. The credit needs of farmers in the project area will be met by the Land Mortgage Bank of Andhra Pradesh, to which IDA granted a credit of $24.4 million in January 1971.

The IDA credit will be extended to the Government of India which will make the funds available to the Government of the State of Andhra Pradesh. The credit will be for a term of 50 years, including a 10-year grace period, and is interest free.

The first phase of the scheme is being carried out by the Public Works and Agriculture Departments of the Andhra Pradesh State (Hyderabad, India) and is scheduled for completion by June 1976 at a total estimated cost equivalent to $127 million.

Export Opportunities

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

Automotive parts, soft drinks, meat

BAHAMAS—Trans Bahamian Associates Ltd. P.O. Box 4837, Nassau (attention Mr. M. B. Yamanis) would like to hear from Canadian suppliers of automotive parts, automobile tires, tire casings for recapping purposes, batteries, and supplies used in radiator recoring operations. The company is also interested in canned soft drinks (preferably 12 oz. cans), hamburger meat, chicken parts (prebreaded and precooked), portion-controlled meats and other food products for hotels.

Capacitors, switches, etc.

SWITZERLAND—Sibalco, Siegrist and Co., Postfach, 4000 Basel, wishes to contact Canadian suppliers of capacitors, resistors and switches.

Confectionery, chocolate, canned goods

HONG KONG—Sun Wing Lee Hing Chan Store, 247-249 Lockhart Road, G/F, Hong Kong, wants to contact manufacturers of confectionery, chocolates and canned goods. Contact: Tang Yee Yeung, managing partner, at above address.

Design, construction, engineering for palm oil mill

MALAYSIA—The Federal Land Development Authority is inviting tenders, closing date January 10, 1972, for the first stage of a palm oil mill to be built in Johore. The work required includes design, supply, construction, erection, installation, completion, testing, maintenance and guarantee of civil engineering of buildings, and electrical and mechanical engineering. Copies of tender documents and drawings can be obtained for M$1,000 ($500 refundable) from the Director General, Federal Land Development Authority, Janan Maktab, Kuala Lumpur. Quote tender notice number BK 110/71.

Electrical appliances and hardware

GHANA—Accra firm wants to contact Canadian suppliers of electrical appliances, electrical hardware and light fixtures. The firm is also interested in three-phase motors and associated switchgear. Ghana operates on 220 volts 50 cycles and has recently placed domestic lighting supplies on open general licence subject to 5 per cent surcharge. Contact: Mohamed Captan Ltd., Opera Building, P.O. Box 674, Accra.

Ferro-alloys, metal powders, refractory materials

SWITZERLAND—Hans Kohler AG, Claridenstrasse E 20, 8000 Zuerich, would like to contact suppliers of ferro-alloys, metal powders and refractory materials.

Food, candy, tobacco

SWITZERLAND—The following firms are looking for Canadian suppliers: (1) Victor Hauert, Binzmuehlestrasse 383, 8056 Zurich—candy, children's articles, chewing gum, chocolate specialties; (2) Weber and Co. AG, Foerrlibuckstrasse 220, 8037 Zurich—catering equipment, tobacco products and requisites, confectionery, salted nuts and pretzels for distribution to caterers.

Frozen meats, poultry, offals

HONG KONG—Cheong Hing Company, Room 1101, Canton House, 54-56 Queen's Road C., Hong Kong, wants Canadian supplies of frozen meats, poultry and offals, and frozen vegetables.

Light metal and plastic products

AUSTRALIA—Biro, Bic & Gollen Pty. Ltd., P.O. Box No. 248 Noble Park, Victoria, 3174, is interested in manufacturing under licence consumer goods in the office supply, hardware, gift and novelty fields, especially those that would be an innovation in Australia. The company's plant includes a light engineering metal working shop and plastic moulding facilities.

Machinery, equipment, tools

SWITZERLAND—The following firms would like to contact Canadian suppliers:

Protechnik AG, Alfred Escherstrasse 23, 8027 Zurich-Enge—air compressors, airspray equipment, pneumatic nailing guns for nails up to 3½ inches, small pneumatic portable nailing machines for nails up to 3½ inches approximately.

Dumaco AG, Elfenaustrasse 3, 2500 Bienne—precision stepping motors, machine tool controls, electrical and electronic control measuring instruments.

Conmat AG, Seestrasse 234, 8810 Horgen—special implements and machinery for construction and maintenance of railways and undergrounds, maintenance and cleaning of roads, airports and public parks (summer and winter).

B. Michelberger, Zimmerbergstrasse 7, 8803 Rueschlikon—crane accessories, machinery and tools for building industry, building machines, electrical cables and accessories, snowmobiles.

Magnesium carbonate

BRAZIL—Jacques Paul Popineau, Companhia Electroquimica Paulista, Caixa Postal 3827, Sao Paulo, S.P., wants to contact Canadian suppliers of extra light magnesium carbonate.

Material handling equipment

BRAZIL—Sociedade Brasileira de Equipamentos Ltda., Rua Miguel Stefano, 707, Sao Paulo, SP-Brazil is interested in import (and eventually in licensing agreements) of material handling equipment for civil engineering projects.

Mineral equipment

BRAZIL—A Brazilian company is interested in importing (and in licensing agreements for) reclaimers, apron feeders and palletizing machines. Contact Jorge Oliviera Paiva Filho, Departamento de Equipamentos Industriais, Mecanica Pesada S.S., Rua General Jardim, 699, Sao Paulo, SP-Brazil.

Paper, plastic materials

SWITZERLAND—Coplax AG, Kreuzstrasse 72, 8008 Zurich, would like to hear from Canadian manufacturers of paper and of plastic packing materials for pharmaceuticals.

Indrohag AG, Claridenstrasse 20, 8000 Zurich, is seeking suppliers of plastic raw materials.

Pharmaceutical products

HONG KONG—On Hong Ning Drug Company wants to contact Canadian producers of pharmaceuticals. Address correspondence to the attention of Lo Hing-Wo, Import Department, 792 Nathan Road, G/Floor, Kowloon, Hong Kong.

Polypropylene bags

JAMAICA—B. H. Yap, plant manager, Antilles Chemical Co., P.O. Box 98, Kingston 15, wants quotation c.i.f. Kingston and delivery date on 500,000 bags at 100,000 a month. He requires woven polypropylene bags with a 2½ mil polyethylene liner strip laminated, and with 6-inch wide laminated area at the top. Sizes are 36 x 48 inches cut and approximately 23 x 35 inches made up.

Soft drink dispensers

BRAZIL—Antonio Biganzolli, President, Industria e Comercio Sire Ltda., Caixa Postal 20750, Sao Paulo, S.P., wants to contact Canadian suppliers of soft drink dispensers for distribution to bars, luncheonettes, restaurants, etc. He is also interested in local manufacture under a licensing agreement.

Sports goods

CYPRUS—Olympic Sports, 6A Gregoriou Afxentiou Street, Nicosia (attention Mr. Themistocleou, Managing Director) is seeking Canadian suppliers of general athletic goods, equipment for basketball, pingpong, tennis, fishing, and all related products, including shoes.

Agencies Wanted

Additives for fuel and lubricants

BRAZIL—Cia Industrial e Agricola Comercio de Importacao CIACA, Rua da Consolacao 222, 10th floor, Sao Paulo, SP-Brazil is interested in representation and indirect import of soluble additives for automotive and jet fuel and lubricants.

Air pollution equipment

BRAZIL—Andre Somlo, J. Low-Beer S/A, Rua 13 de Maio 95, conj. 61, Sao Paulo 3, S.P., seeks agency and distributorship for air pollution measuring and control instruments, especially those related to pollution from automotive fumes.

Clothing, textiles

HONG KONG—Davie, Boag (Traders) Ltd., Watson's Estate "C", 8th Floor, Watson Road, N.P., is interested in representing Canadian manufacturers of high fashion women's and men's wearing apparel and textile fabrics. Contact: Jack C. F. Lau, director.

HONG KONG—Reliance Trading Co. Ltd., 833-5 Man Yee Building, P.O. Box 518, would like to represent Canadian suppliers of men's shirts and sportswear. Contact: B. Fattedad, manager.

Construction, maintenance, sanitation equipment

UNITED STATES—A New York firm with associated company in Switzerland is interested in representing overseas Canadian manufacturers of construction, airport maintenance and public sanitation equipment. Contact H. R. Jahn, Henry R. Jahn and Son Inc., 140 Cedar Street, New York, N.Y. 10006; telephone, (212) 349-8040.

Consumer goods

UNITED STATES—Transmarine Mercantile Corp., 1261 Broadway, New York, N.Y. 10001, is interested in representing, in the Caribbean and Central America, Canadian manufacturers of plastic dinnerware, aluminum kitchenware, barbecue grills, automobile and bicycle accessories, clothing, electrical appliances, dinette sets, and cooking ranges. Contact: Peter S. Barno, at above address.

Fiberglass

BRAZIL—Two Sao Paulo companies are interested in fiberglass products:

Representation and indirect import of specialized fiberglass products for molten metal and acid filtration—Cia Industrial e Agricola Comercio de Importacao CIACA, Rua da Consolacao 222, 10th floor, Sao Paulo, SP-Brazil.

Representation and direct import of know-how and related equipment for the manufacturing of fiberglass products—Sociedade Brasileira de Equipamentos Ltda., Rua Miguel Stefano, 707, Sao Paulo, SP-Brazil.

Geodesy, topography

BRAZIL—A Brazilian company is interested in import and distribution on an exclusive basis in Brazil of instruments and equipment used in geodesy and topography, for example, theodolites, levels, tapes and compasses. Contact Antonio Guzman, Director, Instrumental de Engenharia Guzman Ltda., Avenida Ipiranga 1100—sobreloja/sala 1, Sao Paulo 2, SP-Brazil.

Hardware, tools

HONG KONG—Wo Sang Hong, 208 Stag Building, 148-150 Queen's Road C., would like to represent Canadian suppliers of furniture and cabinet hardware and builders' hardware and tools. Contact: P. N. Yeh, manager.

Industrial materials, furniture, glass

UNITED STATES—Louis Arabit, President, Universal Industrial Corporation, 41 East 42nd Street, New York, N.Y. 10017, wishes to represent Canadian manufacturers in the Caribbean and Central America. He is interested in the following: paper products, hardboard, refractories, glass drawn or blown, glass sheet and mirrors, glass containers, scooter and motorcycle products, valves and fittings, builders' hardware, clothing fasteners, furniture, bottle caps, crown cork, pumps and compressors, industrial belts, gaskets, ferro-alloys, chains, steel products (wire rods, bars, bloom-billet slab rails, concrete reinforcing bars, angles, shapes, sections, wire products, pipes and tubes), stainless steel sheet plate, cast iron pipe, grinding balls, barbed wire, screws, bolts, nuts, tools (land), aluminum products, non-ferrous bolts, nuts and welding rods.

Lumber

SPAIN—Pedro Carrasco Segundo, Av. Nicolas de las Penas 4, Murcia, wishes to represent Canadian exporters of all types of lumber.

Mechanical equipment

NIGERIA—Large transport organization is considering import and distribution of general purpose light industrial machinery, forestry, construction and agricultural equipment, and special vehicles. Contact: M. Halawi, Managing Director, Khalil & Dibbo Transport Ltd., 4 Queen Barracks Road, Apapa, Nigeria.

CIDA Loan to India

A $10,000,000 Canadian development loan signed in New Delhi will enable India to purchase machinery, equipment and services from Canada. The loan, being provided through the Canadian International Development Agency, will be used to establish a line of credit for the purchase of goods by Indian end users in both the public and private sector. It is expected that part of the funds will be used to support India's airport expansion program.

Three development loans have now been arranged by Canada and India during the current year. The other two, announced in April, will make $40,000,000 available in 1971-72 to finance the purchase of industrial commodities and fertilizers and $15,000,000 over a five-year period to provide a line of credit so that Canadian supplies and services can be used by India in the exploration and development of its own oil and natural gas resources.

The Ocean Freight Market

Industrial Traffic Services Division

At the outset of the third quarter of 1971, the decline in rates (which began in late 1970) was still evident but during the latter part of July the market showed an undertone of stability. Notwithstanding the normal easing of demand for ships during the summer months and an increasing number of laid-up vessels (at the beginning of September 245 dry cargo ships of 1,528,589 GRT, the highest since October 1963[1]), there were a limited number of charters fixed at modest rate increases. These slightly higher rates for the most part were reported in the transatlantic and the U.S. Gulf to Japan grain trades.

Charter market business was generally regarded as light. While the possibility of a general port strike on the U.S. Atlantic and Gulf probably brought forward some shipments, the international monetary situation and uncertainties regarding the value of certain currencies had a dampening effect on the market. In certain cases it is probable that rates rose to provide some measure of safeguard against changes in currency values, but towards the end of September they dropped again.

The market fluctuations can best be illustrated by examining particular rates in the heavy grain trades from the Great Lakes to Belgium, Holland and Germany. The second quarter ended with a rate of U.S.$5.87, which dropped to $5.25 early in the third quarter and at the end of July rose to $6.50. The monetary crisis and the threat of a port strike each contributed to the rate increase to a high peak of $8.50. Other significant factors, particularly surplus tonnage relative to the level of demand, depressed rates again. The rate at the end of the third quarter was $6.00—little changed from the rate at the close of the second quarter.

Generally rate averages for the third quarter in trades from Canada to overseas markets were lower than in the second quarter. For example, heavy grains from the Great Lakes to Britain dropped to Cdn.$8.07 from $9.66, and in the case of Italy to $7.19 from $8.18. Iron ore from St. Lawrence docks to the U.S. Atlantic declined to 82¢ from $1.11 per ton. On the West Coast, the average rate on heavy grains to the People's Republic of China decreased to $6.11 from $6.81 and to the Philippines to $6.82 from $8.71 Coal rates to Japan fell off to $1.89 from $3.33.

The situation in the tanker market paralleled that for dry cargo fixtures. While rate levels fluctuated, on average they were lower than in the second quarter. Oil from Venezuela to Canada's east coast was transported at an average rate of $1.50 per ton for the third quarter compared with an average rate of $2.13 in the preceding quarter.

CHARTER RATES—THIRD QUARTER 1971

The rates shown in column A are in sterling or U.S. dollars with Canadian dollar equivalent in column B calculated at £=$2.483 and U.S.$=$1.021. For comparison the rates for the previous quarter are shown in column C with the Canadian dollar equivalent in column D calculated at £=$2.437 and U.S.$=$1.007. The rate schedule does not necessarily represent all charter movements to or from Canadian ports since details of certain fixtures are not published.

	Third Quarter 1971		Second Quarter 1971	
	A	B	C	D
	£ or U.S.$	Cdn.$	£ or U.S.$	Cdn.$
TIME CHARTERS—The classes of motor ships indicated have been selected as representative for the purposes of illustrating time charter rates. Average rates per deadweight ton per month for the third quarter of the year were as follows:				
General Trading (approximately 4 to 12 months)				
11,000-15,000 dwt. 13-16 knots	3.52	3.59	3.99	4.02
15,000-20,000 dwt. 13-16 knots	3.56	3.63	4.21	4.24
20,000-30,000 dwt. 13-16 knots	2.13	2.17	—	—
30,000-40,000 dwt. 13-16 knots	1.48	1.51	1.68	1.69
VOYAGE CHARTERS—Average rates for the third quarter of the year were as follows:				
Heavy Grain (per long ton)				
St. Lawrence to Britain	£1.91	4.74	£2.09	5.09
St. Lawrence to Belgium/Holland/Germany	2.74	2.79	3.33	3.36
St. Lawrence to Italy	4.11	4.19	—	—
St. Lawrence to Morocco	3.95	4.03	—	—
St. Lawrence to Persian Gulf	9.75	9.95	12.08	12.17
St. Lawrence to Spain (Mediterranean)	3.25*	3.32	—	—
St. Lawrence to Syria	4.83*	4.93	—	—
St. Lawrence to Republic of South Africa	8.75*	8.93	—	—
St. Lawrence to Algeria	6.30	6.43	7.97	8.03
St. Lawrence to Pakistan	16.75	17.09	—	—
Churchill to Britain	5.75	5.87	—	—
Churchill to Belgium/Holland/Germany	3.89	3.97	—	—

[1] *Daily Freight Register*, September 20, 1971. *One fixture only reported.

	Third Quarter 1971 A £ or U.S.$	B Cdn.$	Second Quarter 1971 C £ or U.S.$	D Cdn.$
Churchill to Norway	3.45*	3.52	—	—
Churchill to India	£4.69	11.65	—	—
Churchill to Italy	6.00*	6.12	—	—
Great Lakes to Britain	£3.25	8.07	£3.97	9.66
Completing St. Lawrence	£2.02	5.02	£2.05	4.99
Great Lakes to Belgium/Holland/Germany	6.42	6.55	7.06	7.11
Completing St. Lawrence	2.53	2.58	2.72	2.74
Great Lakes to Norway	7.75*	7.91	7.80*	7.86
Great Lakes to Japan	9.85	10.05	9.00	9.07
Completing St. Lawrence	4.92	5.02	5.00*	5.04
Great Lakes to France (Atlantic)	6.75	6.89	7.00	7.05
Completing St. Lawrence	2.75	2.81	3.50	3.53
Great Lakes to France (Mediterranean)	8.63	8.80	—	—
Completing St. Lawrence	2.75*	2.81	—	—
Great Lakes to Portugal and Spain (Atlantic)	7.27	7.42	6.75*	6.80
Completing St. Lawrence	3.56	3.63	—	—
Great Lakes to Spain (Mediterranean)	6.25	6.38	6.67	6.72
Completing St. Lawrence	2.25	2.30	2.75	2.77
Great Lakes to Italy	7.05	7.19	8.12	8.18
Completing St. Lawrence	3.25	3.32	4.00	4.03
Great Lakes to Venezuela	8.38	8.55	8.67	8.74
British Columbia/North Pacific to Japan	7.42	7.57	7.30	7.36
British Columbia/North Pacific to Philippines	6.69	6.82	8.64	8.71
British Columbia/North Pacific to People's Republic of China (northern ports)	£2.46	6.11	£2.80	6.81
British Columbia/North Pacific to Peru	8.63	8.80	9.05	9.12
Coal (per long ton)				
Hampton Roads to Japan	3.87	3.95	5.16	5.20
British Columbia to Japan	1.85*	1.89	3.30*	3.33
Oilseeds (per long ton)				
British Columbia to Japan	5.15	5.25	7.15	7.21
Great Lakes to France (Atlantic)	7.75	7.91	7.50	7.56
Great Lakes to Japan	8.50*	8.67	—	—
Completing St. Lawrence	4.50*	4.59	—	—
Great Lakes to Belgium/Holland/Germany	7.25*	7.40	—	—
Scrap Iron and Steel (per long ton)				
U.S. North Atlantic to Italy	3.41	3.48	4.68	4.72
St. Lawrence to People's Republic of China	£4.75	11.79	£6.37	15.50
Sulphur (per long ton)				
British Columbia to Australia	8.05	8.21	—	—
British Columbia to Belgium/Holland/Germany	3.30	3.37	5.10*	5.14*
British Columbia to New Zealand	£3.05*	7.57	£3.50	8.52
British Columbia to India	8.83	9.01	11.25	11.34
Potash (per long ton)				
British Columbia/North Pacific to India	10.13	10.33	11.33	11.42
British Columbia/North Pacific to Brazil	8.85*	9.03	—	—
British Columbia/North Pacific to Taiwan	7.50*	7.65	—	—
Iron Ore (per long ton)				
St. Lawrence to U.S. Atlantic	.80	.82	1.10	1.11
St. Lawrence to Britain	1.28*	1.31	—	—
St. Lawrence to Japan	3.75	3.83	6.40*	6.45
Petroleum Coke (per long ton)				
California to Belgium/Holland/Germany	6.60*	6.73	7.98	8.04
California to Japan	4.20*	4.28	3.10*	3.12
Oil Black (per long ton)				
Venezuela to Portland, Maine	1.62	1.65	1.99	2.01
Persian Gulf to Portland, Maine	5.28	5.39	8.90	8.97
Mediterranean to Portland, Maine	2.56	2.61	3.57	3.60
Venezuela to east coast of Canada	1.47*	1.50	2.11	2.13

*One fixture only reported.

Foreign Exchange Rates

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

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

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

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

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

Country and Currency	Value of foreign currency unit in Canadian dollars at November 5	Value of Canadian dollar in foreign currency units
Algeria Dinar	.2093	4.78
Arab Republic of Egypt Pound (official)	2.3108	.43
Argentina Peso (free)	.2011	4.97
Australia Dollar	1.1693	.86
Austria Schilling	.0415	24.10
Bahamas Dollar	1.0047	.99
Belgium and Luxembourg Franc	.0217	46.08
Bermuda Dollar	1.0397	.96
Bolivia Peso	.0402	24.88
Brazil Cruzeiro (official free)	.1831	5.46
Britain Pound	2.5056	.40
British Honduras Dollar	.6078	1.64
Burma Kyat	.2110	4.74
Ceylon Rupee	.1688	5.92
Chile Escudo (bank rate)	.0822	12.17
(free)	.0358	27.93
China, People's Republic of Renminbi	.4188	2.39
Colombia Peso (fixed)	.0488	20.49
Costa Rica Colon	.1222	8.18
Czechoslovakia Koruna	.1395	7.17
Denmark Krone	.1380	7.25
Dominican Republic Peso	1.0047	.99
Ecuador Sucre (official)	.0402	24.88
El Salvador Colon	.4019	2.48
Fiji Dollar	1.1598	.86
Finland Markka	.2392	4.18
France, Monaco, etc.[1] Franc	.1817	5.50
French Pacific[2] Franc	.0099	101.01
Franco-African Republics[3] Franc	.0036	277.77
Germany D Mark	.3010	3.32
Ghana New Cedi	.9846	1.02
Greece Drachma	.0335	29.85
Guatemala Quetzal	1.0047	.99
Guyana Dollar	.5136	1.95
Haiti Gourde	.2009	4.98
Honduras Lempira	.5023	1.99
Hong Kong Dollar	.1658	6.03
Hungary Forint (official)	.0921	10.85
Iceland Krona (official)	.0114	87.72
India Rupee	.1346	7.43
Indonesia[4] Rupiah	.0024	410.00
Iran Rial	.0134	74.63
Iraq Dinar	2.8131	.36

Country and Currency	Value of foreign currency unit in Canadian dollars at November 5	Value of Canadian dollar in foreign currency units	Country and Currency	Value of foreign currency unit in Canadian dollars at November 5	Value of Canadian dollar in foreign currency units
Ireland Pound	2.5056	.40	**Peru** Sol (free)	.0231	43.29
Israel Pound	.2392	4.18	**Philippines**[6] Peso (free)	.1565	6.39
Italy Lira	.0016	625.05	**Poland** Zloty (fixed basic rate)	.2577	3.88
Jamaica Dollar	1.2528	.80	**Portugal & Colonies**[7] Escudo	.0349	28.65
Japan Yen	.0030	333.33	**Saudi Arabia** Riyal	.2273	4.40
Kenya[5] Shilling	.1441	6.94	**Sierra Leone** Leone	1.2371	.81
Korea, Republic of Won	.0027	370.37	**Singapore** Dollar	.3358	2.98
Lebanon Pound (free)	.3185	3.14	**South Africa** Rand	1.4635	.68
Libya Dinar	2.9467	.34	**Spain & Dependencies** Peseta	.0146	68.49
Malawi Kwatcha	1.2494	.80	**Sweden** Krona	.2002	5.00
Malaysia Dollar	.3282	3.05	**Switzerland** Franc	.2518	3.97
Mexico Peso	.0804	12.44	**Syria** Pound (free)	.2711	3.69
Morocco Dirham	.2018	4.96	**Thailand** Baht (free)	.0483	20.70
Netherlands Florin	.3005	3.33	**Trinidad & Tobago**[8] Dollar	.5023	1.99
Netherlands Antilles Florin	.5327	1.88	**Tunisia** Dinar	1.9137	.52
New Zealand Dollar	1.1726	.85	**Turkey** Lira	.0670	14.93
Nicaragua Cordoba	.1435	6.97	**United States** Dollar	1.0047	.99
Nigeria Pound	2.8835	.35	**Uruguay** Peso (free)	.0027	370.37
Norway Krone	.1464	6.83	**Venezuela** Bolivar (official free)	.2236	4.47
Pakistan Rupee	.2110	4.74	**Yugoslavia** Dinar (official)	.0670	14.93
Panama Balboa	1.0047	.99	**Zaire, Republic of**[9] Zaire	2.054	.49
Paraguay Guarani (free)	.0080	125.00	**Zambia** Kwacha	1.4576	.69

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

2. New Caledonia, New Hebrides, French Polynesia.

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

4. Exchange rate at August 1971.

5. Rate also applies to Tanzania and Uganda.

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

7. Approximately same for Portuguese territories in Africa.

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

9. Formerly Congo (Kinshasa).

Canadian-Built Homes...

Parc des Érables
5 Allée de Montréal
Igny, France
October 8, 1971

Minister-Counsellor (Commercial)
Canadian Embassy
35 Avenue Montaigne
Paris 8e, France.

Dear Sir:

You have given us the great honor of inviting us to the inaugural ceremony of Parc des Érables. We were greatly moved and pleased to see to what extent the fraternal and friendly relations linking our two countries have remained firmly rooted in everyone's heart, Canadians and Frenchmen.

During this occasion we had cordial conversations with the friendly members of your delegation. You may rest assured that we have learned a lot of things, and we hope that this was mutual.

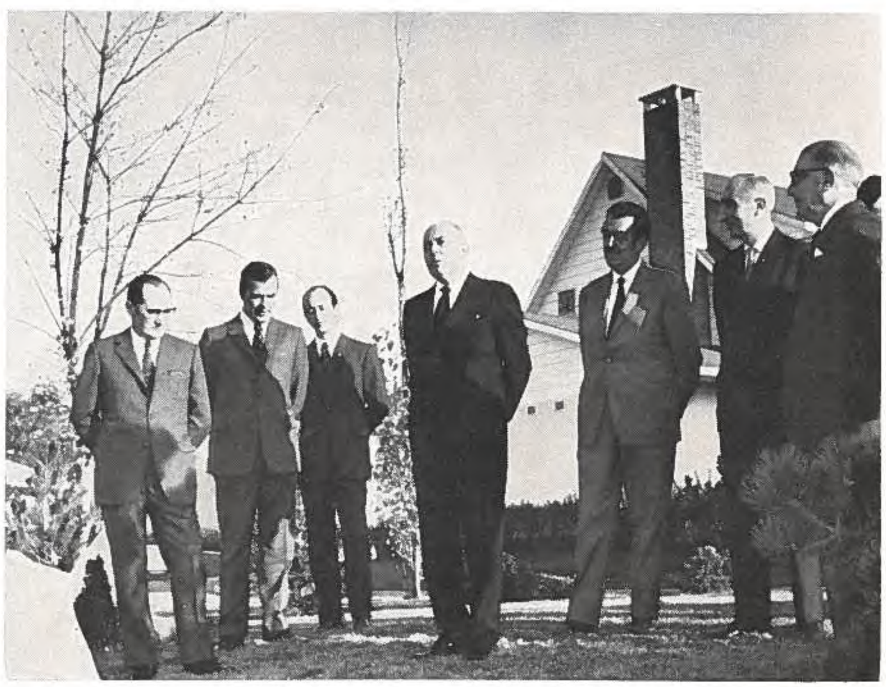
We would be highly honored if more frequent contacts could be established. In this respect, we hope that the wish expressed by the Mayor of Igny to have an exchange between a Canadian community and one of ours can become a reality. We also hope that the Parc des Érables will not be the only French village of Canadian style, so that many others of our compatriots may enjoy the charm and comfort of these homes.

We have had the privilege and happy surprise to receive a magnificient work of art [Eskimo sculpture] originated in your country. We have placed it in a vantage point in our home and we will not fail, as we have already done ourselves, to have it admired by our guests.

For all these reasons, we wish to express our profound gratitude to Your Excellency, and please accept the expression of our most respectful sentiments.

(Signed) Mr. and Mrs. R. Tissier

One of the first owners of a home in Parc des Érables happily mows the lawn in front of his house, a Champlain model. This 114-home development outside Paris was sponsored by the Canadian Government and built by a joint Canadian-French company at the rate of 12 houses a month, a record for home-building in France.



The Honourable Léo Cadieux, Canadian Ambassador to France, welcomes the new owners to Parc des Érables. Shown in this photograph are, left to right, M. Lieutaud, Chief Secretary, Prefecture of Essonne; C. T. Charland, Minister Counsellor (Commercial), Canadian Embassy, Paris; D. E. F. Taylor, Commercial Counsellor (Timber); Mr. Cadieux; M. Fradeau, Deputy for the Department of Essone; M. Korchia, Mayor of Igny; and M. Belleval, of the Société Gepro.

...Make French Families Happy

On October 6, 90 French families were officially welcomed to their new Canadian-style homes in Parc des Érables, Igny, near Paris, by the Honourable Léo Cadieux, Canadian Ambassador to France. This 114-home demonstration project, sponsored by the Canadian Government and built by the joint Canadian-French company, Société Dumez-Campeau, was built at the rate of about 12 homes per month—a record in France—and is now entirely completed.

Since Parc des Érables was inaugurated in June 1970 by the Honourable Jean-Luc Pepin, Minister of Industry, Trade and Commerce, and Monsieur Robert Vivien, French Secretary of State for Housing, an estimated 15,000 French people, plus 1,600 housing industry professionals from many European countries, have toured the project on the invitation of the Canadian Government and the Société Dumez-Campeau. It has even attracted a visit from a builder from Canberra, Australia.

The French have welcomed the idea of the Canadian type of house—of the private yard and garden, the basement recreation room, the family room and the large kitchen. A recent study conducted among the home owners at Parc des Érables by the Canadian Embassy in Paris showed a high regard for all Canadian materials and design ideas used there. It also showed that the traditional European preference for "heavy" construction was easily overcome by the comfort and space offered by the Canadian method.

In assessing their new homes, 72 per cent of the buyers found them more comfortable than traditional houses (none found them less comfortable); 62 per cent found their homes better insulated and 82 per cent were impressed by the extra cupboard space and other conveniences of a timber frame house.

The interest in the Canadian home-building technique has spread to other West European countries. Of the 1,600 professionals who were given technical tours of the Igny project, 400 were from seven other European countries. These professionals, encouraged by the representatives of the Canadian Government and the wood products industry in their countries, have recently announced the start of construction or have begun studies on private timber-frame projects in Holland, Belgium, Germany and Spain.

These companies will be using Canadian materials and most of them are interested in either technical or financial participation by a Canadian home-builder. Canadian companies wishing to profit from this interest and the experience gained at Parc des Érables should contact the Wood Products Branch, Department of Industry, Trade and Commerce, Ottawa, or the deparmental office in their region.

After the reception, government and industry officials accompanied the Canadian Ambassador on a tour of the project. The French families now living there are delighted with their Canadian-style homes, a style in marked contrast to the traditional European construction. The project has generated a lot of interest also among professional builders in other Western European countries and several have already started construction on similar timber-frame developments.

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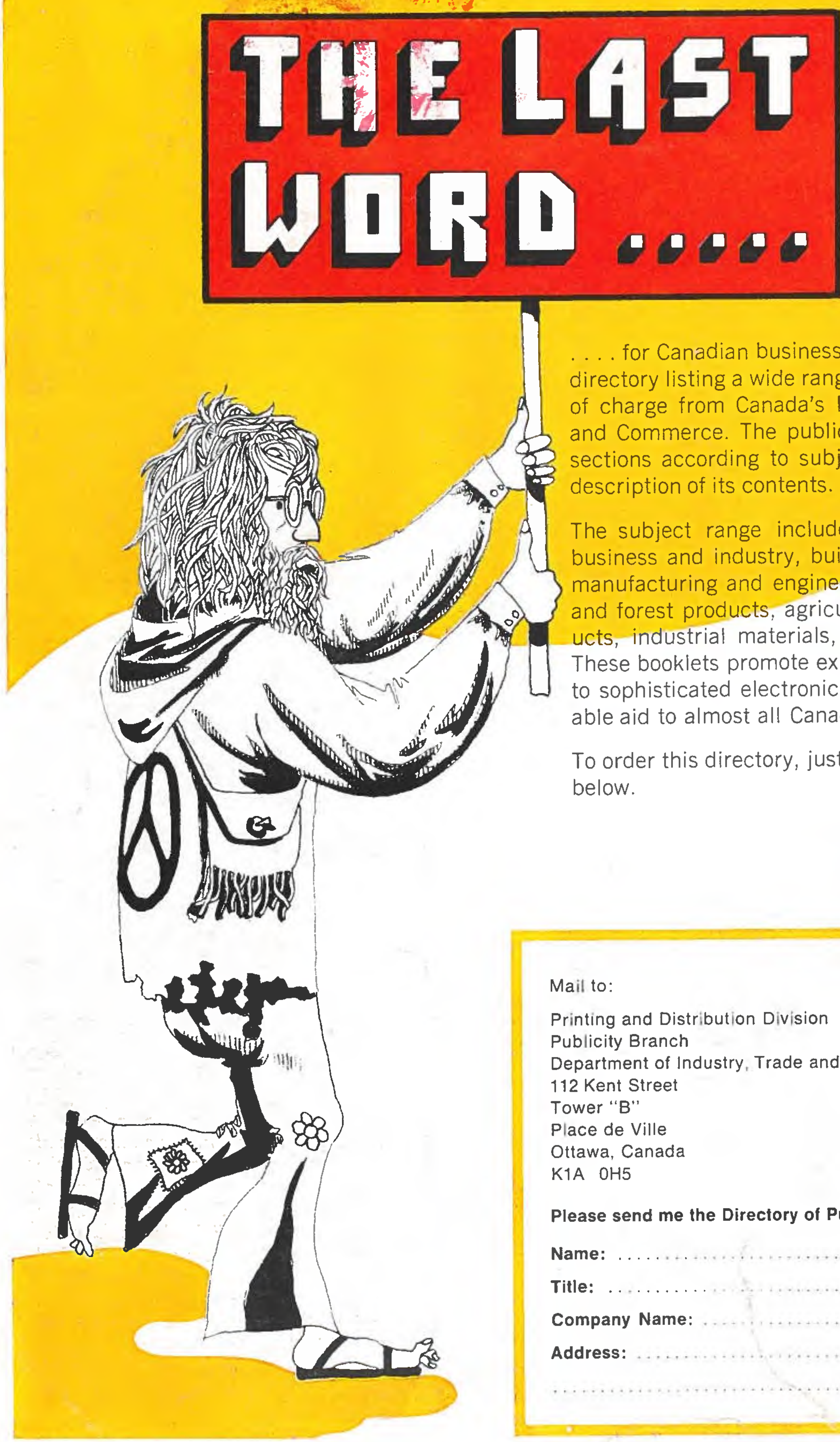

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