

March

Canada Commerce

1972

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Spring Happening at Hannover

Every spring Hannover becomes the show window of the industrial world. If you'd like to go window shopping to see the latest developments in your sector of industry, what your competitors are offering, what the opportunities are for manufacturing under licence, the German Industries Fair (April 20-29) is the place to do it and now is the time to make your plans.

Here, hall by hall, is what you can see:

- Building Materials/Building Parts
- Building Materials Machinery
- Chemicals and Plastics
- Construction Machinery
- Consumer Goods
- Electrical Engineering, special fields of application in machining and processing methods
- Electrical Installation (wiring) Devices and Domestic Appliances
- Electric Lighting (domestic and commercial)
- Electric Power Production and Conversion
- Electric Power Distribution
- Electronic Components/Component Sub-Assemblies
- Entertainment Electronics/Audio-Visual Equipment
- Iron/Steel/Non-Ferrous Metals
- Measuring, Testing, Control and Automation
- Office and Data Technology
- Precision Mechanics and Optics
- Telecommunications
- Tools
- Water Treatment

Also on display this year, and in alternate years to come, are transmis-

sions and drives; plastics and rubber machinery; coin-operated machines; cutting and welding equipment; combustion engines; heating, refrigeration and air-conditioning equipment; surface treatment methods.

More than 5,700 companies exhibited at Hannover last year and over 1,200 were from countries other than West Germany. Of the 980 companies represented through their agents, almost 800 were foreign. Add these figures to the broad spectrum of exhibits listed above and you will see that just about anything of interest in your field of industry will be found at Hannover.

Over 600,000 businessmen visited the 1971 fair. Most were probably interested in buying but many others, you may be sure, were there to assess the competition and their competitors' products, find suitable agents, and investigate the opportunities for their companies.

The visitor should not think of Hannover as a place to sell (exhibits are normally manned by sales staff) but it is an excellent place to start a sales program. If your tour of the fair turns up good prospects for sales, manufacture under licence or representation, follow up by writing to or visiting the companies' head offices in Germany or other countries.

You will need a plan of attack for this huge fair. You can get lost and waste thousands of steps, energy, and efficiency in this "commercial city" with its 26 buildings, five million square feet of inside exhibit space, and two and a half million square feet of outdoor displays. The official catalogue contains more than

2,000 pages, and there are 20 auxiliary catalogues. We suggest you study the locations of the industrial sections in the main catalogue, and the location of exhibitors in each section in the auxiliary catalogues, and map yourself a course.

Do call on us first when you arrive at the fair. Canada has an office in the Internationaler Treffpunkt (international crossroads) building where representatives of our trade offices in West Germany will be waiting to discuss your interests and give you all the information they can. You can benefit from their experience at the Hannover fair and the contacts they can arrange for you. The Canadian office will also be staffed by representatives of the Travel Bureau, Air Canada, the Department of Regional Economic Expansion, the provinces, and some Canadian banks.

The other countries exhibiting in the Trade fair will have offices in the Internationaler Treffpunkt, of course, as will most manufacturers' and importers' associations whose activities fit into the frame of the fair. Whatever your interests, you should not overlook the assistance they can give you. Commercial services dominate, but a number of countries also provide an information and tourism service.

Catalogues, free interpreter service, travel advice, reservations, secretaries, etc., are all available at the central information office at the fair.

We look forward to seeing you and will be waiting at the Canadian Government office to help you enjoy an efficient and useful tour of the 1972 German Industries Fair.

D. D. VAN BESELAERE, Consul and Assistant Trade Commissioner, Hamburg
J. N. FERLAND, Consul and Assistant Trade Commissioner, Duesseldorf

In This Issue

When planning this issue on EFTA late last year, the question arose: What is the future for this association when some of the main trading partners join the European Economic Community? Does it, in fact, have a future at all? H. E. Campbell, Commercial Counsellor at Berne, Switzerland, took time out to call at EFTA headquarters in Geneva to clarify the position. He reports that George Young, director of publicity for the association, is of the opinion that the organization will continue for at least another four or five years, and maybe longer. The legal basis on which industrial goods are traded freely between the EFTA countries is the Stockholm Convention and the fact that EFTA partners join the EEC does not change this.

As Mr. Young sees it, the main purpose of future EFTA councils will be to maintain and enlarge the free trade in industrial goods already accomplished by the member countries of the European Free Trade Association. Howie Campbell's article on Switzerland, by the way, was received too late to make this issue and will appear next month.

A feature of this issue is the article on PAIT, the Program for the Advancement of Industrial Technology. Prepared by Bob McDougall, *Canada Commerce* staff writer, the article is the first of a series describing the research, development and innovation programs offered by the Department of Industry, Trade and Commerce with the objective of increasing Canadian productivity and boosting sales of Canadian products in domestic and foreign markets. Canadian manufacturers should know of the changes that have taken place in these programs since their inception—it may mean money in their pockets. Succeeding issues of *Canada Commerce* will carry articles on the other programs run by the Department. Next month we feature IRDIA.

COVER: Nighttime view of part of the city of Stockholm.

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PAIT Pushes Technology

The Department of Industry, Trade and Commerce administers 15 industrial assistance programs to help Canadian firms and to stimulate the economic growth of the country. How these programs work and how Canadian businessmen can take advantage of them will be the subject of a series of articles to be published in "Canada Commerce". This article, the first of a series, deals with PAIT, the Program for the Advancement of Industrial Technology.

ROBERT McDOUGALL, *Canada Commerce*

One of the biggest challenges facing Canadian industry today is innovation. New products and new processes must be developed if industry in Canada is to grow and increase in efficiency. PAIT can and does help.

Through grants, the Program for the Advancement of Industrial Technology assumes 50 per cent of the estimated cost of researching and developing a new or improved product or process. It also shares equally the cost of conducting related market and commercial feasibility studies.

PAIT support is given to a wide variety of projects. But the program is selective and to be eligible a new product or process must incorporate new technology. It must also offer good prospects of commercial exploitation in domestic and international markets.

Many large corporations have and are taking advantage of PAIT. Some of these are Bell Northern, Bombardier, Lockheed, Alcan and Control Data. Projects range from reducing the noise of snowmobiles, developing a high-speed passenger train, automation of steel production, increasing the yield of pulp production, developing Canadian micro-circuit technology and technology of offshore oil-drilling equipment, to creating the means to analyze long-distance telephone calls on private trunk lines.

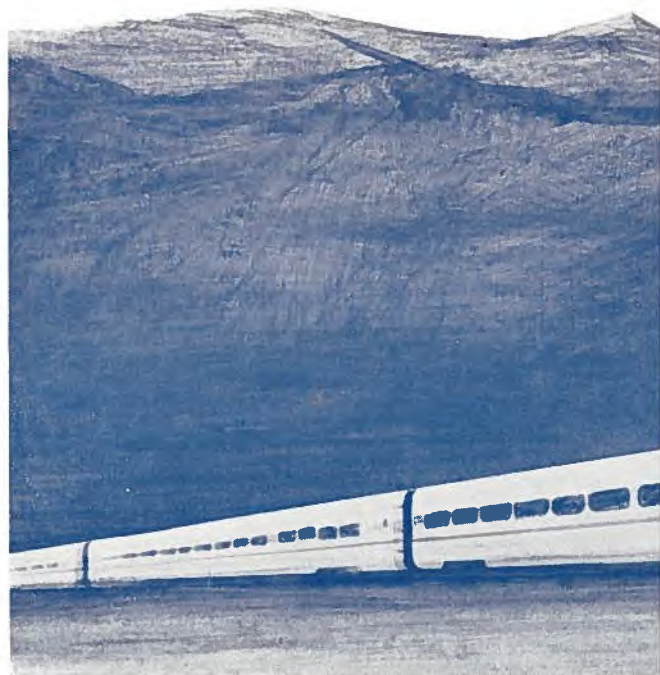
Lockheed Offshore Petroleum Services Ltd. and PAIT have joined in a multi-million dollar investment to develop a new offshore oil production system. The project allows work crews to toil in their shirtsleeves at a wellhead on the ocean floor. A permanent capsule encloses the wellhead and another submersible capsule transports men from a ship on the surface to the wellhead below. The system is expected to be tested soon on a live wellhead in the Gulf of Mexico.

On land, Alcan-Dofasco-MLW and PAIT are equally funding a \$2.5 million program to develop a new high-speed train. The LRC (lightweight, rapid, comfortable) is a 12-coach train with two locomotives designed to run at 120 mph on existing track. The train's main features are lightness, a low centre of gravity and a suspension system

incorporating electric sensors and hydraulic cylinders to bank the coaches up to 10 degrees on curves.

The development uses existing capabilities, materials, fabrication techniques and propulsion methods. The prototype coaches were tested last fall and this spring the locomotives will be given trial runs.

The Voyageur, Bell Aerospace Canada's heavy-haul air-cushioned vehicle (hovercraft), is another project backed by PAIT. It can carry 25 tons of cargo, or 150 passengers if a cabin is attached to the flat deck, over water, ice, snow or swamp. This development is expected to revolutionize Arctic transportation. A prototype of the vehicle has been built and is now in the testing stage.



Perhaps the biggest and most ambitious of the projects supported by PAIT is the development by Control Data Canada Ltd. of a new breed of computers directed at world markets. PAIT is contributing \$19 million to this \$56 million project and the Department of Regional Economic Expansion is contributing about \$4 million. The design and development of one computer from the new series will be done in Toronto and the company's plant in Quebec City will manufacture it.

But the Department has not forgotten the small entrepreneur. A project does not have to be of high technology to qualify for a PAIT grant but it should involve an improvement over existing products or processes. A point to note is that individuals cannot apply for funds. They must incorporate, that is obtain provincial or federal status as a limited company.

Smaller projects assisted by PAIT have included the development of a special type of adhesive for use mainly in the optical industry, a digital recording system for environmental control, a fan system for a vehicle, the development of an alphagraphic printer, an oxygen probe and the development of "agrifoam"—a protein-based compound sprayed on small fruit and vegetable crops for protection against frost.

PAIT assistance has been available to Canadian businessmen since 1965. During the first five years, the program made loans to companies to research and develop new products or processes but these loans had to be repaid if a project was successful. PAIT funding of projects remained fairly level during this time at about \$5 million annually.

In 1970, the loan principle was abandoned and PAIT began making outright grants of 50 per cent of the cost of research and development of a project. The program has been further expanded and now pays half the cost of market and commercial feasibility studies of PAIT projects.

With these changes, PAIT in 1970-71, supported projects with a contribution of \$50.7 million—a 400 per cent

increase over the previous fiscal year. The program now has about \$80 million invested in current projects. In the fiscal year 1972-73, PAIT is expected to make grants totalling more than \$110 million. Value of the projects is forecast to be about \$250 million.

Many PAIT-supported developments have been successful but many have failed. This is to be expected because, if there is no technical doubt about a projected development, it will not receive a grant.

In cases where an innovation has extraordinary potential benefit but the risk of technical failure is very high and the applicant has insufficient funds, the Department may grant its usual 50 per cent support and, in addition, make an interest-free loan. If the project is successful, the loan is repaid over a period of time out of profits. If it fails, the applicant does not have to repay the loan.

All applications for PAIT support are submitted by the specialized industry branches within the Department. These branches not only assist the applicant with the PAIT submission but explain the many other programs and services which are available.

It is not possible to fund all applications for PAIT support even though they may be all technically eligible. The granting of funds is discretionary and the Committee, which reviews the applications, recommends only those projects that have the greatest potential in relation to costs and available funds.

All Canadian companies and foreign-owned subsidiaries incorporated in Canada are eligible for PAIT support.



The LRC (lightweight, rapid, comfortable) passenger train, developed for high-speed interurban service by Alcan-Dofasco-MLW with the assistance of PAIT, is shown as an operational unit in this artist's conception. The 12-coach train is designed to run at 120 mph on existing track and features a low center of gravity and a suspension system to bank the coaches up to 10 degrees on curves.





Loaded with tons of cargo, a prototype of the Voyageur, Bell Aerospace Canada's heavy-haul air-cushioned vehicle, undergoes tests on the frozen tarmac of a Canadian airport. The first prototype of the hovercraft finishes water trials on the Toronto waterfront this month and a second, to be delivered to the Ministry of Transport in May, is to be used in operational evaluation trials in the Arctic for one year. Designed to skim over water, ice, snow or swamp at speeds up to 50 mph, the Voyageur can carry a cargo of 25 tons or 150 passengers if a cabin is attached to the flat deck.

If a PAIT-backed project is successful, the company is required, within a reasonable time, to exploit the results from a manufacturing base in Canada. Companies seeking PAIT support for a new product or process can expect the program to pay 50 per cent of the expenses related to the project. These are:

Direct labor; direct material, subcontracts and consultants; overhead (salaries, heat lights, etc.); industrial design services; the cost of constructing prototypes; pilot plants and special test equipment; the preparation of production drawings; process data, reports, specifications, instructions and bills for material; inspection and test equipment, and other non-recurring pre-production activities.

Depending upon circumstances, PAIT support may also be given for: market research, which would range from the analyses of published data to acceptance testing; estimating distributing expenses; production costing; investigation of trade standards; analyses of competitive situations; determination of the required range in product size and performance; estimates of cash flow; working capital and return on investment calculations.

Generally, only costs incurred after the project has been approved

are acceptable. Bills for approved projects are usually submitted to and paid monthly by the Department.

Financing the acquisition of general purpose capital facilities is not supported by PAIT. Companies are expected to acquire the capabilities, facilities, and other resources required not only to undertake the development work but also to manufacture and market the resulting product or use the resulting process. However, companies may subcontract portions of the work to other firms, research institutes, universities or consultants where this is desirable.

The Department does not assume responsibility for proposing development projects. This rests with industry as does the responsibility for the subsequent direction and execution of the development of work.

Title to patents, designs, technical data, and materials resulting from a project is vested in and remains the property of the company.

Further information about the PAIT program may be obtained by writing to the PAIT Program Office, Department of Industry, Trade and Commerce, 112 Kent Street, Ottawa, Ontario K1A 0H5 or the Department's Regional Offices located in major cities across Canada.



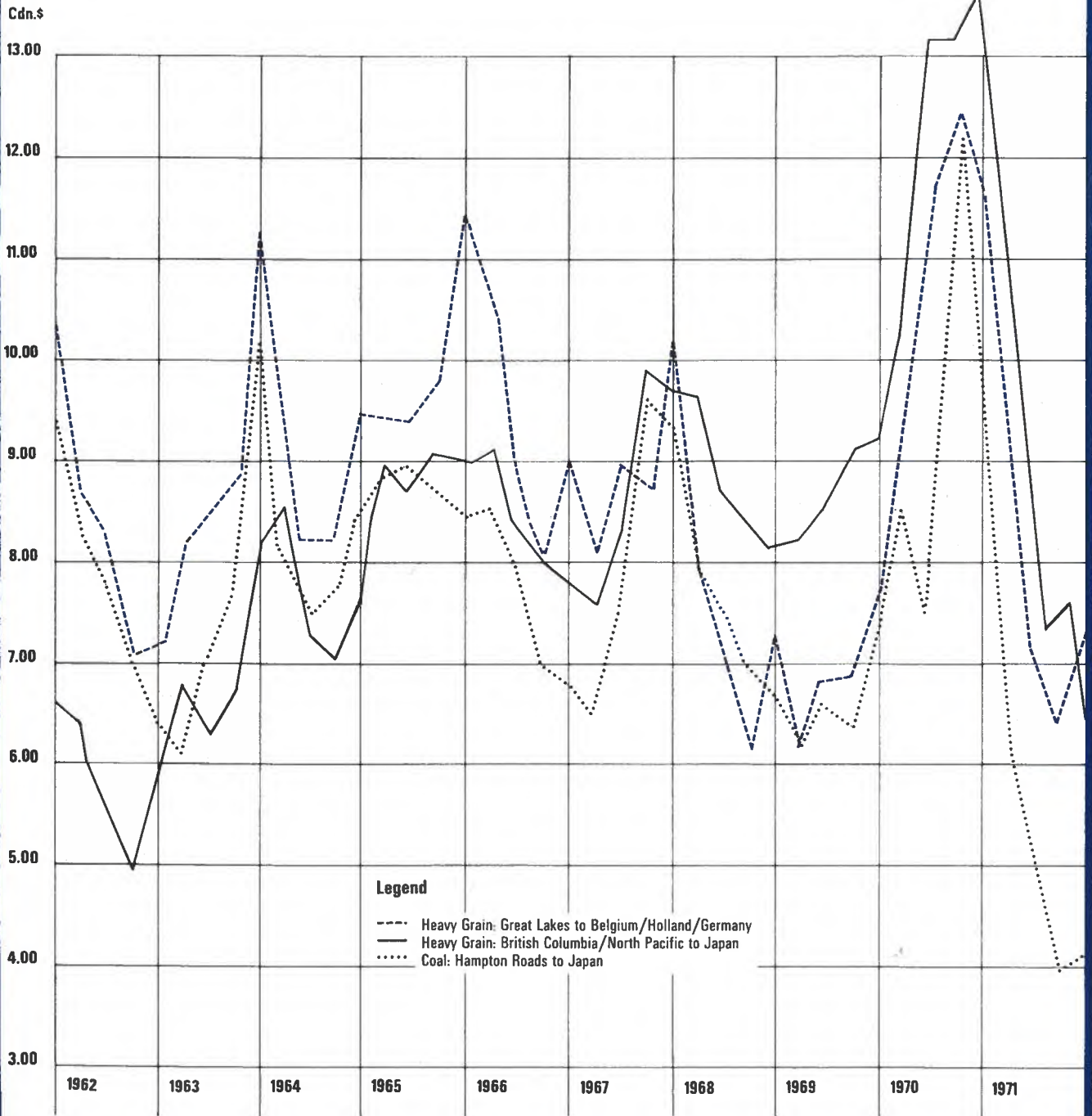
Workers carrying out final inspection are dwarfed by this huge aluminum coal car developed by Alcan Canada Products and Procor Limited with the help of PAIT. The car can carry more than 100 tons of coal although it weighs only 21 tons itself, making it the most efficient ever built for bulk coal service. The prototype car is undergoing tests to check out the principles of the new design.



How Ocean Charter Rates Flowed in 1971

TRANSPORTATION DIVISION

Chart A
Average Quarterly Voyage Charter Rates for Selected Trades, 1962-1971



Source: "Daily Freight Register"

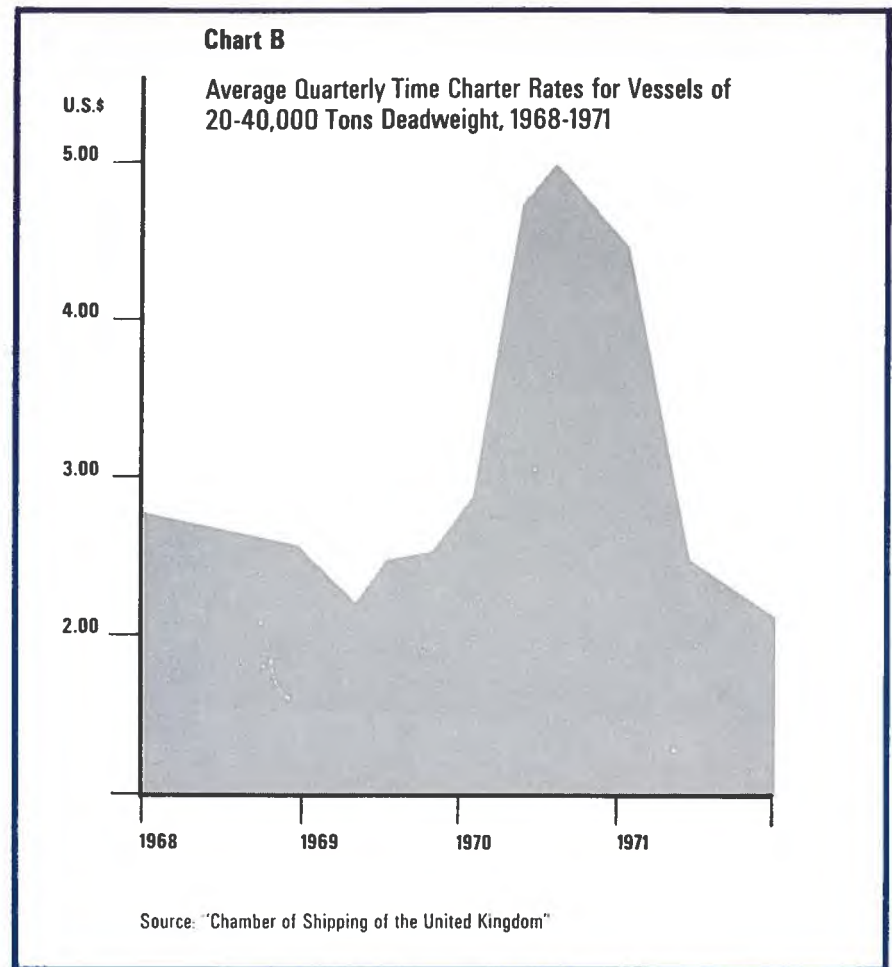
Charter rate levels began to fall late in 1970 after a boom year and the downward trend accelerated in 1971, resulting in the lowest over-all average freight rates since the rate depression that followed the 1956-57 Suez boom. The 1970 boom, created by circumstances such as the continued closure of the Suez Canal and heavy demands for chartered space from Japan, gave ship owners the highest rates in postwar history. New ship construction, a world-wide trade recession and, especially, reductions of charter requirements by Japan because of cutbacks in steel production, changed the picture.

Dock strikes in the United States (temporarily halted by court injunctions), a strike in the eastern U.S. coal mining industry, the world monetary crisis with attendant trade problems and international political crises added to shipowners' difficulties. The number of ships laid up increased throughout 1971, reaching 533 tankers and dry cargo ships of 4.4 million tons deadweight by the end of November. The consequent reduced volume of inquiries for tramp shipping placed shipowners in a rather weak bargaining position and rates accordingly declined on major trading routes.

Similarly, rates in the oil trades were appreciably lower during 1971, in part because oil companies had over-estimated demand and consequently the shipping space that they time-chartered. This resulted in fewer inquiries for tanker time and voyage charters and also several relets of tankers time-chartered by the oil interests that turned out to be surplus to their requirements.

A few signs of recovery appeared at the end of 1971, notably some increasing rates (see fourth quarter charter market, page 7). Other favorable factors are the revaluation of currencies which ended several months of international monetary uncertainty and major U.S. and Canadian grain sales to the U.S.S.R. (although much will be transported by Soviet shipping). Ship owners still await settlements for dock-workers on both U.S. coasts.

Few Canadian ocean-going ships would be affected by depressed charter rates. Through 1971, Canadian charters were in a position to realize short-term benefits from low charter



rates, particularly for the range of low value/high weight raw materials that are prominent Canadian exports. A low freight rate lessens landed cost in foreign markets, tending to make the Canadian product more competitive. Similarly, spot-chartering of tonnage in 1971 could lessen costs of certain Canadian raw material imports such as fuels, various ores and minerals.

Since 1962 *Canada Commerce* has been publishing a quarterly analysis of charter rates, "The Ocean Freight Market", emphasizing "those continuing trades that serve as indicators of the state of the freight market." These articles have provided the statistics for Chart A which illustrates three representative voyage charter markets. The chart shows that, during the last half of 1970, rates reached their highest level in the ten-year period 1962-1971: \$13.50 per ton in the fourth quarter for heavy grain from British Columbia to Japan, \$12.35 in the third quarter for heavy grain from the Great Lakes to Belgium/Holland, and \$12.20 per ton in

the third quarter for coal from Hampton Roads to Japan.

Rates fell sharply during 1971 to: \$6.43 per ton in the fourth quarter for heavy grain from British Columbia to Japan (the lowest rate since the third quarter of 1962), \$6.55 per ton in the third quarter for heavy grain from the Great Lakes to Belgium/Holland, (the lowest rate since the third quarter of 1968), and \$3.95 per ton in the third quarter for coal from Hampton Roads to Japan (the lowest rate of the decade).

The peaks that the graph shows for 1963-64 and 1965-66 were partly a result of the large Canadian wheat sales to the Soviet bloc countries. The 1967-68 peak resulted from the six-day war which caused the Suez Canal to be closed.

Chart B shows the average quarterly short-term time charter rates for vessels of 20,000-40,000 tons deadweight for the years 1968-71. The rise in rates for 1970 and the decline in 1971 were in line with variations in the voyage charter market.



The Ocean Freight Market

Industrial Traffic Services Division

The charter market was in a state of flux through most of the fourth quarter, reflecting the world monetary crisis, the U.S. East Coast dock strike, strikes in the eastern U.S. coal mining industry, and the announcement of sizable Russian feed grain purchases from the United States. Charter rates featured both gains and losses compared with averages in the third quarter.

Despite the appreciably increased number of laid-up ships (from 245 dry cargo ships of 1,528,589 grt at the beginning of September to 455 ships of 2,426,000 grt at November 30, 1971), average rates for several voyage charter trades rose above the levels paid during the previous quarter.⁽¹⁾ However, it should be remembered that the monetary crisis and subsequent revalued currencies had assisted in increasing charter rate quotations in U.S. dollars. Average rates in the grain trade from the Great Lakes to Belgium/Holland/Germany illustrate the apparent recovery in charter rates: in the fourth quarter the average was U.S. \$7.22 per ton compared with \$6.42 in the preceding quarter and \$7.06 in the second quarter. In this particular trade, rates followed an almost unbroken upward trend during the fourth quarter, individual fixtures starting at U.S. \$6.00 at the end of September, rising to \$6.25 in early October, and increasing thereafter to a peak of \$8.85 in the latter part of December. The final rate for 1971 was \$8.75 for a 16,000-ton shipment.

Other major trades registering appreciable rate advances included heavy grain from the St. Lawrence to Britain (from an average Canadian \$4.74 in the third quarter to \$6.33 in the fourth), and sulphur from British Columbia to Belgium/Holland/Germany (from an average Canadian \$3.37 to \$4.64). However, not all trades recorded higher rates. Several changed only moderately. For example, coal from Hampton Roads to Japan which stood at an average of Canadian \$3.95 during the third quarter and \$4.05 in the fourth, or iron ore from the St. Lawrence to U.S. Atlantic ports for which rates were an average Canadian \$0.82 and \$0.85 respectively per ton in the third and fourth quarters. Furthermore, average rates for some trades fell, underlining the uneven patterns in the quarter's charter market. Examples include: average fixtures in heavy grain from the Great Lakes to Japan, from Canadian \$10.05 in the third quarter to \$9.48 in the fourth; time charters of 15,000 to 20,000 dwt ships, from an average of \$3.63 per ton to \$3.14 in the fourth quarter.

The tanker market was uniformly higher, partly as the result of wintertime fuel demands. Average rates for black oil from the Persian Gulf to Portland, Maine, rose from an average Canadian \$5.39 during the third quarter to \$6.42 in the fourth, and for such tanker cargoes from Venezuela to Canada's East Coast, from \$1.50 to \$1.80 during the same period.

CHARTER RATES—FOURTH QUARTER 1971

The rates shown in column A are in sterling or U.S. dollars with the Canadian dollar equivalent in column B calculated at £=\$2.502 and U.S.\$=\$1.004. For comparison the rates for the previous quarter are shown in column C with the Canadian dollar equivalent in column D calculated at

£=\$2.483 and U.S.\$=1.004. The rate schedule does not necessarily represent all charter movements to or from Canadian ports since details of certain fixtures are not published.

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 fourth quarter of the year were as follows:

	Fourth Quarter 1971		Third Quarter 1971	
	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	3.49	3.50	3.52	3.59
15,000-20,000 dwt 13-16 knots	3.13	3.14	3.56	3.63
20,000-30,000 dwt 13-16 knots	2.41	2.42	2.13	2.17
30,000-40,000 dwt 13-16 knots	1.70	1.71	1.48	1.51

VOYAGE CHARTERS—Average rates for the fourth quarter of the year were as follows:

Heavy Grain (per long ton)

St. Lawrence to Britain	£2.53	6.33	£1.91	4.74
St. Lawrence to Belgium/Holland/Germany	2.16	2.17	2.74	2.79
St. Lawrence to Japan	4.88	4.90	—	—
St. Lawrence to Morocco	5.25*	5.27	3.95	4.03
St. Lawrence to Venezuela	5.00	5.02	—	—
St. Lawrence to Spain (Atlantic)	5.30*	5.32	—	—
St. Lawrence to Spain (Mediterranean)	3.85*	3.87	3.25*	3.37
St. Lawrence to India	£3.79	9.48	—	—
St. Lawrence to U.S.S.R. (Baltic)	5.15*	5.17	—	—
St. Lawrence to U.S.S.R. (Black Sea)	4.59	4.61	—	—

⁽¹⁾ *Daily Freight Register*, January 3, 1972.

*One fixture only reported.

	Fourth Quarter 1971		Third Quarter 1971	
	A £ or U.S.\$	B Cdn.\$	C £ or U.S.\$	D Cdn.\$
Saint John/Halifax to Britain	£2.13	5.33	—	—
Saint John/Halifax to Italy	4.50*	4.52	—	—
Saint John/Halifax to Jamaica	6.25*	6.28	—	—
Great Lakes to Britain	£3.39	8.48	£3.25	8.07
Completing St. Lawrence	£1.89	4.73	£2.02	5.02
Great Lakes to Belgium/Holland/Germany	7.23	7.26	6.42	6.55
Completing St. Lawrence	3.24	3.25	2.53	2.58
Great Lakes to Japan	9.44	9.48	9.85	10.05
Completing St. Lawrence	5.25	5.27	4.92	5.02
Great Lakes to France (Atlantic)	7.75*	7.78	6.75	6.89
Completing St. Lawrence	3.75*	3.77	2.75	2.81
Great Lakes to Morocco	8.88	8.92	—	—
Great Lakes to Nigeria	12.75*	12.80	—	—
Great Lakes to Portugal and Spain (Atlantic)	7.94	7.97	7.27	7.42
Completing St. Lawrence	3.88	3.90	3.56	3.63
Great Lakes to Spain (Mediterranean)	7.40	7.43	6.25	6.38
Completing St. Lawrence	3.13	3.14	2.25	2.30
Great Lakes to Italy	8.12	8.15	7.05	7.19
British Columbia/North Pacific to Britain	8.50*	8.53	—	—
British Columbia/North Pacific to Belgium/Holland/Germany	5.00*	5.02	—	—
British Columbia/North Pacific to Japan	6.40	6.43	7.42	7.57
British Columbia/North Pacific to Philippines	7.11	7.14	6.69	6.82
British Columbia/North Pacific to People's Republic of China (northern ports)	£2.41	6.03	£2.46	6.11
British Columbia/North Pacific to India	£4.20	10.51	—	—
British Columbia/North Pacific to Iran	9.75	9.79	—	—
British Columbia/North Pacific to El Salvador	6.50*	6.53	—	—
British Columbia/North Pacific to South Korea	6.71	6.74	—	—
Coal (per long ton)				
Hampton Roads to Japan	4.04	4.05	3.87	3.95
British Columbia to Japan	1.91	1.92	1.85*	1.89
Oilseeds (per long ton)				
British Columbia to Japan	5.15	5.17	5.15	5.25
Great Lakes to Spain (Atlantic)	10.60	10.64	—	—
Great Lakes to Taiwan	10.50	10.54	—	—
Completing St. Lawrence	6.00	6.02	—	—
Scrap Iron and Steel (per long ton)				
U.S. North Atlantic to Japan	7.10	7.13	—	—
California to Japan	7.92*	7.95	—	—
California to South Korea	7.50*	7.53	—	—
California to Italy	6.75*	6.78	—	—
Sulphur (per long ton)				
British Columbia to Australia	7.20*	7.23	8.05	8.21
British Columbia to Belgium/Holland/Germany	4.62	4.64	3.30	3.37
British Columbia to Spain (Mediterranean)	7.50*	7.53	—	—
British Columbia to India	£4.13*	10.13	8.83	9.01
Potash (per long ton)				
British Columbia/North Pacific to Belgium/Holland/Germany	4.75*	4.77	—	—
British Columbia/North Pacific to Brazil	7.25*	7.28	8.85*	9.03
British Columbia/North Pacific to Colombia	9.50*	9.54	—	—
Iron Ore (per long ton)				
St. Lawrence to U.S. Atlantic85*	.85	.80	.82
Petroleum Coke (per long ton)				
California to Belgium/Holland/Germany	5.87	5.89	6.60*	6.73
California to Japan	4.25*	4.27	4.20*	4.28
Oil Black (per long ton)				
Venezuela to Portland, Maine	1.86	1.87	1.62	1.65
Persian Gulf to Portland, Maine	6.39	6.42	5.28	5.39
Mediterranean to Portland, Maine	3.50	3.51	2.56	2.61
Venezuela to East Coast of Canada	1.79	1.80	1.47*	1.50

*One fixture only reported.

Canada and a Changing EFTA

JOHN E. GILBANK
EEC Enlargement Task Force

Faced by many interrelated political and economic problems, the nations of Western Europe have recognized the value of combined effort in the postwar period. In the many attempts which have been made to promote this co-operation, several institutions have been established, one of the most notable being the European Free Trade Association (EFTA) that was formed by the Stockholm Convention of January 1960.

Over its 11-year history, EFTA has made considerable progress in fulfilling one of its primary objectives—to increase the trade of member countries. Intra-EFTA trade increased two-and-a-half times during the first ten years of the Association's existence. Its achievements have attracted a growing membership with the accession of Finland and Iceland. But it now appears that EFTA's growth has peaked and it seems probable that the future will see a rapid decline in the scope of the present institution. On January 22, Britain, Norway and Denmark signed the Treaty of Accession, establishing themselves as members of the EEC. Without these three important members, EFTA will have only a fraction of its former strength.

The Institution—When six of the members of the Organization for European Economic Co-operation (OEEC) joined to form the European Economic Community in 1957, and negotiations for a free trade area to



Denmark is one of the EFTA countries that has applied to join the European Economic Community, and Canadian exporters are waiting to see what effect this move will have on sales to this market. Canadian Douglas fir plywood is being used to construct this exhibition hall at Slagelse.

include the 17 members of the OEEC broke down in 1958, seven of the remaining nations decided to create in EFTA their own free trade area. But they clearly stated they regarded their association only as a step toward an agreement which would bring about a larger integration of Europe. This temporary existence of EFTA was emphasized shortly after British membership had been ratified, when Harold MacMillan, Prime Minister of Britain, decided his country should attempt to join the EEC. This attempt, it will be remembered, was unsuccessful.

Despite the uncertainty of its future, EFTA developed into much more than a mere stop-gap organization. Its structure and objectives were particularly well suited to the various and changing needs of its members. The EEC, by comparison, was more ambitious. It started as a customs union but aimed eventually at achieving full economic union. After a transitional period of 10 years, members were required to apply a common external tariff against imports from outside the Community and to adopt the controversial high agricultural support prices, variable import levies and other regulations of the Common Agricultural Policy. At the same time, they gradually eliminated trade barriers among themselves. Significantly, this involved surrendering part of their national sovereignty in trade, fiscal and economic matters to a central

authority. Furthermore, future goals of the EEC include political union, including co-ordination of foreign policies.

The EFTA agreement, on the other hand, was aimed at dismantling trade barriers on industrial goods between members and did not impose other economic or political commitments. Consequently, Britain could join EFTA and maintain its long-standing Commonwealth preferential tariff system, Sweden and Switzerland could retain their traditional political neutrality and Austria and Finland could follow a politically neutral line between their Western European trading partners and their powerful neighbors to the East. The remaining members joined the Association mainly because of trade and traditional ties. Portugal considered membership as a good opportunity to develop its small industrial base with less danger of harming it than by premature exposure to the industrial giants of Europe. It was given a transitional period for the reduction of tariffs on goods produced domestically which could extend to 1980.

The EFTA constitution reflected the aims of the members by creating an institution whose purpose was to reach agreement on basic rules that would encourage economic well being through free trade in industrial goods. It established only one body, the





The proposed EEC-EFTA free trade area will have both negative and positive implications for Canada. However, there are good grounds to expect that the nations of Western Europe will prosper as a result of the increased free trade among themselves and that their economic growth will create larger markets for Canada. The pulp mill above is in Portugal which has elected to remain in EFTA.



Council, in which each member state had one vote. This body was given the power to create councils and a secretariat if and when they were needed. As a result, the EFTA administration has remained small and flexible compared to that of the EEC.

A Need for Trade—On a per capita basis, the countries of continental EFTA are among the world's largest traders, and with good reason. Their highly specialized industries require large markets for economies of scale in production and the national populations are small, ranging from four to ten million and averaging only six and one half million people per country. Production from several highly developed industries, such as Swiss watches and Swedish ball bearings, must necessarily spill over national boundaries. Even when Britain is included, EFTA represents less than 3 per cent of the world's population but accounts for 15 per cent of international trade.

EFTA offers its members a duty-free market for industrial goods of over 100 million people. Average GNP per capita in this market is high at \$2,270, only \$280 lower than that of the EEC (1970). When using averages such as these, however, it should be remembered that considerable disparities exist between member states. Britain, for example, is as large in population and GNP as the remaining nations combined (which probably accounts for EFTA's official language being English). The Association also includes the two countries with the highest GNP per capita in Europe—Sweden and Switzerland—and also Portugal, which rates much lower on the European per capita GNP scale.

The EEC—An Attractive Alternative—Since its creation in 1960, EFTA has lived in the shadow of the EEC. Although it has made good progress in its own field, it nevertheless has remained a free trade area at a lower level of economic integration than the Common Market.

Throughout the 1950's, the British considered a free trade rather

Switzerland belongs in this EFTA feature, of course, but the report was delayed in the mail. Look for it in the April issue. This being the curling season, we chose an outdoor rink scene at a Swiss resort to catch your attention. Note the brooms.

than a Common Market type of relationship with Western Europe more suited to their needs. Such an arrangement would not only have provided the economic advantages of free trade with Europe but also have permitted the maintenance of the Commonwealth preferential tariff system and the preservation of Britain's political sovereignty and prestige as a leading independent world power. The creation of the Common Market in 1957, however, ended the possibility of this ideal solution. This left Britain with two choices: joining the EEC and giving up the Commonwealth preference or joining in the creation of EFTA and maintaining the established Commonwealth system. By the end of the 1950's, Britain had decided on the latter, but membership in the EEC continued to be an attractive alternative.

During the 1960's, the weaknesses of the British economy became increasingly evident and the economic advantages to Britain of the Commonwealth preferential trading system became less and less important. Between 1959 and 1964, the British GNP grew at an average rate of 3.8 per cent per year. This average declined to 3.2 per cent between 1964 and 1969 and then dropped to a disappointing level of 2.1 per cent in 1969-70. Meanwhile, in the EEC, the GNP growth figures for those periods were much more dynamic at 5.3 per cent, 5.2 per cent and 5.4 per cent respectively. These disproportionately low comparative growth rates helped renew British interest in joining the EEC.

By 1970, Britain was willing to negotiate for entry with fewer demands than it had made during the previous negotiations and two of Britain's EFTA partners, Norway and Denmark, decided to renew their efforts for membership as well.

Tariff Changes—Repercussions from the accession of Britain, Norway and Denmark to the EEC will be felt most by Commonwealth countries such as Canada, which stand to lose their tariff preferences in the British market, and by those members of EFTA which have chosen not to seek full membership in the EEC and could lose duty-free entry of some goods into the former EFTA countries. These remaining members

of EFTA who are not candidates for membership in the EEC include Sweden, Finland, Switzerland, Austria, Portugal and Iceland. But changes in access conditions to the markets of the three EFTA applicant countries will occur gradually. The applicants will eliminate tariffs between themselves and the EEC in five stages beginning April 1, 1973, and ending July 1, 1977. Adjustment to the Community's Common External Tariff on imports from third countries will take place in four stages beginning January 1, 1974, and ending July 1, 1977. Since Canada currently enjoys Commonwealth tariff preferences in its trade with Britain and since most Canadian exports to EFTA go to that country, it is in this market that the changes in access conditions will have most significance for Canada (See "British Entry Into The Common Market", *Foreign Trade*, September 1971).

The Future EFTA—What will remain of EFTA when the current series of EEC enlargement negotiations with Britain, Norway, and Denmark are completed? The six countries who will remain EFTA members had a total GNP of \$82.7 billion in 1970, approximately 36 per cent of the total GNP of the Association. They maintained an average GNP per capita of \$2,277 with a total population of 36.4 million. The average 1970 growth rate in GNP of these nations was considerably higher, at 5.3 per cent, than the over-all EFTA average and was roughly equivalent to the rate of growth in the EEC. Canadian exports to these non-candidate countries were valued at \$113 million and imports from them at \$272 million.

With the accession of Britain, Norway and Denmark to the EEC, the remaining EFTA states are faced with the prospect of a greatly reduced free market for their goods, and they have sought to negotiate new trade arrangements with the enlarged Community. A mandate for the negotiation of agreements with the EFTA non-applicants was agreed to by the Common Market's Council of Ministers on November 8, 1971, and the results of these negotiations are anticipated by mid-summer of this year. In essence, the mandate would establish a free trade area in industrial products be-

tween the EEC and EFTA. As a result, it now appears that the pan-West European free trade area which was conceived by the OEEC in the early postwar years could become a reality in the near future, although in a somewhat different form.

Since the present negotiations do not involve the tariffs which the non-candidate EFTA states apply on imports from third countries, there should be no changes in access conditions for Canadian exports entering the remaining EFTA states. However, Canada's access conditions in relation to suppliers operating from within the enlarged EEC would deteriorate for items subject to duty, since Community exporters will eventually receive duty-free access. Similarly, the EFTA countries will receive duty-free access to the enlarged EEC while Canadian goods will be faced with the Common External Tariff.

For most products, the dismantling of tariffs would occur over a transitional period that would parallel the lowering of tariffs between the Community and the four applicant countries. However, several industrial products, such as papers and some metals, have been identified as "sensitive" by the Community which is proposing a longer transitional period for these goods before opening up the EEC market to free competition from the efficient EFTA producers. This could be of particular importance to Canada since, for example, Canada is a major competitor of Sweden and Finland in several forest products.

The proposed EEC-EFTA free trade area will have both negative and positive implications for Canada. Some Canadian products will be faced with increased competition in the EFTA and EEC markets. In this regard, the kind of arrangements which emerge for paper products will be of particular importance because of the effect they will have for Canada's traditional parity of access to the British and EEC markets vis-à-vis Scandinavian competitors. However, there are good grounds to expect that the nations of Western Europe will prosper as a result of the increased free trade among themselves and that the resulting accelerated economic growth will create expanding markets for Canadian products.



Austria...

A good market for raw materials, for instance. Quality foodstuffs, sporting goods, sophisticated industrial machinery and equipment are also in demand.

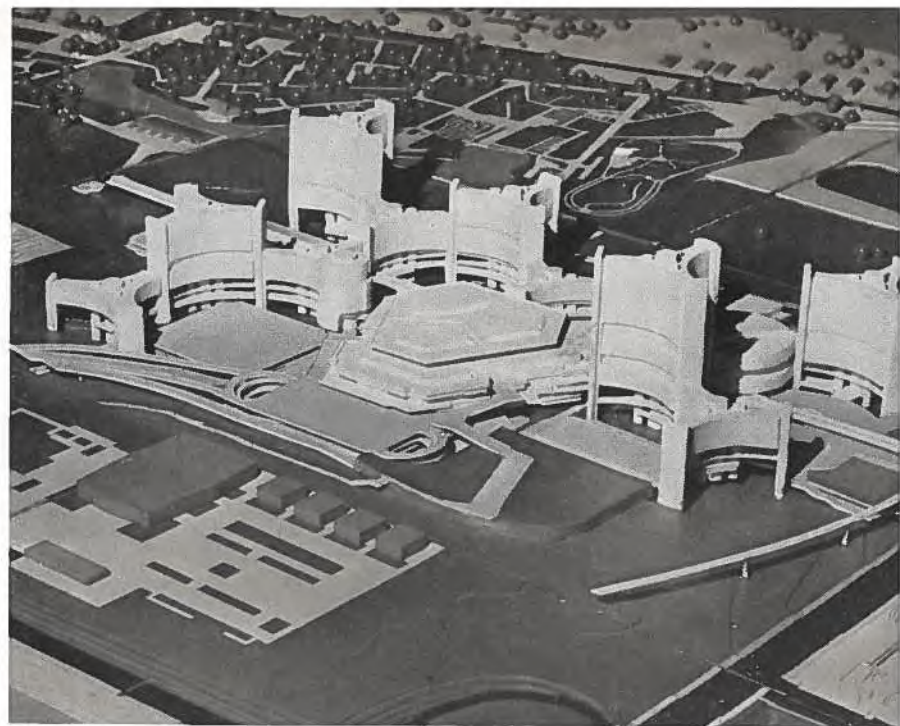
E. L. BOBINSKI
Commercial Counsellor

MIRKO KOVATS
Commercial Officer, Vienna

Visitors to Austria often believe that tourism and agriculture are the mainstay of the country's economy. This is a fallacy. Austria is, in fact, quite an industrialized country. The manufacturing industry provides about 39 per cent of the GNP, and the economy over the last 15 years, except for a slack period from 1965-67, has been consistently buoyant.

The 1968-70 export-dominated upswing in the economy culminated in a boom in 1971. By the beginning of 1972, Austrians could justifiably look back on the longest and most positive period of cyclical upturn they had experienced since the end of World War II.

Prospects for 1972, however, hint of some weakening in this upturn. The GNP is expected to grow more slowly and should reach 4 to 4.5 per cent in real terms, although this should still surpass the average growth rate of European OECD members by 1 per cent. Above-average rates of increase are predicted for private consumption (up 5.5 per cent), building trade activities (up 8.0 per cent), public investments and the tourist trade (up 12 per cent). Assuming that weather conditions remain normal, production increases are also anticipated in agriculture and forestry



Architect's model shows the planned UN complex near the northern bank of the Danube which is expected to be completed in 1975. The presence of two UN agencies in Vienna (UNIDO and IAEA) represent opportunities for Canadians in the sale of equipment and services. This is particularly true of UNIDO which issues contracts for industrial projects in developing countries.

(up 4 per cent) and in the power sector (up 10 per cent). Below-average growth rates are expected, however, in industrial production (up 3 per cent) and plant investments (up 2.5 per cent).

No easing of the tight labor market (full employment aggravated by the shortening of working hours in 1971) is anticipated despite the lower growth rate predicted for 1972 and the over-all rise in employable persons by approximately 35,000 (mainly foreign workers).

In 1972, price increases are expected to be about the same as in 1971 (4.7 per cent). Lower rates of increase are predicted for aggregate wages and salaries (they rose by 11 per cent in 1971) and per capita earnings (up 10 per cent), while employers' incomes should rise at about the 1971 rate of 5.5 per cent. The combined current account in the balance of payments of foreign trade, services and unilateral transfers is expected to close with a deficit of approximately Cdn. \$160 million, and a nearly balanced account may be expected again in the capital movements sector.

Foreign trade, which accounts for roughly half of the GNP (imports 26.5 per cent, exports 27.7 per cent).

is important to Austria and its economy could be severely affected by any moves in Europe to realign trade groupings. Britain, Denmark and Norway have already negotiated entry into the EEC and the remaining EFTA countries (the so-called "non-candidates," including Austria) have begun negotiations with the Community to obtain agreements that would preserve the free trade arrangements achieved within EFTA. Austria hopes to negotiate a special agreement with the enlarged EEC which would result in free trade in industrial products and, hopefully, in some special provision for agriculture.

Even a cursory examination of Austria's present foreign trade pattern reveals the country's heavy dependence on the present EEC market (see tables, page 14), and this will undoubtedly increase when Britain, Denmark and Norway become full members of the EEC. It is not difficult, therefore, to understand Austria's desire to attain free access to the enlarged Community.

A point worth noting is that almost 90 per cent of Austrian trade is now within Europe. EFTA accounts for 20.5 per cent and 28 per cent respectively of Austria's imports and exports, and the EEC supplies 56 per

...more than just Alps

cent of Austria's imports and absorbs nearly 40 per cent of its exports.

The figures for 1970 show that 49.1 per cent of total Austrian exports went to the 10 nations of the proposed enlarged Community, while imports from the same countries amounted to 64.8 per cent. By comparison, in 1970 Austria exported only 18.4 per cent of its goods to the countries that will remain in EFTA after Britain, Norway and Denmark become full EEC members. Austria's imports from the same countries that year were only 11.6 per cent.

Canada's Trade with Austria—In Canada, Austria has found a receptive market for many of its export products. The list is long and varied (leading exports are listed in the tables, page 14). In both 1970 and 1971, Canada purchased approximately \$45 million worth of goods from Austria. Over 50 per cent of these exports consisted of snowmobile engines and parts, manufactured and exported by the Austrian subsidiary of a Canadian firm. Austrian exports of skis, boots and sporting equipment also enjoy a leading share of the market in Canada.

Canadian exports to Austria in 1970 and 1971 were approximately

The manufacturing industry provides about 39 per cent of Austria's GNP. One of the leading contributors is the Lenzing Chemical Fibre Corporation SA which ranks seventh among world producers manufacturing viscose, fiber and foil. The Lenzing plant produces 180,000 tons of viscose fibers annually and exports 84,000 tons or 16 per cent of the world market-export volume of this commodity.



AUSTRIA—SOME FACTS

Land area (square kilometers): total 84,000, agricultural 39,000, exploited forest area 32,000.

Population: 7.44 million.

Major cities and population: Vienna 1,603,000, Graz 249,000, Linz 205,000, Salzburg 127,000, Innsbruck 115,000.

Employment: 19 per cent of total in agriculture, 40 per cent in industry.

GNP, 1970: U.S.\$14.9 billion.

GNP per capita, 1970: U.S.\$2,040.

Industrial origin of GNP at market prices, 1970: agriculture 7 per cent, industry 39 per cent.

Foreign trade 1970 (\$ million): imports 3,691, exports, 2,971, imports from Canada 8.86, exports to Canada 45.6.

\$9 million annually with raw materials accounting for the bulk of the trade (see tables, page 14). It is not likely that this will increase much in the near future. In most cases, the volume of business Canadian exporters can generate in a small country the size of Austria, located as it is in a highly competitive market area, will not significantly alter the current level of Canadian export trade. Many of Canada's traditional exports face competition from Europe and from Austria itself, competition which enjoys the

advantages of lower transportation costs, market proximity, common languages, technical standards, methods of doing business and EFTA tariff preference. Nevertheless, there are encouraging signs that opportunities are increasing for Canadian products that are unique, competitive or of advanced design. And the number of Canadian businessmen visiting Austria appears to be growing.

Canadian export activities in Austria should not be judged by direct trade statistics alone. Each year, for example, millions of dollars' worth of exports never appear in Canadian statistics for Austria because these sales are made by Austrian representatives of Canadian firms for delivery elsewhere in Europe, in Africa or the Middle East. Two UN agencies, the United Nations Industrial Development Organization (UNIDO) and the International Atomic Energy Agency (IAEA), have their headquarters in Vienna and both represent opportunities for the sale of equipment and services. This is especially true of UNIDO, which issues contracts for industrial development projects in developing countries and assignments for individual experts. During 1971, with the assistance of the Commercial Division of the Canadian Embassy in Vienna, many consultants visited UNIDO officials and a number of these projects and assignments went to Canadian firms and individuals that year.



Vienna, the Austrian capital, also plays a major role in East/West trade (see *Foreign Trade*, July 1971, page 10). East/West trading firms and banks specializing in compensation trade, sometimes inaccurately referred to as barter trade, are of increasing interest to Canadian companies seeking business in East European countries. Vienna-based firms are currently

working closely with several Canadian suppliers on a number of multi-million dollar capital goods projects. This trend will probably become more pronounced in 1972 as Canadian exporters become more aware of the services available through these East/West trade specialists.

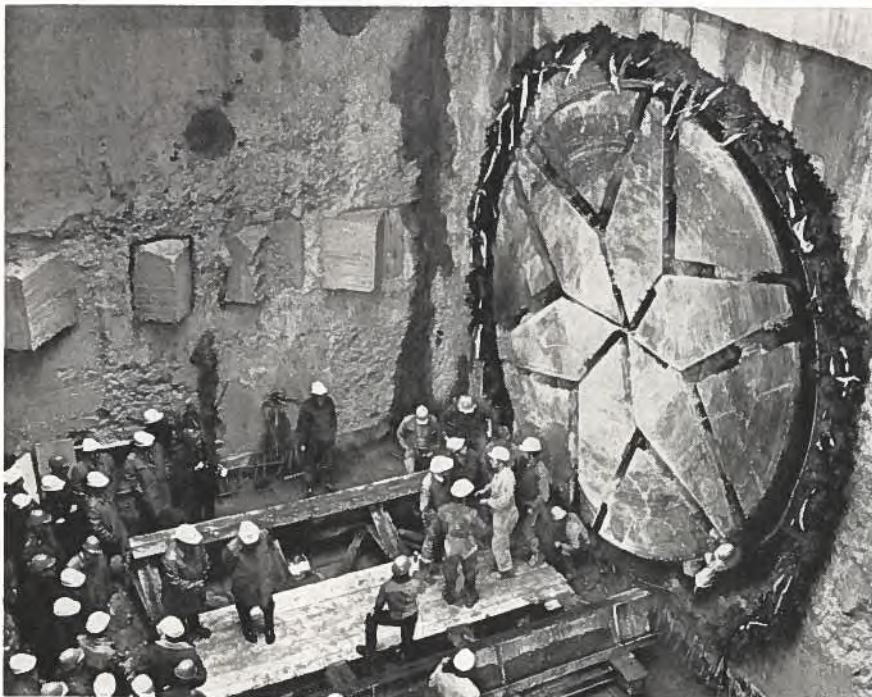
Austria has many things to offer the Canadian business visitor. Should

the reason for your visit be trade with Austria, UNIDO, IAEA or Eastern Europe—or even if you are enjoying a holiday here—we would welcome the chance to see you in our Vienna offices, conveniently located across the street from the city's famous University. And bring your wife along, too. We promise you both, at the very least, a good cup of Viennese coffee!

PATTERN OF AUSTRIA'S FOREIGN TRADE IN 1970

Commodities	\$'000		Suppliers and Markets		Imports from Canada		
	Imports	Exports		Percentage		\$'000	
				Imports	Exports		
Food products and livestock	282	130	Europe	88.0	86.0	Asbestos	3,190
Beverages and tobacco	32	6	EFTA	20.5	28.0	Wood pulp	1,355
Raw materials (except fuel and energy)	336	298	Britain	6.8	6.1	Durum wheat	384
Mineral fuel	305	75	Denmark	1.4	2.2	Metal bearing ores	821
Animal and vegetable oil and fats	32	1	Norway	0.5	1.3	Sheet and strip steel	322
Chemical products	363	167	Sweden	2.6	4.4	Molybdenum in ores and concentrates	220
Completely and semi-manufactured goods	831	1,170	Switzerland	7.4	10.4	Polyethylene resins	164
Machinery and transportation equipment	1,151	716	EEC	56.0	39.4	Sardines, canned	45
Total	3,691*	2,971*	France	3.5	2.2	Sedans	46
			Italy	6.5	10.0	Copper scrap	32
			Netherlands	2.9	3.0	Construction machinery and parts	30
			West Germany	41.0	23.0	Textile industrial machinery and parts	35
			East Europe	9.3	12.9	Pulp and paper machinery and parts	38
			U.S.S.R.	2.2	3.0	Ice skates	22
			Ireland	0.1	0.1	Cattle hides	47
			Canada	—	1.5	Snowmobiles	370
			United States	0.25	—	Log handling equipment	368
						Total	8,855

*Net revenue from tourism (in 1970, \$703 million) normally covers Austria's merchandise trade gap in most years.



Special drilling machine dwarfs workers digging Vienna's first subway. Public investment this year is expected to increase at the rate of 12 per cent.

Exports to Canada

	\$'000
Snowmobile engines	22,400
Parts for snowmobile engines	1,950
Skis	1,770
Ski boots	960
Nylon yarn	1,920
Sport and recreation equipment	846
Alloy steel bars	495
Embroidered fabrics	440
Carbon steel plates	431
Plastic extrusion machinery	208
Spectacle frames	187
Cheese	368
Fruit juice	471
Wine	111
Paintings	240
Total	45,610



Britain: A Turn for the Better

Tax cuts, price restraints, higher consumer spending are stimulating demand. But EEC membership will have increasing effects on imports of Canada's traditional commodities.

C. J. VAN TIGHEM
Minister (Commercial), London

There is general agreement among economic pundits that Britain is on the way to economic recovery after a year of frustration. In 1971 "stagflation" made itself felt with wages and prices increasing by leaps and bounds while production stagnated and unemployment soared at the fastest rate since the war, reaching nearly one million.

Evidence now indicates that the situation improved markedly in the second half of 1971 and that this improvement will continue in 1972. In the first six months of 1971 output actually fell, but the latest estimate by the Organization for Economic Co-operation and Development (OECD) is that Britain's Gross Domestic Product increased by 5 per cent in the second half of the year. The OECD forecasts a growth of 3½ per cent in Gross Domestic Production in 1972. This forecast is generally supported, with most British forecasters placing the rate of economic growth slightly higher at 4 per cent. The significance of these forecasts for 1972 becomes apparent when it is realized that the corresponding rate of increase was 2½ per cent in 1969 and 2 per cent in 1970. In fact, as late as July 1971 the OECD was calling for an increase in Gross Domestic Production in 1971 of only half a per cent.

The dramatic improvement in output in the latter part of the year has been chiefly consumption oriented in response to measures taken by the Government. These have involved cuts in personal income tax, corporation tax and purchase tax rates, the removal of credit-buying controls, higher family allowances and improved depreciation allowances. As additional measures the Government, concerned about the slow reaction in relation to unemployment, initiated extensive public sector capital spending programs. The impact of these spending programs, coupled with higher consumer spending, has already had a beneficial



Shipments of cattle and semen to Britain are likely to be included in the 55 per cent of Canadian exports which will continue to receive duty-free access.

effect on output and business confidence which should continue this year, particularly if, as is generally expected, further expansionary measures are introduced by the Government.

Additional stimuli to demand include the voluntary price restraints by the principal manufacturing concerns here (limiting price increases to 5 per cent) and the corresponding action by the Government in relation to prices charged by the public sector companies. Demand should be further stimulated by the growth expected in disposable incomes resulting from the continued increase in wage rates and the assumption of no further increase in unemployment after the first quarter of the year.

Although the increase in consumption has been and is expected to be the principal factor in the recovery of the economy, the extremely strong balance-of-payments position on current account must be considered a very positive factor. The latest data

available indicate a record surplus on current account approaching £1,000 million (\$2.5 billion) in 1971. The OECD six-month Economic Outlook points out that the strong British export performance in 1971 which resulted in the gain of some market shares was due to a large extent to higher prices and is not expected to be maintained in 1972. Britain benefited on balance of payments in 1971 from a sharp improvement in the terms of trade. World commodity prices were depressed and, for most of the year, Britain was able to buy primary products at prices lower than in the previous year. By contrast, British exporters were able to push up export prices by an average of 10 per cent.

This performance is not expected to continue. The recent currency revaluations will tend to raise British export prices even higher in a number of important markets such as the United States and South Africa. Other



Brighter Prospects for Scotland

A. B. BRODIE
Trade Commissioner, Glasgow

There was little to celebrate about in Scotland on Hogmanay last December 31. It merely marked the closing of one of the saddest and most critical years Scotland has experienced since the end of World War II. It will be remembered as a year of tragedy—66 persons lost their lives at a football game at Ibrox Park in Glasgow on New Year's Day, 1971, and 20 persons were killed in a gas explosion in a Glasgow shopping complex. The death of Hugh Stenhouse, who was heavily involved in untangling the problems relating to the closure of the Upper Clyde Shipyards, was a shock to the business community and a great loss to Scotland.

Unemployment, plant closures, rationalization, factory disputes and streamlining of plant operations were the cruel words which sum up the industrial activity in Scotland in 1971. Unemployment, in common with the rest of Britain, reached a postwar record—a good deal higher here than the average in Britain as a whole. Some 140,000 persons were out of work at the end of 1971 (6.3 per cent of the work force) and the number of factories that were phasing out or closing down across Scotland affected imports of a wide range of commodities and led to a serious disruption of business. Possibly the industries most affected were the newly formed electronic plants which relied on the U.S. market for a sizable part of their production; the public sector of the building industry (80 per cent of Scotland's houses are owned by the corporations/municipalities); the jute industry, centred in Dundee; certain heavy industries and the shipyards; the woolen mills, and food processing plants.

But the outlook for 1972 appears much brighter. Some Scottish businessmen are confident that the economic pendulum is now swinging in Scotland's favor and that, over the next three years, there will be positive indications to prove it. There are several developments that could change Scotland's industrial image.

The lower Clyde is a splendid natural deepwater harbor that may be developed into a modern port for large ocean-going bulk ore and oil carriers. It could be used for shipments to and from Britain and the Common Market countries. This development plan is known here as Oceanspan.

Another possibility is that a huge steel complex may be built on the lower reaches of the Clyde.

But the most dramatic development Scotland has experienced since the Act of Union in 1707 is the spectacular North Sea oil finds off the northeast coast. Preliminary reports from BP, Esso and Shell on their oil discoveries some 120 miles off the coast of Aberdeen are most encouraging. It will, however, be an expensive drilling and piping program carried out in turbulent and deep water in an unsheltered area of the North Sea. By 1974, oil will be piped to the newly enlarged BP refinery at Grangemouth on the Firth of Forth.

The new source of oil could conceivably supply some 40 per cent of Britain's requirements by 1975, thereby saving considerable foreign exchange. In the 1980's, the North Sea might even produce sufficient oil and gas to provide a generous proportion of Britain's energy requirements.

With six oil rigs busily engaged in the offshore drilling operations in Scotland—there will be 20 or more rigs by 1974—Aberdeen is quickly changing from an active fishing port to an oil boom town. As the oil boom picks up momentum, so will the activities in Aberdeen and in adjoining towns such as Peterhead. More than 800 persons are now employed directly by oil exploration companies and their services in and around Aberdeen. This figure will rise to more than 3,200 by 1973.

Are there any new opportunities in the Scottish market? With a view to diversifying in certain areas from Canada's traditional pattern of trade in this market, Canadian exporters may find it useful to investigate the following commodities:

Foodstuffs—There is a market for a wider range of canned and frozen "convenience" foods to meet the yearly growth rate of 7.5 per cent in the catering trade. The demand for corn niblets and corn on the cob remains good. Frozen turkey sales (without giblets or necks) are promising. Offers of new products (frozen blackcurrants, raspberries, peas, loganberries, etc.) are invited.

Dairy and Beef Cattle—Good progress has been made in Scotland in introducing Canadian Holstein Friesians. More than 200 animals will probably be shipped in 1972. Sales of beef cattle can also be explored.



A container ship unloads cargo at Greenock on the Lower Clyde which is a splendid deepwater harbor.

North Sea Oil Developments—Oil developments in the north east of Scotland may open up new opportunities for Canadian exporters of a wide range of products for the oil industry. (See February 1972 issue of *Canada Commerce*, page 44.)

Builders' Hardware—Offers of new hardware items used in the building industry are of interest. Already, Canadian locks have made a tremendous breakthrough in Scotland. A swing away from aluminum window frames to the traditional wooden frames indicates that there may be a market for Canadian wooden frames, shipped broken down.

Some interesting new products and processes were uncovered during 1971. Licensing agreements, in both directions, may be worth investigating.

The Canadian Trade Commissioner in Glasgow is well placed to help interested Canadian firms wishing to know more about trade opportunities in Scotland and Northern Ireland. Our address is Cornhill House, 144 West George Street, Glasgow C.2, Scotland.

countries have experienced less cost inflation than Britain and the opportunities for raising British export prices in the current year will be much less.

At the same time, the rapid improvement in the United States economy should result in a rising demand for commodities and a recovery in commodity prices. It is expected, therefore, that Britain will have to pay more for imports in 1972.

Perhaps the most important factor affecting the balance-of-payments surplus will be the expected return to a deficitary position on trade. It is estimated by the Economist Intelligence Unit that a trade deficit of £200 million (\$500 million) could arise as a result of the increased imports needed by the expanding domestic economy and the need of wholesalers and manufacturers to replenish inventories, which were severely depleted in 1971.

Numerous estimates have been made of the size of the surplus on current account for 1972. These range from £450 million to £750 million (\$1,124 million to \$1,873 million). While well below the record of £1,000 million for 1971, they nevertheless indicate that the Government

will be able to proceed with its plans to expand the economy without having to worry about the balance-of-payments situation.

Britain's official reserves rose to a new record level in December 1971 of £2,526 million (\$6,308 million), following an increase of £204 million (\$509 million) in that month alone. This was the fifteenth successive monthly rise in the reserves, which more than doubled during the course of the year. The very substantial reserve position provides the Government with a cushion against the expected increase in the import bill arising out of the forecast expansion of output.

Inflation and unemployment have been two of the most troublesome issues confronting this country. The Government, faced with 926,000 people out of work as of November 8 (over 970,000 if Northern Ireland is included), has the difficult task of reducing this unacceptably high level of unemployment without abandoning its anti-inflation strategy of bringing about a marked de-escalation of wage settlements. There is evidence that the Government has achieved a reasonable

measure of success in checking the rate of increase in both wages and prices. It is expected that both will continue to slow down in 1972, although remaining high in absolute terms and continuing to constitute a major problem. While the rates of inflation of wages and prices has clearly fallen from the high levels of 1970/71, it is not anticipated that they will decline in 1972 below annual rates of 7 per cent and 5 per cent respectively.

Although efforts to check the rise in wages and prices have been successful, the same cannot be said for the unemployment problem. Throughout 1971 the figures for all kinds of unemployment were bad. It is generally conceded by economists here that the rate of growth of output is unlikely to stop unemployment from rising again in the first quarter before declining slowly. If there are no further measures to stimulate demand in the Budget in April, the number of wholly unemployed (seasonally adjusted and excluding school leavers) is expected to fall by about 50,000 by the end of 1972 to about 900,000 (4 per cent of the working population).

Undoubtedly the most noteworthy event of the past year as far as Canadian firms are concerned was the decision of the British parliament to join the EEC. This decision will have important consequences for Canadian export trade to Britain because British membership in the Common Market will result in the loss of Canada's preferential access to the British market and the adoption by Britain of the Common External Tariff and the Common Agricultural Policy of the EEC. No direct effect will be felt by Canadian exporters until April 1, 1973, at which time the first 20 per cent cut in the tariff between Britain and the EEC will be made. Successive cuts of 20 per cent on industrial goods will follow on January 1 of 1974, 1975 and 1976 and July 1, 1977. In the agricultural sector, the final adjustments resulting in the complete elimination of tariffs between Britain and the EEC will not be made until the end of 1977. The British tariff on imports from Canada and other third countries will be brought into line with the Common External Tariff starting January 1, 1974, with a 40 per cent adjustment. This will be followed by 20 per cent adjustments on

Cuts in personal income tax, higher family allowances and other government measures are contributing to increased consumer spending in Britain which is reflected by the tremendous growth of supermarkets during the past 10 years.



January 1, 1975, January 1, 1976, and July 1, 1977.

When all the adjustments have taken place it is anticipated that about 55 per cent of our exports will continue to receive duty free access. The remaining 45 per cent, among which are important export products such as wheat, barley, tobacco, aluminum, lead, zinc, steel and paper products other than newsprint, will probably encounter more difficult access.

The probable effects on individual export items to Britain are difficult to assess with any precision because access conditions are only one of the factors influencing the decisions of exporters and importers. Other factors such as established long-standing business connections, a reputation for reliable supply and services, technological and design features, intercorporate relationships and the availability of competitive alternative supply sources will all play a role. On the positive side is Britain's expectation that membership in the EEC will stimulate more rapid expansion of its economy and provide an increased demand for imports.

In the current year, and to a decreasing extent until 1977, Canadian exporters will continue to enjoy preferential access to the British market. Britain probably will be experiencing its best year in the last decade and so our opportunities for continuing exports at a high level appear good. Our exports to Britain reached a record level in 1970 of \$1,480 million. By the end of October 1971, they were \$1,132 million compared with \$1,208 million in the corresponding period of 1970, which suggests that the year's total will not be much below that of 1970. The composition of our exports in 1972 should remain much as it has in recent years, with metals and minerals accounting for 44 per cent, agricultural, fisheries and food products 19 per cent, forest products 18 per cent and fabricated materials and end products the remaining 19 per cent.

Britain continues to be Canada's second most important trading partner (in terms of both exports and imports) by a considerable margin. Total trade with Britain in 1970 at \$2.2 billion compares with the \$1.4 billion trade between Canada and Japan (the next largest trading partner). The table gives a breakdown of the major items.

CANADA'S TRADE WITH BRITAIN IN 1970

Exports to	\$'000	Imports from	\$'000
Nickel	207,104	Industrial machinery and parts	80,927
Copper and brass	167,909	Transportation equipment	80,175
Aluminum	109,443	Textile fabrics	49,041
Lumber and wood products	100,640	Iron and steel (including chain, wire, tubes)	36,236
Wheat	92,082	Chemicals and chemical compounds	34,851
Newsprint	59,596	Motors, engines and parts	33,782
Iron ore	53,720	Aircraft and parts	22,739
Pulp	49,780	Cameras and photographic equipment	20,485
Tobacco	47,535	Electrical equipment	18,900
Other paper	45,670	Alcoholic beverages	17,368
Lead and zinc	43,722	Communications equipment	16,723
Oilseeds and meal	26,047	Tableware (ceramic)	16,189
Iron, steel and alloys	25,826	Office equipment	14,911
Barley	25,623	Apparel	14,876
Textiles and clothing	21,023	Medical and surgical products and equipment	14,062
Radio, TV and electronic parts	20,809	Books and newspapers	12,303
Fruits and vegetables (incl. juice and fillings)	20,616	Wool	11,020
Oils and fats	17,980	Yarn, thread and cordage	10,895
Asbestos	16,891	Confectionery	10,057
Industrial machinery and equipment	13,036	Leather	9,927
Synthetic rubber	12,054	Valves and pipe fittings	8,447
Office equipment	11,720	Footwear	8,098
Aircraft and engines	11,036	Domestic and commercial appliances	7,646
Dairy products	10,341	Cocoa, coffee and tea	6,231
Electrical equipment	8,545	Carpets	6,006
Hides, skins and furs	6,794	Jewellery, watches and clocks	5,956
Other cereals, byproducts and feeds	6,772	Synthetic fiber and waste	5,331
Meat	6,202	Biscuits and bakery products	5,185
Non-metallic minerals	5,676	Hand tools	5,145
Wheat flour	4,899	Aluminum castings and sheets	5,074
Fish and fish products	4,599	Laboratory and measuring equipment	4,734
Vehicles and parts	3,536	Builder's hardware	4,317
Seeds	2,197	Platinum group metals	4,311
Vessels, marine engines and parts	1,723	Crude minerals	3,932
Sausage casings	1,318	Copper bars and rods	2,913
Honey	1,146	Glass	2,764
Others	216,343	Toys	2,653
Total exports, including all others	1,479,953	Bricks, tiles and refractories	2,636
		Fur skins	2,124
		Meat and meat preparations	1,390
		Safety razor blades	1,320
		Rubber products	1,305
		Transmission equipment	1,007
		Others	114,269
		Total imports, including all others	738,261

Although this is a traditional market that has been examined closely by Canadian exporters over the years, it should be re-examined by firms whose knowledge of the market may be out of date. It is particularly worthwhile examining by firms with new products or by those who may be

taking a first or renewed look at the Common Market. Britain's entry into the EEC will give those firms with trade connections here a useful springboard for sales to the enlarged community.





Fish and fish products are high on the list of goods Denmark buys from Canada. They are, in fact, so important to the Danes that one fish processor chartered a special plane from Air Canada to bring him an urgently needed load of herring.

The overshadowing factor in economic conditions in Denmark is the continuing serious deficit in the country's balance of payments, which in 1970 amounted to just over 4 billion kroner.* In an effort to reduce this deficit, the previous Government introduced various corrective measures that included a tightening of credits, an increase of the general sales tax from 12½ to 15 per cent, and price controls on goods and services. The new Government, which took office in October 1971, imposed a 10 per cent temporary surcharge on many imports, mainly of manufactured products, but has since exempted approximately 50 per cent of these from the surcharge. The surcharge will be removed by successive stages: to 7 per cent on July 1, 1972; to 4 per cent on January 1, 1973, and entirely on April 1, 1973. (See *Canada Commerce*, December 1971, page 46.) Danish authorities are hopeful that the deficit in Denmark's balance of payments will be reduced as a result of these measures to 3 or 3.5 billion kroner by the end of 1971. Following the devaluation of the United States dollar, and the devaluation of the Danish currency by 1.03 per cent in terms of gold, Danish

debts abroad have been reduced by at least 250 billion kroner.

The corrective measures pursued have resulted in a deceleration of economic activity. Housing starts showed a heavy decline, and only by the end of 1971 did they reach the same levels as in 1969. Several enterprises in the building trade were forced into liquidation, and other sectors experienced mergers and a reduction in the number of both employers and employees. Private consumption in the first three quarters of 1971 showed an increase of only 2 per cent compared with 4 per cent for the whole of 1970. Stagnation of sales combined with higher costs have forced several "carriage trade" shops and some department stores to close.

Industry accounts for most of the increase in total production and exports, although industrial investments have been minimal since the mid-sixties. To ensure optimum use of what capital there is, the Government will table a bill in the Folketing (the Danish parliament) providing for the establishment of a Capital Market Board. The Board will be composed of representatives from various industry and business sectors and institu-

Denmark Takes a New Look at Canada

Despite economic slowdown, opportunities exist for many Canadian products. Key to future appears to be EEC membership.

D. A. BRUCE MARSHALL
Commercial Counsellor, Copenhagen

tions but its powers will be advisory only. More immediate measures to assist industry include a special depreciation allowance on machinery purchased in 1972—5 per cent in 1972 and 5 per cent in 1973—and more funds for research, development and export promotion.

Imports during the first ten months of 1971 showed an increase of 4.8 per cent to 27,896 million kroner (\$4 billion), compared with an increase of 14.7 per cent for the corresponding period in 1970. Exports during the same period rose by 8.5 per cent to 21,918.8 million kroner (Cdn.\$3.1 billion), compared with an increase of 11.5 per cent in 1970. The trade gap during the first ten months of 1971 amounted to \$854 million compared with \$920 million for the corresponding period of 1970. The trade gap for the whole of 1970 was \$1,120 million.

The pace of the economy should accelerate in the future, though, particularly if Denmark becomes a member of the European Economic Community. Negotiations in Brussels have been successful on most issues and the Danish parliament has given its

*At exchange rate of one kroner=\$0.13

approval. The final decision, however, will be made through a referendum, probably in June this year. Groundwork done in the interval will enable Canadian exporters to take full advantage of the expected expansion of the economy.

The rate of increase of Canadian exports to Denmark in 1971 was much slower than in the previous year, reflecting a slower rate of increase in total Danish imports. Our exports to Denmark increased by 35 per cent from 1969 to 1970, but during the first ten months of 1971 rose by only 14.5 per cent over the corresponding period in 1970 to \$19.2 million. As shown in the accompanying table, the significant gains were grain (barley), fish and fish products, and plywood. The chemicals and pharmaceuticals group and the textiles and apparel group also showed some increase, but there was a marked decrease in the minerals and metals sector.

As for the future, specialized production and packaging machinery, advanced electronic equipment and components (see *Canada Commerce*, December 1971, page 38), instrumentation, measuring and hospital equipment should all find a good market. Other opportunities exist for such things as textiles and wearing apparel, high quality specialty food products, and sports equipment, to name a few. Competition is keen, however, especially from the major European industrial nations that lie close to Denmark, and success depends largely on quality and price.

Canadian manufacturers who wish to export their products to Denmark should first write to the Commercial Counsellor at the Canadian Embassy in Copenhagen, Prinsesse Maries Allé 2, Copenhagen V, Denmark. The letter should include descriptive literature and provide c.i.f. Copenhagen prices, terms of payment and delivery, agent's commission or distributor's discount or both, and other relevant data. This information will help us to assess the market opportunities, and to recommend suitable agents or other outlets.

It is also strongly recommended that Canadian manufacturers on business visits to Britain or the Continent use the opportunity to visit Denmark once it has been established that a market potential exists for their products. If you give us enough advance notice of such visits, a program of

WHAT CANADA SELLS TO DENMARK

	\$'000		
	1969	1970	1971 Jan.-Oct.
Minerals and Metals	5,631	8,212	3,835
<i>of which</i>			
Asbestos	1,500	3,059	2,278
Copper	1,374	4,368	1,556
Aluminum	2,757	784	1
Agriculture and Fisheries	2,963	4,164	6,411
<i>of which</i>			
Grain, oilseeds, and forage seed	271	291	2,486
Tobacco	317	741	393
Irish moss, sea grasses	1,032	918	703
Milk powder	91	200	98
Maple sugar	107	—	115
Fresh and processed fruits and vegetables	40	52	36
Distilled beverages and spirits	86	147	76
Fish and fish products	1,019	1,816	2,505
Forest Products	2,285	2,021	3,137
<i>of which</i>			
Plywood	2,124	1,791	2,842
Pulp and paper	161	230	295
Machinery and Appliances	1,750	2,507	2,380
<i>of which</i>			
Electrical apparatus, instruments	615	951	626
Industrial machinery and equipment	467	1,041	1,099
Motor vehicles and parts	368	200	248
Office machines, computers	85	118	150
Commercial and domestic appliances	215	198	257
Chemicals and Pharmaceuticals	380	946	1,064
<i>of which</i>			
Plastic resins, film and sheet	1,169	214	251
Other industrial chemicals	123	500	465
Vitamins and biologicals	88	231	348
Textiles and Apparel	609	362	470
<i>of which</i>			
Fabrics, yarns and thread	502	264	364
Garments (foundation, etc.)	88	89	89
Fur apparel	19	9	17
Sporting and Recreational Equipment	45	76	95
<i>of which</i>			
Ice hockey equipment	8	23	6
Other sports equipment, games, toys	37	52	89
Total, including all others	15,579	21,024	19,228

appointments will be set up in Copenhagen and, if desirable, in Jutland and Funen. If your product is especially suitable to northern regions, we can also put you in touch with representatives in Copenhagen who cover Greenland. There is no language barrier—

the language of international trade in Denmark is English.

Although prospects for 1972 remain uncertain, depending on the outcome of the EEC referendum, the standard of living in Denmark remains among the highest in Western Europe,

Products from Canadian forests find ready acceptance in Denmark, as this picture shows. It is part of a wholesale and retail store in Slagelse and the construction is largely of Douglas fir plywood from Canada. As in other countries, though, the housing construction industry has gone through a difficult period and is only now beginning to pick up.



This picture shows the bottling room at Carlsberg Breweries. Carlsberg has placed its entire knowhow and experience at the disposal of Canadian Breweries Ltd. through a 20-year agreement signed last September. The Canadian firm will use the knowledge gained from Denmark throughout its 23 breweries in Canada, the United States and Ireland.

and it is likely to remain so. The demand for well designed and competitively priced products will continue. The Department of Industry, Trade and Commerce in Ottawa and this office will always help Canadian exporters to maintain and improve their share of the Danish market and, of course, to introduce new Canadian products to the Danes.

Denmark is taking a new look at Canada. The Federation of Danish Industries participated in the British Columbia Trade Fair in 1970. The better acquainted Danish industry becomes with Canada, the wider the opportunity for Canada to enter the Danish market. You are urged to include Denmark on your next European business trip.



We're fighting pollution instead of war.

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Canadian Embassy
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Grande Poste
Algiers, Algeria

A. C. Perron
Commercial Secretary

Territory:
Tunisia

ARAB REPUBLIC OF EGYPT

Commercial Secretary
Canadian Embassy
Kasr el Doubara Post Office
6 Mohamed Fahmy El Sayed Street
Garden City
Cairo, Arab Republic of Egypt

R. B. Blake
Commercial Secretary

Cable: Canadian
Phone: 23110

Territory:
Libya, Sudan

ARGENTINA

Commercial Counsellor
Canadian Embassy
Casilla de Correo 3898
Suipacha 1111
Buenos Aires, Argentina

W. R. Van
Commercial Counsellor

H. G. Fairfield
Assistant Commercial Secretary
(Agriculture)

P. J. Gibeau
Assistant Commercial Secretary

Cable: CANADIAN
Phone: 32-9081
Telex: 121383 (121383AR CANAD)

Territory:
Paraguay, Uruguay, Falkland Islands

AUSTRALIA

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A.M.P. Building, 21st Floor
Circular Quay
Sydney, Australia

H. J. Horne
Commercial Counsellor for Canada

W. B. Zyla
Commercial Secretary

R. J. McLeod
Assistant Commercial Secretary

Cable: CANADIAN
Phone: 27-7565
Telex: 089 20600
(CDN GOVT AA 20600)

Territory:
States of New South Wales and Queensland,
Capital Territory, Northern Territory,
Papua New Guinea, New Caledonia,
New Hebrides, Solomon Islands, Fiji

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151 Flinders Street
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R. J. McGavin
Assistant Commercial Secretary

R. A. Groundwater
Assistant Commercial Secretary

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Phone: 63-8431
Telex: 089 30501
(CDN GOVT AA 30501)

Territory:
States of Victoria, South Australia,
Western Australia, Tasmania

CANBERRA*

Commercial Counsellor
Canadian High Commission
Commonwealth Avenue
Yarralumla 2600
Canberra ACT, Australia

B. S. Shapiro
Commercial Counsellor

D. B. Browne
Commercial Secretary

Cable: DOMCAN
Phone: 73-2541
Telex: 089 62017 (DOMCAN AA 62017)

*The Canberra office handles only those trade inquiries that require liaison with federal government departments and agencies.

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Commercial Counsellor

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P. A. Holton
Assistant Commercial Secretary

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Territory:
Albania, Bulgaria, Hungary, Romania

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rue de la Science, 35
B-1040 Brussels, Belgium

L. A. Campeau
Commercial Counsellor

L. D. Lederman
Assistant Commercial Secretary

R. W. Craig
Assistant Commercial Secretary

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Phone: 13.79.40
Telex: 21613 (DOMCAN BRU)
Territory:
Luxembourg

BRAZIL

RIO DE JANEIRO

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Caixa Postal 2164-ZC-00
Edificio Metropol
Avenida Presidente Wilson 165
Rio de Janeiro, Brazil

G. D. Valentine
Commercial Counsellor

J. R. Brocklebank
Assistant Commercial Secretary

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Phone: 242-4140
Telex: 031430 (DOMINION RIO)



SAO PAULO

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Edificio Scarpa*
Avenida Paulista, 1765, 9 andar*
São Paulo, Brazil

P. A. Théberge
Consul and Trade Commissioner

J. H. Treleaven
Consul and
Assistant Trade Commissioner

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Telex: 021269 (CANADIAN SPO)

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

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G. E. Blackstock
Commercial Counsellor

T. D. McGee
Commercial Counsellor

T. Charles
Commercial Counsellor (Timber)

J. C. Bradford
Commercial Secretary

B. M. White
Commercial Secretary

G. Bruneau
Assistant Commercial Secretary

H. G. Garland
Attaché (Fisheries)

Cable: SLEIGHING London
Phone: 629 9492 (Area Code 01)
Telex: 22526 264428 (DOMINION LDN)
Territory:
England, Wales, (*Gibraltar)

GLASGOW

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Cornhill House
144 West George Street
Glasgow C.2, Scotland

A. B. Brodie
Trade Commissioner

Cable: CANTRACOM
Phone: 332 6751 (Area Code 041)
Telex: 778650(CANTRACOM GLW)
Territory:
Northern Ireland, Scotland

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P.O. Box 1006
6 Gregory's Road
Cinnamon Gardens
Colombo, Ceylon

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Telex: 106 (DOMCAN COLOMBO)

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Edificio Ahumada, 10th Floor
Santiago, Chile

C. D. Miller
Commercial Secretary

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Telex: 3520068 (3520068 DOMCAN)

CHINA, PEOPLE'S REPUBLIC OF

Commercial Counsellor
Canadian Embassy
16 San Li Tun
Peking, People's Republic of China

R. G. Godson
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R. F. Andriog
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D. S. Armour
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Territory:
Canal Zone, Nicaragua, Panama

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Miramar
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J. M. Hill
Second Secretary

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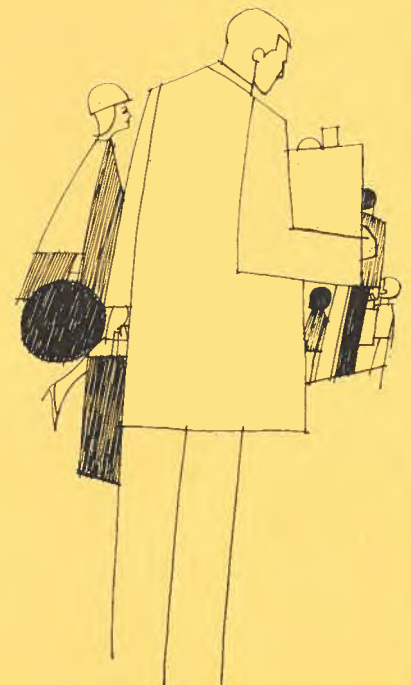
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Phone: 2-6421

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Miss V. F. Wightman
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F. L. N. Villeneuve
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Territory:
European Economic Community, European Atomic Energy Community, European Coal and Steel Community

*The Mission handles only those inquiries that require liaison with the Commission of the European Communities.

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Territory:
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Lazio, Abruzzi-Molise, Puglia, Campania,
Basilicata, Calabria, Sicilia, Sardegna.
Other countries: Malta

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V. G. Lotto
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M. C. Spencer
Consul and Assistant Trade Commissioner

F. Pillarella
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Territory:
Provinces of Emilia-Romagna, Lombardia,
Piedimonte, Trentino-Alto Adige, Veneto,
Liguria, Trieste, Valle D'Aosta, Friuli-
Venezia

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Senegal, Upper Volta

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Territory:
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Islands, Turks and Caicos Islands

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R. C. Lee
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Territory:

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Territory:

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Territory:

Iceland

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Telex: 875 (DOMCAN IBA)

Territory:

Afghanistan

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Territory:

Bolivia

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Consul and Assistant Trade Commissioner

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Territory:

Azores, Cape Verde Islands, Madeira,
Portuguese Guinea

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Territory:

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Haiti, U.S. Virgin Islands

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Trade Commissioner

M. A. Brault
Assistant Trade Commissioner

G. P. Orban
Assistant Trade Commissioner

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Phone: 834-6521

Telex: 7189 (43-7189 JH)

Territory:

Provinces of Natal, Transvaal.
Other countries: Angola, Botswana,
Comoro Archipelago, Lesotho, Malagasy,
Mauritius, Mozambique, Reunion, Swaziland

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Territory:

Cape Province, Orange Free State.
Other countries: St. Helena

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Territory:

Provinces outside the peninsula—Balearic
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Territory:

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Territory:

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Territory:

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Territory:

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Guyana, Leeward and Windward Islands,
Martinique, Montserrat, St. Martin,
Surinam

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Territory:

U.S. Government and agencies; international organizations with headquarters in Washington

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Consul and Trade Commissioner

D. T. Wismer
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S. M. Stone
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Night Line: 586-2403

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Territory:

States of Connecticut, New Jersey (twelve northern counties), southern New York.
Other countries: Bermuda

BOSTON

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Vice Consul and
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Phone: 262-3760 (Area Code 617)

Telex: 0094567 (DOMCAN BSN)

Territory:

States of Maine, Massachusetts, New Hampshire, Rhode Island, Vermont.
Other countries: St. Pierre and Miquelon.

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Territory: Northern New York State

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Z. W. Buriaynk
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H. Verdier
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M. A. Bouchard
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Telex: 00985364 (DOMCAN CLV)

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States of Ohio, Kentucky, West Virginia, western Pennsylvania

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Telex: 00732637 (DOMCAN DAL)

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States of Texas, Arkansas, New Mexico, Oklahoma, Kansas

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Telex: 23-0715 (DOMCAN DET)

Territory:

States of Michigan and Indiana

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Territory:

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T. G. Tait
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Territory:

Cameroon, Chad, Central African Republic, Gabon, Congo (Brazzaville), Burundi, Rwanda

Find Markets in Finland

Current recession should end soon, but balance-of-payments problems are acute. Canadians should study markets for finished goods, sportswear and foodstuffs, particularly fish.

D. C. BUTLER
Assistant Commercial Secretary
Stockholm

Finland, whose economy has been one of the fastest growing in Europe, is now experiencing a mild recession which is expected to last into the second quarter of 1972.

Total production grew only by an estimated 1 per cent during 1971, due in part to the metal industry strike during the early part of the year and also to a decline in demand for Finnish exports such as pulp and paper.

A decline in prices has depressed the primary metal industry even though its capacity has expanded significantly in the past year. Production during the first half of 1971 was down 32 per cent and during the second and third quarters, which were not directly affected by the strike, output was 6 per cent less than it was during the same period in 1970.

In heavy engineering, the picture has been more favorable, however. By late spring in 1971, orders for more than 20 paper and board machines were on the books and orders for almost 800,000 gross tonnage of ships had been received. The metal industry strike, however, has caused delays in deliveries and the penalties will reduce

the profits of shipyards for several years. While the first half of the year showed substantial reductions in production in these areas, the second and third quarters showed increases of 3 per cent in metal products and 9 per cent in both machinery and electrical equipment. There was, however, a decrease of 2 per cent in the production of transportation equipment and ships.

Forest product industries now contribute less to total industrial output than do the metal manufacturing industries (20 per cent as compared to 24 per cent). This is a fairly recent development. Production during the first nine months of 1971 was 1 per cent less than it was for the same period in 1970. The export demand was substantially less and the increase in production capacity has led, even with voluntary production limitation, to very large stockpiles of pulp and other products as well as to some unemployment. Nevertheless, forest products are and will continue to be basic to the Finnish economy. Major programs are now underway to increase production of the timber resources and to raise the level of processing of exported products.

The chemical industry continues to grow, with production during the first three quarters of 1971 9 per cent higher than during the same period in 1970. The long-term intention is to decrease the requirement for both imported finished products and for some of the raw materials. The ethylene plant of the state-owned oil company began production in December and will supply up to 70 per cent of the Finnish demand for P.V.C. and polyethylene, all of which is now imported.

While textile production during the first nine months was somewhat less than in 1970, production of apparel, footwear and other finished textile goods was up 4 per cent. It is expected that an annual growth rate of 2 to 4 per cent will be maintained over the next few years.

Domestic consumption has weakened. During the first 10 months of 1971 it increased only 2.5 per cent as opposed to 5 per cent in 1970 and 10 per cent in 1969. This was partly due to the 15 per cent special purchase tax applied to consumer durables in May, and partly to the rise in prices which, at 8.4 per cent, was more than double that during the same period in

1970. The purchase tax will cease to apply from January 1, 1972, and this somewhat reduced the normal December buying rush even though some retailers (especially of jewellery) have reduced their prices by 15 per cent and are absorbing the tax themselves.

Unemployment rose to 2.3 per cent of the work force in November 1971 (compared with 1.9 per cent in 1970) and is expected to rise another percentage point in the first months of 1972. This is regarded as being fairly serious and is not helped by the employment situation in Sweden, which traditionally takes up surplus Finnish labor.

Earnings rose 4.5 per cent in the first nine months of 1971 and were 12.5 per cent higher during the third quarter of the year than during the same period in 1970. The most significant increase was in the income of wage earners, which rose 5 per cent.

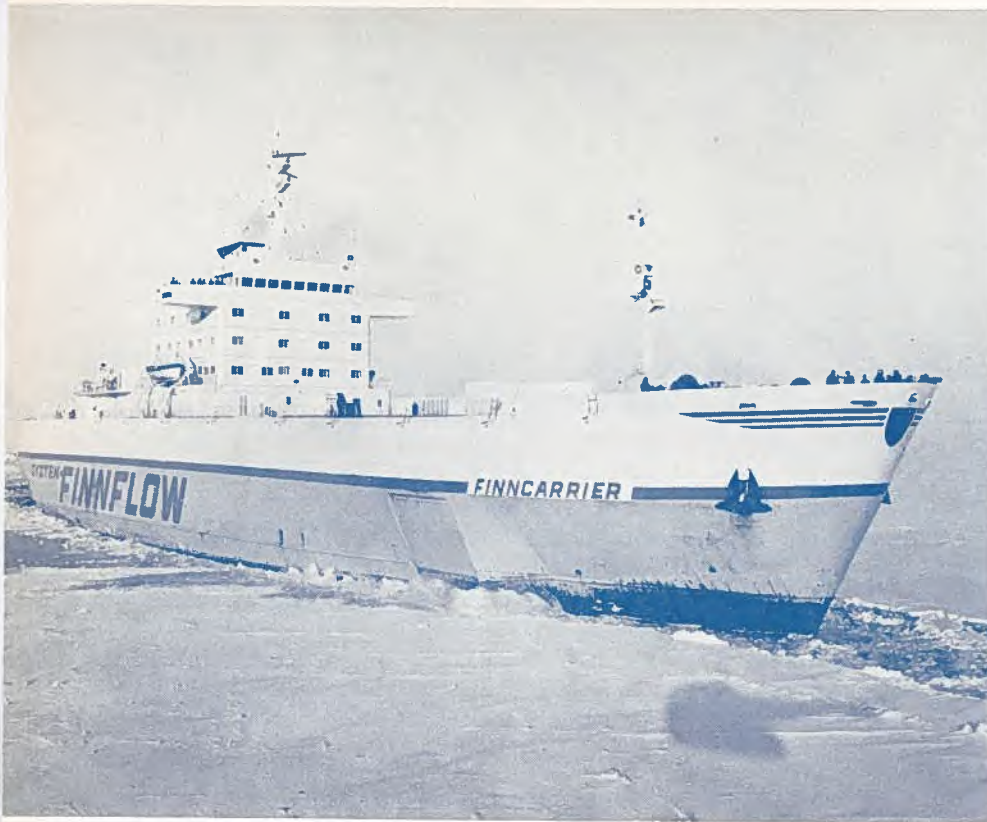
To encourage an increase in the rate of investment, the Government released blocked private investment deposits in September 1971 for use before March 1973, and in December 1971 the central bank rate was reduced $\frac{3}{4}$ per cent. It has been proposed that most of Finland's investment deposits be used in 1972 as well.

Thus, as long as there are no drastic unforeseen developments, it is expected that economic improvement will gather momentum by mid-1972 and that there will be a 3.5 per cent increase in production by the end of this year.

Finland's balance-of-payments position has grown steadily worse since the end of 1969. In the first eleven months of 1971, exports showed a 1 per cent increase over the same period in 1970 and imports increased by 6 per cent. The resultant deficit of 1.3 billion marks was 52 per cent greater than the year before.

In an effort to improve the situation, the Finnish Government, towards the end of 1970 and during the first half of 1971, introduced a stoppage of import credit, widened the scope of the import licensing system, levied the import equalization tax so that goods from countries with value-added tax would compete on equal basis with Finnish goods and initiated a "buy Finnish" publicity campaign. The special purchase tax, while levied equally on all goods, was expected to have a





With one third of the country lying within the Arctic Circle, Finland has great need for ships that can go easily through ice. This ship, operated by Finnlines Limited, is designed for large cargo units and is equipped with the Mixed-Flow Air Bubbler System that reduces ice friction and makes a transverse thrust unit unnecessary. She is Finnish built.

The forest industries are basic to Finland's economy although their contribution to total industrial output is decreasing. Indicative of the sophistication of the harvesting machinery used by the Finns is this unit for limbing, bucking and sorting. Despite large stockpiling by the industry there are major programs under way to increase production from the forest resources and to raise the level of processing for export.



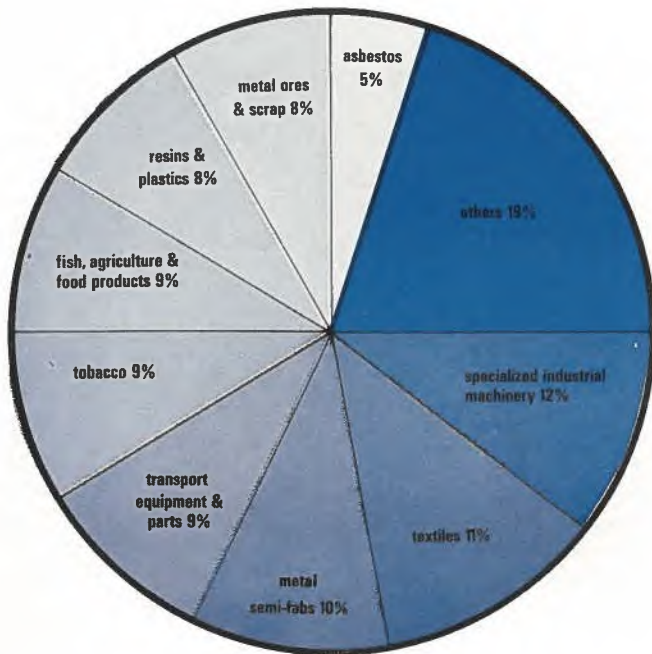
disproportionately large effect on imported items.

A further measure, taken late in 1971, was expected to help reduce the trade imbalance. Following the example of many EEC countries, Finland applied a so-called 'uplift' to the customs value of imported trade-marked goods. This increased the value of imports by the value of marketing, services and other costs relating to their sale if these were not included in the c.i.f. price. The resultant rise in price was expected to be less than 1 per cent on dutiable goods. Imports from EFTA countries, being duty free, were not affected.

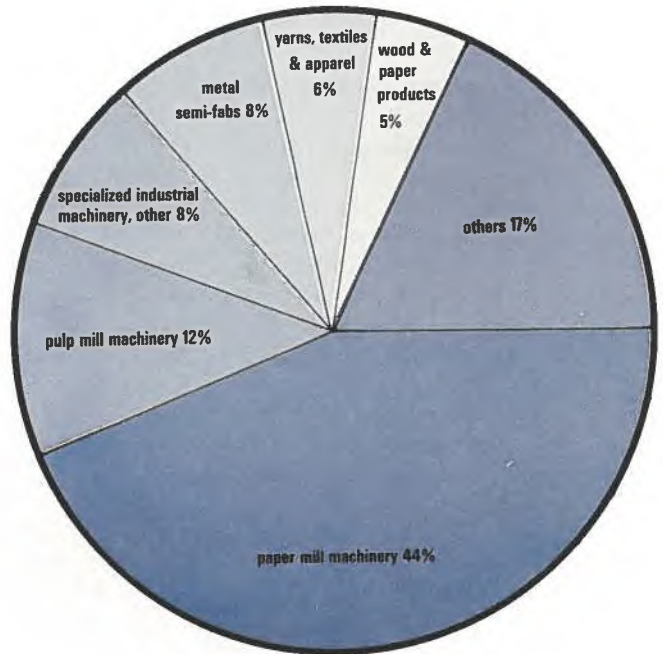
The over-all effect of the above measure is thus expected to be slight, almost certainly less than the effect of the devaluation of the Finnish mark against the currencies of its main trading partners, which took place during the second half of 1971. It has been estimated that this could reduce the Finnish deficit on its current account by up to 500 million marks.

Canadian-Finnish Trade

Canadian Exports to Finland
1970 Total: \$7,897,886



Canadian Imports from Finland
1970 Total: \$25,783,663



The other EFTA countries are, jointly, Finland's main customers and suppliers, accounting for 46 per cent of its exports and imports. While Britain, Sweden and West Germany supply 51 per cent of its imports and buy 46 per cent of its exports, Britain is its biggest single customer and its third largest supplier. Thus Finland's main trade policy preoccupation is to reach an agreement with the EEC in order to prevent new trade barriers being raised against the country.

Finland's bilateral trade with Eastern European trading countries is less than 20 per cent of its total trade activity, but it is growing and its nature is changing. The total trade between January and September 1971 increased 4.6 per cent to 2.5 billion marks, with a rise of 200 million marks in imports offsetting a drop of 100 million marks in exports. Imported products are now more highly processed than in recent years and it is likely this trend will continue over the next five years at least.

For some time the U.S.S.R. has been urging Finland to increase its purchases of processed goods in relation to raw materials. This has been

encouraged by a number of large Finno-Soviet projects now under discussion or in the construction stage.

A major project under consideration is a nuclear power station. Other projects are a pipeline in Finland to carry the natural gas which the U.S.S.R. will supply starting in 1974, a pulp mill at Enso (Svetogorsk), a forest industries center at Paajarvi and an iron mining and smelting project at Kostamus. The latter three sites are in the Soviet Union, but these and other projects are seen as opportunities for both Finland and the U.S.S.R. to supply machinery. It is also worth noting that some of these projects, which have arisen from Finland's close economic association with the U.S.S.R., may offer opportunities for Canadian industry as well. The Kostamus iron mining project is a good example.

Given Finland's balance-of-payments problems, import opportunities may decline in 1972, and it may well be that the best chances for Canadian firms to supply goods and services will be connected with these large projects which Finland is undertaking with other countries or alone. Examples of the latter would be the

Helsinki subway, the airport modernization program and the forest development program. Finnish content of these will be kept as high as possible, but some equipment and, in a few cases, expertise will have to be imported.

There was a 6.4 per cent increase in Finnish imports from January to November 1971, due mainly to the 20 per cent rise in machinery and electrical equipment purchases and the 30 per cent increase in purchases of fossil fuels (mainly oil and gas). This was offset to some extent, however, by the 30 per cent fall in imports of iron, steel and other metals that reflected both the metal industry strike and the increase in domestic capacity.

Of the imported machinery, metal-working, agricultural and forestry machinery and tools showed the most significant increases, followed by motors, materials handling and transportation equipment. Imports of cars were down about 16 per cent.

Coal imports rose 60 per cent to 147 million marks in the first three quarters of 1971 and petroleum products (mainly diesel and light fuel oil) rose 26 per cent to 296 million marks.



Goods imported from the United States in 1970 accounted for 4 per cent of Finnish imports, which had a total value of US\$2,636 million that year.

By the end of November 1971, Finnish exports were slightly higher than during the first eleven months of 1970, but in September were still running behind the 1970 figures. The most significant increases were recorded in the sales of textiles and apparel, which rose 23 per cent. The value of food product exports rose 13 per cent to 309 million marks. Most of this increase was accounted for by dairy products and meat. Pulp exports were down 12 per cent to 710 million marks.

By September, Canadian exports to Finland had reached \$8.5 million which represented an increase of 59 per cent over the first nine months of 1970. In the same period, imports from Finland were \$11.2 million, a decrease of 40 per cent. This reflects the deliveries of paper machinery for the Eurocan mill in British Columbia, which took place in 1970.

The largest Canadian purchases from Finland during the first three quarters of 1971 were capacitors and non-ferrous metals. These were followed by pulp and paper mill machinery and cheese. Other major imports were lumber and plywood, textiles, valves, apparel, skis and hockey sticks.

While the biggest Canadian exports to Finland during early 1971 were metal ores and ingots, there have been significant changes in shipments of other products. Exports of fresh, frozen and pickled fish increased 520 per cent during the first eight months of the year. There is a big demand for whitefish which, at present, is only partly satisfied, and the market for herring is firm.

Finnish imports of other Canadian food products fell in this period as imports did generally. In the long term, the demand for processed food products will not grow as fast as that for raw materials for the food product industry. In addition, import licences are required for many products in this category.

Shipments of asbestos fiber have increased markedly, as have those of rapeseed and tobacco. Competition is increasing in asbestos, but quality grading is still an important factor. There are also reports that Finland will resume direct trade in tobacco with Rhodesia.

The large drop in the sales of materials handling equipment reflected a sale of a number of large cranes in 1970 that was not repeated in 1971. The increase in deliveries of special industry machinery was caused mainly by larger sales of pulp and paper machinery and rock drilling equipment. Total Finnish motor vehicle imports fell in 1971 but an even more marked decrease occurred in imports of snowmobiles due mainly to the lack of snow the previous winter and the consequent large stocks of unsold machines.

Although the present Finnish economic picture is not consistently bright, the outlook is better. The market for finished goods should improve perhaps even more than that for raw materials. Finland's four million people cannot efficiently manufacture all the products they need and growing specialization will reflect the country's increasing prosperity.

Newly developed equipment for forestry, pulp and paper, mining and the petrochemical industry, together with electronic and process control instruments, have good

CANADIAN EXPORTS TO FINLAND

	\$'000			
	1969	1970	1970 Jan-Sept	1971
Fish	192	203	125	776
Food products (excluding fish)	141	250	190	152
Tobacco	632	679	294	412
Flax and rapeseed	—	252	252	232
Iron ore concentrates	648	623	490	407
Zinc ore concentrates	—	—	—	1,235
Asbestos fibers	285	421	244	308
Papermakers felts	830	710	588	556
Unshaped resins and synthetic rubber	232	656	346	273
Steel bars, sheets and strip	191	618	358	218
Aluminum ingots	121	133	133	1,489
Handling and general purpose industrial machinery	100	246	236	137
Saw chains	336	185	160	26
Special industrial machines (excluding saw chains)	1,199	513	253	588
Motor vehicle snowmobiles and parts	526	540	302	156
Aircraft engines and parts	314	130	89	129
Sporting goods, toys and games	90	155	142	101
Veterinary and medicinal products	218	233	201	121
Total	7,177	7,898	5,378	8,572

Source: Statistics Canada.

TOTAL IMPORTS INTO FINLAND

	Millions of Marks			
	1969	1970	1970 Jan-Sept	1971
Chemicals, plastics n.e.s.	908	1,080	785	796
Finished goods n.e.s.	558	738	539	524
Food products	702	916	584	436
Fossil fuels and lubricants	950	1,244	856	1,069
Inedible raw materials (excluding fuels)	628	722	481	557
Machinery	1,673	2,364	1,551	2,071
Semi-processed goods (e.g. textiles, steel, etc.)	1,883	2,585	1,917	1,674
Tobacco and beverages	82	82	53	61
Transportation equipment (including passenger vehicles)	1,038	1,243	871	860
Total	8,505	11,077	7,703	8,147

Source: Statistical Bureau of the Board of Customs, Helsinki.

potential in Finland. Salaries and leisure time are increasing and well-designed sportswear and equipment will be of increasing interest.

When looking at the European market, remember that it will increasingly include the Nordic countries. It could be potentially profitable to take a close look at Finland and our office in Stockholm will be happy to help you.



Norway at the Crossroads

The EEC and North Sea oil create problems to which solutions must be found. Imports should rise, giving greater opportunities to Canadian exporters.

J. R. CAUX, Commercial Secretary, Oslo

Norwegian girls get their suntan just as easily on board an aluminum boat as on the traditional wooden kind. And they have more hours of summer daylight to tan in than the average Canadian girl has.



In the last few months, signs of a slow-down have appeared in the Norwegian economy. The rate of growth of industrial production for the first nine months of 1971 stood at 3.4 per cent compared with rather more than 4 per cent for 1970.

This fall-off in production was caused chiefly by a reduced demand in other countries for Norwegian exports. The forestry products and metals sectors were most affected. These two sectors are extremely important for Norway because they represent 12 per cent and 20 per cent respectively of all goods exported by that country. In the first three quarters of 1971, the export value of products in these two groups has fallen by 225 million kroner compared with last year's figures. Some firms have kept up their production level by stock piling, but they will probably have to reduce production before long.

Nevertheless, the over-all situation is not entirely unfavorable. Exports represent only about 12.5 per cent of total production and demand on the domestic market continues at a high level, both from the point of

view of investment and of current consumption. Hence the recent international difficulties involving the United States 10 per cent surcharge and readjustment of exchange rates have had relatively little effect on the Norwegian economy. The labor market remains steady, although some firms have laid off a number of employees.

The relative slowness of market conditions has to some extent helped to reduce the inflationary pressures which proved particularly strong in 1970 and are still very much in evidence, because Norwegian buying power has not diminished. Wages continue to climb and in spite of a noticeable rise in prices, real income of wage-earners has increased substantially. During the first six months of 1971, wages in the manufacturing industries rose by 15 per cent in relation to the same period of 1970 representing a real increase of 8 per cent.

If the forestry products and metals sectors are excluded, economic development was generally satisfactory during 1971 and it is predicted that the gross national product will be 5.1 per cent higher than in 1970.

Norwegian imports and exports increased in 1971 but the rate of increase was much lower than in 1970. At the end of September, the value of imports had increased only 13 per cent compared with 21 per cent in the same period in 1970. The same is true for exports.

The current account deficit in the Norwegian balance of payments has continued to increase—it stood at 1,280 million kroner in 1971. A deficit of approximately one billion kroner is more usual. The increase is again due mainly to the import of ships by Norwegian owners. However, it is more than made up by income from the profitable operation of Norway's commercial navy.

Despite the deficit on current account in the balance of payments, foreign currency reserves rose during the first eight months of last year. This is due mainly to the fact that ship-owners finance their operations through loans from abroad.

Table 1 shows the chief products imported into Norway and indicates clearly that the country is a major



TABLE 1

**NORWAY'S
PRINCIPAL IMPORTS**

	\$ million	
	January-September 1970	1971
Merchandise		
Transport equipment	387	594
Machines and apparatus	465	540
Chemical products	233	253
Fuel oil and other petroleum products	206	231
Iron and steel	184	154
Iron ores and scrap metals	142	140
Clothing and shoes	110	129
Textiles	106	115
Metals (except iron and steel)	76	65
Lumber	62	58
Fruits and vegetables	47	50
Cereals	43	44

TABLE 2

**NORWEGIAN
INTERNATIONAL TRADE**

	\$ million	
	Jan-Sept 1971 Imports	Exports
EFTA	1,267	900
EEC	738	515
United States	186	141
Japan	158	17
Canada	138	39
Developing countries	55	26
U.S.S.R.	39	14
Other	420	208
Total	3,001	1,860

TABLE 3

**PRINCIPAL CANADIAN
EXPORTS TO NORWAY**

	\$'000	
	Jan-Oct 1970	Jan-Oct 1971
Total exports	134,490	148,603
Salmon	326	395
Other fish	368	764
Shellfish	208	234
Cereals	6,606	8,515
Fruits and vegetables	412	409
Other food products	261	306
Tobacco	75	263
Oleaginous seeds	1,059	1,800
Metal ores and concentrates	113,163	123,128
Plywood	238	391
Asbestos	368	570
Wallpaper	90	132
Chemical products	473	145
Copper rods	3,729	3,151
Machines (pulp and paper)	—	387
Other machines	409	529
Aircraft and parts	1,199	2,950
Communication equipment	1,222	629

importer of heavy equipment and investment goods. In 1971, Norway's leading trade partners were the EFTA and Common Market countries.

Norway is at the crossroads: in less than a year from now, that country will have to make one of the most important decisions in its history—whether or not it should join the European Economic Community. Negotiations on the terms of accession were difficult, the main problem being in finding accommodation between Norwegian and Common Market policies on agriculture and fisheries. These two industries are vital, both for the Norwegian economy and for the country's long established social policies.

That is why, even now when the terms of accession are agreed upon, it is not certain that the national referendum on EEC membership to be held this year will result in a vote favoring membership. Even after the referendum, membership will have to be approved by 75 per cent of the members of Norway's parliament before it becomes official. It is very difficult to predict what the final result will be.

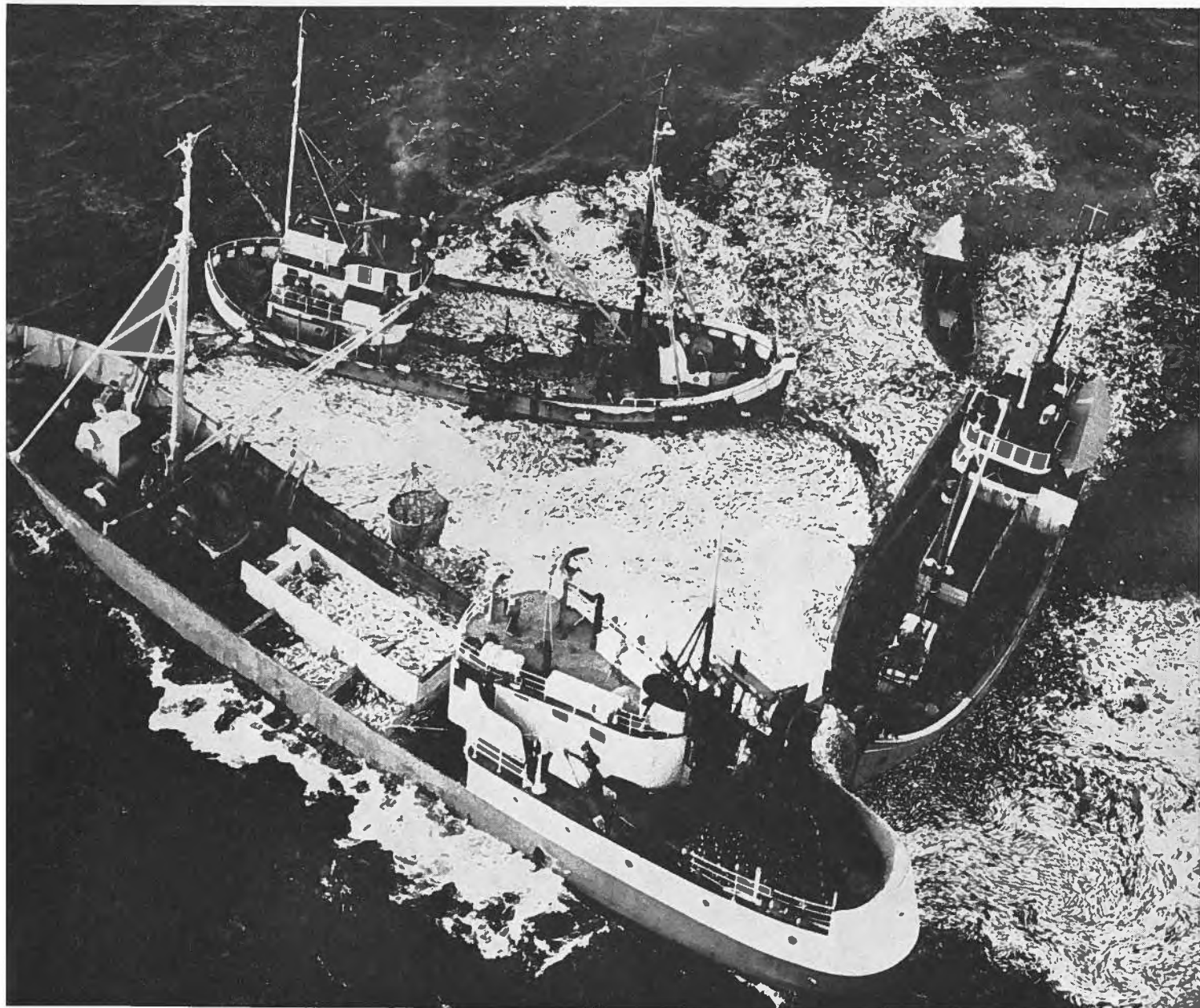
Whether or not Norway joins the enlarged EEC the economic and commercial consequences of its choice will be extremely important. As regards trade between Canada and Norway, membership of Norway in the EEC would no doubt have an adverse effect on sales of certain Canadian products, but in the longer term the economic foundation of Norway would expand, thereby creating demand for more imports.

In 1971 Norway took the first step towards membership in OPEC, the Organization of the Petroleum Exporting Countries. Petroleum production in Norway began in the Ekofisk field, situated in the Norwegian sector of the North Sea. When that field comes into full production, probably in 1973, it is expected to produce 300,000 barrels a day, twice Norway's domestic consumption, so that there will be an exportable surplus.

Until now, concessions have been granted to consortia of foreign companies, with small Norwegian participation. National policy and methods to implement it are now being thoroughly reviewed. Some sug-

gestions being considered are whether there should be a national petroleum company with exclusive rights over the sectors not yet conceded, or whether foreign companies with the necessary experience and trained personnel should develop these resources. A decision will have to be reached, too, on how this petroleum will be transported and where it will be refined. One possibility would be a submarine pipeline with a capacity of 700,000 barrels a day from the different oilfields in the region to the Netherlands or Western Germany. Another possibility would be a pipeline linking the fields with the Norwegian west coast, thus providing for Norway's coastal population. Geographically, the Norwegian coast is closer to the fields, but there is a chasm more than 400 meters deep (about 1,200 feet) along the coast. A pipeline has never been laid at such a depth. A committee of experts is studying the problem and it is expected that the Norwegian parliament will make a decision this year.

In 1970, Canadian exports to Norway were valued at more than



Tragedy at sea. This dramatic photograph shows a huge shoal of herring making its escape when the net breaks under the weight of the fish. Fishing is of vital importance to the Norwegian economy and finding accommodation between EEC and Norwegian policies on this industry has been a major problem in the country's application to join the EEC.

\$176 million and Norwegian exports to Canada at about \$50 million. Between January and the end of October 1971, Canadian exports to Norway came to \$148 million, compared with \$134 million for the same period in the previous year. Norwegian exports to Canada in January to October 1971 were worth approximately \$40 million. Table 3 shows the chief categories of merchandise sold to Norway by Canada. Total sales for 1971 will probably reach about \$190 million.

Norway's budget for 1972 envisages a 3.2 per cent increase over

1971 in Norwegian imports. This increase is due to a probable growth of both public and private consumption. There is no reason why Canadian exporters should not share in this increase of imports. More than 300 different Canadian products are now exported to Norway. Some, including shellfish, vegetable products for animal feed, certain lines of food for human consumption, plywood, several types of machines, equipment to fight pollution, oceanographic equipment and airport supplies, could win a bigger share of the market.

There are certain types of products that can be sold direct to the consumer, without an agent. But experience has proved that in Norway, as in many other countries, most transactions should be carried out through local representatives. The best means to obtain such representation is to write to the Commercial Secretary at the Canadian Embassy in Oslo, whose staff is pleased to help any Canadian exporter. Our postal address is Postuttak, Oslo 1.



Portugal Offers Promise

It is a small but growing market for Canadian specialized industrial machinery and materials, dairy cattle, semen and foodstuffs.

P. A. SAVARD

Commercial Counsellor, Lisbon

Portugal is one of the smaller European markets but since 1920 it has been expanding steadily, most noticeably in the secondary industry, service industries and construction sectors of the economy.

Heavy industry has been somewhat less buoyant but several substantial projects are now underway which could change the situation considerably. These include the establishment of a petro-chemical complex in the Sines area south of Lisbon, the doubling of the capacity of the Leixoes oil refinery from 250,000 barrels to 500,000 barrels per day and the construction of a giant million-ton dry-dock at Lisnave, which began in June 1971.

Imports of capital goods, which showed good gains in 1970, continued at high levels in the first half of 1971 with a 15 per cent to 16 per cent increase over the previous year. Consumer prices continued their upward trend, the national index showing a 5.4 per cent increase for the first half of 1971 and the index for the larger centers such as Lisbon and Porto showing above-average increases. Industrial output is more difficult to assess because of the nature of available statistical information. The chemical and petroleum industries, for example, registered a 1.5 per cent drop in 1970 despite a new and substantial oil refinery capacity in the north of the country which is beginning to make itself felt.

Agriculture continues to suffer from rising labor costs caused by an ageing and diminishing labor force, and although the Government has set up an elaborate system of farm credits for mechanization, many landholdings are too small for it to serve much purpose.

Production is still more than normally subject to the vagaries of the climate, particularly in the non-irrigated areas. 1970 was a much better



year for the industry than 1969 but production is still too greatly affected by weather to raise minimum production levels in any but exceptional years. 1971, while not exceptional, still produced 50 per cent more wheat than 1970. Coarse grains, on the other hand, were not as successful. The tomato harvest, which suffered delayed plantings because of the cool May and June weather, was saved by favorable growing and harvesting weather which lasted till the end of October—a fortunate development because of the importance tomato concentrates have assumed as an export item to Europe and North America.

Balance of payments—The 1970 trade balance showed a deficit of \$490 million. This was higher than in previous years due mainly to increased imports of capital equipment and raw materials. A similar trend was evident during the first half of 1971 with a forecast deficit for the full year amounting to \$500 million.

This is more than compensated for, however, by remittances from

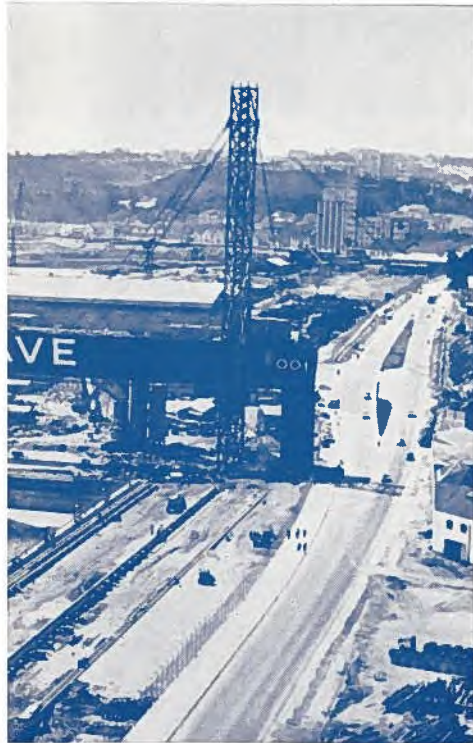
abroad from the large numbers of Portuguese emigrants working in Europe and North America. In 1969, they equalled 60 per cent of the value of the country's exports. The tourist industry is assisting Portugal's balance of payments, too. After reaching a plateau in 1969, it began to increase in 1970 and again in 1971, attracting 3,682,800 visitors during the first eleven months of last year. In addition, there was a net favorable balance on capital account in 1970.

As a result, exchange reserves by the end of 1970 had maintained their satisfactory position at \$1,503 million, of which \$902 million was in gold.

This solid international monetary reserve situation has served Portugal well during the recent international monetary difficulties. The escudo, the Portuguese currency unit, has also been slightly revalued by the Central Bank: the new parity with the United States dollar was set at escudos 27.25 compared with the previous 28.25.

Portugal, EFTA and the EEC—Portugal has been a member of EFTA

One of the projects which is expected to improve heavy industry's contribution to Portugal's economy is a giant million-ton dry dock at Lisnave Shipyard, part of which can be seen below. Construction began last June.



PRINCIPAL PORTUGUESE IMPORTS AND EXPORTS, 1970

	Million escudos*	
	1969	1970
Exports f.o.b.		
Cotton textiles	2,138	1,936
Wines	1,719	1,882
Preserved fish	1,079	1,066
Cork manufactures	10,137	905
Timber	744	966
Electrical machinery	697	1,303
Raw cork	600	581
Non-electrical machinery	525	662
Sisal products	343	324
Colophony	432	648
Olive oil	216	59
Imports c.i.f.		
Non-electrical machinery	4,599	6,141
Cars, trucks, tractors and parts	2,825	3,259
Electrical machinery	2,090	2,496
Iron and steel	2,018	2,855
Raw cotton	1,787	1,671
Crude petroleum	1,502	2,617
Refined oil products	1,023	122
Maize	776	600
Man-made fibers	659	661
Sugar	582	774
Wheat	610	706

Source: Instituto Nacional de Estatística, Comércio Externo
*\$1=0.0349 escudos

CANADIAN TRADE WITH PORTUGAL, JAN-OCT 1971

	Dollars
Principal Exports	
Copper refinery shapes	3,559,748
Aluminum	2,587,397
Barley	694,184
Rye	564,878
Aircraft engines	479,065
Salt cod	430,492
Cattle hides and skins	415,210
Asbestos milled fibers	399,393
Zinc blocks	347,187
Pig iron	218,513
Total	10,922,447
Principal Imports	
Wines	2,458,907
Tomato paste	2,432,100
Baler twine	1,653,308
Cotton yarn	682,603
Telephone equipment and parts	350,922
Cork	301,867
Anchovies, canned	275,779
Knitted cardigans and sweaters	260,020
Sardines, canned	257,928
Sea fish, fresh and frozen	239,740
Total	14,166,429

Source: Statistics Canada

since 1960. By 1966, the first objective of EFTA—a free trade area in industrial goods—had been achieved. Portugal, however, as a less developed country, was granted a slower timetable for removing duties on imports from other EFTA countries and some of these still remain.

Since early 1970, Portugal has put top priority on new trade relations with the rest of Europe, especially with the EEC. While Britain, Denmark and Norway have been seeking full membership in the EEC, Portugal and the remaining EFTA countries have begun discussion of a free trade area in industrial goods with the EEC Commission in Brussels. From Portugal's point of view, the importance of working toward free trade with the enlarged Community is emphasized by the fact that, in 1970, almost 25 per cent of the country's exports were shipped to these three countries.

The benefits Portugal derives from its participation in EFTA are

indicated by the volume of exports to member countries. In 1970, 35.4 per cent of total exports of \$1 billion were shipped to these countries and for the first ten months of 1971, 37.2 per cent of total exports of \$800 million. Britain remained the leading market in EFTA.

The EEC countries as a group were Portugal's main suppliers in 1970, providing 33.8 per cent of total imports of \$1,490 million. Germany was the principal supplier.

Trade with Canada—The strong performance of 1970 was followed by another record year in 1971, with the value of exports for the first ten months (headed by increased shipments of non-ferrous metals and raw materials) surpassing that for all of 1970.

Demand for specialized machinery resulted in further exports to this small but growing market. Investment intentions, as reported by the Ministry of Industry, support the view that further improvement is to be ex-

pected in this sector. Continued government support to the agricultural industry should favor continued imports of Canadian dairy cattle and semen, Canadian blood lines being already well established in Portugal. Traditional exports of salt codfish could increase, too, if there is a more substantial catch this year.

Portuguese industrial production, which has lagged by comparison with other European countries, is now showing steady growth. With a strong currency and relative freedom from exchange and import controls, the country is providing an interesting, if limited, market for a varied and fairly numerous list of Canadian manufactured products. The majority of business firms correspond in either French or English, so there is generally no difficulty in communications, and Portugal, on the direct air routes of North American and European airlines, is easily accessible.



Sweden Needs More Than Raw Materials

In this country of high incomes and increasing leisure time, there's a demand for quality products of all kinds that Canadian technology can help to meet.

J. L. SWANSON
Commercial Secretary, Stockholm

This land of beautiful blondes, efficient business and effective government has long been regarded as a kind of national guru by other developed countries seeking solutions to the social and economic maladies which seem to be so common in the rest of the world. But during 1970 and 1971 Sweden too has been susceptible to the effects of rapidly changing internal and external economic forces.

The Swedish economy is in the midst of the deepest recession it has experienced since the war. Most available economic indices suggest that Sweden's business stagnation stems not only from the present international economic slow-down but also from a fairly broad spectrum of domestic problems and the rearrangement of world trading patterns generally.

There are a number of signs of rapidly accumulating softness on the Swedish business scene. Official government GNP growth projections for 1971, which ranged from 2 to 3 per cent, have now been revised downward to 0.5 per cent—a great change from the average 4 per cent growth during the 1960's and the almost 5 per cent rate of 1969 and 1970. The GNP growth forecast for 1972 is still officially 2.5 per cent but financial observers here feel this is far too optimistic.

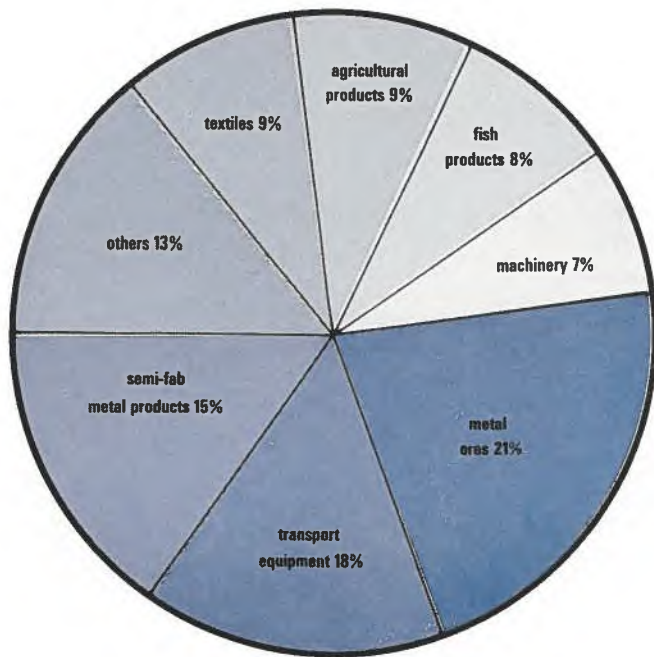
A recent business tendency survey showed a pronounced decrease in demand for both home-market and export-oriented industries. The growth of industrial production has gradually slowed down during the first three-quarters of 1971 and there are indications that the figures for the fourth quarter will show a further decline. For the whole of 1971, the increase in industrial production will be only



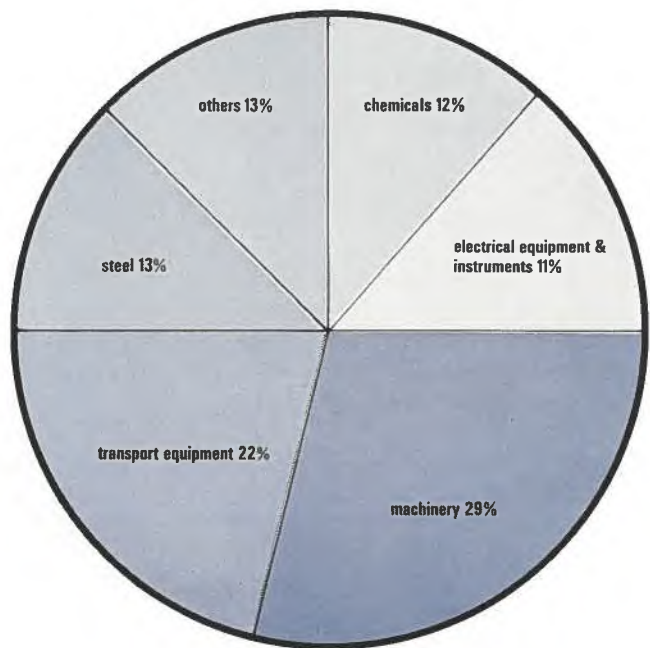
Raw or semi-processed materials make up the greater part of Canadian exports to Sweden, but an exception is parts and accessories for the motor vehicle industry. Sales of these were worth about \$6 million in 1970. The typically good-looking Swedish girl in the picture is a worker in a Volvo plant.

Canadian-Swedish Trade

Canadian Exports to Sweden
1970 Total: \$47,735,000



Canadian Imports from Sweden
1970 Total: \$105,888,000



1.5 per cent as against 7.5 per cent for 1970. The output of the textile and clothing industry has fallen heavily and there has been a marked decline in basic metals, wood processing and the pulp and paper industries. Production increases were recorded in the engineering, mining and chemical industries, however. Industrial output has reached its lowest level since 1963 and the inflow of new orders declined 7 per cent from January to October 1971 compared with the previous period in 1970. Domestic demand is particularly soft and is being felt mainly in the retail trade. One fifth of Swedish industry has reported plans for curtailments in operations in 1972.

Fixed industrial investments were officially estimated to increase in volume by 3 per cent during 1971 following a 6 per cent increase in 1970. Latest figures indicate the forecast was optimistic by 1 to 2 per cent. Building and machinery investments are following the same trend. Industrial investments in 1972 are expected to rise only 1.5 per cent in volume, with a slightly slower rate of rise for building investments than for machinery. Fixed investments in the wholesale and retail trades during 1971 are

estimated to show a 5 per cent decline after a rise of 5 per cent in 1970. Housing investments during 1971 were also down by 8 per cent.

The stagnation in demand and structural changes in the economy have had an exceptionally heavy impact on the labor market. Traditionally labor-short, Sweden is now experiencing an unemployment problem. Demand for labor more than halved during 1971 and the unemployment rate is now running at between 2.5 and 3 per cent. This figure may appear low but it does not include persons on public works projects or undergoing retraining. The Government has taken strong action to halt this trend.

Rapidly increasing consumer prices have become an even more pressing problem in Sweden during 1971. Despite the recessionary trend and a price freeze imposed in October 1970, prices have increased at a very high rate. Consumer prices increased by 8 per cent in 1970 and a 6.8 per cent increase was forecast for 1971. Of this increase, a good 3.2 per cent is due to higher value-added tax and other indirect taxes. The projection for consumer price increases for 1972 is 4.5 per cent. Prices have climbed

30 per cent in five years and this has been particularly noticeable in the food sector where costs are among the highest in the world.

During 1971, average hourly earnings in manufacturing rose 9 per cent in money terms as against 11.6 per cent in 1970. In June 1971, the Swedish Employers' Confederation and the Swedish Federation of Trade Unions negotiated a three-year agreement which will raise total labor costs by 27.9 per cent during this period.

Swedes pay a high price to maintain the country's well-publicized uniformly high standard of living and social assistance programs. A study just completed by the Swedish Institute of Public Opinion noted that "The Swedish people are weighed down under the heaviest tax burden to be found in international statistics. About 43 per cent of Sweden's GNP is made up of taxes and social insurance." Direct taxes amount to about 21 per cent of the GNP, and the Government is facing mounting opposition to relieve the tax burden. The 17.65 per cent value-added tax ("Moms") is under particular attack. There are indications that the present

tax system has a negative effect on productivity—many low-income workers receive assistance allowances for such things as rent, and they are sometimes unwilling to accept higher pay or overtime payments because the increased income would result in the loss of subsistence payments.

Foreign trade balance deficits have been a pressing problem for Sweden, with unfavorable balances annually of about \$220 million from 1968-1971. By the end of 1971, Sweden had an estimated export surplus of approximately \$340 million due to a greatly reduced domestic demand for imports. A similar surplus has been estimated for 1972 but does not take into account expansionary measures announced in October 1971 which might, if effective, reduce the projected trade balance surplus by about \$100 million.

Perhaps the most pressing economic problem facing Sweden today is its future relationship with the EEC. For 150 years, Sweden has steered a neutral course through a troubled Europe, has avoided the ravages of two world wars and now enjoys the highest standard of living on the Continent. This neutrality, which has paid dividends for so long, is now the reason for the uncertainty about the nature of Sweden's relationship with an expanded EEC.

Sweden has considered three courses of action: full membership, a customs union, or a free trade agreement. In March 1971, the Government announced it had come to the conclusion that full membership in the EEC would "not be compatible with a firm Swedish policy of neutrality." The country then pressed for a customs union for industrial and agricultural goods, but this was rejected by the Community. Sweden is now considering a Free Trade Agreement for industrial commodities, and is still placing much importance on EFTA, which took 45 per cent of Swedish exports in 1970.

Swedish manufacturers look ahead with some reservation to the prospect of competing on a free trade area basis with an enlarged EEC. Given the present uncertainties of the terms of association, one can understand why Swedish investors are reluctant to expand. Indeed, there are strong indications that Swedish industry may concentrate on expanding

WHAT SWEDEN BUYS FROM CANADA

	\$'000	
	January-September 1970	1971
Beverages and tobacco		
Beverages	220	140
Finished products listed mainly by material		
Metals excluding iron and steel	11,260	6,140
Products of mineral material excluding metals	2,400	3,080
Work of metal	—	540
Yarn, textiles and ready-made articles excluding clothing	1,420	—
Food, including live animals		
Dairy products	—	1,980
Fish, crustaceans, molluscs and products thereof	3,900	4,560
Fruits and vegetables	680	—
Grain and products thereof	1,100	820
Machinery and apparatus including transportation		
Electrical machinery and apparatus including electrical equipment	1,000	960
Machinery and apparatus, other than electric	3,260	3,380
Transportation	2,560	1,740
Mineral fuels, mineral oils and distillation products		
Coal, brown coal and peat including coke and briquettes thereof	—	100
Mineral oils and products	20	20
Miscellaneous ready-made articles		
Apparel	360	500
Instruments for professional use, scientific purposes and control, products for photographic or optical use, clocks and watches	300	300
Other ready-made items	640	900
Products from chemical and associated industries		
Fertilizers, manufactured	1,020	—
Chemical elements and compounds	560	800
Medical and pharmaceutical products	—	220
Plastics, regenerated cellulose including synthetic resins	720	1,080
Raw materials, (non-edible and excluding fuels)		
Natural fertilizers and raw mineral materials excluding coal, mineral oils and precious stones	1,040	—
Ores and metal scrap	7,800	4,240
Other non-edible animal and vegetable raw materials	540	920
Paper pulp and paper waste	—	1,200
Total, nine months	44,920	39,020

Source: Swedish statistics

within the EEC where it could have all the advantages offered by the Community including a proximity to market and a lack of those restrictions that could affect other EFTA countries that also are not candidates for membership in the EEC.

Swedish foreign trade, in contrast to the rest of the rather bleak Swedish economic scene, shows promising development. The country is highly dependent on external trade, exports and imports each representing the equivalent of about one fifth of the

GNP. Between January and October 1971, Sweden accumulated an export surplus of roughly \$320 million due mainly to a policy of export promotion and a drop in domestic demand that resulted in a decline of imports. This compares to a deficit for a similar amount for the same period in 1970. For the first ten months of 1971, exports were up 11 per cent for a total of US\$6,260 million. Exports of engineering products, which increased by 19 per cent during 1971, were particularly strong but are ex-

pected to rise only 6 per cent in 1972. Iron and steel exports, down 3 per cent in 1971, are forecast to rise by 9 per cent in 1972. The total value of Swedish exports in 1970 was US \$6,970 million.

Swedish imports during 1971, although remaining close in value to 1970 figures (US\$6,970 million), have declined by approximately 5 per cent in volume. This is attributed to the decline in Swedish industrial production, low consumption and the depletion of stocks of imported raw materials and semi-manufactures. The annual rate of increase in import prices for 1971 is running at 4.5 per cent. Sharp price increases in crude oil, fuels and some engineering products have been offset by lower prices for consumer goods, iron, steel and some other metals.

In 1972, imports are expected to rise by about 3.5 per cent in volume and 5.5 per cent in value. Further declines of imports of capital goods are expected but the market for consumer goods should rise steeply, particularly for textiles and automobiles. The raw materials market should expand in response to government moves to stimulate stockpiling. Import prices in 1972 are expected to increase at a slower rate and official estimates predict a 2 per cent rise against last year's 4.5 per cent.

A glance at import-export figures quickly shows that Sweden is a European-oriented trader. Fully 81 per cent of its exports and 78 per cent of its imports are with European countries. EFTA is Sweden's largest single market, accounting for 45 per cent of Swedish exports in 1970. EFTA's importance to Sweden as a market has grown at a very fast pace. Since 1959, Swedish exports to EFTA countries have increased almost four times in value. EFTA filled 38 per cent of Sweden's import requirements in 1970 for a total of US\$2,634 million. Of this, 18.7 per cent was supplied by the Nordic countries while Britain shipped 14 per cent. Regardless of the outcome of the Common Market negotiations, Sweden's pattern of trade with EFTA (or with former members) is not likely to alter significantly.

The EEC share of Swedish trade is growing. Sweden shipped 28 per cent of its exports (US\$1,870 million) and took US\$2,364 million—34 per cent of its imports—from the Com-

munity in 1970. By comparison, Sweden's trade with North America is relatively small. Canada and the United States combined took only 7.4 per cent of Swedish exports in 1970 and the two countries supplied only 9.5 per cent of total Swedish imports that year. Sweden's orientation of trade toward Europe, due partly to geography, is largely the result of the formation of EFTA which gave Swedish industry access to a free-trade area with a population of 100 million. Within EFTA, trade between Sweden, Denmark, Finland and Norway has been of great importance. The Nordic area took 27 per cent of Sweden's exports and shipped 18.7 per cent of its imports during 1970.

Canada exported goods worth \$48 million to Sweden in 1970—about 0.8 per cent of the country's imports for that year. This compares with \$41.2 million for 1969. Canadian shipments from January to September 1971 were \$39 million, a decline from \$44.9 million for the same period in 1970, and approximately proportionate to the decline in total Swedish imports. The pattern of Canadian exports to Sweden is heavily concentrated in the raw or semi-processed materials sector. A notable exception is parts and accessories for the motor vehicle industry which amounted to about \$6 million in 1970. Other major items supplied to Sweden in 1970 were nickel anodes, cathodes and ingots (\$3 million), copper shapes (\$3 million), metal ores and concentrates including molybdenum and copper (\$6.6 million), milk powder (\$1.74 million), salmon (\$1.4 million), zinc blocks, pigs and slabs (\$1.2 million).

Although the Swedish economy is having some difficulty and Sweden's foreign trade will continue to be largely concentrated in Europe, Canadian exporters should keep in mind some of the very positive factors that make the Swedish market an attractive one. The Swede is an enthusiastic consumer and has a uniformly high income. He has a taste for sophisticated goods. The country's topography and climate are very similar to Canada's. Leisure time is increasing. The Government has taken steps to stimulate consumer demand, which should be felt early in 1972. Comparatively little is known about North American styling and quality of goods, which so far have had limited exposure here. All of these factors suggest that Canada can develop its marketing prospects beyond the present accent on raw materials.

The accompanying article on foodstuffs demonstrates the significance of these product areas and the potential market offered to Canadian suppliers. With labor costs rising so rapidly and a tendency toward fewer working hours, the market in Sweden for machinery, instruments and particularly automation technology is growing fast. Engineering products already account for 30 per cent of the country's imports. Leisure time in Sweden means sports and recreation, with the accent on winter, and a good market exists for sporting goods, casual shoes and apparel.

If you look to Europe, don't forget to look north to prosperous Sweden. Let our office at the Canadian Embassy in Stockholm hear from you.



Canada Week in San Francisco

The Tanforan Shopping Plaza in the San Francisco suburb of San Bruno will be holding a Canada Week between May 17 and 28. This includes two full weekends. The plaza has two department stores and 70 other stores, and a surrounding market area with a population of 750,000.

Individual stores will have special displays of Canadian apparel, giftware, furniture and foodstuffs, including fish. There will be Mall promotions and poster displays advertising the Canadian products and Canada generally.

Canadian exporters who wish to take advantage of this opportunity to display and promote their products should contact, as soon as possible, the Consul and Trade Commissioner, Canadian Consulate General, Golden Gateway Center, San Francisco, California 94111. The telephone number is 981-2670, area code 415. The shopping plaza administration can be contacted by writing to Don Frate, Administrative Director, Tanforan Shopping Plaza, P.O. Box 661, San Bruno, California 94006. The telephone number there is (415) 873-2000.

Wanted: Manufacturers

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

Insulated building block construction and method

American company offers under licence the Canadian manufacturing and marketing rights to its patented method for building internally insulated concrete block masonry walls. The system combines a specially designed hollow concrete block unit, an insulating and spacing polystyrene insert and special joint reinforcement to provide a strong and dry wall which has good insulation properties against heat, cold, noise, fire, etc. It is claimed that the internal insulation within the block wall eliminates the need for costly furring and applied insulation on the interior wall surface. The insulating polystyrene insert also serves as a spacer for precision spacing of the blocks in the wall. Literature available. **Item 2548**

Sectional fiberglass boat

American company offers under licence the Canadian production and marketing rights to a sectional fiberglass boat. Each of the four sections is equipped with interlocking lugs and sockets moulded into the fiberglass. The interlocking and overlapping sections provide watertight comfort. Each section is easily portable and the boat can be assembled by one person in less than five minutes. Total weight of boat is 116 lb; total length is 12'3". Once disassembled, sections nest compactly so that the boat can be stored in a small area. Literature available. **Item 2549**

Water treatment

Swedish firm offers under licence the Canadian production and marketing rights to its equipment for separating solid particles from liquids. The equipment consists of plates placed in a basin parallel to each other and inclined at an angle to the vertical to provide efficient separation of the three streams— incoming water, outgoing water and the waste. Large sedimentation areas are provided in relatively small spaces. This method may be applied to the treatment of municipal and industrial waste water. Literature available. **Item 2550**

Vacuum mixing and homogenizing machine

Swiss firm offers under licence the Canadian manufacturing and North American marketing rights to its vacuum-operated mixing and homogenizing machine. This machine combines the high-speed cutting action of a homogenizer with the mixing movement of a slow-speed, double-motion mixer. It is most suitable for processing pasty and liquid products, such as creams, cosmetics, ointments, emulsions, etc. It features sterile action since there are no shaft seals or bearings in contact with the product. Also, there is no gear box or oil above the mixing vessel. Literature available. **Item 2551**

Odor removers

Swedish firm is seeking a licencing arrangement with a Canadian company to produce its odor removers for organic wastes. These powders, blends of inorganic chemical compounds, remove the bad odor from human and animal wastes. One product is used in toilets not connected to sewage systems, like dry and chemical toilets and those connected to septic tanks. It is harmless to humans, animals and the vegetation. Another product is designed for the removal of odors from animal wastes in farms, breeding centers, etc. It contains plant-nourishing substances which improve the normally poor fertilizing value of pig manure. The effect of both powders is long lasting. Literature available. **Item 2552**

Regeneration process for pickling baths

Swedish firm offers under licence the Canadian rights to a pickling bath regeneration process. In this process the contents of the pickling bath are continuously passed through a modified electrolytic pot in which unused assets are separated from the metal salts. The assets are then returned to the pickling bath while the metal salts are treated in a separate operation, during which nickel is obtained as one separate end product. The process is economical to operate and eliminates the problem of disposal.

It is claimed that approximately 80 per cent of the assets are regenerated and 90 per cent of the nickel recovered. Literature available. **Item 2553**

Blood sample collection tube

American inventor offers a licensing arrangement to a Canadian company to manufacture and market his apparatus for blood serum/plasma collection and retention. The device consists of a rigid tubular container equipped with a resilient piston to collect blood and to insure the sealed separation of the fluid into a light and a heavy phase. It is claimed that it prevents deterioration of the sample, as well as mislabelling and subsequent misidentification, by internally transferring and compartmentalizing the fluid within the tube itself. Literature available. **Item 2554**

Concrete protective structure

Japanese firm offers a licensing arrangement to a Canadian company to manufacture its concrete components or blocks used for constructing a protective covering structure for marine works and river constructions affected by the action of water or waves. Each component consists of a molded concrete mass having three integrally connected elongated pillar members whose heads are centripetally joined at center. The claimed advantages are: superior stability, greater wave absorption, economy, and safety in installation work. Literature available. **Item 2555**

Propeller-reactor

Belgian firm offers under licence the Canadian manufacturing and marketing rights to its propeller-reactor. Designed for mixing liquid products, the unit's principal component is a disc comprised of two plates between which are fixed thin pipes. These pipes communicate from the plate periphery to the plate center where they are connected to an open space in the upper plate which acts as an inflow collector. When the unit rotates, the fluid is sucked into the collector, driven by centrifugal force

through the pipes and ejected at the disc periphery. Positioned in a tank, the unit rotates and mixes quickly and uniformly with little turmoil. It is claimed that the same principle may be applied to antipollution reactors, chemical reactors and pump units. Literature available. **Item 2556**

Hand dryer

Swiss inventor offers under licence the Canadian manufacturing and marketing rights to his new type of fully automatic hand dryer. The device is equipped with a fresh air intake fan, a fresh air filter, an air heater, a hand drying shell and an air suction ventilator. Wet hands are placed in a hand shell where they are dusted in a flow of warm air with flakes of hygroscopic material. The flakes will

stick only on wet points of the skin. After soaking up the water on the hands, the blow-off pipe takes the flakes away into a waste sack. This device is recommended for hotels, schools, hospitals, etc., but has not yet been produced commercially. Literature available. **Item 2557**

Dual tank lavatory cistern

Australian inventor offers the Canadian production and marketing rights for his dual tank lavatory cistern. The cistern operates with two water compartments, one larger than the other. The larger compartment is engaged to flush solids; the smaller one has a separate knob and is engaged when flushing only fluids. The chief advantage claimed is the saving of a great amount of clean water every day.

This invention has not yet been produced commercially. Literature available. **Item 2558**

Hair tonics and shampoos

Canadian inventor is offering under licence the Canadian production and marketing rights for his hair tonics and shampoos. These preparations for treatment of the scalp and hair contain ingredients whose function is to regularize the secretions of the scalp, thus preventing excessive dryness or oiliness. These preparations include: a tonic for oily hair, a tonic for dry hair, a shampoo for oily hair and a shampoo for dry hair. These liquid products are clear and sweet-smelling. Literature available. **Item 2559**

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.

Boats

DENMARK—Parts and equipment for boats: Bent Bechman, President, Olympic Wholesale Company, P.O. Box 20, 6640 Lunderskov.

Builders' supplies

TRINIDAD—Electrically operated curtain equipment; electrically operated doors, gates, windows; air curtains for doorways of air-conditioned areas; other similar types of equipment. Send catalogues and brochures, c.i.f. prices if possible, some indication of delivery: L. G. Dookhie, Deputy General Manager, Trinidad & Tobago Electricity Commission, 63 Frederick Street, Port-of-Spain.

Chemicals

FINLAND—Industrial chemical specialties: Bang & Co. (attention T. Malmstrom, Director), P.O. Box 10079, 00100 Helsinki 10.

Clothing

FINLAND—Outdoor jackets, suits (fine stack and sports), outerwear, suits and

dresses (knitted), knitted outerwear, gloves, mittens: Bang & Co. (attention T. Malmstrom, Director), P.O. Box 10079, 00100 Helsinki 10.

WEST GERMANY—Children's clothing: Herr Gongol, President, Gongoll, Hackhauserstrasse 4, 4047 Dormagen-Hackenbroich.

Cooking equipment

UNITED STATES—Commercial kitchen equipment for sale to third countries: H. D. Sheldon Co. (attention I. Gale), 104 Fifth Avenue, New York, New York 10011; telephone (212) 924-6920.

WEST GERMANY—Barbecues: Herr Gongol, President, Gongoll, Hackhauserstrasse 4, 4047 Dormagen-Hackenbroich.

Electronics

FINLAND—Electronic equipment and components, measuring and testing equipment, computer card punches and sorters, computer tabulators: Bang & Co. (attention T. Malmstrom, Director), P.O. Box 10079, 00100 Helsinki 10.

Equipment

FINLAND—Log handling equipment, natural gas distribution systems and accessories: Bang & Co. (attention T. Malmstrom, Director), P.O. Box 10079, 00100 Helsinki 10.

MOROCCO—Snow-clearing equipment. Provide brochures in French, equipment specifications, and f.o.b./c.i.f. prices: M. C. McCullough, c/o R. Geeraerts, 41 Boulevard de Paris, Casablanca.

SPAIN—Snow-clearing equipment suitable for attaching to all-terrain vehicles such as Land Rovers. Provide full technical details and prices c.i.f. Spanish Mediterranean port: Sr. Alberto de Virto Jimenez, S. A. Olabour, Gerona 55, Barcelona.

Feed

FINLAND—Components for cattle feed: Bang & Co. (attention T. Malmstrom, Director), P.O. Box 10079, 00100 Helsinki 10.

Foodstuffs

FINLAND—Frozen, whole dressed salmon; frozen whole or dressed pike; whole, dressed, pickled herring; fresh or frozen crab; fish offal and waste, smoked salmon; fishmeal; seaweed meal. Industrial and retail packs of canned fish, shellfish and fruit. Casings. Fresh apples and crab apples; fresh pears; frozen fruit and berries. Whole, dried peas; other dried or preserved vegetables (not canned): Bang & Co. (attention T. Malmstrom, Director), P.O. Box 10079, 00100 Helsinki 10.

GREECE—Lecithin (soybean byproduct) for making chocolate: P. E. Panayotou & Co. (attention J. Balaskas), 1 Loudouvikou Street, Piraeus.

ITALY—Frozen salmon head in sizes up to two kilos, and from 2.5 to 4 kilos packed in 100 pound cases. Quote c.i.f. Genoa for cheaper commercial quality. If price acceptable firm will buy one to two metric tons a month: Nettuno Frigo, Via Stendhal 47, Milan.

SWEDEN—Dietetic and diabetic food products; confectionery, chocolate, rye bread, canned salmon, canned lobster, canned crabmeat: AB Hollandska Kompaniet (attention N. A. Nieuborg, Managing Director), Vanadisvagen 27, S-113 23 Stockholm.

Hardware

AUSTRIA—Hose clamps, about one million a year required: Hans Oetiker (attention Mr. Renner), Koenigstaetterstrasse, A-3430 Tulln.

Machinery

FINLAND—Machinery for: mining and quarrying, and parts; pulp and paper, accessories and parts; plastic industry (not injection molding machines or extruders); special industry, and parts: Bang & Co. (attention T. Malmstrom, Director), P.O. Box 10079, 00100 Helsinki 10.

SPAIN—Printing machinery for wall-paper; flexo, photogravure or combinations of both: Grupo Ripolin, Munuzuri, Ripolin-Georget S.A. (attention J. Asensi), Apartado 49, Bilbao.

SWEDEN—Double disc refiners for cellulose industry: Grubbens & Co. AB (attention Lennart Wallen, General Manager), Box 30, 124 21 Bandhagen 1.

Medical

FINLAND—Surgical, medical and dental supplements; medical and pharmaceutical products and raw materials: Bang & Co. (attention T. Malmstrom, Director), P.O. Box 10079, 00100 Helsinki 10, Finland.

Metals

FINLAND—Aluminum pigs, ingots, shot slabs, sheets, fabricated materials; zinc blocks, pigs, slabs, anodes; nickel anodes, cathodes, ingots, rods; ferrosilicon; non-ferrous metals; stainless steel scrap; metal scrap, dross ashes; molybdenum; platinum, platinum scrap: Bang & Co. (attention T. Malmstrom, Director), P.O. Box 10079, 00100 Helsinki 10.

GREECE—Knowhow (and possibly equity capital) for production of a number of cast iron and steel casting items: Viomesp Ltd., 33B-35B Papastratou Street, Piraeus.

Minerals

FINLAND—Asbestos fibers, milled fibers and shorts: Bang & Co. (attention T. Malmstrom, Director), P.O. Box 10079, 00100 Helsinki 10.

Plastics

FINLAND—Plastics and synthetic rubber, not shaped: Bang & Co. (attention T. Malmstrom, Director), P.O. Box 10079, 00100 Helsinki 10.

Representation

UNITED STATES—Heating elements, tubular heaters, band and nozzle heaters and temperature control devices for the plastics industry: Simon Seidel, Seidel Associates, 113 Ursula Drive, Roslyn, New York 11576; tel: (516) 621-1117.

WEST GERMANY—Import agent for Germany, Austria, Switzerland, with particularly good connections in bed feather industry: Richard Friz, 79 Ulm/Donau, Seutterweg 8.

Sports, recreational equipment

DENMARK—Sporting goods, hobby articles: Bent Bechmann, President, Olympic Wholesale Company, P.O. Box 20, 6640 Lunderskov.

FINLAND—Ice skates, sporting and recreation equipment: Bang & Co. (T. Malmstrom, Director), P.O. Box 10079, 00100 Helsinki 10.

SOUTH AFRICA—Scuba diving equipment, life jackets, swim aids, archery equipment, badminton and squash rackets, rowing machines: E. D. Maguire, Di-Gramm Agencies, 2 Orchard Street, Newlands, Cape Town.

WEST GERMANY—Swimming pools, water sports equipment, paddles, badminton rackets: Herr Gongoll, President, Gongoll, Hackhauserstrasse 4, 4047 Dormagen-Hackenbroich.

Textiles

SPAIN—Up to 200,000 yards of corduroy, 50 per cent cotton, 50 per cent synthetic fibers: Texim Internacional, Fuencarral 24, Madrid.

Tires and tubes

PARAGUAY—300 tires and tubes for road-building machinery, tender (number DGV-BIRF 5/72) opened February 7: Direccion de Vialidad, Calle Gral., Diaz esq. Alberdi, Asuncion.

Tobacco

FINLAND—Tobacco: Bang & Co. (attention T. Malmstrom, Director), Box 10079, 00100 Helsinki 10.

SWEDEN—Tobacco: AB Hollandska Kompaniet (attention N. A. Nieuborg, Managing Director), Vanadisvagen 27, S-113 23 Stockholm.

Toys

FINLAND—Toys, children's vehicles: Bang & Co. (attention T. Malmstrom, Director), P.O. Box 10079, 00100 Helsinki 10.

WEST GERMANY—Toys: Herr Gongoll, President, Gongoll, Hackhauserstrasse 4, 4047 Dormagen-Hackenbroich.

Vehicles

DENMARK—Parts and equipment for trailers: Bent Bechmann, President, Olympic Wholesale Company, P.O. Box 20, 6640 Lunderskov.

Veterinary

FINLAND—Veterinary medicine feed supplements: Bang & Co. (attention T. Malmstrom, Director), P.O. Box 10079, 00100 Helsinki 10.

Wood products

ARGENTINA—Veneer panels of maderona and maple root of good quality for furniture manufacturing: Trumar S.A.I.C., Avenida Chicla 4160, Buenos Aires.

DENMARK—Pre-fabricated houses: Commercial Counsellor, Canadian Embassy, Rrinsesse Maries Alle 2, Copenhagen V.

SWEDEN—Pitch pine logs, such as pinus palustris, pinus elliottii, pinus echinata, pinus taeda, pinus rigida, pinus virginiana, pinus ponderosa, etc.: Commercial Secretary, Canadian Embassy, P.O. Box 14042, Kungsgatan 24, S-104 40 Stockholm.



Trade Commissioners on Tour

In Territory

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

Bolivia

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

Bulgaria, Hungary, Romania

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

Cyprus

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

Dominican Republic, Haiti, Virgin Islands

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

Ecuador

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

Finland

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

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 in Ankara visit Istanbul frequently.

Trade Lines

Venezuela buys Mexican fishing boats

Venezuela has placed an order with the shipbuilding firm Astilleros Unidos del Pacifico, S.A., for construction of 14 fishing vessels valued at approximately \$2.3 million. The ships will be built at company facilities in Mazatlan, Sinaloa, Mexico, for delivery by July, 1972—Mexico City

More electric power for Mexico

The Mexican Federal Electricity Commission has put into service 13 generating plants in nine states with a combined capacity of 510,000 kilowatts, 62 power substations and 1,695 kilometers of transmission lines. The total investment of these projects was about \$132.5 million—Mexico City

Malaysian de-tinning plant begins operations

The first de-tinning plant in Malaysia has started operating at Petaling Jaya, near Kuala Lumpur. The plant, which will be able to handle 1,000 tons of scrap tin plate and cans per month when in full operation, was established primarily to supply scrap metal to the parent company, United Malaysian Steel Mills. The

recovery of tin (in oxide form) from the electrolytic process is expected to be about one per cent of production. The plant is equipped with eight de-tinning tanks, each with a capacity of a quarter ton of tin-coated metal scrap. Malaysian tin scrap was previously exported to Singapore where it was de-tinned for steel production.

United Malaysian Steel Mills is also building a ship-breaking yard on a 60-acre site at Port Swettenham to supply its steel plant which is expected to produce 3,500 tons of steel rods a month—Kuala Lumpur

Synthetic resin plant for Mexico

Mexican, French and German financial resources have merged to set up Polimeros de Mexico, a \$6.4 million plant to produce a polyvinyl-chloride resin called Itzavil. Mexico's participation in the venture is 60 per cent, represented by a 45 per cent investment by Sistemas Banco de Comercio and a 15 per cent investment by Banco del Atlantico, both private banking institutions. The remaining 40 per cent investment will be shared equally by Société de Produits Chimiques Pechiney-Saint Gobain of France and Farbwerke

Hoechst of Germany. The plant will be able to produce 20,000 tons of itzavil a year and will use the French process of mass polymerization. Farbwerke Hoechst will market the resin—Mexico City

Oil, gas base in Scotland

Arunta International Company Ltd., a London-based firm of oil consultants, is developing a harbor area at Peterhead, Aberdeenshire, to serve as an exploration, production and service-support base for North Sea oil and natural gas operations. Construction will start early this year and will include the building of warehouses, workshops, deep-water berths, and the provision of heavy cranes. At Leith, the Dutch-American firm Bredderro-Price (U.K.) Ltd., will set up a dockside factory to coat pipes for North Sea oil lines—Glasgow

Morocco will sell refrigerators to EEC

Morocco will export domestic-type refrigerators to France and other EEC countries. Under terms of a recent agreement, 20,000 locally-made refrigerators, worth about \$2 million, will be exported annually. The cooling units will be built by Société Madison which is already making a series of domestic appliances under licence—Madrid

Finland increases paper prices to Britain

An agreement has been reached on an increase averaging 4 per cent in the prices of Finnish paper on the British market for 1972—Stockholm

U.S. container line moves to Clyde

The United States shipping company, Seatrain Lines Inc., is to move its entire Europe-North America container service from Southampton to Greenock, Scotland. The service will eventually have six vessels, including the gas turbine-engined Euroliner and Eurofreighter. Ports on the east and west coasts of the United States will be served from Greenock. The new service is expected to provide the fastest direct crossing on the North Atlantic container run—Glasgow

Fourth basin for Beirut harbor

The Lebanese Government has given the go-ahead for the development of a fourth basin in Beirut harbor. The project is estimated to cost \$18 million and will include studies, drawings and execution. It will be self-financed by the Compagnie de Gestion et d'Exploitation du Port de Beyrouth—Beirut

Westinghouse wins Swedish contract

Asea-Atom, a partly state-owned company, will supply the first reactor for the Forsmark nuclear power station—about 75 miles north of Stockholm—and has an option for a second. The value of the contract is about \$160 million. The contract to expand the Ringhals

station on Sweden's West Coast was won by Westinghouse. The company will supply a third reactor with an option for a fourth. Swedish industry should receive about 80 per cent of the subcontracts—Stockholm

Glasgow subway modernizes

Glasgow will spend more than \$3.75 million to modernize its subway system. Improvements will include re-signalling, replacement of all rolling stock and completion of a re-railing program—Glasgow

Sweden builds vehicle plant in Argentina

Scania Vabis, a Swedish truck manufacturing company, will build a plant in the Argentine province of Tucuman to produce long-distance trucks and passenger coaches—Buenos Aires

Steel ball plant for Singapore

Barden Corporation of Connecticut has set up a factory in Jurong, Singapore, to make steel balls for export to Europe, North America and Japan. Initial investment is \$1 million. The steel balls, in sizes as small as three-millionths of an inch in diameter, are used extensively in navigation systems, computers and the aviation and space industry—Singapore

Argentina to get tire plant

A large plant for retreading aircraft tires will be erected in Argentina by Goodyear Tire and Rubber Co. The plant will be the first of its type in Latin America and will complement the company's existing aircraft tire manufacturing facilities—Buenos Aires

Canada makes loan to Ecuador

Ecuador has received an \$8.8 million loan from Canada for the Pisayambo hydro project. Tenders for the civil works of the project closed February 16. Tenders for mechanical and electrical equipment will be called shortly. Bidding firms must be pre-qualified and have legal representation in Ecuador—Bogota

Mexico to produce more coffee

Mexico will produce more coffee for export, according to a recent government announcement. About 600,000 coffee trees will be planted in the Coatepec, Veracruz, area, and nurseries with a capacity for three million plants will be set up. These measures are expected to bring production to almost 345 million kilos. Communal farmers in Jalapa, Cordoba and Martinez de la Torre will also receive credits to cultivate coffee for export—Mexico City

New York closes foreign trade zones

New York City has announced its intention to suspend temporarily its foreign-trade zone operations as a result of the decision to close Zone 1 at Staten Island. The

City has requested permission to retain its zone grant for a period not to exceed three years so that it may find a more appropriate location—New York

Aberdeen shipyard to service oil industry

Aberdeen shipbuilding firm of Hall Russell and Company Limited may provide services for the North Sea oil industry. The firm is considering the acquisition of machinery to handle drilling equipment and the lengthening of a slipway to service oil rig supply ships.

Initial investment would be about \$250,000. The company is also interested in building pipe-laying craft—Glasgow

Egypt prepares 10-year plan

The Egyptian Ministry of Planning is preparing a 10-year development plan to be divided into two five-year plans. It is expected to begin in 1972/73, double the national income and raise the average national output by 7.5 per cent—Cairo

Foreign Tariffs and Trade Regulations

Denmark

The Danish Government has recently exempted certain further imports from its 10 per cent surcharge. These new exemptions which are in addition to those reported (*Canada Commerce*, December 1971, page 46) became effective December 16, 1971.

Among the newly exempted items those of particular Canadian interest are:

Tariff Item No.

07.05	Dried leguminous vegetables, shelled, whether or not skinned or split.
15.07-15.12	Fixed vegetable oils, fluid or solid, crude, refined or purified, including rapeseed oil and animal/mammal oils and fats.
EX 16.04 B	Herring, whole or in cut-out parts (including spiced herring).
EX 16.05 B	Prepared or preserved shrimp other than in air tight containers.
44.14	Wood sawn lengthwise, sliced or peeled but not further prepared, of a thickness not exceeding 5 millimetres; veneer sheets and sheets for plywood, of a thickness not exceeding 5 millimetres.
51.04	Woven fabrics of manmade fibers (continuous).
53.11	Woven fabrics of sheep's or lamb's wool or of fine animal hair.
55.07-55.09	Cotton gauze, terry towelling and other woven fabrics of cotton.
56.07	Woven fabrics of manmade fibers (discontinuous or waste).
57.11	Woven fabrics of other vegetable textile fibers, i.e., other than hemp, jute, paper yarn, canvas, tarpaulin, cloth.
58.04	Woven pile fabrics and chenille fabrics.
59.08	Textile fabrics impregnated or coated with preparations of cellulose derivations or of other artificial materials.
59.11	Rubberized textile fabrics, other than rubberized knitted or crocheted goods.
60.01	Knitted or crocheted fabric not elastic or rubberized.

Tariff Item No.

74.05	Copper foil.
76.04	Aluminum foil.
84.01-84.65;	Machinery and mechanical appliances; genera-
85.01; 85.11	tors, motors, converters, transformers, rectifiers; industrial and laboratory electric furnaces, ovens and induction heating equipment may be exempted from the surcharge provided that dutiable value of each item of the goods exceeds D.kr. 5,000, and that a binding contract for purchase or hire was conducted before October 21, 1971. Application must be made to the customs authorities.
EX 85.19 B	Variable resistors (not including rotating resistors weighing less than 25 grams each).
85.19 C	Permanent resistors and rotating resistors weighing less than 25 grams each.
EX 90.28 B	Ultrasonic sonars.

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

Venezuela

By a recent decree published in the *Official Gazette* No. 29698 on January 3, 1972, the Venezuelan Government has imposed compulsory prior import licensing on approximately 100 items. The following products are included on the published list: unmilled barley, meal or flour of oats, sawn lumber, vitamins and preparations, medicinal and pharmaceutical preparations, shaving creams, soaps, washing and cleaning preparations, writing paper, dictaphones, radiotelegraphy and radio-telephony receivers and parts, generators and dynamos, aircrafts and parts, stockings, certain instruments, sensitized film and paper, sound recording apparatus, hearing aids.

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.

Information was not available at press time on rates for certain currencies. These rates, therefore, have not been included in this table.

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

To convert column two, divide by .99.

Country and Currency	Value of		Country and Currency	Value of	
	foreign currency unit in Canadian dollars at February 4	Canadian dollar in foreign currency units		foreign currency unit in Canadian dollars at February 4	Canadian dollar in foreign currency units
Algeria Dinar	.2093	4.78	Ecuador Sucre (official)	.0402	24.88
Arab Republic of Egypt Pound (official)	2.3137	.43	El Salvador Colon	.4024	2.49
Argentina Peso (free)	.2014	4.97	Fiji Dollar	1.2542	.80
Australia Dollar	1.2006	.83	Finland Markka	.2454	4.07
Austria Schilling	.0432	23.15	France, Monaco, etc. ¹ Franc	.1967	5.08
Bahamas Dollar	1.0370	.96	French Pacific ² Franc	.0108	92.59
Belgium and Luxembourg Franc	.0229	43.67	Franco-African Republics ³ Franc	.0039	256.41
Bermuda Dollar	1.0397	.96	Germany D Mark	.3140	3.18
Bolivia Peso	.0845	11.83	Ghana New Cedi	.5533	1.81
Brazil Cruzeiro (official free)	.1744	5.73	Greece Drachma	.0335	29.85
Britain Pound	2.6154	.38	Guatemala Quetzal	1.0059	.99
British Honduras Dollar	.6078	1.64	Guyana Dollar	.5136	1.95
Burma Kyat	.1881	5.32	Haiti Gourde	.2012	4.97
Ceylon Rupee	.1690	5.92	Honduras Lempira	.5030	1.99
Chile Escudo (bank rate) (free)	.0359	27.86	Hong Kong Dollar	.1802	5.55
China, People's Republic of Renminbi	.4188	2.39	Hungary Forint (official)	.0869	11.51
Colombia Peso (fixed)	.0476	21.01	Iceland Krona (official)	.0114	87.72
Costa Rica Colon	.1518	6.59	India Rupee	.1375	7.27
Czechoslovakia Koruna (fixed basic rate)			Indonesia ⁴ Rupiah	.0024	410.00
Denmark Krone	.1437	6.96	Iran Rial	.0134	74.63
Dominican Republic Peso	1.0059	.99	Iraq Dinar	3.0581	.33

Country and Currency	Value of		Country and Currency	Value of	
	foreign currency unit in Canadian dollars at February 4	Canadian dollar in foreign currency units		foreign currency unit in Canadian dollars at February 4	Canadian dollar in foreign currency units
Ireland Pound	2.6154	.38	Peru Sol (free)	.0232	43.10
Israel Pound	.2395	4.18	Philippines ⁶ Peso (free)	.1564	6.39
Italy Lira	.0017	588.24	Poland Zloty (fixed basic rate)	.2577	3.88
Jamaica Dollar	1.3077	.76	Portugal & Colonies ⁷ Escudo	.0369	27.10
Japan Yen	.0032	312.50	Saudi Arabia Riyal	.2273	4.40
Kenya ⁵ Shilling	.1441	6.94	Sierra Leone Leone	1.2371	.81
Korea, Republic of Won	.0027	370.37	Singapore Dollar	.3358	2.98
Lebanon Pound (free)	.3204	3.12	South Africa Rand	1.3389	.75
Libya Dinar	2.9467	.34	Spain & Dependencies Peseta	.0153	65.36
Malawi Kwacha	1.2494	.80	Sweden Krona	.2094	4.76
Malaysia Dollar	.3568	2.80	Switzerland Franc	.2596	3.85
Mexico Peso	.0805	12.42	Syria Pound (free)	.2711	3.69
Morocco Dirham	.2158	4.63	Thailand Baht (free)	.0484	20.66
Netherlands Florin	.3158	3.17	Trinidad & Tobago ⁸ Dollar	.5461	1.83
Netherlands Antilles Florin	.5620	1.78	Tunisia Dinar	2.0803	.48
New Zealand Dollar	1.2086	.83	Turkey Lira	.0719	13.91
Nicaragua Cordoba	.1437	6.96	United States Dollar	1.0059	.99
Nigeria Pound	2.8835	.35	Uruguay Peso (free)	.0020	500.00
Norway Krone	.1502	6.66	Venezuela Bolivar (official free)	.2289	4.37
Pakistan Rupee	.2109	4.74	Yugoslavia Dinar (official)	.0592	16.89
Panama Balboa	1.0059	.99	Zaire, Republic of ⁹ Zaire	2.054	.49
Paraguay Guarani (free)	.0080	125.00	Zambia Kwacha	1.4576	.69

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

2. New Caledonia, New Hebrides, French Polynesia.

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

4. Exchange rate at August 1971.

5. Rate also applies to Tanzania and Uganda.

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

7. Approximately same for Portuguese territories in Africa.

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

9. Formerly Congo (Kinshasa).

Business by Proxy Can Be Profitable

MARION C. SMYTHE, Assistant Editor, *Canada Commerce*

For Canadian exporters, selling to "the country next door" may be more difficult than selling halfway round the world. Many firms shy away from the often formidable problems of shipping merchandise across the border to the competitive U.S. market. They know that U.S. buyers want goods available for immediate delivery. They know that these buyers prefer a U.S. address.

But the interested exporter can win acceptance for his goods in this profitable but somewhat insulated market with a little help from a Buffalo-based U.S. firm whose business is making it easier for Canadians to unlock the door.

Laub International Inc. offers its Canadian clients, on a fee basis, the whole gamut of services a branch office, an assembly and a shipping center would perform. The company, which has been a family business since 1846, at one time operated one of the largest tanneries in the country. The firm got into its present line of business about 16 years ago and began specializing in Canadian representation in 1966. None of the services it supplies are uncommon, but taken together they are a powerful incentive for the interested Canadian exporter.

In essence, Laub acts as a "home away from home" for its Canadian clients without the capital required to open a foreign branch office. It will bring goods through Customs and establish a duty-paid sales inventory. It has U.S. Customs bonded storage facilities where goods can be stored duty free until they are shipped to a U.S. buyer—and it will look after the shipping (orders received before noon are shipped the same day to any point in the U.S.). Distribution services are provided on an as-needed monthly basis which makes it both a financially safe first step into the U.S. market and a low-cost method of making Cana-



A view of Laub's 350,000 square-foot warehouse, the place to "get stacked" in the U.S. market, as Robert Laub puts it. The company provides space (including Customs bonded), labor, monthly storage, private offices, and a lot of knowhow.

dian products available and competitive. The company can handle 10 railroad cars and 16 trucks at one time, and about \$1 million worth of shipping crosses its docks daily.

Laub will arrange market surveys, find salesmen or sales agencies and distributors if necessary. It offers showroom, packaging and labelling facilities and a complete office service system including secretaries, bank depositing privileges and maintenance of company records. Canadian clients obtain a U.S. sales and distribution address, a Buffalo phone number and the services of experienced personnel who are familiar with the clients' products and shipping methods and answer inquiries on their behalf. In fact, the company supervises the entire American operation with executive control being maintained in the head office of the client company.

"You could call us a chamber of commerce", company vice-president Robert B. Laub explained. "We work closely with the Canadian Consulate in Buffalo to stimulate export trade, providing Canadian firms with marketing, customs, banking, legal, ac-

counting and other specialized services they may need. We have about 40 Canadian clients now—about one third of our business—and a list of more than 8,000 Canadian companies in Ontario and Quebec who receive direct mailings from us. About the only thing we don't do is approve credit or put a man on the road to sell."

The fact that Buffalo is the center of a 500-mile radius encompassing 55 per cent of the Canadian population and 85 per cent of all Canadian manufacturing activity makes this service especially valuable to Canadian firms. Several Canadian companies which started out in the U.S. using Laub's services now operate their own plants in that country.

If you would like a helping hand in the U.S. market, write to or visit Laub International at 1051 Clinton Street, P.O. Box 729, Buffalo, New York 14240, or contact the company collect at (716) 853-3703. The Canadian Consulate, 1400 Main Place, 396 Main Street, Buffalo, New York 14201 will also be glad to help.



Show of the Month



Interested spectators (top) watch the Singer representative demonstrate a Canadian-made blind-stitch sewing machine. The five Canadian companies at the fair received more than 4,000 serious inquiries during the 30-day showing. Center, a demonstration is in progress of the Canadian-made Pioneer chain saw. The Izmir fair is international with companies from 37 countries exhibiting their products. Assembled in front of the Canadian section at the fair (bottom) are, from the left, Mr. Yemiciler, president of the Turkish firm representing Domtar; Hasip Ahmet, Northern Electric; David Winfield, Commercial Secretary in Ankara; and, fifth from left, B. C. Boyacigil, Commercial Officer at the Ankara office.



Commercial Division
Canadian Embassy, Ankara

Canada went to Turkey's Izmir International Fair in 1971 for the first time—and came away with 4,775 serious inquiries which could generate over \$2 million worth of sales over the next two years and on-site sales of \$173,000 that were limited only by the Fair quota allocation system.

For the five Canadian companies who participated, it was an impressive showing. The Canadian pavilion, which included Northern Electric Co., Domtar Fine Papers, Singer Company of Canada, Scintrex Ltd. and Pioneer Saws Ltd., attracted more than a million visitors to product exhibitions and demonstrations. The Fair, which lasted 30 days from August 20 to September 20 and drew 3.5 million visitors, was the show place for 1,156 companies from 37 countries.

There was an almost unlimited variety of products on display at the Fair, ranging from heavy industrial equipment to electronics, hospital, educational and scientific equipment, chemicals, raw materials and all kinds of machinery. Canada exhibited telephone PABX exchanges and telephone sets, fine papers and card stock, industrial sewing machines, geophysical exploration equipment and chain saws.

The Izmir Fair, however, offers many opportunities for other Canadian companies which have or could have an interest in the rapidly expanding Turkish market and are interested in exhibiting in this country. This is especially true for producers of construction and farm equipment, machine tools and hand tools, livestock, office equipment, metals and metal products, medical and educational equipment, industrial machinery.

Fair regulations state that applications for participation in each year's fair (held in the summer) must be submitted by the end of February of that year, and that companies can participate only as part of a government-sponsored pavilion. Interested companies should contact the Trade Fairs and Missions Branch, Department of Industry, Trade and Commerce, Ottawa, or the Trade Commissioner at the Canadian Embassy in Ankara, Turkey.

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