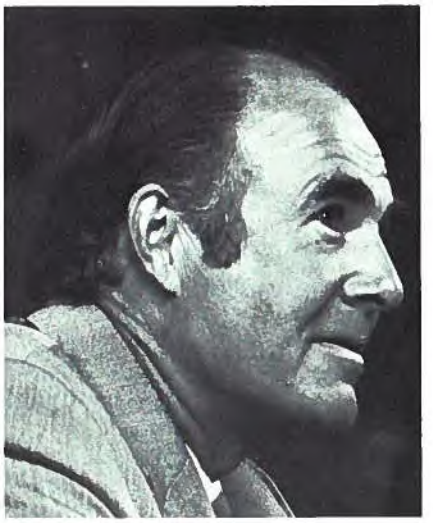
ecember

# Canada Commerce

1972

## Eastern Europe



The Hon.
Alastair Gillespie

Prime Minister Trudeau on November 27 announced the appointment of the Hon. Alastair Gillespie, M.P., Etobicoke, to the position of Minister in the Department of Industry, Trade and Commerce.

Mr. Gillespie, a Westerner, attended U.B.C., but left to join the Navy as a pilot in the Fleet Air Arm.

Following the War he attended McGill, obtained his M.A. at Oxford as a Rhodes Scholar and his M. Com. at the School of Business, University of Toronto, where he later became a special lecturer.

When elected an M.P. in 1968, he was president of Welmet Industries Limited, Welland, and of Canadian Chromalox Company, Rexdale, and vice-president and director of Canadian Corporate Management Co. Ltd., Toronto. He was as well a director of several other manufacturing companies, including Richardson, Bond & Wright Ltd., Owen Sound; International Equipment Co. Ltd., Montreal; Cashway Lumber Company Ltd., Malton; and Mechanics for Electronics Ltd., Cambridge, Mass. He resigned from these companies when elected. Two years later he also resigned from W.J. Gage Ltd. in protest over the sale of the publishing division to foreign interests.

Mr. Gillespie served as chairman of the executive committee of the Canadian Institute on Public Affairs. As vice-chairman of the Commons Finance, Trade and Economic Affairs Committee from 1968 to 1970 he played a key role in the tax reform process. He was appointed Parliamentary Secretary to the President of the Treasury Board in October, 1970, and Minister of State for Science and Technology in August, 1971.

Mr. Gillespie is married and has a son and a married daughter, both at university.

Canada Commerce

Vol. 136 No. 12 December 1972

## In This Issue

When Team Canada went to the Soviet Union last September, it went, according to most press reports, on the supposition that it was easy victory ahead. Certainly it appeared that the first game was played with that idea in mind. But no businessman should approach the East European market with the idea that he will find easy pickings there. It is a tough market, managed by tough bargainers, as the articles in this issue point out. But it is also a worthwhile market where $191.6 million worth of Canadian products were sold last year. It is also an expanding market, on the lookout for Western technology and expertise. If it is a difficult area of the world in which to sell, if it requires patience to win a contract, the results, as the following articles point out, are worth all the hurdles.

The Canadian-Soviet Technological Agreement is proving an effective tool to boost trade with the Soviet Union. The work of the Mixed Commission may not make startling headlines, but, as the article on page 8 emphasizes, the commission is continuing to uncover areas for co-operation and to contribute to a greater understanding of the problems on both sides. The working groups established under the commission are important sources of information for executives seeking markets in the Soviet Union and can give valuable help in approaching that market.

Another way to approach the East Europe Market is through participation in fairs. In fact a trade fair is a good way to introduce your goods into any market. The company described in the article on page 28 had its ups and downs, its disappointments, but is still convinced that trade fairs play a very important part in breaking into a foreign market.

This month also we follow the activities of an incoming buying mission from Latin America. The mission came to look at Canada's potato fields. Both sides got an idea of the problems involved and what could and couldn't be done and, as the article says, there was a happy ending.

### Articles



### Departments



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# Eastern Europe: the new look

Eastern Europe Division, Office of Area Relations

Eastern Europe, a $35 billion market with annual imports from Western industrialized countries of approximately $9 billion, is a promising market for Canadian exports of grain, industrial raw materials and high-technology machinery and equipment.

Total Canadian exports to Eastern Europe* in 1971 were valued at $191.6 million of which grain shipments accounted for $136 million. Other major exports last year included wood pulp, asbestos, aluminum pigs, shot and ingots, copper ore, oilseeds, hides and skins, copper bars and rods, nickel blanks, locomotives and power boilers.

Imports from Eastern Europe last year reached a new high of $88.1 million, up from $74.8 million in 1970. Main purchases from Eastern Europe in 1971 were fabrics, footwear, bicycles, steel, fuel oil, specialized machinery, gloves and mittens, tablewear, foodstuffs and wines.

For the first seven months of 1972, Canadian exports to Eastern Europe rose by 234 per cent to $157 million over the comparable 1971 period. Eighty per cent of Canadian exports in this period, however, was grain. Canadian imports from Eastern Europe during this period increased by 32 per cent to $65 million. Total trade between Canada and Eastern Europe countries is, therefore, on the upswing.

As the accompanying table indicates, large grain sales have provided Canada with the favorable trade balance with the Eastern European region as a whole. But, because of the high proportion of grain in our exports, our sales fluctuate widely from year to year: $400 million in 1966 and only $37 million in 1969. In addition to ensuring continuation of our exports of grains, the Department is developing new strategies and promotional programs to increase sales of manufactured goods to Eastern Europe.

The table on the next page summarizes our trading arrangements with the East European countries. Visits to Canada in the last year by Premier Kosygin of the U.S.S.R., President Tito of Yugoslavia, senior officials from the Soviet and Hungarian Ministries of Foreign Trade and visits to the U.S.S.R., Poland and Hungary by senior Canadian trade officials, have helped to create a better understanding on both sides of the opportunities for increasing two-way trade.

The following articles from Moscow, Prague, Vienna and Warsaw point out that the Eastern Europeans have earmarked most of their limited reserves of convertible currency for imports from the industrialized countries of machinery, equipment and other high-technology items. There is, therefore, a large untapped market in Eastern Europe for Canadian exports of these items, which accounted for only 12.9 per cent of Canadian exports to the area in 1971.

The articles on Romania and Hungary describe the new look of Eastern Europe — rapid industrialization, urbanization, decentralization of economic decision-making, and economies gearing to satisfy the rising expectations of consumers. The present Five Year Plans emphasize expansion in several sectors, including metallurgy, mining, forestry, food processing, measuring and control equipment, telecommunications equipment, refrigerating equipment, light industry for production of consumer goods, and specialized equipment for the chemical and steel industries — all areas in which Canadian companies are competitive. These ambitious plans can only be realized by importing advanced Western technology in the form of licensing arrangements, complete plants, machinery and equipment.

Our response to the new look in Eastern Europe has been reappraisal of our approach to this expanding market. At the government level, recent bilateral trade agreements with Hungary, Romania and the U.S.S.R. include provisions for regular trade consultations to identify specific Eastern European import requirements and to emphasize Canadian capabilities in the supply of high-technology products which appear to stand a good chance of finding acceptance in the East Europe market. Similar trade agreements are under negotiation with Bulgaria and Yugoslavia and informal consultative arrangements have been established with Poland.

In January 1971, the Honourable Jean-Luc Pepin signed the Canada-U.S.S.R. Agreement on Industrial Application of Science and Technology which provides for a Mixed Commission to meet annually and for eight industry working groups to identify fruitful areas for technological co-operation and, in the longer term, increased two-way trade. One of the articles in this issue describes our activities under this Agreement. Other programs supported by the Department of Industry, Trade and Commerce included official Canadian participation for the third year in the Budapest International Trade Fair in May 1972, and an agricultural equipment exhibition in Moscow in September. The Department has also started an export market development program which is designed to assist Canadian companies to identify foreign markets, to adjust to the special characteristics of such markets, to exhibit their goods at specialized trade fairs and to bring foreign buyers to Canada.

## Canada's Trade with Eastern Europe, 1971-72

| | Exports ($million) | | | Imports | | |
|---|---|---|---|---|---|---|
| | 1971 | Jan-Sept 1971 | Jan-Sept 1972 | 1971 | Jan-Sept 1971 | Jan-Sept 1972 |
| Albania | 4.0 | 2.5 | 3.0 | — | — | — |
| Bulgaria | 0.9 | 0.9 | .5 | 1.2 | .9 | 1.0 |
| Czechoslovakia | 6.1 | 5.2 | 2.9 | 30.7 | 23.4 | 26.2 |
| East Germany | 0.7 | 0.7 | 9.4 | 4.2 | 3.0 | 3.5 |
| Hungary | 4.6 | 3.3 | 4.0 | 7.2 | 5.1 | 8.3 |
| Poland | 18.0 | 12.2 | 21.5 | 15.3 | 10.9 | 16.6 |
| Romania | 10.6 | 5.0 | 12.5 | 8.9 | 6.6 | 9.2 |
| U.S.S.R. | 125.8 | 42.6 | 161.4 | 12.6 | 9.0 | 11.7 |
| Yugoslavia | 20.9 | 15.4 | 11.5 | 8.0 | 5.7 | 7.7 |
| **TOTAL** | **191.6** | **87.8** | **226.7** | **88.1** | **64.6** | **84.2** |
| of which grain | 136.0 | 46.4 | | | | |

Source: Statistics Canada

There are, of course, problems to be overcome in increasing Canadian exports to this area. Two thirds of the total Eastern European trade takes place within COMECON (see "The Other Common Market", page 10). West European suppliers in France, West Germany, Italy and Britain are more strategically located to service the Eastern European market and have been in the market longer. Shortages of convertible currency limit imports from the West and, increasingly, exporters are being asked to accept part payment in Eastern European products. Finally, negotiations are generally protracted and difficult with the numerous officials involved in a state trading system.

These obstacles, however, are not insurmountable. A number of Canadian companies have demonstrated that with ingenuity and determination important contracts can be successfully concluded for the sale of equipment and technology to Eastern Europe. Champlain Power Products recently sold to Romania an aerospace research wind tunnel designed by its affiliate Dilworth, Secord, Meagher and Associates. Balthes Farm Equipment Ltd. earlier this year sold tobacco planter-harvesting machines to Hungary. In the field of labor-intensive manufactured products, one can point to the success of MLW and GM of Canada Ltd. in selling a substantial number of locomotives to Yugoslavia and the sale of Foremost tracked vehicles to the U.S.S.R.

Enterprises in Eastern Europe are eager to develop trade with Canadian companies. The following articles present a brief outline of general areas which offer export opportunities for Canadian companies and make some practical suggestions on how to approach this sometimes difficult but potentially rewarding market. Both medium and long-term results could be extremely profitable for Canadian companies. Surely, the time is right for your company to take a new look at Eastern Europe.

*Albania, Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, Romania, U.S.S.R. and Yugoslavia.

### Canadian Trade Arrangements with Eastern Europe

**Albania** — No trade agreement; Canada and Albania do not exchange most-favoured-nation (MFN) treatment.

**Bulgaria** — terms of 1966 trade agreement still apply; exchange MFN treatment.

**Czechoslovakia** — MFN exchanged on basis of a bilateral agreement and GATT.

**Hungary** — five-year trade agreement effective January 1, 1972, provides exchange of MFN annual trade consultations.

**Poland** — MFN exchanged on basis of a bilateral trade agreement and the GATT.

**Romania** — GATT and a three-year trade agreement effective March 22, 1972, which provides exchange of MFN and regular consultations.

**U.S.S.R.** — four-year agreement effective April 18, 1972, provides for exchange of MFN and annual consultations. Agreement of co-operation of the Industrial Application of Science and Technology. Mixed Commission meets annually; eight working groups* are exchanging visits to identify areas for trade and co-operation.

**Yugoslavia** — MFN exchanged on basis of bilateral trade agreement and the GATT.

***Working Groups**

| | |
|---|---|
| Architecture | Forest Based Industry. |
| Electrical | Non-ferrous Metals |
| Gas | Agro Business |
| Oil | Transportation |

# The U.S.S.R.

## The rewards for patience are great

*Timber sorting at the Velskaya trans-shipping point in the Arkhangelsk region, which the forest-based working group visited in August.*

R. H. GAYNER,
Commercial Counsellor, Moscow

The general economic situation in the U.S.S.R. has not changed much over the past year and the same emphasis is being placed on automation, updating existing plant and on exploiting as yet undeveloped natural resources. This past year has been a difficult one for agriculture and some imports of lower priority industrial goods have had to be postponed because of heavy food imports. But the U.S.S.R., with its enormous land mass, a major part of which has weather conditions similar to those in Canada and with great untapped natural resources, offers a substantial potential market to many Canadian exporters.

In the past year, many Canadians have made their first visits to the Soviet Union (not all with such an immediate and successful impact as Team Canada). In July 1971 our office in Moscow received and helped 137 businessmen. In the first half of 1972 we had 146 visitors. In September this year Canada participated for the first time in a major trade fair in Moscow, and preparations have been started for two more working groups to operate under the exchange agreement (see article page 8). As a result of all this activity, plus the publicity on President Nixon's visit and the subsequent development in Soviet-U.S.A. trade, we expect the flow of business visitors from Canada will continue to increase.

Major new market opportunities exist here for industrial equipment and supplies. In general, consumer goods have little or no chance here, and the same can be said for any industrial item which the Soviets are capable of producing to their own satisfaction. Thus there is little chance of selling heavy electrical equipment, locomotives, blast furnace equipment, aircraft, most types of paper and pulp, or most minerals and metals. But for those companies producing equipment for the extraction and treatment of raw materials — that is, for the forest-based industries, gas and oil industries, non-ferrous and ferrous metals mining, ore treatment and non-ferrous smelting industries, and equipment for the agricultural and food processing industries, interesting opportunities do exist.

How do you find out if your product line is of interest? There are several ways. You can contact the appropriate sector branch in the Department in Ottawa, or you can contact the office in Moscow. You can also contact the secretary of the working group concerned with your line

of business (see "Technological Agreement Stimulates Trade", page 8). If writing to us here in Moscow, send details about your company, your products and their application and we will check it out with the responsible Ministry or buying organization here. Responses are slow but can sometimes be obtained more quickly if you indicate that you are ready to come over for discussions at Soviet convenience.

There are other ways by which you will find yourself heading for Moscow. Companies often receive requests to tender from the Soviet trade representative in Ottawa. It is a good idea to check with us in Moscow before going too far in response to such a request, because sometimes these are either part of an initial effort to get preliminary information on a product from as many sources as possible, or is simply an attempt to get price comparisons against an offer from someone else. Obviously, the two possibilities call for substantially different responses, and it takes some care and effort to find out which end of the scale one is on. Again you may be invited to join an industrial delegation to the U.S.S.R., or to receive a group of Soviet specialists who are touring Canada.

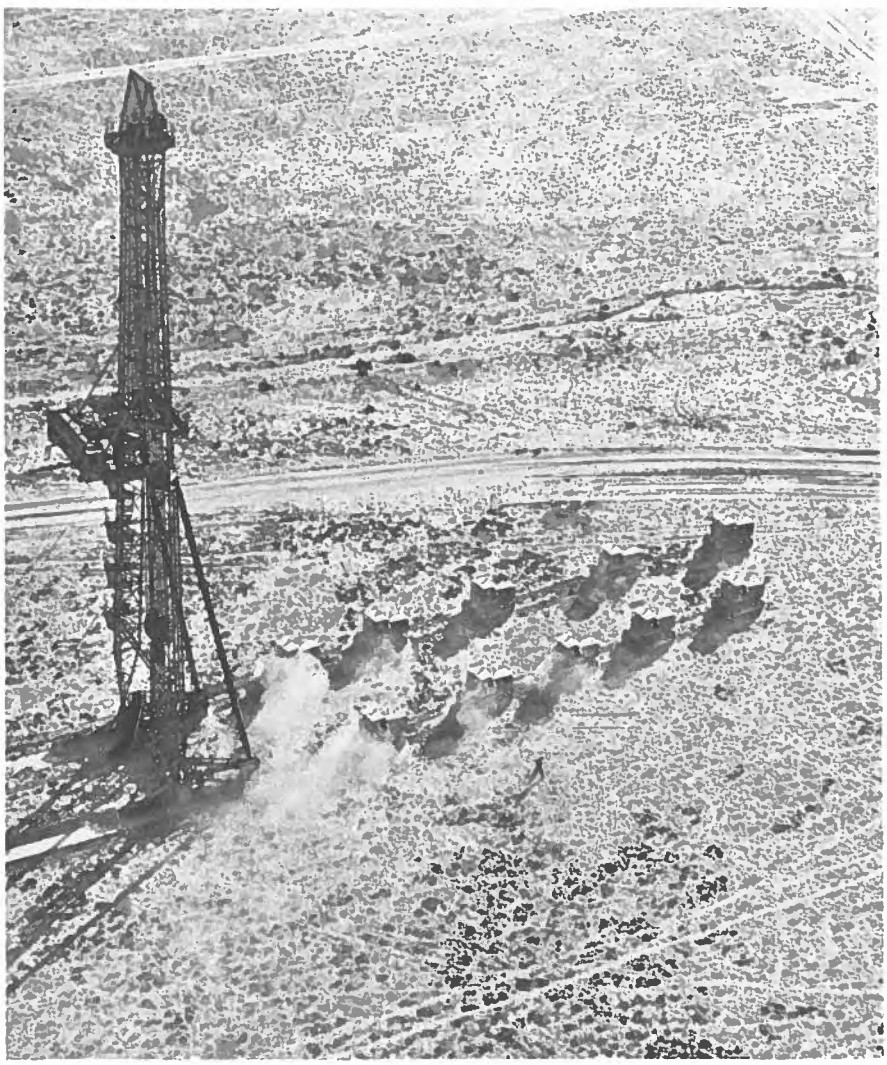
Any of these possibilities provides an opportunity to open up contacts with the Soviet market. But whatever the initial step you can be sure that if you are able to develop initial interest in your product, you will be visiting Moscow more than once in the course of what we find is usually a minimum two-year cycle before a contract is signed.

Assuming that you are able to generate interest in your product, you will apply for a Soviet visa through your travel agency. No business visa can be issued without a request on your behalf from one of the Soviet trading organizations, or a user ministry. So before you get your visa, you must have a firm appointment with a Soviet official in Moscow. It can be a slow process but at least you are sure that someone wants to see you.

What should you expect on your first visit? For the experienced traveller it will be a far more pleasant experience than you might have been led to expect. Customs authorities are the same mercurial types the world over, but at Moscow's Sheremetyevo Airport you will be greeted by a young employee of Intourist, the organization that handles all questions about accommodation for visiting foreigners. He or she will tell you what hotel you are staying at and where the bus or limousine is that will take you to your hotel. Some Western travellers are frustrated by not knowing until then where they will be staying but, as in many other things here, if you just relax and let the system function, it will look after you. If you want your office to know where you can be reached, give them the Canadian Embassy's phone (214-90-34) and telex (Moscow 401) number, and contact us after your arrival. You will find that, as long as your travel agency has worked properly, you will wind up in a comfortable, functional room in a hotel that serves hearty, if not very varied, food. You will also find yourself in the company of many other business travellers sharing the same interesting experience.

Moscow is neither the most exciting nor the dullest place to visit. We wager, however, that you will find it a most interesting city and the people most pleasant. We have found those who experience the greatest frustrations in Moscow are the ones who have not taken sufficient time to prepare for the trip, those who want to get too much done too soon, and those who have tried to come at the wrong time of the year.

In August, Paris has nothing on Moscow. Everybody who is anybody is on vacation. September and October is a time for "pulling things together" in preparation for next year's budget and completing contracts before the year's end. It is hopeless to try to get into Moscow in the first two weeks of November as November 7 and 8 is one of the most important holidays, the celebration of the 1917 Revolution. Moscow is jammed with foreign delegates and VIPs from all over the Soviet Union. January, February, March and April are good visiting times but towards the end of April Moscow begins to crowd up again with holidaymakers and dele-



*Tractor teams move a rig on the Uzen oil and gas fields, where the first gusher was found 10 years ago. This field now yields millions of tons of oil a year.*

gates, here to celebrate International Labor Day. June and July are not bad visiting months, except that many decision-makers are involved in the business of settling contracts before the holiday month of August.

So it is a crowded busy year in Moscow. And when you remember that in each industry a very small number of officials are responsible for all the commercial contacts the Soviet Union has with foreign suppliers, it's a wonder that you don't have to wait for months for an appointment. The president, three vice-presidents and four directors of Metalurgimport, for instance, are responsible for negotiating all the Soviet Union's contracts with foreign suppliers for all mining equipment, ore treatment equipment, non-ferrous smelter equipment (the Soviet Union imports no blast furnace equipment), rolling mills and virtually all metal-handling and treatment equipment except machine tools. A formidable task for so small a group of executives.

What help can you look for in your market development work in the U.S.S.R.? In addition to the Trade Commissioner's Office at the Embassy in Moscow, there are a number of individuals and European firms that specialize in representing foreign companies in Eastern European markets. There are also one or two U.S. firms, but with the sudden rise in U.S. interest in the Soviet market these companies suddenly find themselves fully booked. These firms, however, can be most helpful in uncovering business leads and, particularly, in nursing a lead through its initial stages. Most of these companies specialize in the industries they service, but having carefully and patiently developed their contacts over a number of years, they do have a valuable commodity to sell. We are aware of a number of such firms and would be happy to put you in touch with possible representatives.

Our message, then, is that you can never know about a market until you investigate it. The Soviet one is potentially huge and you need never be without assistance to make the right contacts in Moscow. The odds are that you will find a visit here to be one of the most interesting and challenging undertakings of your career.

# How to Do Business with the Soviet Union

J. D. WELSH,
Office of Area Relations

Actually selling your product in the Soviet Union is usually the final stage of an extensive market development effort. Few people are fortunate enough to receive a request for a quotation from a Foreign Trade Organization without having first spent considerable time and energy developing contacts with officials who could influence decisions on purchasing.

It is the companies who made themselves known to a broad cross section of the official establishment who normally receive opportunities to bid. These companies have made their products known to the operating enterprises (end-users); to senior officials of various production Ministries (Ministries responsible for administering and programming output targets); to the state committees responsible for recommending the purchase of advanced technology products; and of course to the Ministry of Foreign Trade.

However, it does happen that companies, without even trying, have been asked to quote.

Before going into any detail on how to approach the Soviet market and to illustrate some of the features of the negotiating process, let us first assume you are one of the fortunate few who receive an invitation to bid. The request comes directly from a Foreign Trade Organization (FTO). There are more than 50 FTO's operating under the jurisdiction of the Ministry of Foreign Trade. Each FTO has exclusive responsibility for trade in particular product lines.

The contract you have been asked to quote on can be worded quite generally and the specifications may be too broad for a precise quotation. However, it is a fact of doing business in the Soviet Union that the trading organizations must be provided with very complete and often expensive submissions on which to assess the commercial merit. You could save yourself considerable time and wasted effort if, before preparing a complete proposal, you visited Moscow and talked with the FTO and the Ministry that requires the equipment in order to obtain a better "feel" for exactly what is required. You can, by the way, be quite certain that there will be several other firms competing for this business. Contracts with the Soviet Union are large and they attract considerable international competition. The more you can adapt your equipment to meet exactly the industrial application intended the better will be your competitive edge.

The negotiation of the contract, which almost always takes place in Moscow, is a crucial test of your company's technical competence and commitment to seeking the sale — as well as the skill, tough nerves and persistence of your negotiators. These negotiations take place with the FTO officials and often with engineers from the production Ministry. They are very detailed and every nut and bolt in the equipment offered can be questioned and its price challenged. (The Soviet Union has shown greatest interest in the import from Canada of technologically advanced machinery and equipment.) It can take a long time to reach agreement because other competitive offers are being negotiated at the same time and major decisions are referred to senior foreign trade and production ministry officials.

Negotiating export contacts with firms in other countries often entails tough bargaining — and the Soviet Union is no exception. The fact that the FTO's are the only buyers adds substantially to their bargaining power. You are face to face with professional negotiators and must anticipate demands and plan possible compromise positions. It is not enough to depend on your ingenuity at the meeting if you are to come away with a profitable contract. The Soviet reputation for being hard negotiators is deserved; equally well deserved is their reputation for meeting all contractual obligations. Another important plus is the feeling of mutual confidence and trust that develops from successful business dealings in the Soviet Union. The Russians are inclined to look first to the original

supplier for subsequent requirements. This, together with the size of individual contracts and the best market potential, makes selling in the Soviet Union a challenge well worth every effort to meet.

What about the less fortunate man who has not been asked to quote but who is nevertheless convinced he should be looking at the market?

There are several important considerations to be taken into account before starting on a marketing commitment in the Soviet Union. Also the techniques to be used differ from those in a market economy.

Fundamental to assessing the market potential is the U.S.S.R. Foreign Trade Plan. All imports are made in accordance with the Plan. The world's best salesman would find it almost impossible to convince an FTO to make an unplanned purchase, but details of the import plan are kept confidential. The best way to get information is through close contacts with officials at the operating enterprises, the production Ministries and the State Committees.

Care must be taken to weigh the views from all these sources. A strong end-user demand does not necessarily indicate that the product has a high priority in the import plan. It is also important to remember that preference in Soviet imports goes to other Eastern European countries because of increasing economic integration with these countries and because purchases made in Eastern Europe do not reduce scarce convertible currency reserves.

The Working Groups under the Canada-U.S.S.R. Agreement on Co-operation in the Industrial Application of Science and Technology (Industrial Exchange Agreement) provide an excellent vehicle for making industry contacts and learning market prospects. An accompanying article in this issue outlines how this agreement can work for market identification.

The question of commitment to the market is also critical. The investment of top technical and sales personnel will be required for a few years to create an awareness of company capabilities and to ensure follow-up on business leads. It is a difficult cost-benefit decision to make with very few "hard" facts.

Keying company efforts to information in the annual or five year foreign trade plans is, of course, a reactive marketing approach. There are also ways to create demand and thereby influence future trade plans. Again, personal contacts are the most effective means of influencing Soviet industry planners. Exchange visits and technical seminars can also be organized to widen the number of contacts. The working groups under the Industrial Exchange Agreement offer the best machinery for arranging meetings of this type.

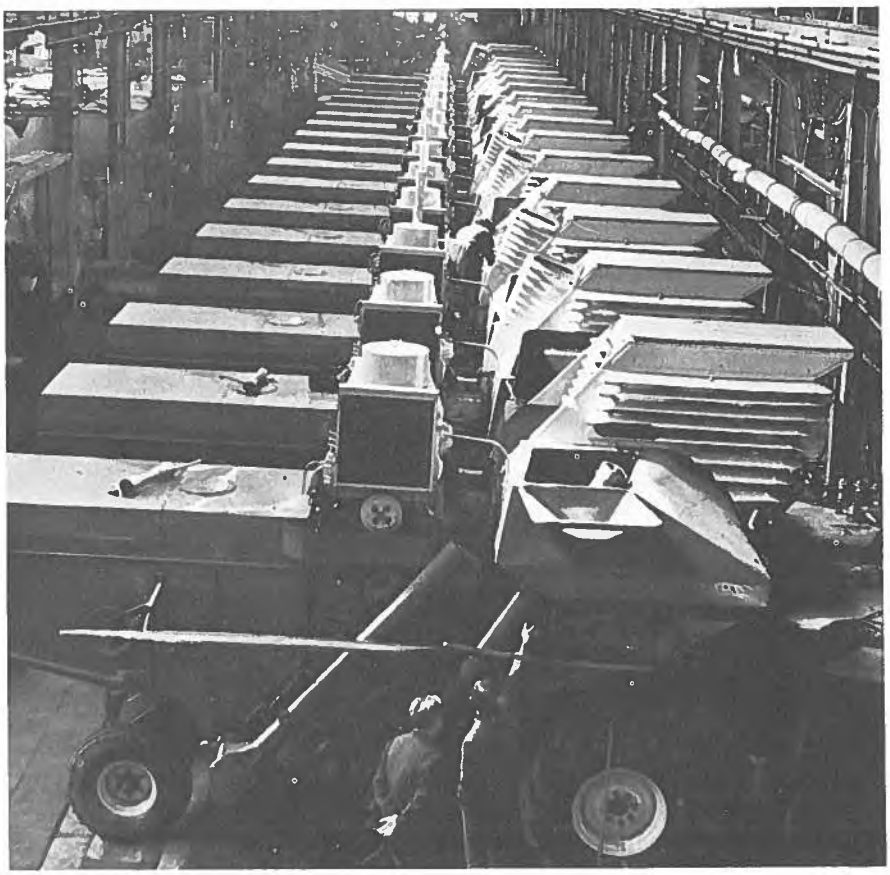
Participation in trade fairs is an excellent way to demonstrate advanced products to a wide audience and show serious interest in the Soviet market. Trade fairs in the Soviet Union are more than just exhibitions and are, in fact, market places where substantial sales can be made.

A positive marketing effort should not exclude the possibilities of compensation trade. Although compensation or barter is not necessarily a major consideration, it can be an attractive inducement even if it is only partial payment in goods. A company prepared to take products in payment should ensure that the production Ministries and the Ministry of Foreign Trade are aware of this willingness. But compensation trade can become involved and it is wise to ask the advice of the Canadian Commercial Counsellor in Moscow before suggesting this form of payment on any contract.

Long-term financing has become an expected component of sales of large capital equipment to the U.S.S.R. Canada's Export Development Corporation can help in offering competitive financing arrangements. This facility should be part of any market approach.

There is, in fact, no real choice between waiting for the FTO to come to you with a purchase contract and embarking on an extensive, fully committed marketing program. In the past, there have been the fortunate few who have done business without seeking it, but now the Soviet Union has become a much sought-after market. Many of Canada's European competitors have achieved outstanding success and are actively establishing themselves as continuing suppliers.

The Soviet Union has an almost insatiable appetite for Western advanced technology, machinery and equipment in several industry sectors. Canada has a special attraction because the Russians recognize that Canada and the Soviet Union share many of the same challenges. Much of the machinery and equipment used in Canada to cope with the problems of our climate and distance and to develop mineral, forestry and water resources can find direct application in the Soviet Union.



*The Taganrog harvester works in the Rostov region, with Kolos harvesters on the production line.*

# Technology Agreement Stimulates Trade

O. SILVERMAN, Office of Science and Technology

"In one year, we saw and learned more than during all previous time," L. N. Yefremov, First Deputy Chairman of the U.S.S.R. State Committee for Science and Technology and Chairman of the Soviet delegation, said at the second meeting of the Canadian-Soviet Mixed Commission in Ottawa last May.

Mr. Yefremov's statement reflects the strides made during the first 15 months of the life of the Agreement on Co-operation in the Industrial Application of Science and Technology signed in Moscow in January 1971. Since then an imposing number of exchanges have taken place between Canadian and Soviet businessmen and specialists, which is a successful extension of the fact-finding process and which has contributed to the identification of a considerable number of important sales opportunities.

The value of the Agreement as an industrial marketing tool can be better understood when one looks at the Soviet state trading system. Production in the U.S.S.R. is based on the planning and direction by a large number of industrial Ministries, each administering a sector of the economy. These Ministries direct all basic industries and those of national importance. There are some major State Committees which co-ordinate the work of several Ministries. Of key importance is the State Committee for Planning (Gosplan), which prepares and implements short and long-term economic plans, including the output goals, investment plans, and allocation of resources for the industrial Ministries. Factories requiring foreign equipment direct their requests to the appropriate Ministry, and each Ministry submits its plans to Gosplan for co-ordination. Gosplan eventually issues authorization for equipment purchases to the Ministry of Foreign Trade, which is responsible for the planning and direction of Soviet trade with foreign countries. A number of Foreign Trading Organizations, each responsible for the import and or export of a specific range of products, will then negotiate with companies for the purchase of equipment on behalf of the end-user.

*Dr. G. H. Tomlinson of Domtar takes a cooling drink of effluent from the Lake Baikal pulpmill during a recent visit to the Soviet Union.*

In order to organize practical co-operation in specific sectors of technology and industry, the Canada/U.S.S.R. Mixed Commission established joint working groups in a number of sectors. The original six Canadian working groups, each of which has a Soviet counter-part, are active in architecture, construction and building materials, in the forest-based industry, non-ferrous metals, electric power, oil and gas industries. Two new working groups have been established, one to cover agricultural machinery and processing equipment, and the other on rail and air transport. Co-operation in additional sectors can be established by mutual consent.

The Agreement and the structure of the joint working groups has permitted Canadian businessmen to visit the appropriate Ministry in Moscow and selected factories and installations throughout the Soviet Union, to learn of technologies and needs at first hand, and discuss equipment requirements with the end user. This is particularly useful when the Canadian company has a new product which would not be anticipated in the economic plans. In turn, Soviet teams visit Canada and carry out similar activities. This has led to a greater understanding of each other's problems, and a better definition of opportunities both for trade and the purchase of technology.

The joint working groups have also identified priority foreign specialized and international exhibitions in the Soviet Union in which Canadian companies should be encouraged to participate. The most recent one was an agricultural show in Moscow in September, Selkhozteknika - 72, in which 11 Canadian companies exhibited.

This show attracted an average daily crowd of between 70,000 and 80,000 including specialists from all 15 republics and from the various

research institutes and collective and state farms in the U.S.S.R. At time of writing, close to $305,000 worth of sales had been reported as a direct result of the show, and negotiations were continuing on other equipment.

The working groups are an important link between scientific and technological co-operation and trade. Possibilities for co-operation have been identified in the areas of agricultural machinery, prefabricated buildings, certain metallurgical processes, peat, aircraft, hydro-electric equipment, high-voltage transmission design, the construction of pulp and paper plants, oil and gas field equipment.

The Mixed Commission believes that the trade between the two countries does not reflect its full potential, and both sides have agreed to encourage and help Canadian and Soviet businessmen to present specific proposals and to conclude sales. The Soviet Ministry of Foreign Trade, which acts as the agent of the Industrial Ministries and is the final purchasing authority, is encouraging Canadian firms to maintain close contact through the working groups with the Soviet Industrial Ministries and the State Committee for Science and Technology. This Committee, which includes senior officials of virtually all Ministries connected with the science sector, is involved with new technological developments, Soviet scientific policy, and long-term industrial planning. It is, therefore, of importance to Canadian firms that want to identify the market for technological products required by Industrial Ministries.

The Agreement is one of a number of approaches available to Canadian businessmen seeking to penetrate the Soviet market. Advice on the appropriate strategy of marketing your specific products or processes in the U.S.S.R. may be obtained either through the appropriate Industry Sector Branch of the Department of Industry, Trade and Commerce in Ottawa or the Commercial Division of the Canadian Embassy in Moscow. If your product is advanced technologically or relates to one of the industry sectors where a Working Group has been established, the experience accumulated to date by the Secretary (see box) could be valuable in determining the best approach for your company.

**Working Groups under the Canada/U.S.S.R. Science and Technology Agreement.**

**Architecture, Building Materials and Construction**

Chairman
Gerald B. Williams
Senior Assistant Deputy Minister
Department of Public Works, Ottawa.

Secretary
John A. Dawson
Chief, Construction Division
Department of Industry, Trade and Commerce, Ottawa.
(613) -992-0028

**Forest-Based Industry**

Chairman
C. R. Silversides
Chief, Logging Development
Forest Management Institute
Department of Environment, Ottawa.

Secretary
K. Vanderven
Pulp and Paper Division
Department of Industry, Trade and Commerce, Ottawa.
(613) -992-0065

**Non-Ferrous Metals Industry**

Chairman
Dr. J. Convey
Director, Mines Branch
Department of Energy, Mines and Resources, Ottawa.

Secretary
P. C. Slinn
Non-Ferrous Metals Division
Department of Industry, Trade and Commerce, Ottawa
(613) -992-0088

**Agriculture, Agricultural Machinery, And Processing Equipment**

Chairman
Dr. R. Poirier
Assistant Deputy Minister (Economics) Agricultural Canada,
Ottawa.

Secretary
D. R. Moffatt
Agricultural, Construction and Special Vehicles Division
Department of Industry, Trade and Commerce
Ottawa.
(613) -992-1027

**Electrical Power Industry**

Chairman
E. W. Humphrys
Senior Adviser Electric Energy
Department of Energy, Mines and Resources, Ottawa.

Secretary
A. R. Potts
Electrical Division
Department of Industry, Trade and Commerce, Ottawa
(613) -992-9043

**Oil Industry**

Chairman
G. M. MacNabb
Assistant Deputy Minister
Energy Development
Department of Energy, Mines and Resources, Ottawa.

Secretary
A. E. LeNeveu
Chief, Industrial Chemicals Division
Department of Industry, Trade and Commerce, Ottawa.
(613) -992-1071

**Gas Industry**

Chairman
A. D. Hunt
Assistant Deputy Minister, Northern Development
Department of Indian Affairs and Northern Development, Ottawa.

Secretary
A. Chiperzak
Chief, Power Fluids Handling and Environmental Equipment Division
Department of Industry, Trade and Commerce, Ottawa.
(613) -992-0321

**Rail and Air Transport**

Chairman
J. Gratwick
Transportation Development Agency
Ministry of Transport
Montreal

Secretary
J. C. Uhthoff
Rail and Propulsion Division
Department of Industry, Trade and Commerce
Ottawa
(613) -922-0052

# The Other Common Market

**The Canadian companies that have the best opportunities for sales within COMECON are those offering sophisticated technologically advanced products**

P. A. HOLTON,
Assistant Commercial Secretary
Vienna

Throughout this edition of *Canada Commerce* reference is made to COMECON and the CMEA, both of which stand for the Council for Mutual Economic Assistance. This is an economic group comprising the U.S.S.R., Bulgaria, Czechoslovakia, German Democratic Republic (East Germany), Hungary, Mongolia, Poland, Romania and, as of this summer, Cuba. With the basic aim of promoting the "socialist international division of labor", the members have become each other's principal trade partners, and are enmeshed in a vast program of economic integration. The results, from the point of view of trade, are that only 30 per cent of total COMECON trade takes place with countries outside the organization.

The system of trade is somewhat analogous to a multi-national company with production facilities in different countries and intra-company transfers based on sometimes rather arbitrary prices. COMECON is the company and Eastern European currencies are the unit of account. Although in theory there is no head office, in practice this function is often filled by the Soviet Union because of the obvious imbalance in economic power. The analogy of trade as intra-company transfers is reasonably accurate because the units of account, (Eastern European currencies) have no real value outside of the "company". In fact, the various currencies are not convertible even between themselves. This is a problem that is being given a lot of attention within COMECON and ultimately a convertible unit will probably come into being. Prices on merchandise involved in intra-block trade are reputed to be usually a compromise between Western prices and actual production costs. Ultimately there is an attempt made to maintain bilateral balances between the trading partners. Although 34 co-ordination centres, about 60 permanent commissions and a number of scientific technological co-ordination councils have been established, the mechanism of "production specialization" is probably of most interest to the Canadian businessman.

As an example, representatives of a particular industry sector meet periodically to decide on areas of product specialization. One country might agree to produce stoves but not refrigerators and in return, or for foregoing the production of refrigerators, would be given long-term contracts for the supply of stoves. This is very attractive from the viewpoint of economies of scale, production planning and capital investment. The ultimate effect as far as the Canadian businessman is concerned is that if a product identical to his is manufactured anywhere in the COMECON countries it will be impossible for him to make sales.

The word "identical" must, however, be emphasized. Although a member country is virtually obliged to look first to other member countries for supply, outside countries are not precluded if they can compete on the basis of quality, technology or even delivery time. Unfortunately there is virtually no way to compete on the basis of price, because there is very little relationship between Western currencies and the internal currencies. The only people who have found this statement not to be true are those who have been willing to take merchandise in payment.

The Canadian companies that have the best opportunities for sales within COMECON are those offering sophisticated technological advanced products. The plans for economic expansion published by all the COMECON countries make it obvious that there will continue to be a need not only for such products but for technology, licences and other forms of co-operation that can only be found in the West.

# Bulgaria a fresh start

Special attention is being paid to increasing electrical output in Bulgaria, which is expected to reach 30-31 million kwh by 1975. Shown is part of the Traycho Kostov power station.

WARREN M. MAYBEE,
Assistant Commercial Secretary,
Vienna

Canada's sales to Bulgaria in 1971 amounted to less than a million dollars and our purchases were not much more. In the first half of 1972 the same pattern was maintained but the recent conclusion of negotiations for a new trade agreement providing for increased trade, the establishment of annual consultations to discuss ways and means of expanding trade, and recent requests from the Bulgarians for quotations indicate we are embarking on a new era in trade relations.

The Bulgarian market is not an easy one for Canadian exporters. Only about 10 per cent of total Bulgarian trade is carried on with Western countries, the remaining 90 per cent being conducted with Socialist and developing countries. The share of the U.S.S.R. alone is 55 per cent. The 10 per cent conducted with the West amounts to approximately $250 million annually and a portion of this could represent significant sales for Canadian companies with the needed products and the diligence to market them. Past performance of West German, French, Japanese and a few American companies has proved that the market is there.

A new plan went into effect at the beginning of 1971 which will guide Bulgaria's economy through the end of 1975. The plan's main theme is industrial development by concentration and specialization, expansion of joint production and raising of technical standards. Specifically, the plan states that machine building will receive the greatest emphasis, with a 16.5 per cent annual growth rate target. To achieve this goal, machinery to modernize and improve the technology of such industries as shipbuilding, metalworking, metalcutting, hoisting and hauling and agricultural machinery will have to be imported. Additionally, the electrical and electronics industries (specifically computer development and production including micro and integrated circuits) have been ear-marked to receive special attention. A power generation provision states that by the end of the plan at least 30,000 million kwh will be generated. By 1975 rolled ferrous metal production, chemical fibres and plastics are all to achieve a "double their production" figure over 1970. Mechanization of the forestry and agricultural industries and modernization of the pulp and paper industry are also planned.

To reach these goals, Bulgaria must invest heavily in manufacturing equipment of all types, ranging from complete plants, where necessary, through machinery and component parts. This is all potential business for Canadian firms.

As a member of COMECON, Bulgaria is committed to conduct a large portion of its trade with its Eastern partners, thus limiting the amount of potential business available to Canadian companies. This is further aggravated by the same problem facing all East European countries — the shortage of convertible currency. There is little we can do about the COMECON trade pattern, but there are methods available to overcome the currency problem. For example, a company that is willing to accept Bulgarian goods in partial payment, either for resale or for incorporation in its own products, is in a good position to take advantage of opportunities in Bulgaria. Similarly, a company willing to accept production from the plant or machinery to which it is attempting to sell, immediately increases chances of success. These barter methods are being used by our competitors and are proving highly successful.

The Bulgarian market is unlike most other markets in which Canadian companies are now doing business. However, there is a considerable market available and the Commercial Division of the Canadian Embassy in Vienna is anxious to help you get into it.

# Bulgaria at a glance

**Area** — 42,796 square miles.

**Population** — 8,433,000 (U.N. estimate 1969).

**Climate** — temperate.

**Language** — Bulgarian; Russian, German, English and French are used commercially.

**Currency** — leva; 1.8 equals U.S. $1.00 (tourist rate). One leva equals 100 stotinki.

**Weights and measures** — metric system.

**Chief ports** — Varna and Burgas.

**Marketing centres and population** — Sofia (capital) 825,000, Plovdiv 670,000, Varna 400,000.

**Economy** — primarily agricultural, although heavy emphasis is being placed on petrochemicals, shipbuilding, metallurgy and power generation.

**Total Bulgarian imports** — 1970: U.S.$ 1,782 million; 1969: U.S.$ 1,749 million (source: 1970 U.N. Statistical Year book.

**Chief imports** (1970) — petroleum and products, rolled ferrous products and pipe, machinery, power generating equipment.

**Chief suppliers** — (approximate per cent) 1970 — U.S.S.R. 55, East Germany 9, Czechoslovakia 6, Poland 5, West Germany 3.

**Value of imports from Canada:** 1971 — $871,735; 1970 — $3.3 million.

**Chief imports from Canada:** 1971 ($'000) — milk powder 510, purebred dairy cattle 329.

**Total Bulgarian exports:** 1969 — U.S. $1,801 million; 1968 — U.S. $1,615 million (source: Economist Intelligence Unit No. 2, 1972).

**Chief exports:** 1969 — fruits and vegetables, tobacco, textile cloth and products, industrial machinery and equipment.

**Chief markets** (approximate per cent) 1970 — U.S.S.R. 55, East Germany 88, Czechoslovakia 6, Poland 4, West Germany 1, Italy 1.

**Values of Canadian purchases:** 1971 — $1.24 million; 1970 — $1.1 million.

**Chief Canadian purchases:** 1971 — canned tomatoes, jams, jellies and preserves, wine, metalworking lathes and parts.

**Prices** — quote c.i.f. in U.S. dollars.

**Usual terms of payment:** letter of credit for smaller purchases; credit terms for capital purchases; increasing requirement to accept barter trade.

**Samples** — duty-free if of no commercial value.

**Visa:** not required for tourists; business visitors require visa, obtainable at airport on arrival.

**Inoculation** — If entering directly from Canada or Western Europe, none. However, it is advisable to carry proof of smallpox inoculation.

**Import regulations:** import licence necessary; importing trade company is responsible for securing; receipt of import licence guarantees foreign currency available.

**Documentation, customs tariffs, marking and labelling:** for information contact Office of Area Relations, Eastern European Division, Department of Industry, Trade and Commerce, Ottawa.

**Detailed information** — contact Office of Area Relations, Eastern European Division, Department of Industry, Trade and Commerce, Ottawa or Commercial Counsellor, Canadian Embassy, Dr. Karl Luegerring 10, 1010 Vienna, Austria.

# Czechoslavakia
## Two main market keys

D. S. BAKER,
Commercial Secretary, Prague

There are two main ways of selling to the Czechoslovak market. Manufacturers can sell directly to the Czechoslovak Foreign Trade Corporations through their own sales staff, and many do, or can appoint representatives to sell for them. This report looks at the organization and operation of Czech foreign trade agencies which are organized under Czech law and entitled to represent foreign firms.

Foreign trade agencies are an integral part of the country's foreign trade structure and are guided by the Federal Ministry of Foreign Trade. Their business, however, involves the usual activity of a commercial representative. This includes such things as: promotion of business deals, obtaining market information, arranging advertising including participation in exhibitions and fairs, administration of consignment stocks of the represented firm's products and organization of necessary service and technical assistance. Other activities, connected directly or indirectly with representation, cover a wide spectrum, from providing specialized technical services for products to the arrangement of export and import transactions of licences and technical knowhow. All activities are geared to facilitate a mutually advantageous commercial transaction. Final contracts are signed between the manufacturer (or principal) and the appropriate Czechoslovak Foreign Trade Corporation.

Some services are provided by the agency itself and others are arranged for the prinicpal with specialized Czech organizations. It is worth noting that agencies may seek to sell Czech goods abroad in order to provide more funds for the import of goods from their principals. In these cases they co-operate with the respective foreign trade corporations or with Transakta, the foreign trade organization for commercial transactions in which the business deal involves barter or other non-financial compensation.

Agencies negotiate representation contracts purely on a competition basis. They do not represent more than one manufacturer of a particular product (nor would a foreign principal agree to such an arrangement under normal circumstances) and in this way prevent any conflicts of interests. Many products require servicing during their life and the agencies are well suited to arrange such servicing, either directly through their own personnel or through a service contract with a suitable organization in Czechoslovakia.

Under Czech law, a foreign firm many not establish an office in Czechoslovakia which operates as a private business. Therefore the only representatives resident in Czechoslovakia legally permitted to be directly active are the agencies. Agents may also be located in one of a number of countries and there are many in Austria and West Germany who are actively engaged in selling in Czechoslovakia.

Drawbacks to the foreign trade agencies are their limited number and the supply of qualified manpower to operate them. In fact, they cannot meet the demand for their services and therefore miss out on many contracts that might be attractive. Their limited number also means that, in many cases, product lines are already represented in Czechoslovakia and it is not possible for conflicting lines to be taken on.

From a practical point of view, agencies are interested mainly in those products which have a regular and steady sale on the Czech market. Thus items that would only sell irregularly, even though returning a good profit, would not fit into their program. As most agencies have set up a regular pattern of business in Czechoslovakia they are looking mainly for lines to supplement their current activities. For example, one foreign trade agency might have representatives calling regularly on food-processing factories selling two or three lines of equipment. Therefore it might be interested in other related products to be sold to food-processing factories. An agency, however, may not have the manpower to undertake sales to users not already covered by one of the sales staff.

Payment to the agencies is the same as to representatives in other countries: through a commission rate. The amount of commission depends, of course, on the type of product and is subject to negotiation. Sometimes it is possible to arrange a flat rate (so many dollars a month) when the products are only being introduced to the Czech market, or where the nature of the commodity requires a great deal of advance promotion before any sales are realized. Apart from payment through commissions or flat rates, the contract can also provide for payment of services not included amongst the duties of an agent but provided ad hoc as necessary or separately.

How useful an agency will be to penetrate the Czech market will depend on the product. Those exporters selling consumer or industrial goods on a regular basis throughout the year will probably make better use of them. The best opportunities will arise where there is potential for a reasonable volume of sales during the year and where the product does not have strong competition for established suppliers. It is, however, necessary to remember that at the present time and for the foreseeable future it will not be possible for all interested exporters to appoint such an agent in Czechoslovakia even if they want to. Limitations on numbers of foreign trade agencies and their size will probably continue for several years.

There are basically three ways to make business contacts with a foreign trade agency. The first is to contact the agency directly (see accompanying list). Your interests could be explained directly to them and they can suggest whether a possibility exists and whether further discussion would be desirable. A second method would be to contact Rapid Advertising Agency (address: ulice 28 ijna 13, Praha 1), which would forward your inquiries and determine which representation agency would be most appropriate. A third alternative is to forward an inquiry to the Commercial Division of the Canadian Embassy in Prague, and we will undertake to bring your products to the attention of the foreign trade agencies.

# Czech Foreign Trade Agencies

ZENIT: Association for Foreign Trade Agencies
Siroka 9 Praha 1
Telephone: 633 51-3, Management 24 69 50
Telex: Praha 01-2000.

Branches:

ulice Klemensova 5, Bratislava
Telegrams: ZENIT-BRATISLAVA

Sady osvobozeni 2, Brno
Telephone: 25 404
Telegrams: ZENIT-BRNO

ulice Gottwaldova 115, Ostrava 1
Telex: Ostrava 052 504
Telegrams: ZENIT-OSTRAVA

REPHACHEM: Company Ltd. for Representing Foreign Firms
Kodanska ulice 46, Praha 10
Telephone: 715

EFEKTIM: Company Ltd. for Foreign Trade Representation
Vaclavske namesti 1, Praha 1
Telephone: 248 351-5

INTERSIM: Company Limited Representatives of Foreign Firms in Czechoslovakia
Topolva 14, Praha 10 - Zahradni Mesto
Telephone: 752 167, 752 075, 753 067, 753 068

PHOENIX: Company Ltd for Import Mediation
Vaclavske namesti 56, Praha 1.
Telephone: 2131, ext. 337

UNIFRUX: Company Ltd. for Foreign Trade Representation.
V jame 3, Praha 1
Telephone: 241 593

MERCANTA: Company Ltd for Import Mediation
Balbinova 22, Praha 2
Telephone: 246 008

INTERAL: Company Ltd.
Ruecba 2, Brakislava

MEDIA: Association for Representing Foreign Films in Czechoslovakia
Svatoslavova 33, Praha 4
Telephone: 425 184

PRAGENT: Company Ltd. for Foreign Trade
Vodickova 30, Praha 1
Telephone: 247 822

TRADE: Association for Foreign Trade Representation
Jungmannovo nam. 7, Praha 1
Telephone: 247 202

# Albania at a glance

**Area:** 11,400 square miles.

**Population:** 2.2 million, principally Moslem with significant Orthodox and Roman Catholic minorities.

**Climate:** Mediterranean.

**Language:** Albanian, with some French.

**Principal cities and population:** Tirana (capital) 150,000: Shkoder 47,000, Durres 46,000, Korce 44,000.

**Chief Ports:** Durres and Vlore, both on the Mediterranean.

**Currency:** Lek (100 Quintars); 4.50 lek equal approximately Cdn. $1.00. Albanian currency may not be taken into or out of Albania.

**Weights and Measures:** metric system.

**Electric supply:** 220 volts, 50 cycles.

**Economy:** gross national product, the lowest in Eastern Europe, is estimated at about $550 million, or $275 per capita. Central planners and five-year plans direct the country's economic activities. Over the 1966-70 Plan the average rate of increase of industrial production is claimed to have been over 14 per cent, twice that of the previous planning period. Over the next five years, further expansion in the steel and petrochemical industries will take place with help from the People's Republic of China.

**Agriculture:** further mechanization is planned, with increasing use of chemical fertilizers and investment in irrigation. Cattle quality will be improved, with emphasis on the dairy side. Fruit production will be expanded, primarily by large-scale planting in the mountainous areas.

**Trade conditions:** all foreign trade is a state monopoly handled by approximately a dozen state trading organizations.

**Total imports:** more than $100 million (precise figures not available); trade is with China, 24 per cent with other East European countries, and 6 per cent with the West.

**Chief supplier:** the People's Republic of China.

**Imports from Canada:** mainly wheat, which reached a value of $10.8 million in 1964, tapering off to about $3.6 million annually since then.

**Total exports:** approximately $10 million annual sales to the West. Trade with other Communist countries can not be verified. Export commodities are mostly agricultural products (olive oil, leather, sheep guts, animal fats) and crude oil, asphalt, chromium, copper and nickel ore, and handicrafts.

**Visa:** required, can be obtained from Albanian Embassies in Vienna, Belgrade, Paris, Rome, Stockholm, but only with the written invitation of a state trading company. The invitation will state at which Embassy the visa will be issued. The process normally takes two days. If you plan a trip send copies of your correspondence to the Canadian Embassy, Vienna.

**Transportation:** flights to and from Belgrade and Budapest on Thursdays by Malev; to and from Rome on Tuesdays by Alitalia.

# Hungary Catches Its Breath

P.A. HOLTON,
Assistant Commercial Secretary,
Budapest

"It's just like home — you can't find a parking place downtown"!" said a Canadian visiting Budapest after an absence of three years. The heavy traffic, the expanding subway system, the brightly lit store windows full of consumer products all point towards increasing affluence.

Credit for the Hungarian economy's progress is being given to the New Economic Mechanism, a policy of decentralization begun in 1968. In theory the state continues to allocate resources and set priorities through its five-year plans, while individual enterprise decides what and how to produce on the basis of profitability. But this process has not been without problems.

Although the 1971 national income increased about 8 per cent this was to a great extent due to increases in the agricultural and construction sectors, rather than industrial production.

Problems in 1971 stemmed primarily from a sudden increase in investment, which in a period of full employment and limited foreign exchange reserves exceeded the planned level by about 20 per cent. This increase, coupled with the 1970 floods and drought, led to an increase in imports of 19 per cent compared with an increase of exports of only 8 per cent.

In the middle of 1971 steps were taken to counteract this imbalance and measures introduced at the be-

*The rear axle housing plant of the Hungarian Railway Carriage and Machine Works covers an area of more than 321,000 square feet. The plant uses up-to-date technology and automated machining in the production line.*

ginning of 1972 are proving very effective. In the first half of 1972 trade with the socialist countries was balanced and the trade deficit with Western countries was only half of what it was in the corresponding period of 1971. This was done by increasing exports (primarily agricultural) by 11 per cent and decreasing imports by the same proportion. Unfortunately, these internal problems seem to have had a considerable effect on Canadian exports, which dropped from $6.89 million in 1970 to $4.55 million in 1971. Our exports for the first half of 1972 have reached only $1.6 million, the major components being cattle hides, nickel coin blanks, and tobacco harvesting machines.

This year the first bilateral trade consultation will take place as called for in the current Canada-Hungary Trade Agreement. During these consultations, officials on both sides will discuss concrete means of increasing mutual trade.

Over the short term, opportunities for Canadian exports to Hungary may not appear to be favorable but it is anticipated that once the current imbalance is corrected, annual imports from the West will stabilize at about one third of total imports, or about one billion dollars. Hungary is poor in natural resources so most raw materials are imported — to a great extent from the U.S.S.R. However, there have been difficulties recently in getting long-term supply commitments and there will continue to be opportunities for spot business, and perhaps long-term contracts as well, for Canadian firms.

The accompanying table showing Canada's 1971 exports to Hungary indicates the potential range of opportunities. The primary goal over the next few years will be modernization of the industrial structure to meet internal demand and to increase competitiveness on international markets. Uneconomic production units will be closed and obsolete equipment will be replaced. Expansion of the natural gas network will continue and considerable growth in construction, chemical production, the paper industry and machine building will be seen by 1975.

**Hungary's Main Purchases from Canada, 1971**

| | $'000 |
|---|---|
| Poultry | 194 |
| Cattle hides | 218 |
| Copper scrap | 366 |
| Asbestos | 217 |
| Wood pulp | 385 |
| Nickel | 1,628 |
| Magnesium | 120 |
| Machinery & equipment | 488 |
| Laboratory instruments | 531 |
| Other | 407 |
| | 4,554 |

# Hungary at a glance

**Hungary at a Glance**

**Area:** 35,918 square miles.

**Population:** 10.3 million (1970).

**Climate:** temperate.

**Language:** Hungarian (Magyar); German most common second language.

**Currency:** forint (100 filler), official rate 10.81 per dollar, tourist rate 27.6 per dollar.

**Weights and measures:** metric.

**Principal cities and population:** Budapest (capital) 2 million, Miskolc 180,000, Debrecen 160,000, Pecs 140,000 Szeged 120,000, Gyor 80,000.

**Income:** average monthly earnings 1970 — 2,009 forint.

**Electric power:** 50 cycle, 110, 220, 380 volt, production 1970 — 14.5 billion Kwk.

**Resources:** (1970 production) — coal 28.2 million tons, natural gas 3.5 billion cubic meters, crude oil 1.5 million tons, bauxite 2 million tons.

**Economy:** centrally controlled with increasing delegation to individual enterprises.

**Total imports (1971):** $3,240 million. In 1970 divided 52 per cent raw materials, 21 per cent machinery, 11 per cent food, 8 per cent industrial consumer goods, 8 per cent fuels.

**Suppliers (1970):** Socialist countries 64.5 per cent, developing countries 5.7 per cent, developed western countries 29.8 per cent.

**Imports from Canada:** 1970 — $6.89 million 1971 — $4.55 million.

**Total exports (1971):** $2,710 million.

**Markets (1970):** Socialist countries 65.6 per cent, developing countries 5.7 per cent, developed Western countries 28.7 per cent.

**Exports to Canada:** 1970 — $9.19 million; 1971 — $7.23 million.

**Prices:** quote c.i.f. a North European port or Rijeka in dollars.

**Samples:** normally admitted free.

**Visa:** required; obtainable at airport.

**Inoculations:** if entering directly from Canada or Western Europe — none.

**Import licences:** necessary, but responsibility of purchaser.

# Poland
## Trade Opportunities abound but competition is fierce.

HOWARD WILSON,
Commercial Secretary, Warsaw

Poland offers a growing number of business opportunities for Canadians and more and more of our firms are taking advantage of them. With a little effort, Canadians should also be able to gain a bigger share of the Polish market held by our main competitors — Western Europe, the United States and Japan. Last year, this market had a value of more than $1.1 billion, an amount which is expected to increase rapidly over the current five-year planning period ending in 1975.

The remainder of the Polish market is supplied by the socialist and developing worlds which account for two thirds of the current total of imports. This proportion will not change much over the next few years because the Government clearly favors specialization within COMECON, the East European version of the Common Market.

Polish imports from the West fall into three broad categories: basic agricultural products such as grains, raw materials such as iron ore and asbestos, and machinery and equipment including technology.

State control of international trade means the Government has little difficulty in buying from hard-currency countries the products the economy needs. Preference is placed first on satisfying needs from domestic production. If this is not possible, Poland looks next to other East European countries. Only after exhausting these possibilities are Western purchases seriously considered. Such a buying pattern reflects Poland's foreign exchange shortage, a fact which the Western exporter must face continuously.

The Polish market for a variety of machinery and equipment is expanding rapidly, but there are difficulties here too. Competition from West European companies, particularly British, West German, French and Italian, is fierce. These firms are nearby, well known, and have been successfully selling in Poland for years. In addition, Japanese companies are rapidly developing the possibilities in Poland.

Other difficulties Canadian manufacturers can expect initially are: a lack of knowledge generally on the part of the Polish end users about Canadian possibilities and concern about servicing and availability of spare parts should Canadian equipment be bought. None of these difficulties, of course, are insurmountable or even new and can be largely overcome through marketing visits from Canada and more frequent calls by an agent.

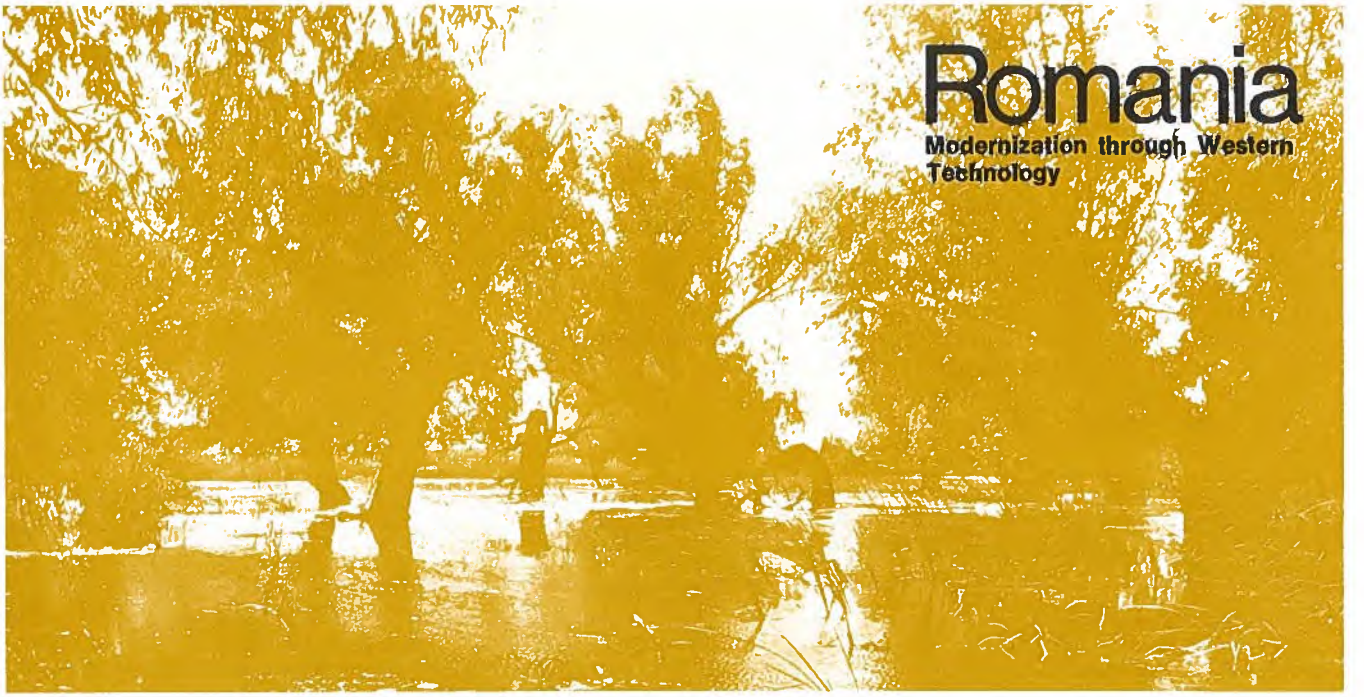
Poland has set up a number of state-owned trade agency companies but unfortunately these have yet to demonstrate an effective service for smaller manufacturers as opposed to the large multinational firms.

Another potentially large and lucrative area for Canadians is the market for equipment for complete industrial plants and other major investment projects. Here, the competition is also keen but rewards can be great. The key is to offer equipment of a very high technological standard and combine this with sharp pricing, Export Development Corporation long-term financing and a willingness to take Polish manufactured products in "counter trade". Poland recognizes it has a lever when it buys complete industrial facilities and, as a matter of practice, has decided to use such purchases to introduce its own manufactured products to Western markets. This sort of trading demands new skills from Canadian companies — skills that are being increasingly mastered by the Japanese.

Some of the particular industrial areas that offer good opportunities for Canadian sales of machinery and equipment — individually and for complete facilities — are: metallurgy, wood processing, mining, forestry and food processing. This is in no way an exhaustive list of the possibilities and we suggest you drop a line to the Commercial Division of our Embassy in Warsaw for further information.

# Poland at a glance

**Area:** 120,000 square miles.
**Population:** 1971 — 32,552,000.
**Climate:** temperate, warm summers and cold winters.
**Language:** Polish.
**Currency:** zloty; 100 groszy = 1 zloty. The zloty is a nonconvertible currency not used in international trade. The basic rate, used only for statistical purposes, is quoted at the rate of 1 zloty = Cdn $0.2740. Other exchange rates used include a special rate of Cdn $1.00 = zl 22.65, to which is added a premium for tourists and business visitors giving an actual rate of $1.00 = zl 37.70.
**Weights and measures:** metric system.
**Electric supply:** 50 cycle a.c. 380/220 volts.
**Capital:** Warsaw.
**Principal cities:** (population in thousands) Warsaw 1,317, Lodz 764, Krakow 590, Wroclaw 528, Poznan 473.
**Chief ports:** Gdansk, Gdynia, Szczecin/Swinoujscie, Kolobrzeg.
**Economy:** in 1970, industry and construction accounted for 68 per cent of national income. The socialized sector, which includes both state-owned and co-operative enterprises, accounts for 83 per cent of national income.
**Agriculture:** accounts for 13 per cent of national income but supports about a third of the population. In 1971, the sown area exceeded 37 million acres of which more than half was in grains (rye, wheat, barley, oats) and 18 per cent in potatoes. The 1971 livestock population included 11,076,000 cattle, 15,242,000 pigs, 3,179,000 sheep, and 2,501,000 horses; 83 per cent of agricultural land is privately owned, 15 per cent by state farms, and the remainder co-operative.
**Industry:** (1971 output in million metric tons) coal — 145; iron and steel (basic steel 12.7); non-ferrous metals (copper 93, zinc .22, lead .06, aluminum .1); chemicals (sulphur 2.7, sulphuric acid, artificial fibres); machine tools; transportation equipment; electrical apparatus; textiles; food products.
**Total imports:** ($million) 1971 — 4,038; 1970 — 3,608.
**Chief imports:** (per cent) 1971 — engineering industry products 37.9; metallurgy products 16.4; agriculture and food products 14.4; chemicals 11.0; light industry products 7.0; fuel 6.4.
**Chief suppliers:** 1971 (per cent): U.S.S.R. — 35; East Germany — 11. Czechoslovakia — 8.8 per cent; West Germany — 4.9; Britain — 4.8; Hungary — 4.6; Italy — 2.
**Imports from Canada:** 1971 — $18,023,227; 1970 — $15,161,165.
**Chief imports from Canada:** ($million) 1971 — food products (barley, durum wheat) — 11.9; asbestos — 1.1; copper — 1.5; wood pulp — 1.3.
**Total exports:** ($million): 1971 — 3,872; 1970 — 3,548.
**Chief exports:** (per cent) 1971 — engineering industry 42.3; fuel 14.0; agriculture and food 12.7; chemicals 9.1; light industry products 9.0; metallurgy 8.1.
**Chief markets:** (per cent) 1971 — U.S.S.R. — 35.8; East Germany — 8.0; Czechoslovakia — 7.1; West Germany — 5.2; Hungary — 4.0; Britain — 3.9; Italy — 3.8; United States — 2.7.
**Value of exports to Canada:** 1971 — $15,259,000; 1970 — $12,029,000.
**Chief exports to Canada:** ($000) 1971 —food products — 1,018; textiles and clothing — 8,954; other consumer goods — 2,971; semi-fabricated materials — 1,365.
**Prices:** quote Canadian or U.S. dollars f.o.b. Canadian port.
**Samples:** must be declared on arrival and entry form produced on departure; bond and/or undertaking to export samples within a stated period may be required.
**Visa:** required.
**Inoculations:** not required.
**Trade Agreements:** Poland is a member of GATT.
**Official holidays:** New Year's Day, Easter (two days), May 1, Corpus Christi, National Holiday (July 22), All Saints' Day (November 1), Christmas.
**Foreign exchange and import regulations:** licences, required for all import/export transactions, are issued to importing agency by Ministry of Foreign Trade. International trade is a government monopoly and is conducted solely by a group of specialized state-owned foreign trade enterprises.
**Documentation, tariffs, marking and labelling:** consult Eastern Europe Division, European Affairs Branch, Office of Area Relations, Department of Industry, Trade and Commerce, Ottawa, K1A 0H5.
**Correspondence:** English and French acceptable. Use airmail only.
**Advertising:** direct all inquiries to the foreign trade advertising agency ABPOL, ul. Sienkiewicza 12, P. O. Box 136, Warsaw.
**Trade representation in Canada:** Commercial Counsellor, Office of the Polish Trade Commissioner in Canada, Suite 315, 1500 Stanley Street, Montreal 110, Quebec: (telephone: 849-8667 (68). telex: 0120689).
**For detailed information:** write to Eastern Europe Division, Office of Area Relations, Department of Industry, Trade and Commerce, Ottawa K1A 0H5; or Commercial Secretary, Canadian Embassy, Matejki 1/5, Srodmiescie, Warsaw, Poland.



# Romania

## Modernization through Western Technology

E. L. BOBINSKI,
Commercial Counsellor, Vienna

In the second year of the current Five Year Plan (see box) Romania's economy continues to grow faster than any of its COMECON partners. With annual industrial growth rates of 10-12 per cent a year and investment at 32 per cent of the gross national product, Romania is rapidly being transformed from a once totally agricultural country into what its planners intend will soon be a fully industrialized one.

A prominent Romanian economist has predicted major changes in the structure of industrial and agricultural production during this decade. He predicts that by the end of 1980 Romania's industrial output will increase six-fold and agricultural production three-fold, while the national income will approach that of West European countries. The chemical industry, now accounting for 10.1 per cent of total industrial output, will be the leading branch of the economy, overtaking the metallurgical industry.

The rapid pace of industrialization, achieved partially at the expense of living standards, has already resulted in an impressive diversification of production. Virtually all of Romania's important acquired productive capacity is based on Western technology. Emphasis is on obtaining most recent technology. The high quality of the products now being manufactured is beginning to bear witness to the wisdom of this policy.

The pace, however, is undoubtedly causing some stresses in the economy. New factories have also brought new technological and managerial problems. There have been reports of labor shortages, new machinery not being fully used because of insufficient technical knowhow, lack of experience in running high output plants leading to irregular supplies of raw materials and stoppages in production. These stresses suggest to some observers that Romania's industrial and administrative apparatus may need to be overhauled. Some steps towards modernizing administrative and production controls already have been taken by a decision to introduce large-scale computing techniques into the economy.

Although a member of COMECON, which aims to strengthen the economic integration of its members, Romania is openly seeking increased industrial co-operation with the West. As its industry further develops, so will its requirements for the specialized equipment, knowhow and essential raw materials that are available only outside of COMECON. By 1975 such imports from the West (currently 40 per cent of total imports) should reach $1 billion a year.

Fewer plants may be bought as complete units in the seventies because the country is now able to manufacture domestically much of the basic equipment needed. Future opportunities will lie increasingly in the fields of advanced and sophisticated equipment which Romania still cannot produce; Western knowhow and technology may be as important as actual products. Some of the following fields are promising: nuclear energy (isotopes, power stations), measuring and control equipment, advanced machine tools, telecommunications equipment, radar and navigating aids, scientific instruments, packaging equipment, advanced food processing and refrigerating equipment, and specialized equipment for the chemical and steel industries.

The Romanians are interested in establishing continuing relationships with Western firms either through co-operation deals in which the purchase of equipment is linked to the output of that equipment or through investment by the Western partner either in currency or specialized equipment and knowhow in production enterprises to be set up in Romania. A further avenue is the possibility of co-operation with foreign firms in third markets.

Canadian exports to Romania in 1971 were valued at $10.6 million (see table), a marked improvement over the 1970 level of $3.5 million. The big items were barley, asbestos and a chemical recovery boiler. Up to the end of July this year, our exports to Romania were valued at $11.6 million, so the trend appears to be continuing. Officials on both sides feel that the level and variety of current Canadian exports can be improved. The Canada-Romania Trade Agreement, signed in July 1971 by the Hon. Jean-Luc Pepin, provides for meetings between representatives of the two countries once a year, or as required, to discuss means of

increasing trade. The first meeting will be held in Bucharest in the fall of 1972 and it is hoped that discussions will focus on those areas of the Romanian economy that could present attractive opportunities for Canadian industry.

Awareness here of Canadian technological capability is growing. Earlier this year, Champlain Power Products of Toronto signed a $4 million contract to supply an aerospace research wind tunnel designed by its affiliate Dilworth, Secord, Meagher and Associates. Negotiations are also under way for a group of Canadian companies to supply a multi-million dollar silicon steel strip mill. And Canada is still being considered as a potential supplier for Romania's next nuclear power reactor.

The important and growing Romanian market should be investigated by many more Canadian firms. The Trade Commissioners stationed in Vienna are ready to help (and most probably will be able to accompany) you on your first visit.

Why not come here and have a first-hand look at the possibilities for your product?

**What Romania Bought from Canada in 1971**

| | |
|---|---|
| Barley | $ 5,839,000 |
| Cattle hides | 118,000 |
| Asbestos | 2,325,000 |
| Copper bars | 115,000 |
| Boilers | 1,610,000 |
| Textile machinery | 226,000 |
| Chemical machinery | 125,000 |
| Measuring & lab. instruments | 108,000 |
| Knitted sweaters | 19,000 |
| Other | 104,000 |
| TOTAL | $10,589,000 |

# Industrial Goals of the Five Year Plan

*Industrial Production* — To increase by 75 per cent by 1975. Priority given to electric power, metalworking, machine-building, chemicals.

*Power* — Industrial power supplies to increase by about 10 per cent a year. Most power projects to be operative by 1975 already under construction. Additional transmission lines and distribution services to towns planned. Nuclear power stations to produce 1,800 - 2,400 Mw. to be built in next decade.

*Steel* — Output to reach 10 million tons by 1975. Galati iron and steel combine to produce five million tons; coke works to be added to it. More alloy steels of high quality and greater range of steels and metal products to be made.

*Machine-Building* — Output to go up by 11.5 - 12 per cent a year; will provide 70 per cent of equipment needed by investment plan.

*Chemicals* — More than 250 new projects to be built by 1975. Production to go up by 85 - 92 per cent; emphasis on use of methane, petroleum products, and salt. Will become major exporting industry.

*Mining* — Production to rise by more than 34 per cent, with emphasis on coal, copper, aluminum. Output of coal to rise by 15 million tons. Better use of crude petroleum and natural gases planned by use of modern drilling equipment and technology. Opportunities for selling drilling, mining and geophysical equipment and pipe, and for surveying services.

*Forest Industries* — Emphasis on modernization of equipment; priority given to greater output of particleboard, fiberboard, and greater range of furniture manufacturing.

*Building Materials* — To expand output at annual rate of 12-13 per cent. Significant increases in output of new building materials, prefabs, new types of cement, window glass, insulation materials, etc.

*Light Industry* — Sixty new plants to be built; annual average expansion 7.5 per cent. Fabrics, knitwear, housewares and hardware to receive priority.

*Staple Food Products* — Production to increase at average annual rate of 6.2 - 7 per cent. Canned vegetables and fruits for children, confectionery, meat paste, milk-based drinks to be made.

*Transportation Equipment* — Railways to get approximately 1,600 additional passenger and 60,000 freight cars; 95 per cent of all engines to be diesel or electric by 1975. Tankers and high-capacity orecarriers to be added to the merchant fleet. Bucharest-Otopeni airport complex to be expanded.

# Romania at a glance

**Area:** 91,738 square miles.

**Population:** 20.01 million.

**Climate:** temperate.

**Currency:** Lei; official rate 6 lei = US $1.00.

**Weights and Measures:** metric system.

**Chief ports:** Constanza on the Black Sea; Galati, Tulcea, and Braila on the Danube.

**Marketing centres:** Bucharest (1.5 million), Brasov, Cluj, Galati, Iassy, Oradea, Ploesti, Sibiu, Timisoara.

**Economy:** Although historically agricultural, development of the oil industry (with associated petrochemical products), ferrous and non-ferrous metallurgy, metal-working, forestry and woodworking, and textile industries are being rapidly developed to provide an industrial base.

**Total imports:** 1969 — US$1,741 million (UN statistics).

**Chief imports:** production machinery, and equipment, fuel, minerals, raw materials, metals, vegetable and animal raw materials (excluding food), chemicals, fertilizers, rubber, industrial consumer goods, food-stuffs, building materials and fittings.

**Chief suppliers:** (approximate per cent) 1969 — U.S.S.R. 27, West Germany 10, Italy 6, Czechoslovakia 6, France 5, East Germany 5.

**Value of Imports from Canada:** 1971 — $10.59 million; 1970 — $35 million.

**Chief imports from Canada:** 1971 — barley, asbestos fibres, power boilers.

**Total Romanian exports:** 1969 — U.S. $1,633 million (UN statistics).

**Chief exports:** Mineral oil and related products, corn and vegetables (fresh and preserved), machinery and equipment for the petroleum industry, tractors and other agricultural implements and machinery, textile clothing, industrial machinery.

**Chief markets:** (approximate per cent) 1969 — U.S.S.R. 28, Czechoslovakia 9, East Germany 7, West Germany 7, Italy 6, Poland 4, France 3.3, Britain 3.

**Value of Canadian purchases:** 1971 — $8,892,000; 1970 — $5,086,000.

**Chief Canadian purchases:** (Cdn. $'000) 1971 — wheel tractors $2,369, clothing $2,164, footwear $766.

**Prices:** preferably quote in U.S. dollars both f.o.b. and c.i.f.

**Usual terms of payment:** letter of credit for small purchases, credit terms for capital purchases, increasing requirement to accept some barter trade.

**Samples:** duty-free if of no commercial value.

**Visa:** visa is required, obtainable on arrival.

**Inoculation:** Not required entering directly from Canada or western Europe.

**Foreign exchange and import regulations:** necessary requirements are the responsibility of the importing Romanian company.

**Controls, documentation, customs tariffs, marking and labelling:** consult Office of Area Relations, Eastern European Division, Department of Industry, Trade and Commerce, Ottawa.

**Correspondence:** airmail only; 15 cents one oz., 30 cents 2 ozs., 40 cents 4 ozs.

**For detailed information:** contact Office of Area Relations, Eastern European Division, Department of Industry, Trade and Commerce, or Commercial Counsellor, Canadian Embassy, Dr. Karl Luegerring 10, 1010 Vienna, Austria.

# Canadian Exports to Eas

| | $,000 1970 | 1971 |
|---|---|---|
| **Live Animals** | | |
| Cattle, dairy, purebred | | |
| Bulgaria | 51 | 329 |
| Hungary | 310 | — |
| U.S.S.R | 136 | — |
| Cattle, purebred, n.e.s. | | |
| U.S.S.R. | 300 | 272 |
| Baby chicks | | |
| Czechoslovakia | 6 | — |
| Hungary | 151 | 32 |
| Romania | 24 | — |
| Live poultry, n.e.s. | | |
| Hungary | 137 | 129 |
| Romania | 2 | — |
| Mink | | |
| U.S.S.R. | — | 74 |
| **Food, Feed, Beverages and Tobacco** | | |
| Herring, canned, n.e.s. | | |
| Czechoslovakia | — | 71 |
| Milk powder, skim milk, | | |
| Bulgaria | — | 510 |
| Hungary | 847 | — |
| Romania | 195 | — |
| Yugoslavia | — | 435 |
| Eggs, hatching | | |
| Hungary | 232 | 33 |
| U.S.S R. | 10 | — |
| Barley | | |
| Poland | 6,642 | 6,821 |
| Romania | — | 5,839 |
| Yugoslavia | — | 2,882 |
| Rye | | |
| Poland | — | 942 |
| Durum wheat, except seed | | |
| Poland | — | 4,130 |
| U.S.S.R. | — | 11,765 |
| Wheat, except seed, n.e.s. | | |
| Albania | 4,161 | 4,024 |
| Bulgaria | 3,250 | — |
| Poland | 3,937 | — |
| U.S.S R. | 86,625 | 99,701 |
| Potatoes, fresh, n.e.s. | | |
| U.S.S.R. | 43 | 68 |
| Vegetables, fresh or chilled, n.e.s. | | |
| U.S.S.R. | 18 | 32 |
| Sausage and similar meat casings | | |
| Czechoslovakia | 44 | — |
| Poland | 70 | — |
| Romania | — | 4 |
| U.S.S.R. | 63 | 186 |
| **Crude Materials, inedible** | | |
| Cattle hides, raw | | |
| Czechoslovakia | 682 | 949 |
| East Germany | — | 16 |
| Hungary | 359 | 218 |
| Poland | 712 | 652 |
| Romania | 128 | 118 |
| U.S S.R. | 1,223 | 1,834 |
| Yugoslavia | 229 | 217 |
| Calf and kip skins, raw | | |
| Czechoslovakia | 6 | 9 |
| East Germany | 17 | 5 |
| Hungary | 100 | 39 |
| Poland | — | 37 |
| U.S S.R. | 344 | 456 |
| Yugoslavia | 73 | 17 |
| Hides and skins, raw, n.e.s. | | |
| Poland | 23 | 36 |
| Fur skins, muskrat | | |
| East Germany | 74 | 172 |

| | $,000 1970 | 1971 |
|---|---|---|
| Animal semen | | |
| Czechoslovakia | — | 19 |
| East Germany | — | 40 |
| Hungary | — | 18 |
| U.S.S.R. | — | 4 |
| Alfalfa seed | | |
| Poland | 19 | 28 |
| Clover seed, alsike | | |
| Poland | 63 | 16 |
| Flaxseed | | |
| Czechoslovakia | 949 | 635 |
| East Germany | — | 400 |
| Rapeseed | | |
| Czechoslovakia | 2,719 | 1,625 |
| Pulpwood, balsam fir, spruce peeled | | |
| Yugoslavia | 697 | 1,504 |
| Pulpwood, balsam fir, spruce, unpeeled | | |
| Yugoslavia | 2,317 | 214 |
| Pulpwood, unpeeled, n.e.s. | | |
| Yugoslavia | 153 | — |
| Wool and fine hair waste material, n.e.s. | | |
| Hungary | 110 | 7 |
| Scrap iron and steel, n.e.s. | | |
| Yugoslavia | 420 | — |
| Copper in ores, concentrates and matte | | |
| Yugoslavia | — | 2,865 |
| Copper scrap | | |
| East Germany | 155 | 81 |
| Hungary | 967 | 366 |
| Yugoslavia | 1,593 | 36 |
| Brass and bronze scrap | | |
| East Germany | 24 | — |
| Hungary | — | 16 |
| Yugoslavia | 204 | — |
| Silver in ores and concentrates | | |
| Yugoslavia | — | 245 |
| Molybdenum in ores, concentrates and scrap | | |
| Poland | 345 | 457 |
| Metal bearing ores and concentrates, n.e.s. | | |
| East Germany | 53 | — |
| U.S.S.R. | 45 | — |
| Asbestos milled fibres, group 3 grade | | |
| Czechoslovakia | 210 | 218 |
| Hungary | 108 | 77 |
| Poland | — | 4 |
| Romania | — | 2 |
| U.S.S R. | — | 30 |
| Yugoslavia | 48 | — |
| Asbestos milled fibres, groups 4 and 5 | | |
| Czechoslovakia | 131 | 739 |
| Hungary | — | 140 |
| Poland | 2,295 | 1,095 |
| Romania | 671 | 2,297 |
| Yugoslavia | 1,002 | 1,095 |
| Asbestos shorts, groups 6-9 grades | | |
| Czechoslovakia | 109 | 219 |
| Poland | 242 | 113 |
| Romania | 17 | 28 |
| Yugoslavia | 44 | 44 |
| Sulphur, crude or refined, n.e.s. | | |
| U.S.S.R. | 146 | 41 |

| | $,000 1970 | 1971 |
|---|---|---|
| Non-metallic minerals, crude, n.e.s. | | |
| U.S.S.R. | 41 | 77 |
| Yugoslavia | — | 1 |
| Textile rags, n.e.s. | | |
| Hungary | 73 | 134 |
| Newsprint, beater stock, rejects | | |
| Yugoslavia | 64 | — |
| **Fabricated Materials, inedible** | | |
| Upper leather, cattle | | |
| U.S.S.R. | 34 | — |
| Furs, dressed, n.e.s. | | |
| Czechoslovakia | 32 | 27 |
| Hungary | 23 | 26 |
| Poland | 6 | 7 |
| Veneer, walnut | | |
| Poland | — | 35 |
| Wood pulp dissolving and special alpha | | |
| Poland | 52 | 1,001 |
| U.S.S.R. | 5,218 | 4,357 |
| Yugoslavia | 526 | 1,163 |
| Wood pulp bl. kraft paper grade soft | | |
| Czechoslovakia | — | 49 |
| Hungary | 641 | — |
| Poland | — | 158 |
| Romania | 196 | — |
| Yugoslavia | 444 | 545 |
| Wood pulp bl. kraft paper grade hard | | |
| Hungary | 284 | 377 |
| Wood pulp bl. sulphite paper grades | | |
| Czechoslovakia | — | 160 |
| Hungary | 399 | 8 |
| U.S.S.R. | 576 | — |
| Yugoslavia | 2,255 | 2,040 |
| Wood pulp, sulphate unbleached paper grade | | |
| Hungary | 296 | — |
| Poland | — | 153 |
| Wood pulp, sulphite, unbleached strong | | |
| Yugoslavia | 734 | 273 |
| Wood pulp, sulphite, unbleached news | | |
| Yugoslavia | — | 89 |
| Newsprint paper | | |
| U.S.S.R. | — | 1 |
| Yugoslavia | 128 | — |
| Fine paper, n.e.s. | | |
| Poland | 119 | 30 |
| Wet machine board | | |
| U S.S.R. | — | 559 |
| Rayon yarn viscose or acetate | | |
| U.S.S.R. | 471 | 76 |
| Nylon yarn | | |
| Yugoslavia | — | 312 |
| Broad woven fabric, 1 man-made fibre, n.e.s. | | |
| Hungary | 2 | — |
| Poland | — | 102 |
| Papermakers felts, textile | | |
| Czechoslovakia | — | 11 |
| U.S.S.R. | 68 | 107 |
| Yugoslavia | 47 | 29 |
| Textile fabricated materials, n.e.s. | | |
| Bulgaria | — | 2 |
| Hungary | — | 7 |
| Poland | 5 | — |

| |
|---|
| Romania |
| U.S.S.R. |
| Iron oxides, |
| synthetic |
| Poland |
| Metallic salts |
| inorganic aci |
| U.S.S.R. |
| Yugoslavia |
| Radioactive |
| isotypes |
| Czechoslov |
| Yugoslavia |
| Phenols, phe |
| and derivativ |
| U S.S.R. |
| Alcohols and |
| derivatives |
| Hungary |
| U.S.S.R. |
| Organic acid |
| and derivativ |
| Poland |
| Plastic and sy |
| not shaped, n |
| Czechoslov |
| Hungary |
| Poland |
| U.S.S.R. |
| Yugoslavia |
| Ready-mixed |
| including whi |
| Yugoslavia |
| Insecticides a |
| rodenticides |
| Czechoslov |
| Hungary |
| Poland |
| Coke, n.e.s. |
| Romania |
| Ferrosilicon |
| U.S.S.R. |
| Pig iron |
| Yugoslavia |
| Sheet and st |
| steel cold ro |
| U.S.S.R. |
| Sheet and st |
| n.e.s. |
| Hungary |
| Yugoslavia |
| Pipes and tu |
| and steel, n. |
| Romania |
| Aluminum p |
| shot, slabs, |
| Yugoslavia |
| Copper, refi |
| Yugoslavia |
| Copper bars |
| shapes, n.e.s |
| Poland |
| Romania |
| Yugoslavia |
| Copper wire |
| exc. insulate |
| Yugoslavia |
| Lead pigs, b |
| and shot |
| Yugoslavia |
| Nickel and a |
| cated materia |
| Hungary |

# Europe by Commodities

| $,000 | |
|---|---|
| 970 | 1971 |
| 4 | 1 |
| 26 | — |
| 29 | 14 |
| — | 584 |
| — | 51 |
| 8 | 8 |
| 18 | 30 |
| 233 | — |
| 44 | — |
| 38 | — |
| 50 | — |
| r | |
| 8 | — |
| 139 | 2 |
| 19 | — |
| 323 | 733 |
| 25 | — |
| 33 | — |
| 8 | 16 |
| — | 60 |
| — | 8 |
| 447 | — |
| 41 | 755 |
| — | 536 |
| 966 | — |
| 000 | — |
| — | 413 |
| 58 | 4 |
| 256 | 3,074 |
| 670 | — |
| 77 | 1,525 |
| — | 115 |
| 977 | 450 |
| 155 | — |
| 459 | — |
| 70 | 1,628 |

| | $,000 1970 | 1971 |
|---|---|---|
| Magnesium | | |
| Hungary | 113 | 120 |
| Abrasive wheels and stones | | |
| U.S.S.R. | — | 218 |
| Yugoslavia | — | 15 |
| **End Products, Inedible** | | |
| Power boilers, equipment and parts | | |
| Romania | — | 1,610 |
| Indus. furnaces, kilns, ovens and parts | | |
| U.S.S.R. | 82 | — |
| Yugoslavia | — | 1 |
| Foundry equipment and parts, n.e.s. | | |
| Czechoslovakia | 16 | — |
| U S.S.R. | 85 | — |
| Pumps, pumping systems and parts | | |
| Yugoslavia | 30 | — |
| General purpose industrial machinery and parts, n.e.s. | | |
| Hungary | — | 26 |
| Yugoslavia | — | 12 |
| Cranes and derricks | | |
| Czechoslovakia | — | 37 |
| Earth drilling and related machinery and parts | | |
| Romania | 536 | — |
| U.S.S.R. | 25 | — |
| Yugoslavia | 22 | — |
| Mining-quarrying machinery and parts, n.e.s. | | |
| Romania | — | 10 |
| Yugoslavia | 36 | 1 |
| Metal grinding machines and parts | | |
| U.S.S.R. | — | 231 |
| Presses metalworking and parts | | |
| Hungary | — | 85 |
| Welding apparatus, equipment and parts | | |
| Czechoslovakia | 5 | — |
| East Germany | — | 11 |
| Hungary | 34 | — |
| Poland | 16 | 4 |
| Chain saws | | |
| Yugoslavia | — | 34 |
| Parts and accessories for chain saws | | |
| Bulgaria | — | 3 |
| Czechoslovakia | — | 47 |
| Hungary | 1 | 41 |
| U.S.S.R. | — | 5 |
| Yugoslavia | 40 | 1 |
| Textile industries machinery and parts, n.e.s. | | |
| Bulgaria | 6 | 21 |
| Czechoslovakia | 397 | 323 |
| Hungary | 1 | — |
| Poland | 165 | 388 |
| Romania | 116 | 226 |
| U S.S.R. | 39 | 8 |
| Yugoslavia | 18 | 8 |
| Construction maintenance, machinery and parts | | |
| Czechoslovakia | 513 | 13 |
| Hungary | — | 75 |
| Poland | 46 | — |

| | $,000 1970 | 1971 |
|---|---|---|
| U.S.S.R. | — | 98 |
| Yugoslavia | 58 | 175 |
| Chemical pharm. prod. machinery and parts | | |
| Romania | — | 125 |
| Special industry machinery and parts | | |
| Czechoslovakia | 59 | 153 |
| Hungary | 5 | 212 |
| Poland | 2 | — |
| Romania | 1 | — |
| U.S.S.R. | — | 53 |
| Yugoslavia | 8 | — |
| Combine reaper-threshers | | |
| U.S.S.R. | 29 | — |
| Locomotives and tenders, engines and parts | | |
| Yugoslavia | 7,775 | 1,447 |
| Trucks and chassis, commercial, n.e.s. | | |
| Yugoslavia | — | 111 |
| Motor vehicles, n.e.s. | | |
| U.S.S.R. | 793 | 2,715 |
| Parts and accessories for motor vehicles, n.e.s. | | |
| Czechoslovakia | 3 | — |
| Poland | 4 | 1 |
| U.S.S.R. | 167 | 238 |
| Yugoslavia | 9 | 9 |
| Aircraft engines and parts | | |
| Czechoslovakia | 613 | 479 |
| Yugoslavia | 36 | 156 |
| Measuring and testing equipment and parts, n.e.s. | | |
| Bulgaria | 5 | — |
| Czechoslovakia | 7 | — |
| East Germany | — | 5 |
| Hungary | 28 | 12 |
| Poland | 5 | — |
| Romania | 2 | 82 |
| U.S.S.R. | 94 | — |
| Yugoslavia | 7 | 28 |
| Medical and related instruments, equipment and parts, n.e.s. | | |
| Czechoslovakia | 137 | 1 |
| Poland | 3 | — |
| Yugoslavia | — | 18 |
| Geophysical mineral prosp. equipment and parts | | |
| Czechoslovakia | — | 6 |
| Romania | — | 1 |
| U.S.S.R. | — | 165 |
| Lab. optical instru. equip. and parts, n.e.s. | | |
| Albania | 2 | — |
| Czechoslovakia | 25 | 13 |
| Hungary | 4 | 531 |
| Poland | 5 | 9 |
| Romania | 64 | 25 |
| U.S.S.R. | 2 | 198 |
| Yugoslavia | 38 | — |
| Card punch sort tab computers and parts | | |
| U.S.S.R. | — | 77 |
| Yugoslavia | — | 53 |
| Fur goods, apparel | | |
| Hungary | 73 | 7 |
| Poland | 3 | 2 |
| U.S.S.R. | 1 | — |
| Yugoslavia | 8 | — |
| Miscellaneous apparel, n.e.s. | | |
| U S.S.R. | 27 | 30 |
| Romania | — | 1 |

| | $,000 1970 | 1971 |
|---|---|---|
| Skates, ice | | |
| Bulgaria | 1 | — |
| Czechoslovakia | 28 | 45 |
| East Germany | 13 | — |
| Hungary | 34 | — |
| Poland | 1 | — |
| U.S.S.R. | 1 | — |
| Yugoslavia | 51 | 108 |
| Printed matter, n.e.s. | | |
| Bulgaria | 1 | 1 |
| Czechoslovakia | 5 | 5 |
| Hungary | 70 | 2 |
| Poland | 4 | 9 |
| Romania | 1 | 2 |
| Yugoslavia | 4 | — |
| Prefab. building structures and parts, n.e.s. | | |
| Czechoslovakia | — | 4 |
| Hungary | 6 | — |
| U.S.S.R. | 33 | — |
| Buttons, needles, pins, notions and parts | | |
| Czechoslovakia | 36 | 52 |
| Hungary | 12 | — |
| Poland | 7 | 38 |
| Romania | 1 | — |
| Yugoslavia | 23 | 6 |
| Boxes and cartons, paperboard and parts | | |
| Poland | 73 | 67 |
| Shipping containers, paper and parts, n.e.s. | | |
| Poland | 51 | — |
| Shipping containers, plastic and parts | | |
| Czechoslovakia | 6 | 7 |
| Hungary | 6 | 9 |
| Poland | 14 | 35 |
| Romania | 24 | 30 |
| Yugoslavia | 1 | — |
| **Special Transactions — Trade** | | |
| Contractors equipment and tools | | |
| Czechoslovakia | 3 | — |
| Romania | — | 2 |
| U.S.S.R. | 30 | — |
| Shipments of less than $100 each | | |
| Czechoslovakia | 4 | — |
| Hungary | 2 | — |
| Poland | 3 | — |
| U.S.S.R. | 57 | — |
| Yugoslavia | 3 | — |
| **Total sales of products listed** | | |
| Albania | 4,163 | 4,024 |
| Bulgaria | 3,314 | 866 |
| Czechoslovakia | 6,769 | 5,940 |
| East Germany | 336 | 730 |
| Hungary | 6,781 | 4,437 |
| Poland | 15,107 | 17,917 |
| Romania | 3,486 | 10,522 |
| U.S.S.R. | 101,453 | 125,748 |
| Yugoslavia | 26,738 | 20,773 |

**Total sales** including all other products in 1971 were, in thousands of dollars: Albania 4,024; Bulgaria 871, Czechoslovakia 6,054; East Germany 730; Hungary 4.554; Poland 18,023, Romania 10,589; U.S.S.R. 125,812; Yugoslavia 20,916.

# The Ocean Freight Market

The Japanese seamen's strike was settled on July 24, and speculation of consequent rate collapses proved to be unfounded, as evidenced by widespread rate increases occuring throughout the third quarter of 1972.

There was an appreciable backlog of Japanese trade to handle but, more importantly, dry cargo rates were pushed upwards by a massive chartering program by the U.S.S.R. to cover the United States (in particular), Canadian, Australian and French grain sales. July fixtures, for U.S. grain cargoes, virtually all early tonnage, amounted to 1,700,000 tons and August bookings totalled 750,000 tons[1]. Other large grain sales were reported which boosted the market and owners' rate expectations, These sales included an additional 1.5 million tons by Canada to the People's Republic of China for delivery by March 1973. This year's shipments from Canada to China could reach 3,750,000 tons, which would represent the greatest volume shipped between the two countries in a single year. In mid-September, the U.S. announced a 500,000 ton wheat sale to the People's Republic of China, and this was followed by substantial French sales. These developments outweighed negative influences, particularly the four-week British port strike (ending August 21) which held up as much as 950 million in British foreign trade[2]

Rate levels in nearly all trades were affected by increased demand resulting from the dynamic surge in grain bookings. Notable examples of rate increases in Canadian trades include the average rate per ton for heavy grain from the Great Lakes to Belgium/Holland/Germany which rose to Cdn. $8.28 per ton this quarter from $7.25 during the preceding quarter and average rates for heavy grain from British Columbia/North Pacific to South Korea rose to $7.75 per ton from $6.27 during the second quarter.

Coal transportation from Roberts Bank to Japan commanded an average rate of $4 per ton during the third quarter compared to $2.90 during the previous three months and oilseeds from British Columbia to Japan were moved at an average rate of $6.63 this quarter as contrasted with $5.60 during the second quarter.

In the tanker market, rates also rose appreciably through the third quarter. During the first half of 1972, tanker rates had dropped from weak winter levels (caused in part by mild weather in Europe and a refinery strike in Italy) to a five-year low in May for dirty (i.e. crude oil) single voyage rates. In June, however, tanker demand increased due to the Japanese seamen's strike (affecting about 7-8 per cent of the world tanker fleet) and a cut back in Libyan crude oil production giving rise to longer hauls from other sources. Rates generally increased through the third quarter of 1972. The rate from Venezuela to Portland rose to an average of Cdn. $1.81 per ton from $1.44 per ton during the second quarter of the year. As was the case in the dry bulk cargo trades, settlement of the Japanese strike did not lead to a rate decline, partially because of dislocations and delays caused by the strike and a healthy increase of 5-6 per cent in North American oil demand.

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[1] "Fairplay Shipping Journal", Sept. 7, 1972, page 17.
[2] Daily Freight Register", Aug. 22, 1972, page 3.

## CHARTER RATES — THIRD QUARTER 1972

The rates shown in column A are in sterling or U.S. dollars with the Canadian dollar equivalent in column B calculated at £ = 2.476 and U.S.$ = 0.981. For comparison the rates for the previous quarter are shown in column C with the Canadian dollar equivalent in column D calculated at £ = 2.605 and U.S.$ = 0.997. The rates schedule does not necessarily represent all charter movements to or from Canadian ports since details of certain fixtures are not published.

| | Third Quarter 1972 | | Second Quarter 1972 | |
|---|---|---|---|---|
| **TIME CHARTERS** — The classes of motor ships indicated have been selected as representative for the purpose of illustrating time charter rates. Average rates per deadweight ton per month for the third quarter of the year were as follows: | **A £ or U.S.$** | **B Cdn.$** | **C £ or U.S.$** | **D Cdn.$** |
| **General Trading (approximately 4 to 12 months)** | | | | |
| 11,000-15,000 dwt. 13-16 knots | 3.51 | 3.44 | 2.77 | 2.76 |
| 15,000-20,000 dwt. 13-16 knots | 4.01 | 3.93 | 2.94 | 2.93 |
| 20,000-30,000 dwt. 13-16 knots | 2.83 | 2.78 | 2.30 | 2.29 |
| 30,000-40,000 dwt. 13-16 knots | 2.15 | 2.11 | 1.86 | 1.85 |
| **VOYAGE CHARTERS** — Average rates for the third quarter of the year were as follows: | | | | |
| **Heavy Grain (per long ton)** | | | | |
| St. Lawrence to Britain | £ 2.01 | 4.98 | £ 2.30 | 5.99 |
| St. Lawrence to U.S.S.R. (Baltic) | 5.38 | 5.28 | — | — |
| St. Lawrence to U.S.S.R. (Black Sea) | *4.90 | 4.81 | — | — |
| St. Lawrence to Lebanon-Syria | 5.27 | 5.17 | 5.60 | 5.58 |
| St. Lawrence to Nigeria | *11.75 | 11.53 | 10.38 | 10.35 |

| | Third Quarter 1972 | | Second Quarter 1972 | |
|---|---|---|---|---|
| | A £ or U.S.$ | B Cdn.$ | C £ or U.S.$ | D Cdn.$ |
| St. Lawrence to India | *11.34 | 11.12 | — | — |
| St. Lawrence to Japan | 4.95 | 4.86 | — | — |
| St. Lawrence to People's Republic of China | £ 4.16 | 10.30 | — | — |
| Churchill to Belgium/Holland/Germany | 4.67 | 4.58 | — | — |
| Churchill to Britain | £*3.00 | 7.43 | £*2.50 | 6.51 |
| Churchill to Italy | *10.29 | 10.09 | — | — |
| Great Lakes to Belgium/Holland/Germany | 8.44 | 8.28 | 7.27 | 7.25 |
| Completing St. Lawrence | 4.00 | 3.92 | 3.11 | 3.10 |
| Great Lakes to Britain | £ 4.22 | 10.45 | £ 3.92 | 10.21 |
| Completing St. Lawrence | £ 2.12 | 5.25 | £ 2.28 | 5.94 |
| Great Lakes to France (Mediterranean) | *9.00 | 8.83 | *8.65 | 8.62 |
| Great Lakes to Norway | 8.68 | 8.52 | 7.57 | 7.55 |
| Completing St. Lawrence | *4.75 | 4.66 | 3.13 | 3.12 |
| Great Lakes to Spain | 10.63 | 10.43 | — | — |
| Completing St. Lawrence | *5.25 | 5.15 | — | — |
| Great Lakes to U.S.S.R. (Baltic) | 10.53 | 10.33 | — | — |
| Completing St. Lawrence | 4.63 | 4.54 | — | — |
| Great Lakes to U.S.S.R. (Black Sea) | 10.84 | 10.63 | — | — |
| Completing St. Lawrence | 4.85 | 4.76 | — | — |
| Great Lakes to Algeria | 11.98 | 11.75 | *12.94 | 12.90 |
| Great Lakes to India | 11.20 | 10.99 | — | — |
| Great Lakes to Japan | *10.00 | 9.81 | 8.73 | 8.70 |
| Completing St. Lawrence | *6.00 | 5.89 | *4.35 | 4.34 |
| Great Lakes to U.S.S.R. (Pacific) | 11.50 | 11.28 | 9.50 | 9.47 |
| Completing St. Lawrence | 5.42 | 5.32 | 4.75 | 4.74 |
| Great Lakes to Venezuela | 10.46 | 10.26 | *9.50 | 9.47 |
| Completing St. Lawrence | *5.00 | 4.91 | — | — |
| British Columbia/North Pacific to Iran | *10.00 | 9.81 | 12.18 | 12.14 |
| British Columbia/North Pacific to India | 9.90 | 9.71 | — | — |
| British Columbia/North Pacific to Japan | 7.46 | 7.32 | 7.25 | 7.23 |
| British Columbia/North Pacific to People's Republic of China | 8.15 | 7.99 | £ 2.49 | 6.49 |
| British Columbia/North Pacific to Philippines | *7.00 | 6.87 | 7.35 | 7.33 |
| British Columbia/North Pacific to South Korea | 7.90 | 7.75 | 6.29 | 6.27 |
| British Columbia/North Pacific to U.S.S.R. (Pacific) | *8.00 | 7.85 | — | — |
| British Columbia/North Pacific to El Salvador | *8.00 | 7.85 | 6.28 | 6.26 |
| **Coal (per long ton)** | | | | |
| Hampton Roads to Japan | 3.54 | 3.47 | *3.50 | 3.49 |
| British Columbia to Japan | 4.08 | 4.00 | 2.91 | 2.90 |
| **Petroleum Coke (per long ton)** | | | | |
| U.S. Gulf to St. Lawrence | *4.00 | 3.92 | — | — |
| **Oilseeds (per long ton)** | | | | |
| British Columbia to Japan | 6.76 | 6.63 | 5.62 | 5.60 |
| Great Lakes to France (Atlantic) | *9.00 | 8.83 | — | — |
| Great Lakes to Spain | 14.13 | 13.86 | — | — |
| Great Lakes to India | *16.75 | 16.43 | — | — |
| **Sulphur (per long ton)** | | | | |
| British Columbia to France (Atlantic) | *4.60 | 4.51 | — | — |
| British Columbia to Australia | *£2.50 | 6.19 | £2.68 | 6.98 |
| British Columbia to New Zealand | £3.45 | 8.54 | — | — |
| **Oilseed Meals (per long ton)** | | | | |
| Churchill to Britain | *£6.25 | 15.48 | — | — |
| Great Lakes to Belgium/Holland/Germany | 8.73 | 8.56 | — | — |
| Great Lakes to France | *9.75 | 9.56 | — | — |
| **Potash (per long ton)** | | | | |
| California to New Zealand | *6.85 | 6.72 | — | — |
| **Iron ore (per long ton)** | | | | |
| St. Lawrence to Britain | £ 1.59 | 3.94 | 1.30 | 1.30 |
| West Africa to Contrecoeur, P.Q. | 2.00 | 1.96 | — | — |
| **Titanium Slag (per long ton)** | | | | |
| St. Lawrence to Britain | *3.00 | 2.94 | — | — |
| **Scrap Iron and Steel (per long ton)** | | | | |
| St. Lawrence to Italy | *6.60 | 6.47 | — | — |
| St. Lawrence to Japan | *8.13 | 7.98 | — | — |
| St. Lawrence to People's Republic of China | *10.13 | 9.94 | 9.56 | 9.53 |
| U.S. North Atlantic to Italy | 5.63 | 5.52 | 4.67 | 4.66 |
| U.S. North Atlantic to Japan | *8.50 | 8.34 | 7.15 | 7.13 |
| California to Japan | 4.71 | 4.62 | — | — |
| **Oil Black (per long ton)** | | | | |
| Venezuela to East Coast of Canada | 1.53 | 1.50 | 1.41 | 1.41 |
| Venezuela to Portland, Maine | 1.85 | 1.81 | 1.44 | 1.44 |
| Persian Gulf to Portland, Maine | 6.72 | 6.59 | 3.78 | 3.77 |
| Mediterranean to Portland, Maine | 3.31 | 3.25 | 2.02 | 2.01 |

* One fixture reported only.

# MACH... a two way street

DAVID MAGEE,
Assistant Editor, Canada Commerce

**By remitting the duty otherwise payable, the Machinery Program (MACH) of the Department of Industry, Trade and Commerce allows Canadian machinery users to acquire, at the lowest possible cost, capital equipment which is not available from Canadian production. At the same time, it enables Canadian machinery producers to derive maximum incentive and encouragement from the tariff by extending duty protection once they are in a position to supply.**

The Machinery and Equipment Advisory Board runs MACH. Essentially, this means that among other things, it advises the Minister of Industry, Trade and Commerce on whether machinery imported under the program is eligible for remission of duty. The Board's offices in Tower B, Place de Ville, Ottawa, do a lot of business — something in the order of 18,000 applications representing $50 million worth of duty were processed in 1971 — and the work load isn't getting any lighter. Actually, "processed" may be the wrong word to use for the purpose of this article. It's a word that conjures up endless banks of whirring, clicking computers and while the Advisory Board does have a data bank into which it is constantly delving, it relies heavily on people-to-people contact to get its work done.

The bare-bones description of MACH is laid out at the beginning of this article and the official booklet describing the program is perhaps equally deceptive in its slimness because there are a number of grey areas which can mislead those who do not work carefully. The Advisory Board is well-used to applying large doses of old-fashioned horse sense to the problems it encounters and its success is indicated by the favourable reception which the program has received from both users and manufacturers of equipment.

The provision of 15 per cent Most Favoured Nation (MFN) and 2½ per cent British preferential tariff protection for Canadian-produced machinery and equipment is relatively straight-forward, but what about remission of duty — how does this work? For a start, the machinery to be brought into Canada must be classifiable by the National Revenue Department under one of the tariff items encompassed by the program. Application forms for remission of duty are available from either that Department or the Machinery and Equipment Advisory Board. A completed application, after classification, is evaluated by the Advisory Board to determine if a reasonably equivalent machine is available from Canadian production.

At this point we should pause to introduce Al Boles, Assistant Secretary of the Advisory Board. He reports to Bill Chandler, who is Secretary of the Board and Director of the Machinery Branch of the Department of Industry, Trade and Commerce. Mr. Boles reiterates the Board's main concern — to approach all problems pragmatically.

"A company can come back and dispute, if you will, our findings on a given application if it has grounds to do so. Our door is always open. In fact, I think we sometimes re-discuss things which don't have much possibility for success but we've got to give the company the opportunity because something may come out that was missed before. I think this is one of the key points in the success of the program — that we are accessible."

However, Mr. Boles says that it is important for any company applying or re-applying for remission of duty to do its homework before coming to the Board: "If the basics have been covered properly," he says, "we can efficiently evaluate the application and promptly advise the Minister of the Board's findings. If the Board finds the applicant to be eligible for remission, the Minister may recommend accordingly to the Governor-in-council (Privy Council). But, if the application is not complete, we have to go back to the company for more information."

Not only are MACH personnel accessible in Ottawa, but also they often find it necessary to visit Canadian plants to stay abreast of what is available from domestic production and to find out at first-hand the details of how machinery is to be used and why a Canadian machine may or may not have the same advantages and versatility as something produced in another country.

When applications first come before the Board, they generally fall into one of two broad categories.

Either they are straightforward and can be dealt with quickly, or they are relatively complex and demand more time and attention. But Mr. Boles is quick to point out that, while the procedure may be simplified for less complex cases the Board does not stint on researching any application, big or small. There is a detailed report on any case which is contentious or involves a tangle of facts. All reports are microfilmed and filed for quick reference. For the "average" application, the whole procedure, from applicant's desk back to his desk, takes about six weeks.

Machinery Program Personnel have other work besides evaluation of applications. As already mentioned, visits to Canadian machinery manufacturers are necessary in order to keep abreast of developments and machinery users are also visited so the Board can maintain knowledge of manufacturing methods and technology. The Machinery Program's data bank contains information on equipment available from Canadian manufacturers and needs constant effort to keep it up to date. In a related area, the Machinery Program, by its nature, identifies items which may offer production opportunities to Canadian companies. The need to import an item on a continuing basis points to a potential opportunity for a Canadian company to manufacture either that item or its equivalent and the Department's annual publication, Machinery Program Import Analysis, identifies these opportunities.

For further information write to the Secretary, Machinery and Equipment Advisory Board, 112 Kent Street, Ottawa K1A 0H5.

# International Loans

**Brazil Gets Canadian Loan for Turbines**

Canada's Export Development Corporation and Companhia Hidro Electric do Sao Francisco of Rio de Janeiro have signed a loan agreement for $10 million. The Latin American country will use the money to buy electric power-generating turbines built by Dominion Engineering Works Ltd. of Lachine, Quebec.

Canadian companies are making increasing use of the EDC to facilitate export sales and the Corporation expects to make loans totalling $75 million to cover similar purchases by Brazilian companies in the coming year. It is also possible for Canadian firms to make use of the facilities of international financing organizations which Canada supports.

**Improved Grain Storage Facilities for Brazil**

Experts project a requirement for about six million tons of additional grain storage capacity for Brazil's Centre-South in the next four years. To help to meet expected demand, the government-controlled Banco de Brasil is building, expanding or otherwise improving the Centre-South's grain storage capabilities.

The project will provide 1.9 million tons of storage and is being partially financed by a World Bank loan of $30 million. This represents about 40 per cent of the total cost. About 90 per cent of the total investment will be about equally divided between new construction for corn, wheat and soybeans. This is the first time the Banco de Brasil has entered into a loan agreement with the World Bank.

**Greece Upgrades Its Education System**

Greece has begun an ambitious project to improve the country's quality of education at all levels. The Ministry of Planning and Government Policy estimates total cost at just under $44 million and has assigned a Central Project Unit to administer the entire scheme.

Educational institutions will be upgraded and the university system will be modernized, with the ultimate goal being to increase the number of trained engineers, scientists and other specialists in Greece. Five primary teacher training academies will be built. Schools of engineering and natural sciences will be established at the University of Patras. Vocational training centres and schools of agriculture will be built. One agricultural school will be expanded and 12 farmer training centres will be set up. The project also includes five hotel schools and four merchant marine schools.

The Greeks are going outside their country for technical assistance and although a 15 per cent preference margin has been set for local suppliers of furniture and equipment there will be international competitive bidding. Substantial financial help is coming from the World Bank, which is supplying a 20-year loan for $23.5 million to cover more than half the cost.

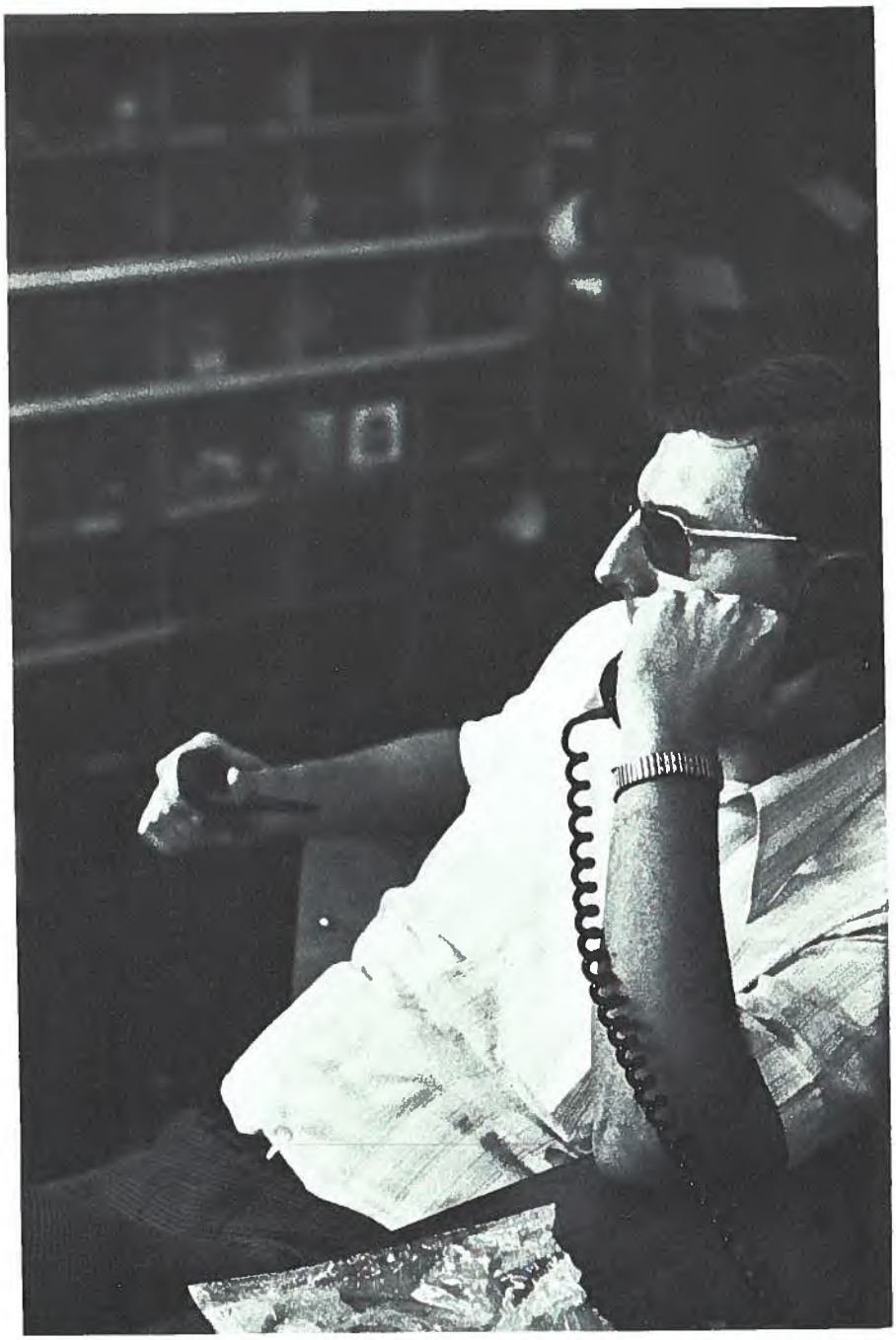
**Tunisia Bolsters Tourist Industry**

Tourism is Tunisia's fastest growing industry. To maintain its growth the country's Office National du Tourisme et du Thermalisme in Tunis has started a $55 million project to develop six tourism zones along Tunisia's Mediterranean coast (Djerba, Zarzis, Tunis-North, Tunis-South, Hammamet/Nabeul and Sousse).

High priority work involves road building, establishing sewerage systems and water supplies, and installing electric power and telecommunications. The project will require outside experts for capital works and training of personnel, and preparation of master plans and studies on future investment needs.

The World Bank Group and Kreditranstalt fur Weideraufbau (KFW) of Frankfurt are providing financing. The World Bank and its affiliate, the International Development Association (IDA) have provided a $14 million loan and a $10 million credit. The KFW has put up $12.4 million. These loans and the credit will cover the full foreign exchange cost of the project as well as a portion of the local cost. Tunisia plans to complete the project by the end of 1976.

# EXPORTING
## How one Company does it



*Balthes Farm Equipment general manager Gene Stampfer is never far from a phone. His company believes in keeping in touch with its customers.*

DAVID MAGEE,
Assistant Editor, Canada Commerce

"With a small company like ours, we simply couldn't afford to go into many foreign markets without assistance from the Department. I would say offhand that if it hadn't been for the Department we wouldn't be exporting at present levels. It's as simple as that."

That's Gene Stampfer speaking. He's General Manager of Balthes Farm Equipment Manufacturing Limited, a thriving operation in Tillsonburg, Ontario. Balthes first broke into the export business in the late sixties and did so with assistance from the Department of Industry, Trade and Commerce. There have been ups and downs but Mr. Stampfer considers the story so far to have been one of success.

Balthes provides a good example of what can be accomplished when private industry and government work together. The company first sought help from the Mechanical Transport Branch of the Department when it decided to look abroad for markets for its tobacco production equipment. Balthes found itself involved not only with that branch but also with the Fairs and Missions Branch and the Trade Commissioner Service — and the relationship continues. The company is in the process of applying for a market development grant as part of its plans to maintain its export drive.

A brief outline of the Mechanical Transport and Fairs and Missions Branches as well as the Trade Commissioner Service might be helpful before we go any further with the Balthes story. Mechanical Transport, like the other industry sector branches (also known as line branches), is a prime point of contact between private industry and the department. There are industry sector branches covering aerospace, marine and rail, agriculture, fisheries and food products, apparel and textiles, chemicals, electrical

and electronics, machinery, materials and wood products.

These branches all offer a number of services: feasibility studies to determine viability of industrial opportunities; efficiency studies; technical and statistical information and advice about legislation. The branch works with industry and various government agencies in establishing standards and helps companies to participate in marketing promotions such as trade fairs, as well as scanning potential markets, mainly through the Trade Commissioner Service.

Trade Commissioners, to put it simply, promote Canadian exports and protect our commercial interests in other countries. Their "raison d'etre" is defining and helping to maintain markets abroad. E. Cayley Hill, the new president of the Canadian Export Association has been quoted recently as saying he's been told by outsiders that Canadian businessmen have the assistance of the finest foreign commercial service in the world.

The Fairs and Missions Branch sets up exhibits at foreign trade shows, arranges trade missions to and from Canada, arranges point-of-sale displays and other promotions and provides export-oriented technical training for buyers' representatives. This branch also administers two programs designed to encourage sales of Canadian goods. These are the Incentive for Incoming Buyers and the Incentive for Participation in Trade Fairs Abroad programs, which help Canadian firms to participate in trade fairs in which the Department is not directly involved.

Now we can get back to the Balthes story. In 1961, the company consisted of three or four members of the Balthes family operating from a farm near Tillsonburg, in the middle of rich tobacco country. Its first product — a tobacco harvesting aid — was sold only to farmers in the immediate area. Over the years, Balthes hasn't exactly grown to General Motors proportions but it is now operating out of a 22,000 square-foot plant with 40 employees and is selling its range of machinery in places the founders wouldn't have thought about 11 years ago.

General Manager Gene Stampfer believes his company's collaboration with Industry, Trade and Commerce has been directly responsible for Balthes' expanded markets. The company's first involvement with a trade fair under Departmental auspices came in 1968, with the International Trade Fair at Lima, Peru.

Frankly, Balthes did not enjoy a roaring success that time. As Gene Stampfer tells it: "We did a little bit of preliminary market study on Peru and found that they were trying to increase tobacco production, so we felt the fair might be worthwhile. At the fair, we found an agent in Peru but we couldn't find a buyer so we decided to leave the machine behind after the fair was over. Our agent had arranged to demonstrate it on a large tobacco plantation when that tragic earthquake struck, wiping out thousands of people. It also destroyed the road to the plantation and the machine couldn't be demonstrated. We finally had to bring it back to Canada. That was our first effort and, well, it was a failure."

Mr. Stampfer says many things went wrong. The company didn't know enough about marketing in Latin America and it also discovered its machine was too expensive for Peruvian users. Balthes spent so much money on the Lima fair that no real export sales effort was made again until the fall of 1970. This time the company had assistance getting into a trade fair at Zagreb, Yugoslavia.

Again Balthes seemed to be making progress. It developed contact with an agent who suggested showing the machine at a tobacco production fair in Skopje, Yugoslavia. This was done. The machine was also featured in a number of trade publications and a state-owned farm agreed to take the machine on a test basis. Then the bottom fell out again. Yugoslavian currency was devalued 20 per cent and Balthes' equipment

*Balthes equipment put together by this welder could wind up halfway around the world. The company began developing export markets in the late '60's.*

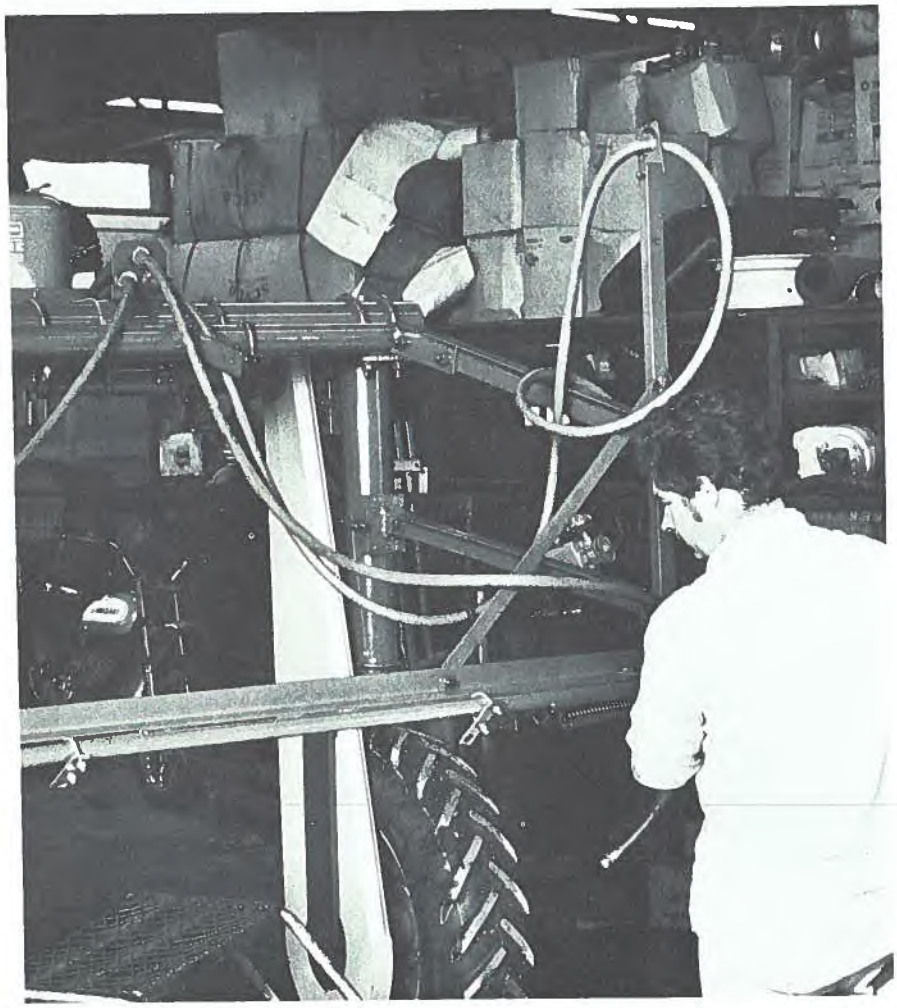
immediately became too expensive for the farm's budget.

Balthes stored the machine in Yugoslavia then moved it to Budapest, Hungary, for a trade fair in the spring of '71. There, the company's fortunes turned around. Two machines were sold at the fair and another 45 were sold to the Hungarian Government.

The company met success of another sort when it displayed its equipment at the 3-i Show in Liberal, Kansas, this past spring. There were no sales; in fact, there was no market in the immediate area but the company did establish some valuable contacts in Texas and California. This could not have happened if Balthes had not gone to Kansas. Participation in that fair also led to the decision to enter a California farm show scheduled for this February.

This is the place, perhaps, to make an important point about trade fairs. Some businessmen are reluctant to enter trade fairs because there is no guarantee of sales on site. In fact, they may never have any way of knowing whether sales made six months or a year after a show have anything to do with their having been at that show.

A trade fair is something of an intangible as a sales tool and companies should not enter one expecting to enjoy immediate success. People experienced in this type of promotion figure any sales made on-site or immediately after a fair are "gravy". For example, Canadian exhibitors received an extremely enthusiastic reception at Oceanology International '72, at Brighton, England. Several Canadian companies made substantial sales at the show but a report released by the producers of Oceanology International called this "virtually unprecedented at a technical event of such specialization."



*This man is putting the finishing touches on a Balthes high-clearance sprayer, one of the company's best-selling products.*

A prospective trade fair participant must do a thorough job of market research beforehand to have at least some idea of how his product will be received. He has to work hard during the show to establish contacts and there must be a concerted follow-up effort.

In addition to these considerations, there is the fact that different markets require different techniques. As Gene Stampfer says: "When you get into socialist countries, marketing becomes a different game to what it is in North America. Once you've determined if your machine has a practical application in the country you're going after and you have completed all the formalities, you have to get in touch with the end users — in our case, the people supervising the large co-operative farms. You have to talk to them and show them your promotional material [Balthes uses films], then, if possible, you have to arrange a demonstration under actual working conditions."

The sales story doesn't end there, according to Mr. Stampfer: "Once you've convinced the end user that your equipment is what he needs, you have to go to the state trading corporation involved in buying that particular type of machinery and convince them to buy your product for the end user. The end user must also convince the buyer of the equipment's worth."

Mr. Stampfer says this technique was applied in Hungary and much the same thing was done when Balthes took part in the history-making Peking trade show. He says: "You have to convince the people beyond the state buyers and then you have to go back and convince the buyers. It's a tedious process and you never know if you're getting near a sale or not, until the thing sort of happens. If you have been successful, you're usually invited by the state trading company to come visit them — then you know you at least have a chance."

Actually, Balthes uses a variation on the technique in markets like the United States. According to Mr. Stampfer: "Here again we go to the people who would be end users — for instance, the person who runs a large farming operation. We'll talk to them and of course one of their main concerns is that once they've bought they'll be able to get service. What we

do then is to ask the potential buyer which farm implement dealer he likes best and he may give us more than one name. We do a check on these dealers, then approach them to see if they'd be interested in handling our line in light of the fact there are already prospective customers."

Mr. Stampfer says his company does not try to sell its line to a dealer, nor does it operate through distributors because it has found this only adds to the cost of doing business.

Balthes' basic philosophy now is to discover new markets for its existing products. The company has about 70 per cent of the Canadian market and doesn't expect any deeper penetration, but it has found many areas of the world where its product is needed. Mr. Stampfer says Balthes will continue to look for world markets as aggressively as possible. He admits to failures in breaking into new markets but says the successes have outweighed these and he expects the company will continue to work with the Department of Industry, Trade and Commerce.

How should a small or medium-sized company like Balthes approach the Department? "First of all," Mr. Stampfer says, "the appropriate industry sector branch (line branch) should be contacted and informed of the company's desire to enter foreign markets. The branch will ask certain questions which the company should be prepared to answer — questions about production capability, personnel — that sort of thing. The company should also suggest countries in which it is interested."

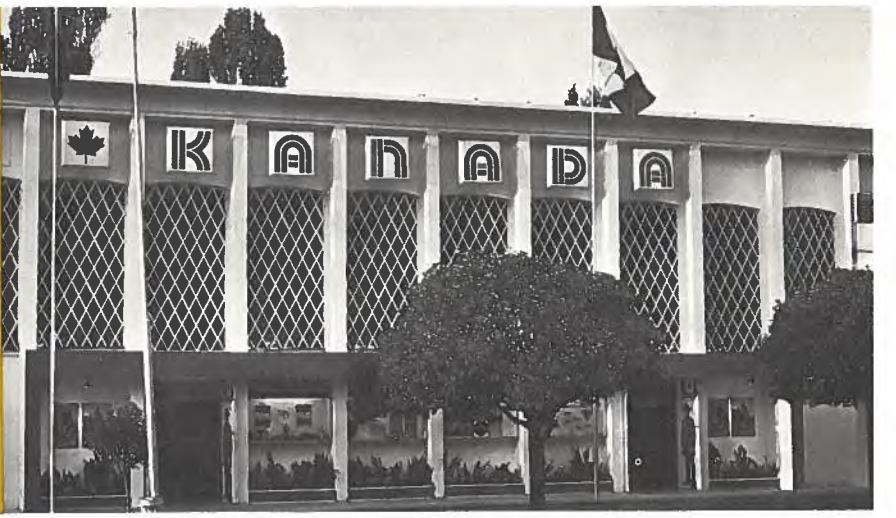
Mr. Stampfer says the Department is not necessarily the answer to finding markets but it can help find out if there is any potential in certain areas. The Trade Commissioner Service is a great help in determining market potential. Its officers provide detailed feedback. "The line branches also," Mr. Stampfer says, "are more than interested in finding export opportunities . . . I find both are extremely co-operative with us."

He warns that once a company has started looking for prospects in a given country, it should not expect Trade Commissioners to act as salesmen, although they can give a great deal of advice. As he says: "Their problem is that they've got such a variety of companies and products to look after . . . they are there basically to find contacts for us and then it's up to us."

**Environment '73**

The first pollution control equipment and services trade fair to be held in Australia opens February 21 in Sydney. The fair is called Environment '73 and is expected to attract participants from Australia, New Zealand and many other countries. Qualified Canadian firms will be eligible for assistance in entering the fair under the Export Market Development Program of the Federal Department of Industry, Trade and Commerce. More information is available from the Fairs and Missions Branch, Department of Industry, Trade and Commerce, Ottawa K1A 0H5.

# Izmir Fair Brings Results




Canadian-made snowmobiles, X-ray units, cellophane paper and aluminum foil are now among exports to Turkey as a result of Canada's participation last summer in the Izmir International Trade Fair in Ankara.

The Fair, from August 20 to September 20, has been an annual event in Turkey for the past 42 years, but it has only been in the past two years that Canada has participated — and with great success. On-site sales were about $330,000 in 1972 and $173,000 in 1971 — the full quota limits set both years by the Fair's allocation system. Canada hopes to have its quota raised to $500,000 when it goes to the Fair next summer.

As well as the new exports, other Canadian displays that attracted visitors were: chain saws and saw chains, fine papers, sewing machines, telecommunication equipment, road graders, ink concentrate and Canadian whiskey. The Canadian Executive Service Overseas (CESO) program also set up an exhibit to promote the services of its volunteers.

The Izmir Fair is considered one of the most important trade fairs in the Middle East and last year attracted more than three million visitors to see exhibits by 34 countries. It has also developed into an important source of foreign exchange for Turkey which, last year, had reserves in excess of U.S. $1.1 billion and is expected to expand its import trade with demands for raw materials, machinery and equipment for the country's industrial base.

Canadian manufacturers considering participation in the 1973 Izmir Fair should contact the Commercial Division of the Canadian Embassy in Ankara at an early date so that the division can advise on import regulations affecting their products in Turkey, give a breakdown of the prevailing market and made recommendations on how to further develop sales.

The address is: Canadian Embassy, Commercial Division, Nenehatun Caddesi 75, Gaziosmanpasa, Ankara, Turkey.

# Trade Fairs coming up

Canadian manufacturers are reminded of three Eastern European trade fairs scheduled for 1973 and 1974.

The Plovdiv International Fair is held every year during the second half of September. This is a horizontal industrial fair with some Bulgarian agricultural equipment included. It primarily features Bulgarian products but there are foreign exhibitors and many visitors from Eastern Europe. More information can be obtained from the Plovdiv International Fair, 50 Lenin Blvd., Plovdiv, Bulgaria.

The Hungarian International Fair is held late every May and is a horizontal fair featuring Hungarian and foreign companies. Canada has participated for the past three years and there are many visitors from Eastern European countries. For more details write to the Commercial Counsellor, Canadian Embassy, Dr. Karl Luegerring 10, 1010 Vienna, Austria.

The Bucharest International Fair is held every two years and the next one is scheduled for 1974. This again is a horizontal fair and is held in October. It features both Romanian and foreign companies and is another event heavily attended by visitors from Eastern Europe. More information is available from: Director, Bucharest International Fair, P.O. Box 183, Bucharest, Romania.

# FUTURE IN GOLD FUTURES?

When the world's first gold futures market opened on November 15 in Winnipeg, more than a dozen transactions were recorded in the first five minutes. Although the market is the first of its kind, officials of the Winnipeg Commodity Exchange were surprised by the heavy volume of trading. At the end of the first 3½-hour session, 80 contracts worth $2 million had been put through.

Usually a new market attracts only a small volume of business when it first opens, but these days a lot of people are watching the Winnipeg Commodity Exchange — formerly the Winnipeg Grain Exchange. The gold market is the first step in an expansion program that will eventually see the Exchange offering futures in lumber, minerals, rapeseed meal and rapeseed oil. The Exchange has already had a fling at potato futures but closed that down when too many people wanted actual delivery of potatoes.

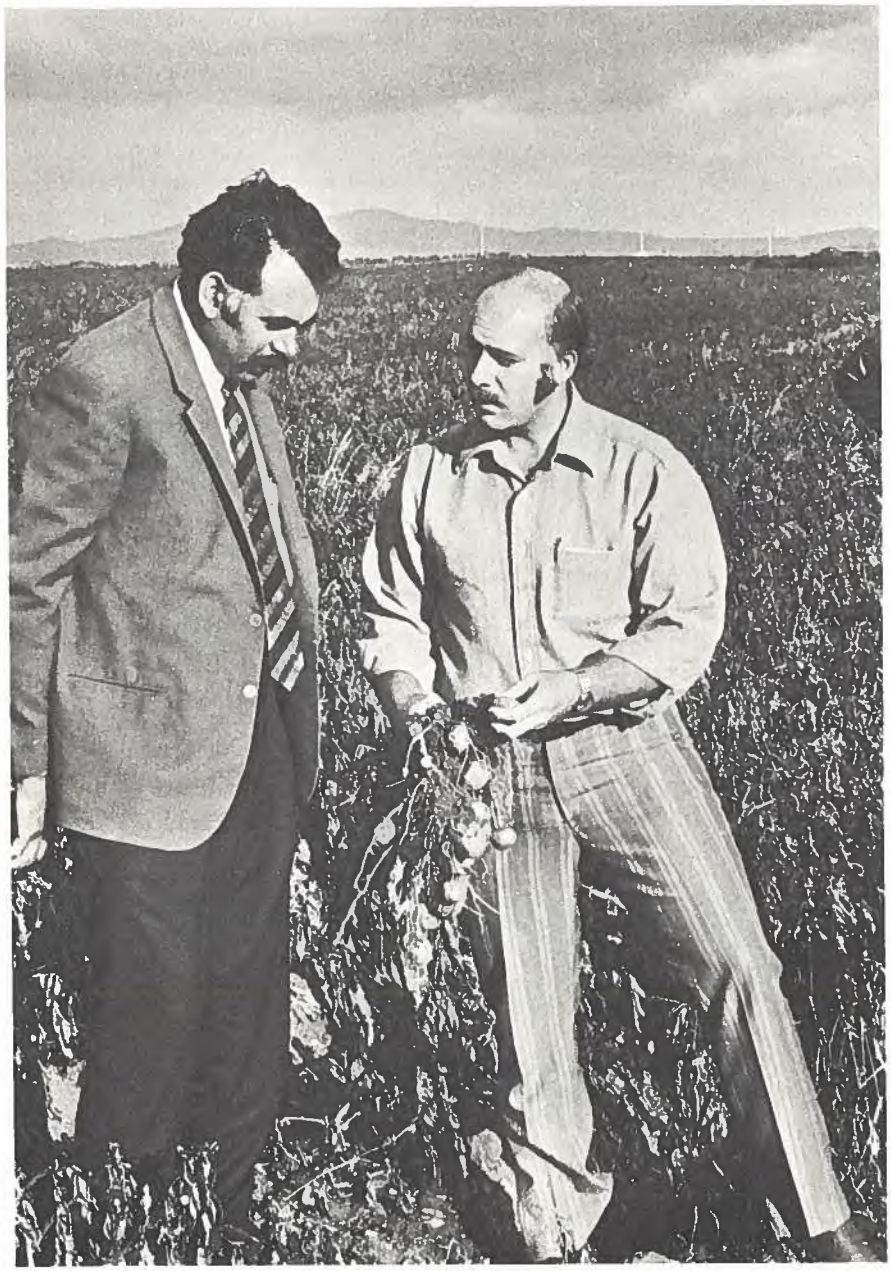
Although economists warn that gold cannot serve as a firm base for modern monetary systems, the world's money problems have led to a resurgence of the metal's popularity. It is legal in Canada for citizens or residents to buy, sell or hold gold but this isn't so in most other countries. In the United States, possession of gold is legal only if it is contained in dental fillings, jewellery and one or two other non-monetary items.

But people still covet gold. In France, for example, private hoards are estimated to be worth a total of something like $4 billion. Compare that with the total U.S. Government reserves estimated at around $10 billion.

In spite of the complicating factors, officials in Winnipeg expect the Exchange to provide an international open market for mining companies, aerospace manufacturers, jewellers and other gold users. Buyers are offered certificates calling for delivery of specified amounts of gold anywhere up to 18 months in the future. The smallest purchase permitted is 400 ounces, worth in November, about $25,000. Working through a broker, buyers are required to put up 10 per cent of the purchase price and there is a $2 an ounce limit on the amount price may fluctuate during any trading session.

In November, "free-market" gold — gold held for industrial or speculative purposes — was selling at $60.35 an ounce. The "official" international rate, based on reserves held by national governments, was $38 an ounce. In its first day of transactions, the Winnipeg gold market opened at $62.50 and closed at $62.55 with the first certificates sold going to the Bank of Nova Scotia and the Imperial Bank of Commerce.

# Introducing Canada's Seed Potato Industry



*Venezuelan Sr. Luis José Dominguez is shown a sample yield of Chieftains by John Pirie, manager of F.W. Pirie Company Ltd., as they inspect a harvest-ready field near Grand Falls, N.B.*

ROBERT McDOUGALL,
Canada Commerce

Go to Greece, caper in the Caribbean, crisscross Latin America or venture to Europe and you'll likely find a touch of Canada in your evening meal.

Chipped, mashed, scalloped, baked or prepared in any one of a hundred ways, potatoes are one of the world's chief staples and Canada is one of the world's largest suppliers.

Canada ships its seed potatoes to more than 20 countries and last year exports totalled 197 million pounds, valued at $5,536,000. The United States, Venezuela, Puerto Rico, Cuba, Jamaica, Greece and Italy were among major customers, buying such varieties as Sebago, Kennebec, Red Pontiac, Chieftain, Katahdin and White Rose.

Canada produces high-quality seed under a rigid system of field inspections and an "Elite" seed program that is unsurpassed anywhere in the world. It develops new potato varieties through a progressive research program to meet changing customer requirements and to control disease and insect problems.

In September, an on-the-spot look at how these programs operate was given to trade missions from Canada's three largest markets in Latin America — Venezuela, Argentina and Uruguay. The visitors spent a week in Canada as guests of the Federal Department of Industry, Trade and Commerce who organized an extensive potato industry tour through the Maritime provinces of New Brunswick and Prince Edward Island where members had an opportunity to see the harvesting of the potato crop and to meet seed potato growers and shippers.

Members of the Venezuelan del-

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egation were Dr. Oscar Pàez Bohorquez, head of the Commercializing Department of the Venezuelan Government Corporation of Agricultural Marketing; Dr. José N. Paredes, representing the Andean potato growers; Dr. José Gonzàlez, Venezuelan Government plant health specialist in charge of potato testing and research; Sr. José Luis Dominguez, vice-president of the lowland growers association and G. J. Fons, commercial officer, Canadian Embassy, Caracas.

Uruguay was represented by Luis Castelli Nicolas, an interventor with the Agricultural Supply Division of the Ministry of Livestock and Agriculture; Siul Francisco Berriel Arroqui, head of the production department, Agricultural Supply Division of the Ministry of Livestock and Agriculture, and Hans Knobloch, honorary commercial agent of the Canadian Department of Industry, Trade and Commerce, Montevideo.

Argentina was represented by Cesar Induni, co-ordinator of the Vegetable Production Branch of the Balcarce Experimental Station, Ministry of Agriculture, Buenos Aires, and co-ordinator of the National Potato Program.

The jumping-off point for the swing through New Brunswick, Canada's "Picture Province", was Fredericton, the provincial capital. Members were entertained at a luncheon sponsored by the New Brunswick Department of Agriculture and later visited the Canada Department of Agriculture Research Station. There the groups toured the many laboratories, greenhouses and other facilities used in developing and testing new potato varieties.

The Station's programs were explained in detail and technical questions on many aspects of seed potato production were freely answered by the staff.

Leaving Fredericton, the mission travelled north along the scenic Saint John River to Grand Falls where members were introduced to Frederick Pirie, president of F. W. Pirie Company Ltd. and one of the largest seed potato growers in Canada. The visitors were impressed by Mr. Pirie's potato fields and were especially pleased with a field of Chieftains.

Mr. Pirie told the members that the Chieftain yields well, has a shallow eye, good color, sets well and doesn't bruise easily. He added, however, that it was only the second year he had grown Chieftains and there was still a lot to learn.

Discussions with Mr. Pirie focused on crates, prices, potato sizes and shipping. The Venezuelans mentioned that the new type of crate was not as sturdy as the older type resulting in higher losses during shipment. Mr. Pirie said shipments could be made in better crates if earlier notice of intentions to buy was given. He said use of bags would be cheaper since it costs about $1.20 more per crate. However, Venezuelan regulations prohibit the use of bags and the Venezuelans said they were prepared to absorb the additional cost because of the extra protection afforded to the potatoes. Venezuelan farmers later use the crates to store their crops.

To ensure proper handling during shipment, the Venezuelan members said that the Canadian exporter should arrange for an agent or have a staff member accompany the shipment to see that it moved into storage as soon as possible.

In Florenceville, brothers Andrew and Robert McCain guided the missions on a tour of the McCain Produce Co. Ltd. potato acreage near the village. Of particular interest on this visit was the Foreston Seed Company's Elite seed farm, the only private farm of its kind in Canada, operated as a subsidary of McCain's.

Sr. Induni of Argentina, impressed with the harvesting equipment manufactured by Thomas Equipment Ltd., another subsidiary of McCain's, indicated it was superior to any used in Argentina and said it was possible that some might be purchased in the near future. Mr. Knobloch said the Uruguayans were particularly impressed with Thomas Equipment's mini loader (exhibited recently at the Canadian fair in Peking) and might eventually make some purchases.

Following the field visit, Dr. Paredes, who buys for the Andes region, and the McCains discussed details for a shipment of 15,000 to 20,000 crates of Sebagos worth about $150,000. The Venezuelans admired the yield and quality of a field of Superiors they had seen; however, this variety is not yet licensed in their country. Venezuela buys from $1.5 million to $2

*On board a potato harvester at McCain's in Florenceville are, from left, Luis Castelli Nicolas, Hans Knobloch and Siul Francisco Berriel of Uruguay and Cesar Induni of Argentina.*

million in seed potatoes annually from Canada.

Sr. Induni said Argentina has about 222,000 acres in the south devoted to growing potatoes and about 74,000 acres in Rosario, where two crops are grown. The Rosario area, north of Buenos Aires, usually uses about 100,000 bags of seed from Canada each year. This amount will likely be higher this year because of severe drought which affected last year's crop. Red Pontiacs, Kennebecs and Sebagos are grown in Rosario and, in the south, White Rose.

Prince Edward Island, Canada's "Garden Province", greeted the visitors with tartan robes (plaid blankets) and bottles of wine at a banquet attended by Premier Alex Campbell who was also acting as Minister of Agriculture. Several growers, dealers and marketing board officials were also on hand to welcome the mission and, after official ceremonies, exchanged views and discussed problems associated with shipping potatoes. Earlier, Ewen Campbell, of the Plant Protection Division, Canada Department of Agriculture, told the mission the Island's Elite seed farms were "in a position to vie with any European seed producing country in the production of virus-tested seed".

Sr. Castelli told the Islanders that to sell to Uruguay was simple — just be there when public tenders are called, with the right product at the right price.

Uruguay usually imports about 150,000 one hundred pound bags of seed potatoes annually from Canada. Of this, about 100,000 bags are Kennebecs and the rest Red Pontiacs. This year Uruguay will probably buy 180,000 bags. Uruguay has two potato crops a year and for one crop uses Canadian seed almost exclusively.

A highlight of the PEI visit was a tour of Donald McKenzie's farm in Prince County where the mission had a look at fields of Foundation stock of three varieties: Red Pontiac, Kennebec and Chieftain. The McKenzie farm devotes some 600 acres to seed potato production.

While in the Maritimes, the missions inspected the government-operated Elite seed farms. The concern here is for isolation and precaution against disease. Before touring the farms, mission members were required to dip their shoes in a chemical solution in a decontamination procedure to prevent introduction of bacterial disease.

In PEI, the Elite farm is located on a small island at the north end of the province five miles from any other potato farm. The Bon Accord farm near Grand Falls, New Brunswick, was even more isolated and precautionary measures required the mission to remain aboard a truck as they toured the 387 acre farm.

*Dr. José González dons plastic boots as a precaution against introducing bacterial disease at the Bon Accord "Elite" farm.*

Of special interest during these tours was the operation of Canada's seed potato certification program. The program has six stages and involves the development of selected varieties of seed from the initial selection of disease-free tubers through Elite I, Elite II, Elite III, Foundation and Certified. The system is perpetuated each year by the selection of tubers from Elite I. Criteria for selection are: (a) top growth characteristics, color, leaf size, height, stem size. (b) tuber characteristics: field, type.

The Government farms are concerned with the development of seed through Elite II. At this stage, the Elite II seed is sold to selected commercial growers to produce Elite III. Some of the Elite III is exported while most of it is sold to other growers to produce Foundation class seed. All stages of the certification program require the plant to be tested extensively for bacterial ring rot and virus infection.

Sr. Induni of Argentina said his country had started a similar program two years ago but he found Canada's was far better. "It has better conditions: isolation, fewer insects, more favorable climate and improved disease prevention" he said.

Dr. Gonzàlez of Venezuela was impressed with the "wonderful way Canada is improving the quality of its seed".

In years past, he said, Venezuela had received some varieties that would not grow because of infection. "But this is no longer the case, because the seed is cleaner and we can succeed in growing it".

Dr. Gonzàlez said he appreciated the "professional attention" the mis-

sions received from the Department of Industry, Trade and Commerce, the Department of Agriculture and other Canadian officials.

(As a direct result of impressions received during the mission, the Venezuelan Agricultural Merchandising Corporation has placed a large order for table stock potatoes with Horace Willis of Charlottetown, P.E.I.)

Sr. Knobloch summed up how the visitors felt about the hospitality accorded them: "We were received like old friends and we felt right at home from the start".

# Food for Thought

The following items are culled from reports in various news media and business publications and are presented as possible indicators of future trends. The items are reproduced as printed and the Department accepts no responsibility for their accuracy.

A Toronto economist says the Canadian economy will slow down in 1973 and pick up again in 1974, while a Montreal one has forecast a good Canadian economy in 1973, but he said he is worried about 1974. — *Globe and Mail*

Canada's GNP will increase by between 10 and 11 per cent in both 1972 and 1973, according to a conditional forecast by three University of Toronto professors. For 1974 the rate of increase in real output is expected to be between five and six per cent. — — *Globe and Mail*

The DHC-7 is to be tested commercially between Ottawa and Montreal, starting in 1976. — *Globe and Mail*

Japan has decided to develop a new low-noise, STOL 150/250 passenger jetliner in conjunction with Boeing Co. Estimated cost, to be shared equally by Boeing and its Japanese partners, is $600 million and production will start around 1978. — *Globe and Mail*

Directors of UAL Inc., of Chicago, parent of United Air Lines, have decided to let United's option to purchase six Concorde supersonic transports lapse without renewing the agreement. — *Globe and Mail*

UAW President Leonard Woodcock has proposed the creation of an international authority to govern world trade and commerce. — *Montreal Gazette*

Although harvesting of the sea is a centuries-old practice, the controlled cultivation of seafood stock — mariculture — promises to become big business. — *Chemical Engineering*

General Motors is tooling up for limited production of rotary engines. — *The Economist*

Bank of America of San Francisco will join eight European banks (Banque Nationale de Paris, Algemene Bank of Nederland, Banca Commerciale Italiana, Banca Nationale de Lanoro, Banque de Bruxelles, Banqu de L'Union Europeene, Barclay's Bank and Dresden Bank) to form a multi-national company, International Nuclear Credit Corporation, for the purpose of financing world-wide expansion of the nuclear energy industry. — *Globe and Mail*

Barclay's Bank Ltd. of London, the largest bank in the non-Communist world outside the United States, has offered $60 million in cash for the Long Island Trust Co. of Garden City, N.Y. — *Globe and Mail*

A BP offshore oil well in the Arabian Gulf is being supplied with electric power by a submerged turbine generator system driven by the flow of oil from the well-head. System includes facilities for charging stand-by nickel cadmium batteries. — *Engineering Digest*

The British Broadcasting Corporation has announced plans for a radical innovation in television service that would enable viewers, with a small adapter attached to their regular TV sets, to receive up to 30 different written news reports. Service may be in full operation by 1976 and may be extended to include the presentation of particular information requested by calling a special telephone number. — *The Ottawa Citizen*

Waterborne commerce into the Arctic in the season just closing has reached record tonnage despite some of the worst weather and ice in memory. — *Globe and Mail*

Shipping in the Arctic is likely to be hindered for some years by an inadequate supply of suitable ice-breakers. — *Globe and Mail*

The Alberta Government will not permit large-scale development of the Athabaska oil sands until the completion of a policy review of environmental guidelines next year. — *Globe and Mail*

The federal government is prosecuting Standard Chemical Co., of Valleyfield, Quebec, for allegedly dumping mercury into the St. Louis River. — *Globe and Mail*

# Canadian Equipment Carries Heavy Trading in São Paulo

*Sr. Joao de Oliveira Germano, president of the Sao Paulo Stock Exchange, uses a channel selector to call attention to a specific stock, details of which are flashed on the Canadian Electrohome video monitor behind him.*

*Advantages of T-Scan computer terminals in stock exchange procedures are discussed by Robert Wright, marketing manager of T-Scan Ltd., (left) and Sr. Ruy Lage, president of the Stock Exchange of Belo Horizonte. In the background, W. L. Hetherington (right), president of Ferranti-Packard, talks with a company agent about their display panels which they sold a day earlier to Sr. Lage.*

J. H. TRELEAVEN,
Consul and Assistant Trade
Commissioner, Sao Paulo

The new trading floor of the Sao Paulo Stock Exchange, inaugurated in April, is perhaps the most advanced of its kind in operation. Terminals linked directly to a computer — the "on-line" approach — are being used, with a combination of Canadian computer peripherals that allows simplicity of operation and provides flexibility for expansion.

Considerable interest has been stirred up by the new floor and already orders have been placed for additional Canadian-made equipment. These sales are expected to help to create world-wide opportunities for Canadian suppliers.

The idea for a new floor was born four years ago when Sr. Joao de Oliveira Germano, president of the Exchange, visited stock exchanges throughout Europe and North America, including the Montreal Stock Exchange, and returned to Brazil impressed by the application of electronics to exchange procedures.

About this time, Brazil's capital market started to grow at a phenomenal rate. Over the next three years the volume of trading at the Sao Paulo exchange increased almost eight-fold. In 1969, about 1.5 million shares were trading daily. This volume doubled the following year then jumped to 11 million a day in 1971.

Faced with increased trading pressure and influenced by his earlier world visit of exchanges, Sr. Germano commissioned a three-man team, two Exchange officials and a computer specialist, to study methods used in Canadian, United States and European exchanges and to devise a system suitable for Sao Paulo's requirements.

While in Canada members of the Brazilian mission were guests of the Department of Industry, Trade and Commerce which escorted the members on tours of electronic plants and the stock exchanges in Montreal and Toronto. During their tour, the Brazilians were impressed by computer terminals manufactured by T-Scan Ltd. and Canadian Westinghouse's Alpha numeric display system, and by Ferranti-Packard display panels and Canadian Electrohome TV monitors.

Returning to Brazil, Sr. Germano's team devised the system now being used. The floor incorporates 10 T-Scan computer terminals, eight for transactions and two for consultation. The T-Scan units feed information through a mini-computer into a Burroughs 3500 computer which is the heart of the system. The last price and trend of 304 of the most active stocks are displayed on the Ferranti-Packard panels while detailed information of each stock displayed (bid, ask last price, volume, etc.) is shown on 24 Canadian Electrohome television monitors located at the trading posts. The system allows telephone operators to refer to any one of the 12 additional monitors which will display the 24 channels on a selection basis.

A trader can look to the Ferranti-Packard panels if he is interested in one of the stocks displayed or if he wants to see if the stock is trading at an attractive price. He then proceeds to a trading post where detailed information on the stock is available on one of the Electrohome TV monitors. If a trade occurs, an employee of the Exchange uses a T-Scan terminal. The system can handle six transactions and consultations per second. There are 134 brokers at the Exchange, each entitled to five traders on the floor.

Two weeks before the inauguration of the Exchange, officials asked Ferranti-Packard for prices on equipment that would double the present installations. The Exchange in Belo Horizonte, capital of Minas Gerais, has also placed a firm order for Ferranti-Packard panels.

The exposure these Canadian suppliers will receive as a result of this sale should produce further opportunities for their products all over the world.

# 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.

**Chemicals**

HONG KONG — Cement additive capable of doubling compressive strength of concrete and eliminating dusting. Also, additive for production of lightweight cement; caulking compound for filling expansion joints of flyovers: Hutchison (Building) Ltd., P.O. Box 780, Universal House, attn: R. K. Wong, managing director.

SWEDEN — Resins and binders for paint and lacquer production, i.e.: epoxies, alkyds, polyamides, etc. Robert Ebel, Managing Director, AB Texotan, Box 14034, S-400 20 Goteborg.

**Clothing**

NORWAY — Riding clothes (equestrian): Wenche Allen, Nordengveien 2, Oslo 7. (Also requires riding equipment and accessories)

**Electrical**

HONG KONG — Distribution and power transformers and electric switchgear: for more information write: Canadian Government Trade Commissioner, Commission for Canada, 14/15 Floors, Asian House, 1 Hennessey Road, P.O. Box 20264.

**Equipment and Machinery**

BRAZIL — Innovative amusement park devices — standard items not wanted: Waldir Ferreira, Manager, Organizacao Tecnica de Diversoes, Caixa Postal 9977, Sao Paulo, S.P.

HONG KONG — Commercial cooking equipment, vending machines, automotive parts and accessories, as well as related tools and equipment. For information on all these write: Commission for Canada, 14/15 Floors, Asian House, 1 Hennessy Road, P. O. Box 20264.

ITALY — Manufacturer and distributor wishes to become Italian agent/distributor for professional and hobby garden tools, power saws and accessories, clippers and mowers: Francescon Co. Ltd., 31015 Conegliano, Treviso.

**Foodstuffs**

BRITISH HONDURAS — Tomato catsup, mayonnaise, mustard, relish, jams, jellies all in portion packs suitable for airline and hotel trade: M. Estephan, David Estephan Ltd., P.O. Box 155, Belize City.

**Hardware**

SWEDEN — For dry wall construction, such as self-drilling screws, studs, etc.: Bertil Hogdahl, Assistant Manager, Inesta Erik Hogdahl AB, Fack, S-182 02, Danderyd 2.

**Materials**

SWEDEN — Rolled sheet aluminum suitable for mobile home manufacture: Oa Holfve, Department Manager, Non-ferrous Metals, Broderna Edstrand AB, Hammarbyvagen 3, S-104 60 Stockholm 20.

**Toys**

NORWAY — Toys, model kits and other hobby kits: Adolf W. Haukaas, Postboks 291, 5001 Bergen.

**Wood Products**

SWEDEN — White oak and walnut: Olfo Stahl, Purchasing Manager, Skandinaviska Trainport AB, Fack S-100 53, Stockholm.

**Hides and skins**

ITALY — Raw and tanned hides and skins of reindeer, deer, sheep, buffalo, cattle and horses. R. Lamperini & Ing. A. Ramatelli, Via Mazzarini 26-28, 65100 Pescara.

# Foreign Tariffs and Trade Regulations

**Turkey**

The Government of Turkey has announced a substantial reduction, to 5 per cent from the present 30 per cent, in the customs import duties applicable to coated and uncoated tin sheets and plates (BTN 73.13). The aim is to reduce the cost of this material for the export-oriented canning industry.

**Jamaica**

The following goods have recently been added to the list of items which are required to be imported under a specific licence: carbonated beverages; sugar confectionery (all types); washing machines; dish washing machines; adding, calculating and accounting machines; typewriters; ice cream cones; radio sets; radiograms; record players; tape recorders; air conditioning units; cameras; binoculars, and electrical equipment comprising toasters, liquidizers, food mixers, floor polishers and vacuum cleaners.

# 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 OH5.

**Metal-forming machines and technology**
Czechoslovakian state agency offers for manufacture under licence in Canada its patented technology and or technical expertise in the following fields of metal-forming machinery: cross wedge rolling, counter-blow hammer, profile bending, production methods of studs and cap nuts, bearings for Cardan joint pins, thread forming and taps, method of forming molten ferrous metals for the production of moulds for plastics, ring rolling machine, punching device, co-ordinate table drive for turret punch press, multi-purpose plate clutch and brake, drive system of power presses, forging crank presses, horizontal forging presses, trimming crank presses, drawing crank presses, coining toggle presses, toggle presses with horizontal sliding table, multiple point crank presses, two-point crank presses, double-blow cold headers for bolts, sheet bender, multi-stage cold headers for nuts, bolt head trimming presses, stamping toggle presses, automatic equipment for helical springs, automatic equipment for torsion springs automatic blanking presses, tube bender. Literature available. **Item 2711**

**Overhead conveyor system**
British firm is interested in a licensing arrangement with a Canadian firm for the manufacture of its overhead, enclosed chain, monorail conveyor system. This equipment is claimed to be reliable, inexpensive to make and to install, and easy to maintain due to negligible chain wear. The drive unit is of the linear type and is so constructed that the pull is taken through the centre line of the chain. This unit is fitted with a 6.1 ratio variable speed unit and a torque limiting device to prevent damage to the conveyor from overloading. The design of the chain permits great flexibility in circuit design. Literature available. **Item 2712.**

**Domestic and industrial incinerators**
French company offers under licence the Canadian manufacturing rights to its line of domestic and industrial incinerators. An incorporated combustion chamber provides for the filtering of gases and the elimination of odor and smoke. Made entirely of refractory steel and equipped with automatic controls, these incinerators are claimed to reduce the consumption of combustibles and to be easy to maintain. There are no grates, no brickwood and no water requirement in these units. The industrial models are designed for large industries, municipalites and other applications. Literature available. **Item 2713**

**Submersible pumps**
Dutch firm offers for manufacture under licence in Canada its line of pumps, e.g. sewage pumps, sump pumps, contractors' pumps, sludge pumps. Of simple and compact construction, these pumps have an almost unlimited range with outputs of up to 1,500 imp. gallons per minute and delivery heads of up to 180 feet. The sewage pumps are fitted with a Vortex-type impeller that permits handling of solids up to five inches in diameter. Accessories include level switches, quick release couplings and switch gear. Literature available. **Item 2714**

**Turf process**
British firm offers for manufacture under licence in Canada its process for growing grass without soil. This process involves the sowing of grass seed on a shallow pool of water. Using this growth flotation method, an evenly distributed, weed-free carpet of turf is produced, ready to lay, within four to five weeks. The process is claimed to produce high-grade turf three times lighter than conventional turf. Growing time is claimed to be one third of time normally required. Literature available. **Item 2715**

**Cast acrylic sheet**
Danish company is offering the Canadian manufacturing rights for production of its acrylic (methyl-methacrylate) plastic sheet. The process involves the casting of clear, translucent or opaque acrylic sheets. The advantages claimed are good physical, chemical and thermic properties coupled with outstanding optical properties. The material can be heat-formed, sawn, drilled, polished, and glued. Applications include light fittings, building components, display cases, signs, windows, windshields, protective shields, containers, contact lenses, etc. It is claimed that production can be viable at plant output levels as low as 600-800 tons a year. Literature available. **Item 2716.**

**Fire-retardant products**
American company wishes to undertake a joint venture with a Canadian manufacturer to produce its line of fire-retardant construction products. These inorganic-based materials include a tape joint adhesive compound and a wall primer, a satin decorative coating and a textured decorative coating for interior use. These water-based products, in addition to providing a flame-resistant surface, are odorless and non-toxic. Literature available. **Item 2717.**

**Waterproof coatings**
American company is offering the rights for manufacturing under licence three special waterproof, anti-graffiti coatings. These products consist of 35 per cent solid polyester resins in a penetrating vehicle which seal both surface and substrate to form an impervious shield against water and moisture, oil, grease and dirt, and against attack by air pollutant acids, oxides and other agents. These products can be applied to concrete, asphalt, stone, stucco brick, etc. Literature available. **Item 2718**

**Surface coating material**
Swedish firm seeks a Canadian licencee to produce its surface coating material. This material is a ready-mixed surfacing compound based on filler of marble dust, crushed limestone, whiting, sand and other minerals. To this mixture is added a plastic binding medium which is age resistant, chemically inert and non-toxic. The mixture also contains fungicides and rust preventatives. The coating can be applied by hand over the entire wall and ceiling area leaving the surface free of defects, or it can be applied by sprayer which provides a textured finish requiring no further decoration. Literature available. **Item 2719.**

**Low expansion resin composition**
Japanese company offers under licence the Canadian manufacturing rights to its low-expansion resin composition to isolate electronic devices from the atmosphere and to protect them from mechanical shock. This composition is capable of containing filler to a concentration as high as 80 per cent by volume. The claimed features of this new composition include an extremely small co-efficient of linear thermal expansion, a high heat distortion temperature, and a high efficiency of casting and moulding. Literature available. **Item 2720.**

**Concrete filling process**
Belgian company is offering the rights for manufacturing its concrete-filling process under licence in Canada. The superactivated, ferrosoferric hydroxide-based, silicomagnetite filling uses total potential molecular energy throughout the course of the chemical synthesis. This technique precludes the existance of solubles and non-compounds among the lime and alumina concretions of the hydraulic binding material. According to the company, its effectiveness does away with the phenomenon of aging in concretes and also their disintegration. Literature available. **Item 2721.**

**Ventilation and air conditioning system.**
Swiss company offers under licence the Canadian manufacturing rights for its ventilating and air conditioning system. This system of modular components is based on panels of six standard sizes easily assembled in any number of arrangements. Evenly insulated throughout, the total heat transmission ratio of the system is twice as high as in conventional designs, because of an effective combination of foam between sheet metal. It requires no welding, is entirely suitable for all sizes, and can take any high-capacity filter of international standard. Literature available. **Item 2722.**

**Safety seat belt buckles**
Swedish firm offers under licence the Canadian manufacturing rights to its quick-release automotive safety seat belt couplings incorporating a slow-yield attachment and a swivel to minimize tangling. The slow-yield attachment is shaped individually to fit the floor tunnels of different cars. This coupling eliminates dangerous buckles in the abdominal area, is simple to operate with one hand, and makes it possible to attach or release with one motion. Literature available. **Item 2723.**

**Knit-based system**
American company is seeking a licensing arrangement with a Canadian firm to manufacture its line of knit-based products for the medical and surgical fields. This system consists of the following products for use by physicians, surgeons, specialists, nurses, podiatrists and veterinarians: adhesive coated, open mesh knitted bandages; coarse mesh and open mesh knit tubing for ring bandages; knitted bandages with cotton support; knit-based plaster of Paris with and without a porous, stretchable jacket; adhesive tape with mesh ventilation; contor-fitting, ventilated adhesive bandages; open and close mesh dressings. These products are claimed to provide improved therapeutic results, patient comfort, safety and more rapid recovery. Literature available. **Item 2724.**

**Long-life cakes and confectionery**
Scottish company is offering the Canadian rights to its process for making long-life cakes and confectionery without the use of preservatives. This process is claimed to produce a sugar-syrup containing a higher ratio of water than has hitherto been feasible. This results in a considerable cost saving in the production of cakes and sweetmeats and at the same time providing a delectable texture and a long shelf-life. It is claimed that, without preservatives, shelf-life is at least 28 days after which the only deterioration is a slight loss of moisture. The process can be applied to many products, including cakes with nut ingredients, and fillings for confectionery. Literature available. **Item 2725.**

**Biopsy needle**
Amercian inventor offers under licence the Canadian manufacturing rights for his soft tissue biopsy needle. According to the inventor, this new type of needle does not require any manipulation on the part of the physician or surgeon. The needle is adaptable to various sizes and can be employed to biopsy liver, breast, kidney, pancreas, prostate, thyroid, skin and any other soft tissue organs, either for diagnostic or enzyme assay purposes. Tissue specimens of from one to three inches can be obtained. Specimens are smooth and shiny in appearance and are non-fragmented. Literature available. **Item 2726**

**Granular red lead**
Japanese company offers under licence the Canadian production rights to its process for producing high-purity granular red lead containing no bonding agent. The continuous process, using a rotary kiln, yields 60 to 70 per cent lead in the required 10 to 35 mesh size. The product is widely used to prevent vaporized loss in the glass industry. Literature available. **Item 2727**

**Chip converter**
Canadian inventor is offering the rights for manufacturing his chip converter under licence in Canada. This machine is secured to a giraffe crane mounted on a mobile unit. The machine is tubular in shape and fitted with shears which sever the treetop. The machine is then placed over the tree by the crane and removes the branches, debarks the tree and slashes it into chips. During the operation, the chips are conveyed by flexible hose into a container mounted on a mobile unit. Literature available. **Item 2728.**

**Potato peeler**
Canadian agency is offering the rights for manufacturing under licence in Canada a Canadian-developed automatic potato peeler for use in the home. According to the inventor, this equipment will peel from three to five pounds of potatoes in about two minutes. In the same operation, the machine also removes the eyes and washes the peeled potatoes. The machine is connected to a water supply when operating. The basic unit is plastic and can be built by a blow-moulding machine and assembled with a motor, etc. in a few minutes. Literature available. **Item 2729.**

# Market Facts for Decision Makers

Analyses of Canadian imports of a variety of products are available, free, from the Import Analysis Division, Department of Industry, Trade and Commerce, Ottawa K1A 0H5. The latest reports prepared are listed below; a list of reports produced earlier was published in the April and August 1972 issues of *Canada Commerce.*

If you would like the Branch to prepare an analysis for you, write to its Chief or to the Industry Sector Division that handles the products you are interested in.

| Report No. | Subject and Period covered |
|---|---|
| 26-72 | Alloy tool steel bars, October to December 1971. |
| 27-72 | Surface active agents, January, April, July and October 1971. |
| 28-72 | Telegraph apparatus, October to December, 1971. |
| 29-72 | Paper bags and multiwall sacks, September to November 1971. |
| 30-72 | Polyurethane foam, October to December 1971. |
| 31-72 | Dairy and milk products plant machinery, April to June 1971. |
| 32-72 | X-ray and related equipment, October to December 1971. |
| 33-72 | Methane derivatives, April to July, October to December 1971, and January and March, 1972. |
| 34-72 | X-ray film, unexposed, October to December 1971. |
| 35-72 | Polyester yarn, December 1971 and January and February 1972. |
| 36-72 | Motor homes, February to April 1972. |
| 37-72 | Chain saw parts, September to November 1971. |
| 38-72 | Phenols and phenol-alcohols and derivatives, October to December 1971. |
| 39-72 | Plastics materials, not shaped, October to December 1971. |

# 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.

**Bangladesh**
Trade Commissioners from the Bangkok, Thailand, office visit Bangladesh at irregular intervals.

**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 Commissioner for 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.

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

**Morocco**
Trade Commissioners from the Madrid, Spain, office visit Morocco approximately every two months.

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

**Turkey**
Trade Commissioners from the office in Ankara visit Istanbul for one week each month.

**United States**
A Trade Commissioner from the Seattle, Washington, office visits the office territory — Oregon, Alaska, Idaho, Western Montana — on a regular basis.

**Vietnam, Laos, Khmer Republic (Cambodia)**
Trade Commissioners from the Bangkok, Thailand, office make periodic visits to these countries.

# 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.

| Country and Currency | Value of foreign currency unit in Canadian dollars at December 15 | Canadian dollar in foreign currency units |
|---|---|---|
| **Algeria** Dinar | .2380 | 4.20 |
| **Arab Republic of Egypt** Pound (official) | 2.2928 | .44 |
| **Argentina** Peso (free) | .1996 | 5.01 |
| **Australia** Dollar | 1.1883 | .84 |
| **Austria** Schilling | .0431 | 23.20 |
| **Bahamas** Dollar | 1.0277 | .97 |
| **Belgium and Luxembourg** Franc | .0226 | 44.25 |
| **Bermuda** Dollar | 1.0397 | .96 |
| **Bolivia** Peso | .0498 | 20.08 |
| **Brazil** Cruzeiro (official free) | .1621 | 6.17 |
| **Britain** Pound | 2.3401 | .43 |
| **British Honduras** Dollar | .6078 | 1.64 |
| **Burma** Kyat | .1864 | 5.36 |
| **Ceylon** (see Sri Lanka) | | |
| **Chile** Escudo (bank rate) (free) | | |
| **China, People's Republic of** Renminbi | .4188 | 2.39 |
| **Colombia** Peso (fixed) | .0439 | 22.78 |
| **Costa Rica** Colon | .1505 | 6.64 |
| **Cuba** Peso | .9750 | 1.03 |
| **Czechoslovakia** Koruna (fixed basic rate) | .1522 | 6.57 |
| **Denmark** Krone | .1459 | 6.85 |
| **Dominican Republic** Peso | .9969 | 1.00 |
| **Ecuador** Sucre (official) | .0398 | 25.13 |
| **El Salvador** Colon | .3988 | 2.51 |
| **Fiji** Dollar | 1.1819 | .85 |
| **Finland** Markka | .2431 | 4.11 |
| **France, Monaco, etc.**[1] Franc | .1959 | 5.10 |
| **French Pacific**[2] Franc | .0108 | 92.59 |
| **Franco-African Republics**[3] Franc | .0039 | 256.41 |
| **Germany** D Mark | .3114 | 3.21 |
| **Ghana** New Cedi | .7776 | 1.29 |
| **Greece** Drachma | .0332 | 30.12 |
| **Guatemala** Quetzal | .9969 | 1.00 |
| **Guyana** Dollar | .4444 | 2.25 |
| **Haiti** Gourde | .1994 | 5.02 |
| **Honduras** Lempira | .4984 | 2.01 |
| **Hong Kong** Dollar | .1764 | 5.67 |
| **Hungary** Forint (official) | .0869 | 11.51 |
| **Iceland** Krona (official) | .0113 | 88.50 |
| **India** Rupee | .1249 | 8.01 |
| **Indonesia** Rupiah | .0024 | 410.00 |
| **Iran** Rial | .0134 | 74.63 |
| **Iraq** Dinar | 3.0305 | .33 |
| **Ireland** Pound | 2.3401 | .43 |

| Country and Currency | Value of foreign currency unit in Canadian dollars at December 15 | Canadian dollar in foreign currency units |
|---|---|---|
| **Israel** Pound | .2374 | 4.21 |
| **Italy** Lira | .0017 | 588.24 |
| **Jamaica** Dollar | 1.1701 | .85 |
| **Japan** Yen | .0033 | 303.03 |
| **Kenya**[4] Shilling | .1379 | 7.25 |
| **Korea, Republic of** Won | .0027 | 370.37 |
| **Lebanon** Pound (free) | .3176 | 3.15 |
| **Libya** Pound | 2.777 | .36 |
| **Malawi** Kwatcha | 1.2280 | .81 |
| **Malaysia** Dollar | .3536 | 2.83 |
| **Mexico** Peso | .0798 | 12.53 |
| **Morocco** Dirham | .2139 | 4.68 |
| **Netherlands** Florin | .3082 | 3.24 |
| **Netherlands Antilles** Florin | .5569 | 1.80 |
| **New Zealand** Dollar | 1.1992 | .83 |
| **Nicaragua** Cordoba | .1424 | 7.02 |
| **Nigeria** Pound | 2.9120 | .34 |
| **Norway** Krone | .1515 | 6.60 |
| **Pakistan** Rupee | .0906 | 11.04 |
| **Panama** Balboa | .9969 | 1.00 |
| **Paraguay** Guarani (free) | .0079 | 126.58 |
| **Peru** Sol (free) | .0258 | 38.76 |
| **Philippines**[5] Peso (free) | .1468 | 6.81 |
| **Poland** Zloty (fixed basic rate) | .2577 | 3.88 |
| **Portugal & Colonies**[6] Escudo | .0366 | 27.32 |
| **Saudi Arabia** Riyal | .2273 | 4.40 |
| **Sierra Leone** Leone | 1.2371 | .81 |
| **Singapore** Dollar | .3358 | 2.98 |
| **South Africa** Rand | 1.2734 | .79 |
| **Spain & Dependencies** Peseta | .0158 | 63.29 |
| **Sri Lanka**[7] Rupee | .1560 | 6.41 |
| **Sweden** Krona | .2101 | 4.76 |
| **Switzerland** Franc | .2643 | 3.78 |
| **Syria** Pound (free) | .2711 | 3.69 |
| **Thailand** Baht (free) | .0479 | 20.88 |
| **Trinidad & Tobago**[8] Dollar | .4875 | 2.05 |
| **Tunisia** Dinar | 2.062 | .48 |
| **Turkey** Lira | .0712 | 14.04 |
| **United States** Dollar | .9969 | 1.00 |
| **Uruguay** Peso (free) | .0014 | 714.29 |
| **Venezuela** Bolivar (official free) | .2273 | 4.40 |
| **Yugoslavia** Dinar (official) | .0586 | 17.06 |
| **Zaire, Republic of**[9] Zaire | 1.961 | .51 |
| **Zambia** Kwacha | 1.3893 | .72 |

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. Rate also applies to Tanzania and Uganda.

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

6. Approximately same for Portuguese territories in Africa.

7. Formerly Ceylon.

8. E. C. dollar, at same rate, used in Barbados and Leeward and Windward Islands.

9. Formerly Congo (Kinshasa).

# Trade Lines

**Petroleum coke plant being built in Brazil**

A plant to produce 120,000 tons of petroleum coke per year will be built in Cubatao in the State of Sao Paulo and should come on stream by 1975. The plant will be built by Petrocoque S.A., a joint venture of Petrobras (the government-owned oil company), Alcan of Montreal, and two other Brazilian firms. Alcan will have a 25 per cent interest in the company and will supply the basic engineering through Alcan Smelting Services Ltd.

Petroleum coke is used in the manufacture of aluminum and Brazil now imports its requirements. Aluminum production is growing in Brazil, and imports of petroleum coke were valued at $1,316,000 in 1970, mostly from the U.S. — Rio de Janeiro.

**Empire State Building may regain record**

The owners of the 102-storey Empire State Building, which is about to be relegated to third place among the world's highest buildings, are exploring the possibility of adding 11 storeys and making the building once again the world's tallest. According to sketches drawn up by Shreve Lamb & Harmon, the original architects, the 16-storey tower at the top would be torn down, and the six storeys beneath that would be remodelled and encompassed within a new 33-storey structure, probably with an exterior of glass and a restaurant at the top.

This would bring the Empire State Building to 113 storeys and a height of 1,494 feet — 144 feet higher than the 110-storey towers of the World Trade Centre in lower Manhattan and 44 feet higher than the 110-storey Sears Tower in Chicago, which is scheduled for completion at the end of next year — New York.

**Major projects planned in New York State**

A series of major construction projects will soon get under way, across western New York. Some of these are of vast scope and include such undertakings as the new campus of the University of Buffalo ($650 million); the Erie County Stadium in Orchard Park ($18 million); the Millard Fillmore Hospital's seven-storey addition ($22.6 million) and its satellite hospital in Amherst ($14 million); and the Sisters of St. Joseph senior citizen building ($3.5 million). Canadian architects, engineers, contractors and suppliers interested in further details on these and other projects should contact the Canadian Consulate in Buffalo or the Market Development Group, Department of Industry, Trade and Commerce, Ottawa K1A 0H5 — Buffalo.

**Two new plants for Singapore**

The Oriental Development Corporation of Singapore has completed two factories, each costing U.S.$1.7 million, at the Jurong industrial estate. One of the plants will manufacture plastic corrugated board and "Robex" synthetic wood, the other, marble products. "Robex" synthetic wood, a recent development of Tokyo Chemical, Japan, has many applications in place of plywood and is used for doors and decorative panelling for electrical appliances and machinery. Oriental Development is planning two more projects in Singapore; a plant for making fermented plastic woven products and another for building fibreglass boats — Singapore

**Brazil opens new sugar terminal**

A new sugar terminal capable of storing 200,000 metric tons of bulk sugar and loading 1,000 tons per hour has opened at Recife, Brazil. The terminal is one of the largest in the world and represents an investment of about $12 million. Brazil recently surpassed Cuba to become the world's largest producer of cane sugar. Exports in 1971 amounted to 1,231,000 metric tons and were valued at U.S. $151 million. In the first six months of 1972 exports surpassed the total for 1971 and are expected to reach two million tons — worth about $400 million — for the year — Rio de Janeiro

**U.S. firm wins Singapore airport contract**

The Northrop Airport Development Corporation of Virginia has won a $1.2 million contract to plan the development of the Singapore airport. Among the projects to be examined are: extension of the existing terminal building, construction of one of four prospective subterminals, operation of automated cargo facilities, construction of additional runways and general review and planning of the future phase of development up to 1990. The intermediate phase of development, which Northrop is now supervising, includes the planning and designing of a new passenger terminal building, an airfreight terminal building, a jumbo jet hangar, new fire stations and parking aprons.

Under the agreement, the consultants will study the needs of the Government and be responsible for the concept, design, execution and completion of all drawings, specifications and contract documents. The project, expected to be completed by 1976 will cost more than $35.7 million; $20 million of this will come as a loan from the Asian Development Bank. Northrop will associate with two other U.S. firms, Hellmuth, Obata and Kassbaum Inc., and International Engineering Co. Inc. together with Singapore's Director of Public Works in carrying out its services — Singapore

**Buffalo Hospital Plans $75.8 Million Modernization program**

Plans for a $75.8 million expansion and modernization of Buffalo General Hospital have been announced. The project includes expansion horizontally and vertically, a new suite of operating rooms and X-ray facilities, a revision of electrical and ventilation systems and expansion of office and laboratory space for teaching, research and development programs — Buffalo

**Algeria orders Mexican wheat seed**

Algeria has ordered 15,000 metric tons of Mexican wheat seed valued at $2.12 million. The Soviet Union and China are currently experimenting with this same type of seed which is excellent for noodles, macaroni and spaghetti — Mexico City

**Mexican firm given tax exemptions**

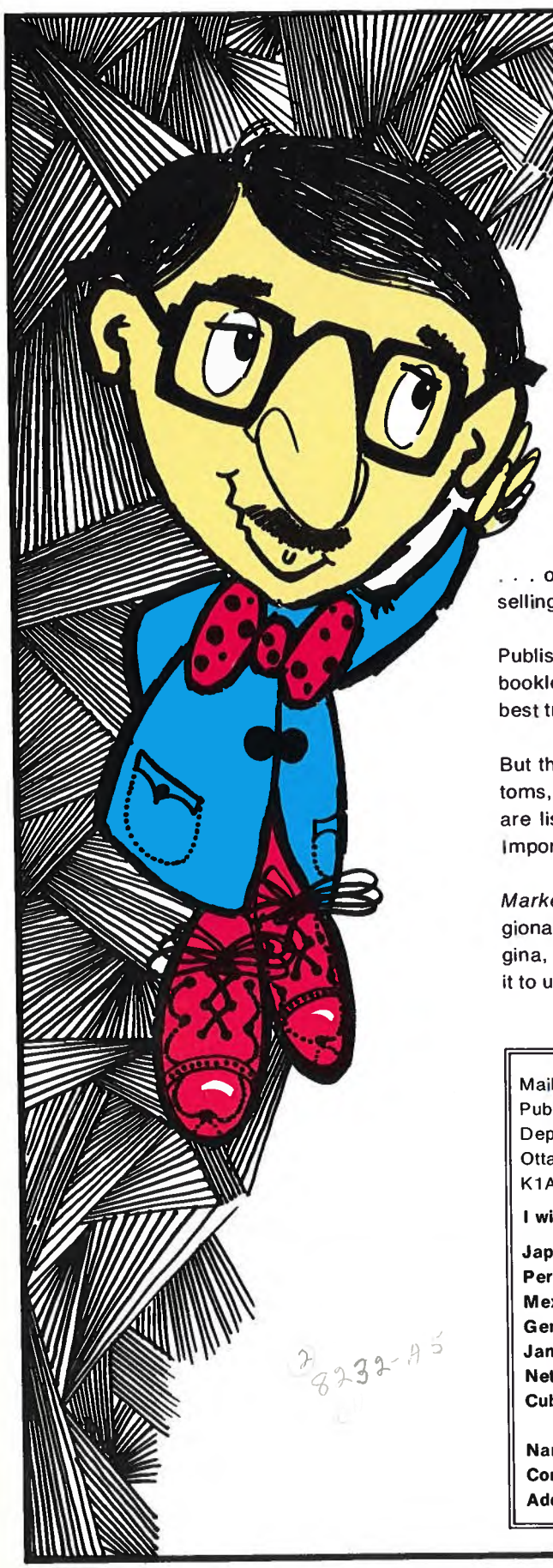
Under terms of the New and Necessary Industries law, Mexico has authorized tax exemptions for manufacturers of the following: vanadium pentoxide catalysts, axial and radial-movement lathe bits, metallic coupling parts for automotive safety belts and metallic lock nuts having a minimal pressure of 140 Kilos/cm$^2$ — Mexico City

**Chile buys Mexican sulphur**

Azufrera Panamericane, a partially government-owned company, has negotiated a sale of 75,000 metric tons of sulphur to Chile. The transaction was financed by Mexico's National Foreign Trade Bank and the Central Bank of Chile — Mexico City


# From Thunder Bay to Bangladesh

More than two million board feet of pressure treated jackpine was loaded recently at Thunder Bay, Ontario, for shipment to Bangladesh. The sale was negotiated with UNICEF by the recently formed consortium for export and was made up within six weeks by Northern Wood Preserves Limited, a commendably short time for such a large order. The lumber will be used in Bangladesh for emergency shelters. It is believed to be the first time that such a large shipment of lumber has left Thunder Bay, certainly to such a far-away market.



# Here's the lowdown

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