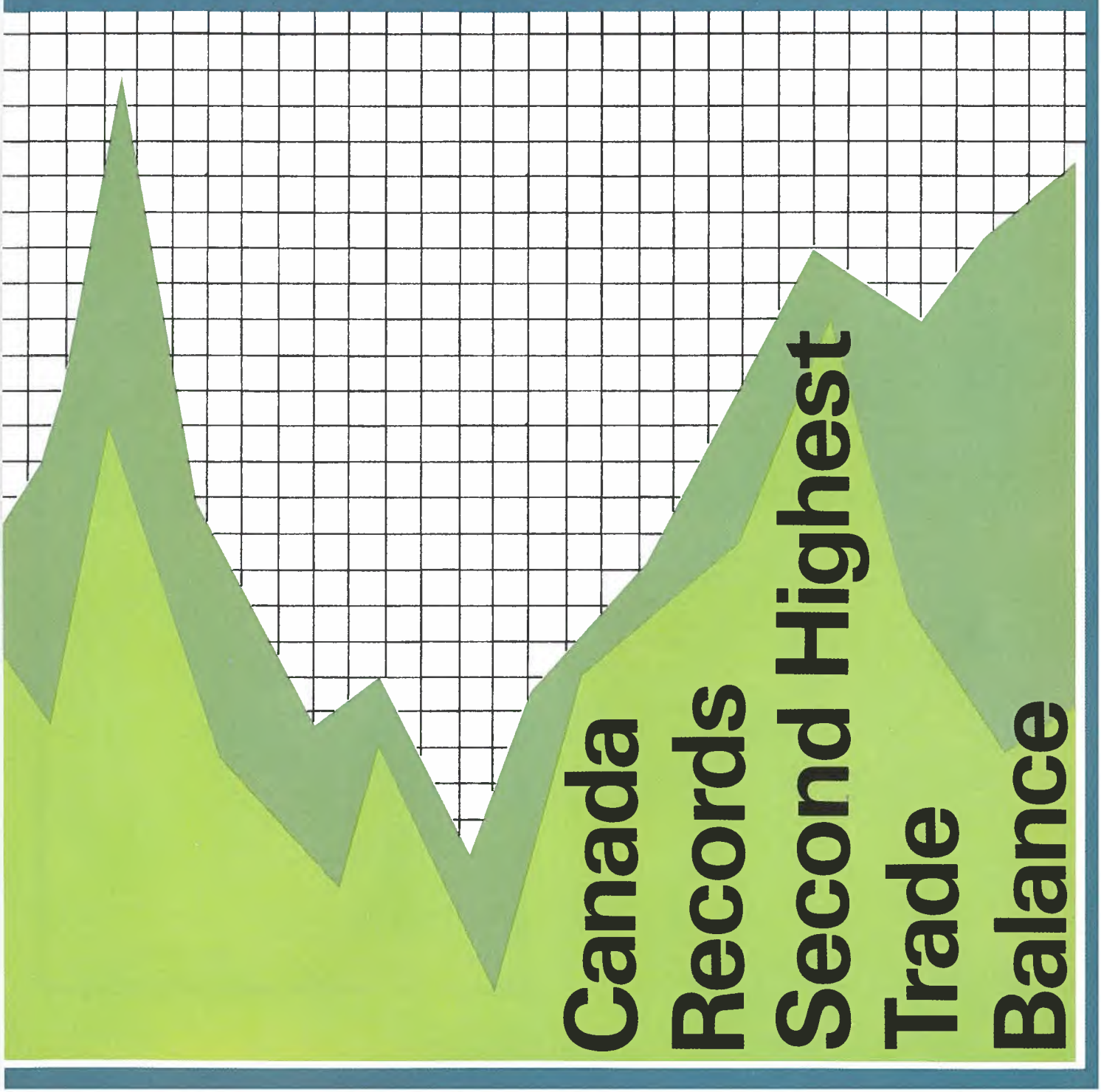
April

Canada Commerce

1972



Canada Records Second Highest Trade Balance

Market Facts for Decision Makers

Should you expand your production, start a new line, open a new plant?

Questions like these that involve your company's future aren't answered by tossing a coin. You and your colleagues look for the facts that will give you as accurate a picture as possible of the market you are considering. When you start looking for those facts, there is a specialized source in Industry, Trade and Commerce that you should not overlook — the Import Analysis Division.

Many Canadian companies now consider the Division's reports an essential part of their feasibility studies. The volume of imports of a product is an important key to market demand, and an indication of the competition you face. But the bare figures of volume and value can't give you the whole picture. The Import Analysis Division has the expertise and the sources to work up a detailed analysis — not just so many widgets worth so much from such and such countries, but this many No.2, 1″ widgets and that many No.6, 1″.

All the information that a company gives the Import Analysis Division is confidential, as are the results of new ventures that many of them report, but we can give you a couple of examples. Some Canadian businessmen recognized an opportunity in an imported product that they knew could be produced here. They asked for an analysis and the volume of imports into their area that it revealed convinced them that they would have a good market. They have formed a small company which employs only 25 to 30 people but which is now exporting one-fifth of its production to the United States, as well as supplying the Canadian market.

In another case, a United States company exporting to Canada decided to set up a Canadian company to supply the domestic market. A major factor in its decision was an import analysis made earlier by the Division for another client and which was available on request. This Canadian company has now expanded and is manufacturing certain types of this product for export abroad and to the United States.

Apart from these two examples, there are satisfying statistics like millions of dollars of new capital investment that has created hundreds of new jobs.

If an import analysis would help you, write to either the Industry Sector Branch (machinery, chemicals, etc.) that handles your products, or to the Chief, Import Analysis Division. Give as much information as possible about the project you are considering (it will be treated as strictly confidential), and say how soon you need the analysis and what periods you would like it to cover.

A list of import analyses prepared in 1971 follows. You can get copies of these, free, from the Import Analysis Division.

Reports Available

No.	Subject and period covered
1–71	Bandsaws, April to June 1970
2–71	Turpentine derivatives, July to September 1970
3–71	Stainless/alloy steel pipes and tubes, March to May 1970
4–71	Zinc sheet and strip, July to September 1970
5–71	Games, toys and children's vehicles, August to November 1969
6–71	Carbon, activated, July to September 1970
7–71	Electric induction motors, October to December 1969
8–71	Generators, October to December 1969
9–71	Rayon broad woven fabrics, June to August 1970
10–71	Organo-sulphur compounds, April to June 1970
11–71	Wide flange shapes and bearing pile, July to September 1970
12–71	Plastic pipe and tubing, April to June 1970
13–71	Automatic door openers/operators, April to July 1970
14–71	Tank heads and plates, April to June 1970
15–71	Sporting and recreation equipment, July to September 1970
16–71	Isocyonates, October to December 1970
17–71	Paper converting and printing machinery, April to September 1970
18–71	Fluorides, April, July and October 1970
19–70	Rubber belts and belting, March to May 1971
20–71	Stainless steel plates, March to June 1970
21–71	Reels, July to September 1970
22–71	Steam jacketed kettles, October to December 1970
23–71	Pile driving equipment, March to August 1970
24–71	Fungicides, March to May 1970
25–71	Cresols, August to October 1970
26–71	Tape recorders and players, January, May, July and November 1970
27–71	Bolts, nuts and screws, April 1970
28–71	Isocyanates, July to September 1970
29–71	Special industrial paper, June to August 1970
30–71	Magnetic tape, January, May, July and November 1970
31–71	Industrial filters, July to December 1970
32–71	Phosphates and phosphorus compounds, October to December 1970
33–71	Photographic albums and mounts, July to December 1970
34–71	Marine propellers, October to December 1970
35–71	Polypropylene film and sheet, April to June 1970
36–71	Sausage casings, October to December 1970
37–71	Insecticides and rodenticides, January to March 1971
38–71	Mops and brushes, November 1970
39–71	Electro-optical instruments, September to November 1970
40–71	Hot stamping foil, July to September 1970
41–71	Lightning arresters, October to December 1970
42–71	Excavators, July to December 1970
43–71	Sodium chlorite, October to December 1970
44–71	Silicates, October to December 1970
45–71	Converted paper, October to December, 1970
46–71	Carbon steel strapping, October to December 1970
47–71	Seamless steel tubular products, July to September 1970
48–71	Particle board, January to March 1971
49–71	Domestic snowblowers, August to December 1970
50–71	Acrylic resins, April to June 1971
51–71	Computers and peripheral equipment, June to August 1970
52–71	Ceramic tableware, September 1970
53–71	Electron microscopes, April to June 1971
54–71	Knitted fabrics, July 1971
55–71	Chlorides and oxychlorides, October 1970, March and June 1971
56–71	Diesel engines, March to May 1971
57–71	Polyacids and derivatives, April to June 1971
58–71	Cordage products, September to November 1970
59–71	Polyethylene film and sheet, April to June 1971
60–71	Man-made fiber thread, September 1970 and March 1971
61–71	Vending machines, April to June 1971
62–71	Air filters, April to September 1971
63–71	Winches and windlasses, April to June 1971
64–71	Felt, April to September 1971
65–71	Outdoor jackets, September 1970 and March 1971
66–71	Hospital furniture, April to June 1971

Canada Commerce

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In This Issue

Increasingly there is evidence that Mr. Pepin's mission to Japan has alerted the Japanese business community to Canadian trade problems with their country. More Japanese prospective buyers are visiting Canada and more interest in manufactured goods and in Canadian expertise is being shown. It looks as if the Chinook has indeed swept over Japan. And two articles from the Tokyo office in this issue may help Canadian suppliers to take advantage of this warming trend.

The article on selling food products gives an indication of what sort of things the Japanese like to eat — Western-style processed food, for instance, is becoming more and more popular — how the distribution system operates and the best methods of getting your products accepted into the market. The other article from Tokyo deals with a market that is, perhaps, more difficult to break into — jewellery. But here again traditions are changing, and tastes are becoming more westernized.

Our leading article this month gives the pattern of Canadian trade over the past year. Written by a member of the staff of the External Trade Division of Statistics Canada it shows what categories of imports are rising and the changing trends of our exports to various areas of the world. It answers many of the questions asked at this time of the year about Canada's trade position.

The second of our series of articles on Departmental programs to help Canadian industry can be found on page 13. The Industrial Research and Development Incentives Act (IRDIA) has two basic objectives: to encourage those firms already engaged in research and development to do more and to get those firms not so engaged to start research and development. If you have problems developing a product or a product that requires research before it becomes marketable, then this article may be invaluable to you.

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Articles

Departments

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Richard Waugh, Managing Editor

W. H. Lambton, Editor

Address correspondence to:

Editor, "Canada Commerce", Department of Industry, Trade and Commerce, Ottawa, Ontario K1A 0H5

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Canada Records Second Highest Trade Balance

Exports and imports reached new highs of $17.7 and $15.5 billion in 1971, but the surplus on merchandise trade dropped $0.8 billion. Moderately rising demand from United States compensated for contraction in overseas markets.

W.M. MACLEOD, External Trade Division, Statistics Canada

Canada's merchandise trade surplus dropped $772 million from the record surplus of $2,868 million in 1970 to $2,096 million in 1971, the second highest surplus recorded. The drop resulted from an increase of $884 million or 5.3 per cent in exports to $17,704 million, and a wider increase of $1,656 million, or 11.9 per cent, in imports to $15,608 million. The rate of increase in exports was the lowest in 10 years, and followed a rise of 13 per cent in the previous year. On the other hand, the rate of increase in imports nearly matched the average annual change over the period from 1961 to 1969, and followed an unusual decline in 1970.

Export prices were virtually unchanged in 1971, but accounted for about 2 per cent of the increase in import value. Canada's total foreign trade (exports and imports) grew in real terms about 3.3 per cent in 1970 or at the same rate as national output.

On August 15 President Nixon unexpectedly announced a new economic policy to create employment, stabilize prices, and establish new international monetary arrangements. The new policy included a broad temporary surcharge of 10 per cent on dutiable imports not subject to quantitative limitations imposed under statute by the United States. The major Canadian exports to which the surcharge was added included machinery, except farm machinery and auto parts and cars; electrical apparatus; aircraft and aircraft parts; plywood; paper and paperboard, except newsprint; and iron and steel mill products. The President also announced a temporary suspension of full convertibility of dollars into gold or other reserve assets and negotiations to achieve changes in international monetary arrangements.

There were other "Buy American" provisions as well that added to international trade and monetary uncertainty. These measures were designed to bring about a broad realignment of major currencies as well as trading concessions from the major trading partners.

After four months of negotiations, an agreement on international monetary arrangements, including the removal of the 10 per cent surcharge, was reached in Washington between December 16 and 18 by the Group of Ten comprising Belgium, Canada, France, Germany, Italy, Japan, the Netherlands, Sweden, Britain and the United States. The Canadian Minister of Finance informed the Group that Canada intended temporarily to maintain a floating exchange rate. Other currencies were to be allowed to fluctuate as much as 2¼ per cent on either side of their new parities.

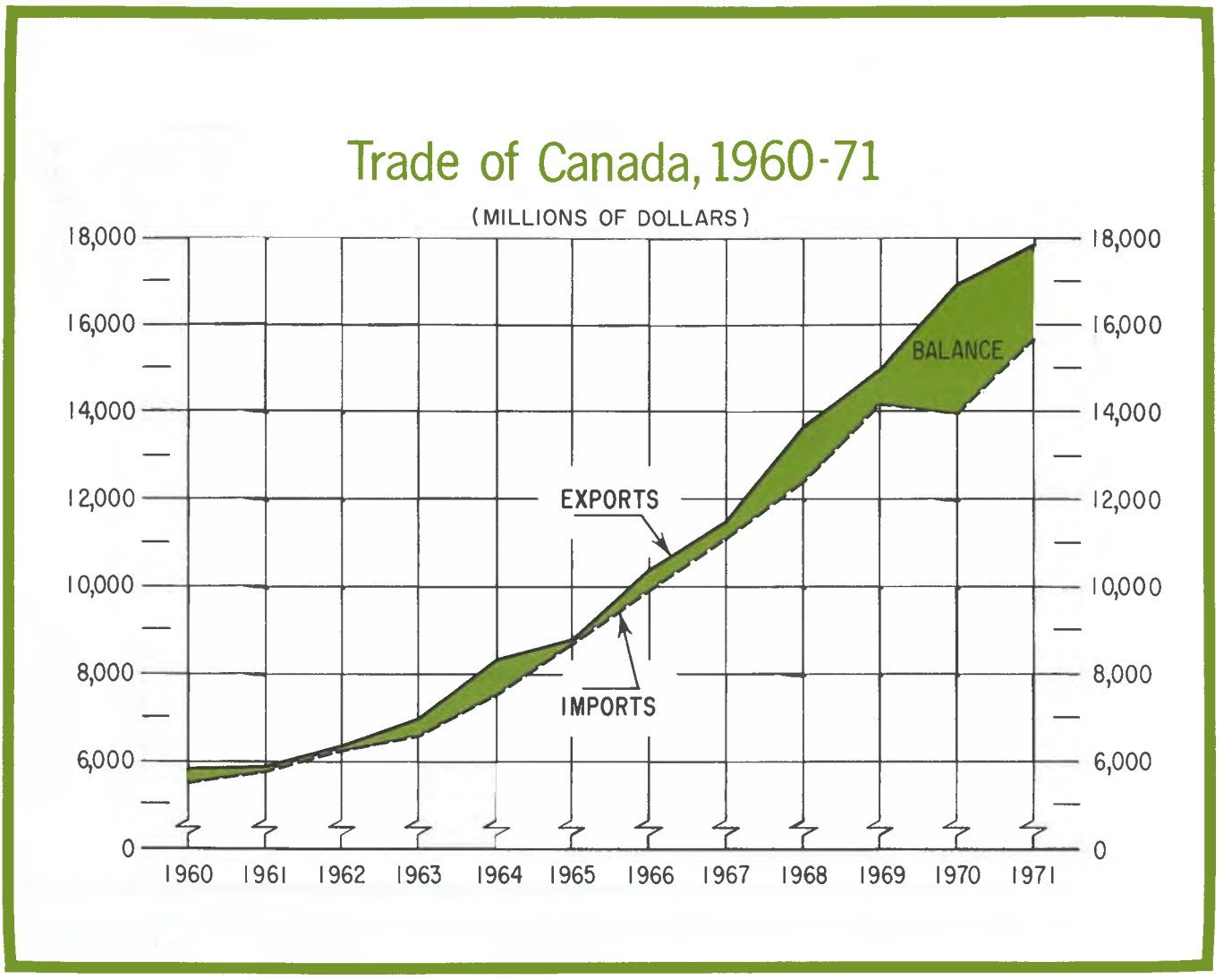
Further trade negotiations took place between the United States and the Commission of the European Community, Japan, and Canada. On its part the United States undertook to propose to Congress a means for devaluing the dollar by raising the official price of gold to $38 per ounce, an increase of some 8.57 per cent based on the old price for gold, as soon as the related set of short-term measures was available. Trade discussions have been completed with the Community and Japan, but are still in progress with Canada at time of writing. The protective safeguard provisions of the 1965 Canada-U.S. Automotive Products Agreement, protective features of defence sharing arrangements, and provisions of the recently enacted United States domestic international sales corporations (DISC) legislation are among the "irritants" that reportedly have been reviewed.

Trade Balances — The year 1970 was characterized by buoyant demand from the European Economic Community, Japan and Britain, and by the speeding up of metal exports after industrial disputes the preceding year. However, with industrial production decelerating in the first two markets and being sluggish in the third, demand for Canadian exports settled at lower levels in 1971. A recovery in United States industrial production, and revived consumer spending on automobiles, housing and other durables partially compensated for the slowdown in overseas markets. At the same time, rising industrial production, housing starts, and consumer spending in Canada increased Canadian demand for imported goods.

Figures on Canada's trade with seven trading areas are given in Table 1. The percentage share of these areas in Canada's exports and imports is also shown, along with annual percentage changes. The Table shows Britain's declining share in Canadian trade, the shift in the geographical distribution of Canadian exports between 1969 and 1970 and the reverse shift in 1971, and the expansion of overseas sources for imports. For example, in 1970 the United States supplied 71.1 per cent of Canada's imports and took 64.9 per cent of exports. The figures for 1971 are 70.2 per cent, and 67.8 per cent. Again, Japan supplied 4.2 per cent of Canada's imports in 1970 and took 4.8 per cent of our exports. In 1971, the figures are 5.1 and 4.5 per cent.

Reflecting these shifts, deteriorations in trade balances with a number of important markets occured in 1971, including $217 million, $233 million and $242 million respectively with Britain, the EEC and Japan. Trade balances with the 33 countries comprising the Other Commonwealth and Preference group and the 20 countries of Latin America became less favorable by $80 million and $67 million respectively. On the other hand, surpluses with the United States and the residual group of 74 other countries rose by $58 million and $10 million respectively.

Commodity Changes — Table 2 shows that exports of automotive goods accounted for $649 million, or almost three quarters of the gain of $884 million in Canadian exports from $16,820 million to $17,704 million, which was in part attributable to a rebound from the General Motors strike towards the end of 1970.



Exports of other commodities rose in varying degrees: wheat, barley and other cereals up $208 million; flaxseed and rapeseed (crude vegetable products), $80 million; crude petroleum, natural gas and coal, $207 million; lumber and fabricated wood materials, $176 million; chemical products, $38 million; fabricated materials of petroleum and coal, $32 million; and equipment other than transportation or communication (mainly office machines), $30 million.

Exports of a number of other commodities, however, declined in 1971, including metal ores, concentrates and scrap, by $127 million; non-ferrous metals, $262 million; iron and steel and alloys, $28 million; wire and cable and other fabricated metal basic products, $20 million; and communication and related equipment, $16 million.

The increase of some $860 million in imports of automotive products accounted for about half of the rise in purchases of foreign goods, from $13,952 to $15,608 million in 1971. Some of this was again attributable to the catching up after the strike of 1970. Canadian importers also took larger deliveries of office machines and "other equipment," up $136 million; textiles, $75 million; communication equipment, $73 million; clothing and other personal goods, $71 million; fruits, vegetables, sugar and beverages, $59 million; iron and steel and alloys, $56 million; railway rolling stock and "other transportation equipment," $46 million; and medical supplies, photographic goods and other miscellaneous end products, $40 million. Imports of aircraft, however, were down nearly $100 million from 1970.

Trade with United States — With exports to the United States increasing 10 per cent from $10,916 million to $12,006 million and imports 10.4 per cent from $9,917 million to $10,949 million, the bilateral trade balance widened by $58 million.

The proportion of Canadian exports shipped to the United States rose from 65 to nearly 68 per cent in 1971. Table 2 indicates that the export gain in automotive products exceeded $680 million; lumber and wood-fabricated materials gained $243 million; and crude petroleum and natural gas increased $182 million. Exports of metal ores, concentrates and scrap declined $63 million; and fabricated basic metal products and aircraft each decreased by some $25 million.

As some 70 per cent of Canada's imports again originated in the United States, important commodity changes here were reflected also in total Canadian imports. As well as an increase of nearly $720 million for imports of automotive products, smaller increases were recorded for farm machinery and tractors, $61 million; communication equipment, $49 million; and "other transportation equipment," $28 million. There were declines in imports of aircraft of $80 million, and of iron and steel and alloys of $30 million.

Trade with Overseas Countries — A decline in exports to Britain from $1,485 to $1,361 million, together with a rise in imports from $738 to $832 million accounted for a drop of $217 million in the

→

TABLE 1

CANADA'S EXPORTS AND IMPORTS

Trading Area	Exports 1961	Exports 1969	Exports 1970	Exports 1971	Imports 1961	Imports 1969	Imports 1970	Imports 1971
	$ Million							
United States	3,215	10,578	10,917	12,006	3,864	10,243	9,917	10,949
Britain	921	1,108	1,485	1,361	618	791	738	832
Japan	232	626	813	792	117	496	582	802
European Economic Community	472	855	1,205	1,101	318	787	805	935
Latin America	235	444	566	560	326	544	546	607
Commonwealth and Preference exc. Britain	333	614	777	698	272	572	621	623
Other countries	488	665	1,058	1,186	254	697	742	860
All countries	5,895	14,890	16,820	17,704	5,769	14,130	13,952	15,608
	Percentage Distribution							
United States	54.5	71.0	64.9	67.8	67.0	72.5	71.1	70.2
Britain	15.6	7.4	8.8	7.7	10.7	5.6	5.3	5.3
Japan	3.9	4.2	4.8	4.5	2.0	3.5	4.2	5.1
European Economic Community	8.0	5.7	7.2	6.2	5.5	5.6	5.8	6.0
Latin America	4.0	3.0	3.4	3.2	5.7	3.9	3.9	3.9
Commonwealth and Preference exc. Britain	5.6	4.1	4.6	3.9	4.7	4.0	4.4	4.0
Other countries	8.3	4.5	6.3	6.7	4.4	4.9	5.3	5.5
All countries	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	Per Cent Annual Change							
United States		16.1	3.2	10.0		13.0	-3.2	10.4
Britain		2.3	34.0	-8.7		3.1	-6.7	12.7
Japan		13.2	29.8	-2.6		19.8	17.3	37.8
European Economic Community		7.7	40.9	-8.6		12.0	2.2	16.2
Latin America		8.3	27.7	-1.1		6.6	0.4	11.1
Commonwealth and Preference exc. Britain		8.0	26.6	-10.2		9.8	8.6	0.2
Other countries		4.0	59.1	12.1		13.5	6.4	15.9
All countries		12.3	13.0	5.3		11.9	-1.3	11.9

Note: All figures rounded to the nearest million

trade balance. Noteworthy commodity changes include a fall in non-ferrous metal exports by $118 million, and increases in imports of some $20 million each in industrial machinery and automotive products.

With exports down $103 million to $1,101 million, and imports up $130 million to $935 million, the trade balance with the European Economic Community fell by $233 million. Exports of ores, metals and aircraft declined by $65 million, $86 million and $45 million respectively. Imports of automotive products rose $33 million and those of steel and alloys and office machines each increased by nearly $20 million.

Exports to Japan declined $22 million to $791 million, but imports increased $220 million to $803 million. The trade balance with Japan changed from a surplus of $231 million to an approximate balance. Exports of ores, metals, lumber, and pulp were lower in 1971, while imports of automotive products were up almost $90 million and those of steel and alloys $55 million. Smaller increases of under $20 million each were recorded for textiles, communication equipment and "other equipment."

There was a change also in the trade pattern with the countries included in the Other Commonwealth and Preferential group. Exports were down $79 million to $698 million but imports remained steady at $622 million, resulting in a drop in the trade balance from $156 to $76 million. Exports of grains, non-ferrous metals and automotive products were sharply reduced to South Africa. Pakistan took smaller deliveries of grains, non-ferrous metals, chemical products, wood pulp, and "other transportation equipment." Shipments to Australia of lumber, paper and paperboard, automotive products, and aircraft were lower in 1971.

Exports to Latin America held practically steady at $560 million but imports rose $61 million to $607 million and the merchandise balance with this area, therefore, swung from surplus to deficit in 1971. Larger receipts of crude petroleum from Venezuela and Colombia was the main reason for the change.

The small increase of $10 million in Canada's trade surplus with the Other Countries group resulted from a gain in export sales of $128 million to $1,186 million and a smaller increase in imports of $118 million to $860 million. The lack of over-all change concealed mixed trends; a faster growth of exports to Asian countries, notably wheat sales to the Peoples' Republic of China and Eastern Europe; and a more rapid growth of imports from EFTA countries.

Outlook for 1972 — Most private projections of exports and imports in 1972 suggest moderate export gains coupled with a faster rise in imports. There appears to be general agreement that a further contraction in Canada's export surplus from the $2.1 billion achieved in 1971 is in store for this year, particularly if the rise in domestic demand continues.

These projections generally are conditional on strong economic growth in domestic output in the United States and Britain, but no acceleration of growth in the European Economic Community or Japan. They are also conditional on no deterioration in access to the important United States market for Canada's major exports. Increased imports, of course, are conditional on continuation of the faster pace of Canadian business and a pickup in inventory and capital equipment investment.

TABLE 2

CANADIAN TRADE WITH ALL COUNTRIES AND THE UNITED STATES, 1970-71

By Section and Commodity Division

	Exports, $ million				Imports, $ million			
	World		U.S.		World		U.S.	
	1970	1971	1970	1971	1970	1971	1970	1971
Live Animals	**69**	**68**	**56**	**56**	**30**	**39**	**28**	**36**
Food, Feed, Beverages, Tobacco	**1,832**	**2,054**	**634**	**616**	**1,085**	**1,118**	**488**	**504**
Meat and preparations	123	111	100	80	118	101	27	33
Fish and marine animals	253	275	185	189	53	60	30	33
Dairy produce, eggs, honey	56	69	9	6	31	31	11	10
Grain, flour, meal, cereal preparations	936	1,144	40	39	65	51	54	39
Fruits and preparations	26	23	19	18	244	264	153	168
Vegetables and preparations	52	42	14	13	149	160	105	110
Sugar and preparations	20	22	16	18	111	126	5	7
Cocoa, coffee, tea, spices	12	12	11	11	158	157	27	27
Miscellaneous foods, material, preparations	26	24	11	11	45	49	32	35
Fodder and feed	80	80	42	41	36	33	35	32
Beverages	191	192	183	186	65	78	5	6
Tobacco	57	57	2	2	10	11	6	6
Crude Materials, inedible	**3,078**	**3,200**	**1,633**	**1,741**	**1,172**	**1,323**	**535**	**578**
Animal products	65	59	32	27	38	44	23	26
Vegetable products	184	263	34	34	123	117	92	92
Wood materials	78	64	46	40	30	33	30	33
Textile and related fibers	11	11	5	7	92	99	50	70
Metal ores, concentrates, scrap	1,509	1,382	525	462	244	243	121	129
Coal, crude petroleum, related	885	1,091	856	1,039	571	700	156	159
Non-metallic minerals	336	316	129	126	64	73	54	56
Other waste and scrap	11	13	6	7	11	14	10	13
Fabricated Materials, inedible	**5,946**	**5,904**	**3,672**	**4,012**	**2,885**	**3,140**	**1,915**	**1,981**
Leather	11	10	8	7	28	33	14	16
Dressed furs, fur materials	3	2	1	1	4	7	—	4
Rubber	8	5	5	3	53	58	49	53
Wood fabricated	795	971	535	777	93	117	65	80
Wood pulp	785	797	486	481	10	15	10	14
Paper and paper board	1,266	1,246	945	960	81	93	76	86
Textile fabricated	79	90	30	37	426	501	180	201
Oils, fats, waxes, extracts, derivatives	37	45	5	5	67	65	45	48
Chemical products	536	574	330	372	712	711	572	558
Petroleum and coal products	91	122	77	111	206	214	67	75
Iron and steel and alloys	429	402	288	301	441	496	272	242
Non-ferrous metals	1,612	1,349	730	729	222	245	143	150
Metal basic products	142	122	111	87	308	341	248	277
Non-metallic mineral basic products	100	104	78	84	165	179	113	121
Miscellaneous	52	65	46	59	69	67	57	55
End Products, inedible	**5,861**	**6,446**	**4,895**	**5,555**	**8,618**	**9,821**	**6,832**	**7,730**
Industrial machinery	481	491	323	318	1,474	1,477	1,151	1,146
Farm machinery and tractors	178	187	168	176	309	385	271	332
Automotive products	3,548	4,197	3,301	3,985	3,252	4,110	2,898	3,616
Aircraft	429	369	267	241	384	286	351	271
Non-metallic equipment	107	94	78	57	155	200	110	137
Communication and related equipment	249	234	163	161	379	452	241	289
Other equipment and tools	444	474	301	338	1,291	1,427	1,060	1,154
Personal and household goods	160	176	110	126	558	629	154	169
Miscellaneous	266	225	186	152	817	856	597	617
Special Transactions, Trade	**35**	**32**	**27**	**27**	**161**	**167**	**120**	**120**
Total	**16,820**	**17,704**	**10,917**	**12,006**	**13,952**	**15,608**	**9,917**	**10,949**

Note: All figures rounded to the nearest million

The Right Strategy Sells Food in Japan

Processed food manufacturers are strongly attracted to the Japanese market, for obvious reasons — 100 million people (all of whom eat), and a steadily increasing demand for western-style food. But there is more to selling there than meets the eye: here are the facts.

New products, new outlets: the growing demand for western-style processed foods is streamlining Japan's marketing system for rapid turnover at competitive prices.

S.J. KAUFMANN, Assistant Commercial Secretary, Tokyo

Japan is an overcrowded country and lacks many agricultural raw materials. The domestic food industry has been poorly organized and composed of very small companies. In general, it has lagged behind the Western processed food industry and other Japanese manufacturing industries.

Today, with the trend to western-style foods constantly growing, the archaic food distribution system is being modernized. This means an ever-increasing demand for supplies of processed foods conveniently packed in standard easy-to-handle sizes and shapes and not subject to seasonal fluctuations. With Japan committed to import liberalization it appears that this market, so long protected by an elaborate system of quotas and high tariffs, will soon be opened to large-scale imports.

These are the facts that create an optimistic over-all view of the Japanese food market and make it so attractive to Canadian and other foreign producers. While this general view is not inaccurate, more detailed analysis is necessary to avoid false conclusions, and this report presents a number of relevant facts which suggest the strategy Canadian producers should adopt in approaching the Japanese food market.

The importance of rice and other traditional foodstuffs in the Japanese diet has declined and meat, eggs, fruit, liquor, etc. are rapidly becoming more popular. The demand for western-style processed foods has risen five times as quickly as that for traditional Japanese-style processed foods.

However, not all the so-called western-style processed foods are products that we would recognize. Tempura rice and curry ramen (noodles) are non-traditional, foreign-inspired, Japanese convenience foods which have experienced a phenomenal growth rate. Furthermore, the demand for western (non-traditional) foods does not necessarily continue to grow indefinitely. Sales of a number of these products rose sharply when they were first introduced to Japan and then reached a plateau (jam is an example). Table 1 shows the average annual change in sales of a variety of food products from 1960 to 1968.

Eighty per cent of the more than 100,000 food producing units have less than 10 employees but a number of large and efficient producers have developed in the modern westernized sector. These firms, with national sales networks and nationally known brands, dominate the modern processed food market and likely will grow stronger as the Japanese industry continues to modernize with government support and protection (Table 2 shows imports, tariff rates and quota positions for some processed foods). For this reason, imports of processed foods are unlikely to dominate the market. This is particularly true for products with a high manufactured value added. On the other hand, there is room for joint ventures between foreign and Japanese producers and even retailers.

Distribution System — The food distribution system in Japan is extremely complex and varies according to the product. Traditionally, food producers were small and numerous, and food retailers were small, specialized and numerous. Consequently there grew up between the two a large complex group of small-scale, specialized middlemen. The new efficient food producers and large supermarket chains are major forces in the modernization of the food distribution system. However, since the bulk of food sales is still made through small retail shops, and since most of the food producing industry is still composed of small inefficient units, the cumbersome multiplicity of middlemen has continued to complicate operations. To overcome this

problem, the large food producers are gradually setting up their own food distribution networks, bypassing the middlemen, and the supermarkets are endeavoring to tie up with producers who can supply their large volume requirements on a regular basis.

Imported food products are generally handled by an importer who distributes through a wholesaler to various retailers. In some cases, however, an agent acts for the exporter and the Japanese importer. It is becoming less common for the wholesaler to use a secondary wholesaler for the distribution of imported food products, and more common for the importer to sell directly to the retailer. Some of the larger retailers have begun to show an interest in importing directly, but in most cases this is only profitable when the volume is very large.

The Market for Imports — Basically there are three categories of imported processed foods which find a ready market in Japan: the luxury product, the inexpensive product, and the semi-processed or high raw material content product.

TABLE 1

AVERAGE ANNUAL CHANGE IN FOOD SALES

Increase 20 per cent	10-15 per cent	Decrease 7 per cent
Skim milk	Ham	Marine processed products
Cheese	Sausage	Ice cream
Sodium glutamate	Milk	Sugar
Mayonnaise	Butter	Bean paste
Instant rahmen (Chinese noodles)	Instant curry	Soy sauce
Chocolate	Tomato ketchup	Bread
Cola (beverage)	Chewing gum	Caramel
Concentrated lactobacilli beverage	Regular coffee	Juice
Instant coffee	Sake	Liquor
Instant soup	Beer	Rice cake
Instant cream	Whisky	

Packaging, quality and price are the aggressive businessman's passport to the booming Japanese food market. Direct sales to a supermarket chain, export through a trading company or liaison with a specialized food importer will get shelf space for Canadian meat products, cheese and honey.

The term luxury product refers to those products that have one or more of the following characteristics: (a) are unique (i.e., not produced in Japan), (b) are superior in quality and packaging to the corresponding product in Japan, (c) have an international brand name which has been thoroughly publicized in Japan, or (d) are immediately associated with a specific foreign country in the minds of the Japanese consumer (French wine, Scotch whisky). The products in this category generally are not items of everyday consumption; rather they are prestige items purchased on special occasions. Over 50 per cent of the sales in this category take place during the two Japanese gift-giving seasons, New Year and mid-summer. This kind of product is sold almost exclusively at prestige retail outlets such as department store food sections and specialty food stores, and packaging is extremely important. The sales turnover is very small. Table 2 shows the 1970 import figures for some of the products in this category. (Foreign products produced under joint venture in Japan are, of course, not imports and do not follow this pattern.)

Products in the inexpensive category are often the same as those in the luxury category but have a different origin, quality and price and, therefore, a different kind of market. These products are generally of Eastern European or Asian origin and are able to compete with Japanese domestic products even after paying freight and duty. Bulgarian jam and canned Taiwanese asparagus are examples. The turnover in this category is generally

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much faster than for the luxury products.

The third category is the semi-processed or high raw material content product, including meat products for retail and for the processing industry, frozen fruit and vegetables, marine products, cheese for processing, and to a certain extent honey. Generally speaking, the raw material food product is not available or is in very short supply in Japan. Price is the most important criterion but quality is also looked at very carefully. Brand image is of little consequence. Australia, New Zealand, Canada, the United States and various countries in Asia are the major suppliers of these products.

Canadian food products generally fall into the luxury category or the high raw material content. The approach to these two markets differs.

For the luxury market the Canadian producer must begin by choosing an agent, preferably from among the small specialized processed food importers. The major trading houses such as Mitsui and Mitsubishi are, by and large, not interested in handling this kind of small volume product because of the promotional work involved. Because the volume is small the Canadian producer should not tie himself down to one retailer (department store) but should work through an importer who can give his products the widest possible distribution. As pointed out above, this kind of processed food is retailed primarily through department stores and specialty food stores. Those products that Japanese consumers readily associate with Canada — notably whisky, honey, and certain processed meat products — have a definite advantage. There is also a potential market for Canadian confectionery, biscuits, jams, fruit juices, canned vegetables, pickles and other products, but packaging, quality, price and the aggressiveness of the Canadian firm will be the decisive factors. Companies with advanced technology in their fields might consider joint ventures.

Most of Canada's food exports to Japan are in the high raw material content category. This market is potentially much greater than the market for luxury products because of Japan's lack of agricultural raw materials and its determination to develop its own processed food industry. There are several approaches to this market: one is straight export through a large food importer or a major trading company, which will then distribute the product to retail stores and institutions through wholesalers or, in some cases, supply the processing industry directly. Another approach is to seek a direct tie-up with a Japanese processor or a Japanese supermarket chain. By supplying directly to the supermarket chains the Canadian exporter circumvents the cumbersome distribution system and puts his product on the retail shelf at a competitive price. This approach would work only for some large volume products and with the largest of the supermarket chains; for example, Daiei, the largest chain, is in a joint venture for beef production in Australia.

The Tokyo office has held several promotions in the last two years to try to improve the image of Canadian food products in Japan and to introduce Canadian producers to Japanese importers and retailers. The recent Japanese processed food mission to Canada has created a great deal of publicity and goodwill within the Japanese food trade. It has also helped the Agriculture, Fisheries and Food Products Branch of the Department of Industry, Trade and Commerce and the Tokyo office to define the areas of greatest potential and future promotions are being planned. The Japanese market is waiting for the Canadian food manufacturer with the right product. If you are interested in selling here, contact the Minister (Commercial), Canadian Embassy, Akasaka, Tokyo 107, Japan.

TABLE 2

1970 IMPORTS OF FOOD PRODUCTS AND CUSTOMS DUTIES

Product	Total Imports kilograms	Dollars	Customs duty	Import Licensing Position*
Sausages	235,897	405,390	25% (general)	A.A. (A.I.Q.)
Processed cheese	443,458	591,903	45% (general)	I.Q.
Pasta	327,490	43,828	Y50/kg.	A.A.
Biscuits (sugared)	759,906	1,060,476	40% (general)	A.A.
Cookies (sugared)	657,824	1,055,961	40% (general)	A.A.
Cake mixes	33,965	28,110	35% (general)	I.Q.
Jams and marmalades	3,482,739	1,556,739	40% (general)	A.A.
Fruit juice	152,479	35,892	27% (GATT)	I.Q.
Vegetables, frozen	8,474,347	3,130,896	10% (general)	A.A.
Natural honey	14,537,008	5,078,673	30% (GATT)	A.A.
Sugar syrup	31,255	23,211	35% or Y27/kg.	I.Q.
Whisky	1,935,355	5,323,650	Y550/1.	A.A.
Sugar Confectionery (excl. chocolate)	355,681	337,674	35% (GATT)	A.A.
Chocolate confectionery	2,446,595	4,778,208	35% (GATT)	A.A.
Spices	580	6,711	10% (GATT)	A.A.
Peanut Butter (sugared)	112,530	154,851	35% (general)	A.A.
Canned soup (sugared)	283,940	167,050	30% (general)	A.A.
Canned soup (not sugared)	440,432	252,630	17% (GATT)	A.A.
Soups, n.e.s. and broths	422,525	372,426	30% (general)	A.A.

* Subject to revision. A.A. = automatic approval, I.Q. = import quota.

The Chinook Sweeps Japan

The Japanese Minister of International Trade and Industry, Kakuei Tanaka, referred to the Canadian group as "Typhoon Pepin" but the Canadian response, in Mr. Pepin's words, was that his trade mission to Japan more closely resembled a "Canadian Chinook".

"The Chinook", explained the Canadian Minister, "is a warm wind that blows down from the mountains in western Canada in the middle of winter. When it comes, snow and ice melt and flowers sometimes bloom. In its warmth things happen which are not possible in the freezing ice and snow."

Whatever the correct meteorological definition may be, the Canadian Trade Mission to Japan in January, led by Mr. Pepin, made a definite and positive impact on both the Japanese Government and senior business community.

The Canadian group was composed of 31 industrialists, each the head of or a policy maker in his own company. The prime responsibility of each, however, was to first represent his industry in trade talks with the Japanese, and to present a report on the mission to his colleagues in that industry sector upon his return to Canada. Individual selling efforts were not discouraged but had to be made on the individual's own time.

Bruce Howard, Parliamentary Secretary to Mr. Pepin, also was a member of the mission which was accompanied by 11 federal officials and a 16-man press, radio and television news contingent.

The purpose of the mission was stated succinctly and directly by Mr. Pepin in an address to the National Press Club of Japan on the mission's first working day:

"We are here ..... to promote Canadian products and to increase our exports to your market... We want to continue to sell you industrial materials and foodstuffs. We also want to diversify our range of exports to include more manufactured goods."

In 1971, the Canadian Minister pointed out, Canada sold goods worth about $792 million to Japan. Japanese sales to Canada increased by more than $217 million to over $800 million, with major increases in the export of cars, motorcycles, steel pipes and tubes and double-knit fabrics. In automobiles, Japan doubled its sales and now accounts for 15 per cent of the total Canadian automobile market.

Of the $792 million of Canadian sales to Japan only three per cent were end products. "If I may speak frankly," said Mr. Pepin, "this is an unsatisfactory situation."

That was the main theme of Mr. Pepin's talks during the week he met with a succession of Japanese ministers, including Prime Minister Sato, Foreign Minister Fukuda, Agriculture Minister Akagi, Finance Minister Mizuta and Science and Technology Minister Kiuchi. He had two lengthy meetings with his opposite number, Mr. Tanaka, one at the beginning of the week and one on the last working day.

But one meeting not on his original schedule was with the prestigious "Friday Club" of Mitsubishi. This is a regular weekly meeting of the presidents of 21 companies comprising the mammoth Mitsubishi Group. Mr. Pepin attended as the guest of C. Fujino, President of Mitsubishi, whom he met first in Canada last year when Mr. Fujino accompanied a Japanese trade delegation to Canada.

For the mission as a whole it was a crowded, busy week. Because of the air controllers' strike in Canada, the Canadians arrived in Tokyo by a complicated route that included a flight in a National Defence plane from Eastern Canada to Chicago and then passage by a United States airline from Chicago to Seattle and then to Tokyo. Each member had an average of four to five appointments a day scheduled with Japanese businessmen representing areas of potential business or trade expansion. When the mission ended officially late Friday afternoon it was estimated that the Canadians had seen upwards of 1,200 Japanese businessmen and officials either in individual or group meetings.

After his final meeting with Mr. Tanaka on the last afternoon of the mission, Mr. Pepin stated that the message carried by himself and his fellow mission members had got across to the Japanese Government. Mr. Tanaka had agreed that the Japanese Government recognized the need for a greater manufacturing content in Canadian exports to Japan. He also indicated that Japan welcomed increased imports of Canadian manufactured products and agreed that positive co-operation would be forthcoming from the Japanese authorities in Canadian efforts for the development of such exports to Japan.

Upon arrival at Haneda Airport the Canadian Ambassador to Japan, Herbert O. Moran, introduces Mr. Pepin and his Parliamentary Secretary, Bruce Howard, to one of the Japanese officials who met the delegation.

As far as Japanese business interests are concerned, tangible results of the mission's impact were evident within the first week of its return to Canada. Canadian representatives of Mitsubishi called on Mr. Pepin a few days after his return to his Ottawa office. As a result more than 20 representatives of that company will be visiting Canada in March for a detailed look at Canadian manufactured products that have sales potential in the Japanese market.

At the same time that the Mitsubishi mission starts work in Vancouver, a task force from Sumitomo Shoji Canada Ltd., another major Japanese trading company, will begin a series of meetings in Ottawa before visiting Canadian manufacturing plants throughout Canada. A third trading company, Marubeni, is scheduling a mission to Canada in April to investigate possible Canadian products for the Japanese market.

The entire Canadian delegation met with the Keidanren whose membership is composed of the most senior members of Japanese business and industry and which has significant influence on government trade and economic policies. The Keidanren is roughly similar to the Canadian Manufacturers' Association.

Japanese Minister of International Trade and Industry, Kakuei Tanaka, who officially welcomed the mission to Japan, listens intently as Mr. Pepin outlines the objectives of his visit.

Prior to each day's round of official meetings the entire mission met to review the previous day's activities and discuss the upcoming day's agenda. A.G. Kniewasser, Senior Assistant Deputy Minister, Industry and Trade Development, responds to a query from one of the mission members.

At a Sony Corporation color television plant in Tokyo, Mr. Pepin inspected high technology equipment that was manufactured by Electrovert Ltd. of Montreal. Electrovert representative Colin Johnson, to the left of the Minister, explains the function of the equipment for the benefit of a Canadian Broadcasting Corporation television crew who were producing a documentary feature on the mission.

Jewellery for the Japanese

Tradition has been left far behind in modern Japan. Ultra-modern designs are now "in". Some Canadians have had success here — why not you?

T. HIGUCHI, Commerical Officer, Tokyo

The Japanese jewellery market is estimated at about $350 million a year, about $100 million of which is in accessories and costume jewellery, very popular with the younger Westernized generation. There is a demand for a great variety of styles, and the local industry has been forced far beyond the traditional styles that were once unique to Japan. It is in the costume and accessory sector that the greatest opportunities lie for Canadians.

Fine jewellery retail stores are estimated to number more than 4,000, and there are about 5,500 costume jewellery and accessory outlets, including 500 or so in department stores and supermarkets. But there are no central wholesale organizations or even main wholesalers. Some of the department stores buy directly through their foreign departments, others through affiliated distributors or through trading firms. Time and effort, therefore, is needed to establish distribution channels, but once established the market will be found a rewarding one. This office recently helped a Montreal firm to initiate sales of silver rings to department stores. They proved very popular and at least one store tells us it will be placing a large repeat order.

Japan imports most of its gem stones such as diamonds, emeralds, sapphires and opals, and uses them for setting in platinum engagement and wedding rings and for anniversary mementos. Imports of diamonds in 1969 were worth $61.5 million and in 1970 $70.5 million. Imports of other precious stones in the same years were worth $32.9 million and $35.1 million. The main sources of supply for diamonds are Hong Kong, Belgium, the United States and Israel. Other precious stones come from Hong Kong, Thailand, India, Mexico and Ceylon.

The import duty on worked diamonds and other precious stones is 5 per cent of the c.i.f. price with an additional commodity tax of 20 per cent levied on the duty paid value.

Gold and Other Precious Metal — All gold jewellery is under import control. Gold includes platinum-plated, unwrought or semi-manufactured, and rolled gold on base metal. Unworked or semi-manufactured silver is controlled under the Foreign Exchange and Foreign Trade Control Law by the Ministry of Finance. Unless authorized by Cabinet Order, products containing 12 carats or more of gold are prohibited entry, as are products containing gold in excess of 50 per cent by f.o.b. value. For example, a 10 carat gold ring has a gold content of 10/24 or 5/12. The gold content by value, however, exceeds 50 per cent of the value of the ring in most cases because other metals in the ring are of minor value. But if there was a diamond on the ring, the value of the gold content would probably not exceed 50 per cent of the value of the ring. For determining content percentage, labor costs are not considered.

This combination of 10 carat gold and diamond is, of course, unrealistic

and impractical for the purpose of selling gold, but does allow imports of more expensive jewellery. The ruling relates to gold and its products only — all other metal jewellery, precious and semi-precious stones, and accessories are free from this kind of control.

Imports in 1970 of jewellery of silver or platinum group metals came from Southeast Asian countries such as India (U.S. $104,000), Hong Kong ($79,000), Pakistan ($61,000), and from European countries such as Denmark ($120,000), Germany ($78,000), Italy ($61,000). Canada's share in 1970 amounted to $1,500. Total imports in 1970 were valued at $970,000, up from $590,000 in 1969.

The most popular items in this group are platinum wedding rings, silver rings, earrings, and brooches. The current trends are for imported metal jewellery of traditional or classical design from Southeast Asia and of modern and ultra-modern design from Western countries. The volume of business in the precious metals group has doubled in recent years.

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The import duty on jewellery of the silver or platinum group metals is 17.5 per cent, while jewellery of other precious metals is subject to 20 per cent. Both rates are applied on the c.i.f. value with a commodity tax of 20 per cent levied on the duty paid price.

Pearls — Cultured pearls are a famous traditional Japanese product. But modern clothing fashions do not seem to call for pearl jewellery and pearl exports are declining. Imports of natural and black pearls, however, seem to be rising, and were valued at $4.1 million in 1970. Australia, at $2.8 million, was by far the biggest supplier.

Imitation Jewellery — The Japanese imitation jewellery industry is strong and exports exceed imports. Imports, however, have been increasing for the past three years, while exports have remained farly stable. In 1970 imports totalled $2.4 million, of which necklaces, brooches and pendants amounted to $850,000; imitation rings, stones and accessories $480,000; and jewellery made of base metal plated with precious metal $450,000. The balance consisted of other miscellaneous costume jewellery.

Imports of necklaces, brooches and pendants in 1970 were valued at $850,000. The Southeast Asian countries supplied most of the traditional and folk-art designs. Modern designs came mostly from Austria ($156,000), West Germany ($148,000) and the United States ($108,000).

The import duty is 20 per cent on the c.i.f. value for imitation jewellery plated with precious metal, and 12.5 per cent for costume jewellery of base metal and other materials. A commodity tax of 20 per cent is levied on imitation jewellery plated with precious metal and articles made of bekko, coral, amber, elephant tusk, and cloisonné.

If you are interested in exploring the Japanese jewellery market, write to the Minister (Commercial), Embassy of Canada, Akasaka, Tokyo 107, Japan, for more information. We will be glad to help you in any way we can.

High fashion costume jewellery is a $100 million market in Japan. The key? Good looks in a wide variety of modern styles — like these rings and bracelets manufactured by Montreal's I.S. Jewellery Company Inc. — which attract ready sales through Japan's 5,500 costume jewellery and accessory outlets.

IRDIA Celebrates a Birthday

The occasion: five years of helping Canadian firms in the cost of their research and development programs.

ROBERT McDOUGALL, *Canada Commerce*

Time — one millionth of a second — stands still as pellet shatters lightbulb, triggering electronic flash for 2001 photography.

This month one of Canada's foremost programs for the promotion of industrial research and development celebrates its fifth successful year. IRDIA, the Industrial Research and Development Incentives Act, received Royal assent on March 10, 1967, and since then has helped some 1,600 companies carry out research and development (R&D) by giving grants totalling $106.2 million.

There has been a steady rise in the number of applications received and in the amount of grants authorized during each government fiscal year since the program's beginning. Statistics show that in 1967-68, the first year of operation, 267 applications were received for grants and $2.3 million in assistance was approved. By 1970-71, the number of applications had increased almost four-fold and grants totalled $30.1 million.

Basically, IRDIA has two objectives: to encourage firms carrying out R&D to do more and to induce others to become involved in R&D. It accomplishes this by offering taxable companies incorporated in and carrying on business in Canada two forms of assistance.

The first is a tax-free grant equal to 25 per cent of all capital expenditures incurred for scientific research and development in Canada during a company's fiscal year.

The second is another tax-free grant and is equal to 25 per cent of the increase in current expenditures for R&D over the average of such expenditures during the preceding five years.

The only major obligations a company must accept if it receives IRDIA assistance is that it exploit the result of the R&D in Canada — unless it is uneconomical to do so — and be free to market the product in all countries.

IRDIA is not a one-shot effort. Companies can apply for assistance for any number of years in which they carry out

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SUMMARY OF TOTAL GRANTS AUTHORIZED BY INDUSTRY SECTORS TO MARCH 31, 1971

Industry Sector	No.	Amount in million $
Mines	66	1,306
Gas and oil wells	38	480
Food and beverages	164	3,048
Rubber	4	391
Textiles	39	755
Wood	50	507
Furniture and fixtures	8	34
Paper	135	4,353
Primary metals, ferrous	26	1,200
Primary metals, non-ferrous	30	2,992
Metal fabricating	139	3,866
Machinery	210	3,523
Aircraft and parts	35	8,292
Other transportation equipment	44	609
Electrical and electrical products	249	14,692
Non-metallic mineral products	45	758
Petroleum products	23	6,215
Drugs and medicine	56	1,194
Other chemical products	239	6,363
Scientific and professional instruments	90	1,722
Other manufacturing	133	1,502
Transportation and other utilities	40	3,624
Other non-manufacturing	74	544
	1,937	67,970

R&D whether or not they are receiving help through other government incentive programs.

An application for an IRDIA grant does not have to be submitted by the end of the government fiscal year but it must be received within six months of the end of the individual company's fiscal year.

The tax-free aspect of IRDIA provides a significant incentive for some firms to conduct R&D. For example, a company in the 50 per cent income tax bracket could carry out $100,000 of R&D at a cost of only $25,000. There would be no tax on the $100,000 (in effect a savings of $50,000) and the firm would receive $25,000 under IRDIA.

With the aid of other government programs it may even be possible for a firm to carry out R&D at a cost of only 12.5 cents on the dollar. To determine eligibility for IRDIA assistance, a company can contact the Department prior to undertaking an R&D project. All submissions to the Department are treated on a completely confidential basis and the results of the R&D remain solely the property of the company.

Before enactment of IRDIA, somewhat similar benefits were available under Section 72A of the Income Tax Act. But this section tended to benefit only those companies that showed a profit during a particular fiscal year. IRDIA, on the other hand, helps eligible firms regardless of profitability.

This characteristic of IRDIA has encouraged many companies to undertake R&D. In each of the past three years some 265 firms have made application for benefits under the program for the first time — most of them for their first R&D project.

In the fiscal year 1971-72, the Department expects grants will total about the same as the previous year — about $31 million. This levelling off of the grant total may continue, or decline slightly, in future years if large corporations, now spending heavily on R&D, level off their expenditures. The Department, however, believes the number of firms receiving smaller grants will continue to increase substantially.

Grants under IRDIA can range from hundreds to millions of dollars. But it is the number of grants in the lower levels which have shown a sustained increase. An analysis of grants authorized shows that the number of companies receiving grants of under $5,000 is increasing at the average rate of 29 per cent annually. In the $5,000 to $10,000 level, the rate is 17 per cent and in the $10,000 to $15,000 range, 43 per cent.

The electrical and electronic products sector of industry has been the heaviest user of IRDIA since the program began. At the end of the 1971 government fiscal year, this sector had received 249 grants totalling $14,692,000 (see table). The aircraft and parts sector was next with 210 grants for a total of $8,292,000.

The IRDIA program was improved in January last year when the Department introduced a system for partial payments of grants. Under this system, a company is allowed, in certain circumstances, to receive an advance payment of about 75 per cent of the grant claimed on receipt of an application. The payments are only allowed to applicants having an acceptable record of performance under the program and are made prior to the completion of an assessment.

More information on IRDIA may be obtained by contacting the IRDIA Program Office, Department of Industry, Trade and Commerce, 112 Kent Street, Ottawa, Ontario K1A OH5.

Helping ideas come to life. Since its inception in 1967, IRDIA has provided some 1,600 Canadian companies with $106.2 million of tax-free assistance for new product and process research and development.

Switzerland keeps on the move in the face of a labor shortage and fragmented production facilities. This trade-oriented country offers excellent opportunities for labor-saving devices of all kinds.

Switzerland Multi-Billion Dollar Market

Recent world monetary troubles have indirectly helped Canada's competitive position. Canadians should pursue opportunities in the many fields in which the Swiss are seeking expertise and in licensing, joint ventures.

HOWARD E. CAMPBELL
Commercial Counsellor, Berne

Tucked snugly into the center of Europe, Switzerland continues to enjoy full employment, a high standard of living and all the other benefits of a highly diversified industrial economy operating at full capacity. Switzerland is an attractive market for trading nations the world over.

Late in 1971, when 93 per cent of Swiss exports to the United States were subject to that country's 10 per cent surcharge on imports and the international monetary system was undergoing difficulties, Switzerland shared with other trading nations uncertainty over its economic future. But seen in perspective, this period served as a brake on the country's economy, slowing down its wage and price spiral. According to the Federal Commission for Economic Affairs, Switzerland's gross national product rose at a record rate of 13 per cent in 1971 to $26.1 billion. Inflation accounted for 9 per cent of this amount, but real growth was still a substantial 4 per cent. Today, there are no grounds for complaining about business conditions in Switzerland.

For 1972, the Commission for Economic Affairs has forecast a modest rise in Swiss exports, which in 1971 totalled $5.9 billion, and an increase in imports of just over 6 per cent. Canadian exporters' prospects for satisfying the Swiss appetite for foreign products are brighter today than they have ever been. The revaluation of the currencies of Switzerland's major trading partners (German, France, Italy and Britain) and the increased value of the Swiss franc have made prices quoted by Canadian exporters more attractive to the Swiss. Reductions in Swiss tariffs, agreed to in the Kennedy Round of GATT negotiations, have also improved the possibilities for selling Canadian goods in this market. And the gap between the ability of Swiss industries to satisfy the demands of both their foreign and domestic customers is expected to widen, opening up new trading opportunities for Canadian and other foreign suppliers.

What do the Swiss buy? Everything! Imports in 1971 totalled $7.4 billion. Canada supplied less than one per cent of this — $54 million worth of goods, an increase of $5.4 million over 1970 purchases, and there is no reason why Canadian exporters cannot share in the predicted 6 per cent increase in Switzerland's over-all purchases of foreign goods for the coming year. Canadians interested either in sales or investments in Switzerland should, however, take into consideration future developments in international trading relationships with which the Swiss themselves are currently preoccupied.

As a founding member of the European Free Trade Association (EFTA) Switzerland has enjoyed free trade in industrial products with Austria, Sweden, Finland, Portugal, Iceland, Denmark, Norway and Britain since 1967. Now that negotiations between the latter three and the European Economic Community have been concluded, it is likely they will become full members of the EEC by the first of January, 1973 — assuming, that is, that their respective parliaments ratify the treaty which was signed in Brussels on January 22 of this year.

The question in Switzerland's mind is the nature of the trading relationship that will develop between the remaining members of EFTA and the Common Market. Since more than 50 per cent of Switzerland's total exports go to present EEC members and Britain, it is clear to the Swiss that they must negotiate some sort of arrangement with the expanded EEC to retain their most valued customers.

Because of its traditional neutrality, Switzerland does not wish to join the Community as a full member. Instead, Switzerland and the other "non-candidate" EFTA members are already involved in negotiations with the EEC aimed at establishing free trade in industrial goods. If these negotiations are successful, it will mean that industrial goods will be exchanged freely throughout most of Western Europe after a transitional period which would

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To help overcome this problem, many Swiss industrialists have increased investment in labor-saving machinery and rationalized production facilities. Outlay on plant and equipment in 1970 rose 12 per cent compared with a 7.2 per cent gain in 1969. Many of the larger Swiss firms have had subsidiaries in other countries for some time and now medium and smaller manufacturers in Switzerland are beginning to follow suit. More and more of them are establishing branch plants in other countries such as Canada where there is an adequate supply of labor. According to latest figures available, Swiss direct investment in Canada amounted to $197 million in 1967 and since then certain leading Swiss firms such as Brown Boveri, Ciba-Geigy, Holderbank and Sulzer Bros. have been expanding their Canadian operations. In addition, it is estimated that the $197 million figure is considerably increased when account is taken of other Swiss holdings in Canada such as portfolio investment and bank securities.

probably end in 1977 for most goods.

Only time will tell how successful the Swiss will be in working out an arrangement with the EEC that will be mutually satisfactory. The Government cannot enter into any international agreement valid for more than 15 years without submitting it to a general referendum. The feeling at present is that any arrangement would have to exclude agricultural products and give special consideration to the Swiss watch industry.

For both the Swiss and their investors and suppliers abroad, the country's sensitivity to foreign labor is highly significant. For years the Swiss have relied on foreign workers to supplement their own labor force. By the end of 1970, a total of 659,500 foreign workers, representing 28 per cent of Switzerland's total working force, were employed in the country. Without foreign workers, many Swiss industries could not carry on because of a major labor shortage in the country. Public sentiment is not entirely in favor of admission of foreign workers, but industry is aware of the problems which any future reduction of the work force would create.

Trade prospects for Canada — For the Canadian manufacturer looking for a new and stable outlet for his products, both the special requirements of industry and broad demands of the consumer make Switzerland an attractive market. Prospects are good for the establishment of trading partnerships, licensing agreements and joint ventures.

Because of the acute shortage of labor, Swiss manufacturers are interested in all sorts of methods to increase production and lessen their dependence on manpower — technologically improved assembly line facilities, for instance, automated packaging systems and special machines that boost productivity. The construction industry offers sales opportunities for bulldozers, loaders, excavator shovels, scrapers, graders and trenchers (at least 10 major tunnels are scheduled to be completed within the next 10 years and a subway system is now under construction in the city of Zurich). Hotel and catering industries are seeking all types of labor-saving equipment from self-service counters, food processing and packaging machines to automatic food and beverage dispensers. The Swiss, with their important tourist industry, are among the most pollution-conscious people in the world, too: they are planning to spend about $100 million annually for the next 10 years to control water pollution and are in the market for new devices (including decomposable packaging) to control pollution of all kinds.

Traditionally, Switzerland has imported raw materials and turned them into finished products for export and sale on the domestic markets, but recently there has been a dramatic change in this pattern. During 1971, imports of raw materials and partly processed goods actually dropped, while imports of consumer goods went up nearly 18 per cent and capital goods nearly 10 per cent. This trend, which is expected to continue and to become more pronounced because of Swiss industry's inability to fully supply increasing export and domestic demands, should open up a broad spectrum of opportunity for Canadian manufactured products, including consumer goods.

Wanted: more Canadian consumer goods to help fill Swiss supermarket shelves. These large self-service units, outlets for integrated marketing organizations, are increasing product exposure and boosting import demand.

The Dutch Need Chemicals

The chemical industry is the third largest in the Netherlands and imported goods worth approximately $817 million in 1970. More of these products could come from Canada.

F. W. ZECHNER, Commercial Officer, The Hague

View of the Dutch State Mines operation in Limburg in the southeastern part of the Netherlands. DSM is a major producer of fertilizers and other bulk chemicals.

No other industry in the Netherlands has shown such a spectacular growth over the last 20 years as the chemical industry. Now ranking third among Holland's industries after metal products and foods and seventh among world producers, it contributed 11 per cent of the gross national product.

The foundation of the Netherlands chemical industry as it is today was laid between the two world wars with the establishment of a number of basic industries (coking coal, sulphuric acid, blast furnace, oil refining) which used indigeneous minerals such as coal and salt as raw materials for chemicals production. Production of traditional commodities, such as soap, detergents, pigments, potato starch, theobromine, caffein, glycerin and fertilizers, has grown rapidly but has been surpassed by that of other chemicals. Attracted by the favorable geographical location of the Netherlands, which is frequently referred to as the gateway to Europe, many domestic and foreign concerns have set up production units, especially in the Rhine delta where Rotterdam is the main center. Here, year-round deep sea harbor facilities have led to the development of one of the biggest petroleum refining complexes in the world.

The restrictions of the domestic market, which soon proved too small to absorb the increasing production of basic and other chemicals, were overcome with the formation of the European Common Market and the enlarged marketing area that was created. Another factor that led to the industry's expansion is the excellent local system of waterways which provides cheap transportation deep into Europe. A recent find of magnesium salts of at least 300 million metric tons with an estimated value of $2 billion means another boost for the industry and the national economy as a whole.

The production growth rate (as high as 15.9 per cent a year from 1968) reflects the substantial investment in plants. In 1970, aggregate new investment by the industry exceeded $2.6 billion, of which the chemical industry's share was $565 million or 21.5 per cent. But this considerable investment has not resulted in any notable expansion of the labor force in the chemical industry. In the Netherlands, this industry is dominated by large domestic and foreign-owned multinational concerns. Six leading oil companies now have refinery facilities with a total capacity of about 70 million metric tons of crude oil a year. They turn out a sizable part of the production of basic chemicals (which constitute 70 per cent

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TABLE 1

PRINCIPAL CHEMICALS PRODUCED

	Metric tons	
	1969	**1970**
Ammonia	1,160,000	n.a.
Carbon black	81,400	86,000
Calcium carbide	53,000	n.a.
Condensation/ polycondensation products	269,000	265,000
Cyclohexane	79,000	n.a.
Dichloroethane	93,000	n.a.
Isopropanol	102,000	n.a.
Sodium carbonate	210,300	235,000
Polymerisation products	392,000	499,000
Synthetic yarns and fibers	91,300	n.a.
Detergents, synthetic (powder)	117,600	134,700
Detergents, synthetic (liquid)	57,900	70,800
Hydrochloric acid	162,000	109,000
Sulphuric acid	1,511,000	1,563,000
Phosphoric acid (P205)	265,000	n.a.
Synthetic rubber	214,000	206,000
Paints	162,500	169,700
Printing ink	12,100	11,100
Glycerin	28,500	26,600
Fertilizers	2,110,000	n.a.
Pigments (excluding carbon black)	69,000	71,000

TABLE 2

CHEMICAL EXPORTS AND IMPORTS

	Millions of Florins			
	Exports		Imports	
	1969	**1970**	**1969**	**1970**
Organic chemicals	1,057	1,335	917	1,061
Chemical elements, oxydes and halogen salts	254	325	213	237
Other inorganic chemicals	135	170	199	207
Radioactive materials	3	4	5	11
Dyestuffs, tanning and paints extracts	35	38	83	92
Pigments, paints and other coating materials	261	296	136	158
Essential oils, fragrances	110	123	39	42
Cosmetics	29	33	81	91
Soap, cleaners	142	144	111	121
Pharmaceuticals, including drugs, n.e.s.	428	511	332	401
Fertilizers	310	244	74	78
Plastics, including synthetic yarns and fibers	1,264	1,535	698	809
Chemicals, n.e.s.	622	695	378	441
Total	**4,650**	**5,453**	**3,266**	**3,749**

of total Dutch chemical production) including ethylene, propylene, styrene and other aromatics. Continued increases in the availability of these materials are absorbed by the plastics industry, which has expanded tremendously in recent years. Plastics production totalled 949,000 metric tons in 1970 at an estimated value of $720 million.

The Netherlands is also a major producer of fertilizers. In 1969, production totalled 2.1 million tons, consisting chiefly of nitrogen fertilizers, calcium ammonium nitrate, urea and phosphates. Other major bulk items include sulphuric acid, ammonia and synthetic rubber. The annual production of these products has increased considerably in recent years (see Table 1).

In addition to these mostly bulk products, the Netherlands has an important chemical end products industry and a well-developed pharmaceutical industry. Unlike that of several other countries, this latter industry did not originate in the chemical sector. Prior to 1940, Dutch pharmaceutical producers confined activities mainly to the processing of natural raw materials and the isolation of their active constituents (alkaloids and hormones). The general lack of raw materials for the manufacture of most pharmaceutical products pushed the industry to what it is today, an upgrading industry. As such, it now employs five main production methods, including physical processing ("simple" drugs, cosmetics), chemical extraction, the chemical-synthetic process (sulphonamides, specific hormones), the biochemical process (antibiotics, enzymes) and the preparation of sera and vaccines. The annual growth rate of the pharmaceutical industry has been 15 to 20 per cent in the last few years and in 1970 its production was valued at $335 million.

The reputation that the Netherlands has had for centuries of being a world trader holds true more than ever today. Very few local industries can afford not to look across the border, whether for the purchase of materials, the sale of manufactured products or some other activity. Trade with other countries has traditionally been a cornerstone of the Dutch economy: aggregate commodity imports and exports for 1970 totalled $27.3 billion in a GNP of $34 billion. Foreign trade, especially exports, has been of paramount importance to the chemical industry in postwar years. The export value of chemicals produced in the Netherlands rose to a record $1,636 million in 1970, 17.3 per cent above the 1969 figure.

Although the Netherlands is a net exporter of chemicals, the country does provide a substantial market for both bulk chemicals and end products. These include items that are not produced locally, as well as products available from domestic sources brought in to fill the gap resulting from large exports.

The biggest single supplier is West Germany which established a dominant position in the early years of the century. Imports from this country probably exceeded $500 million in 1970. Belgium is another important supplier. Other significant chemicals suppliers included Britain, France and Italy. Imports from the United States were worth about $180 million in 1970.

Canada's share in the Netherlands' chemical imports is modest. In 1970 it was worth less than $6 million (see Table 3), or just over 3 per cent of total Canadian sales of $190 million to the Netherlands that year. Few chemicals are made in Canada that are not produced in the Netherlands. The big international chemical companies are established in Canada as well as in Europe. Most European-based chemical industries are located much closer to the Dutch market.

Remarkable as the development of the chemical industry has been in the

Unobtrusive unit in foreground is one of a series in the Rotterdam area to measure air pollution. The chemical industry is a major source of pollution and a percentage of future industrial investments will have to be reserved exclusively for environmental control.

Netherlands, however, there will likely be a slowdown in the near future. The economic conditions in 1971 were uncertain, costs are increasing rapidly and now there is a greater reluctance on the part of the industry to invest in new plants and equipment. Power rates in the country have always been relatively high and the country lacks most of the raw materials required by the industry (except for fertilizer manufacturing, domestic natural gas is unsuitable for chemical processing because of its low sulphur content. It is, moreover, not much cheaper than coal or oil). In addition, the industry is concentrated in already industrialized areas such as Rotterdam, Amsterdam, Dordrecht, Delfzijl, Vlissingen and Terneuzen and this has put an additional strain on the local labor market. The continuous expansion of production capacity is expected to result in excess production, already noticeable in some sectors, which will mean a drop in prices and profits. And it is anticipated that of the 1,200 chemists expected to graduate from universities in the next two years, only 500 to 950 will be able to find jobs in the industry.

Pollution presents another problem. The chemical industry is a major source of pollution and has been receiving a great deal of adverse publicity. It contributes significantly to the annual production of noxious waste materials in the Netherlands, including one million tons of sulphur dioxides, 460,000 tons of nitrogen oxides, 1.9 million tons of carbon monoxide, 620,000 tons of volatile hydrocarbons and 320,000 tons of dust and soot. Water pollution, which for some toxic substances has exceeded tolerance limits, is a concern, too. For the industry, it means that a percentage of future investments will have to be reserved exclusively for environmental control which, based on current requirements, may range from 5 to 15 per cent.

It is perhaps a little incongruous to discuss prospects for Canadian chemicals in the Dutch or any European market at a time when there are signs of excess world production of bulk chemicals. Yet opportunities to sell in the

TABLE 3

CHEMICAL IMPORTS FROM CANADA, 1970

	$'000
Inorganic chemicals	69.3
Organic chemicals, of which:	2,348
styrene	509.1
monoethyleneglycol	121.7
pentaerythrite	520.1
phenols	232.8
vanillin	502.2
heterocyclic compounds	96.3
Pigments, paints, varnish	15.1
Synthetic dyestuffs	8.3
Medicinal and pharmaceutical products	23.1
Cosmetics	12
Fertilizers	291.8
Synthetic rubber	951.9
Films, unexposed	348.6
Synthetic resins	1,306
Pesticides	327.7
Miscellaneous chemical products	281.2
Total	**5,983**

Netherlands continue to exist. Some of the chemicals for which outlets can be found are:

materials for the manufacture of synthetic resins, including items not made here such as pentaerythritol, maleic and phthalic anhydride, T.M.P.

methanol

salicylic acid and other basic materials for the pharmaceutical industry

dyestuffs (e.g., chromic dyestuffs)

chlorinated hydrocarbons

non-ferrous compounds, such as copper nitrate, copper chloride, manganese acetate, nickel sulphate

vanillin

specialty chemical end products.

If you are interested in selling chemicals to the Netherlands, write to the Commercial Counsellor, Canadian Embassy, 7, Sophialaan, The Hague, Netherlands. Our office can undertake preliminary market exploration for you. Should the initial response be encouraging, we can recommend suitable local agents and provide other useful on-the-spot help in penetrating this dynamic market.

Visit Iceland...

Lone sheepherder grazes his flocks beside mirror-like lake on Iceland's windswept plateau. Icelandic lamb, fresh cod and small lobster tails are tempting delicacies for the tourist and businessman alike.

J. R. CAUX
Commercial Secretary, Oslo

Have you thought about selling in Iceland? The average income of Icelanders is about $1,900 — more than that of the Japanese and Italians and almost as much as the British — and they import a large part of the capital and consumer goods they need. Most families own an extensive range of household appliances, a telephone and a car, and the purchasing power of the 205,000 population (1970) compares favorably with that of much larger countries. They might be interested in your products.

As an example of the variety of products it imports, these are some of the goods that Iceland bought from Canada in the first six months of 1971: canned foods, food and beverage machinery, fabrics, clothing, structural and architectural metal products, tires, electronic equipment components, electrical products, electric typewriters, paper and plastic products, biological, medicinal and pharmaceutical products.

Fishing is still the principal industry, although Iceland has made efforts to broaden its industrial base to include production of aluminum, diatomite, etc. A good source of information about the country is the *Directory of Iceland,* 39th edition, 1969-70, published by the Icelandic Yearbook Ltd., P.O. Box 1396, Reykjavik, cost about $10. Also, for 80 cents you can get from Information Canada in Ottawa the OECD publication, *Economic Survey, Iceland,* published annually.

If the facts convince you that it would be worth while to investigate this market personally, write to us in Oslo. We will be happy to look into the prospects for your products. Write at least a month before you leave because it may take some time to obtain the information you need. If you have an urgent problem, you can get in touch with the honorary Canadian Consul General in Iceland; his address is Sudurlandsbraut 4, Reykjavik.

When to Go — Iceland is a 40,000-square mile volcanic island with a coastal plain and a central plateau surrounded by mountains that rise to nearly 7,000 feet. Although the climate is relatively warm for a country so far north — the influence of the Gulf Stream — the long winter nights and the wind, frequently gale force, can be depressing. The best times to visit Iceland are in the spring from April to the end of June and in the fall from mid-August to mid-October. We recommended that you take a light raincoat. If you are making a

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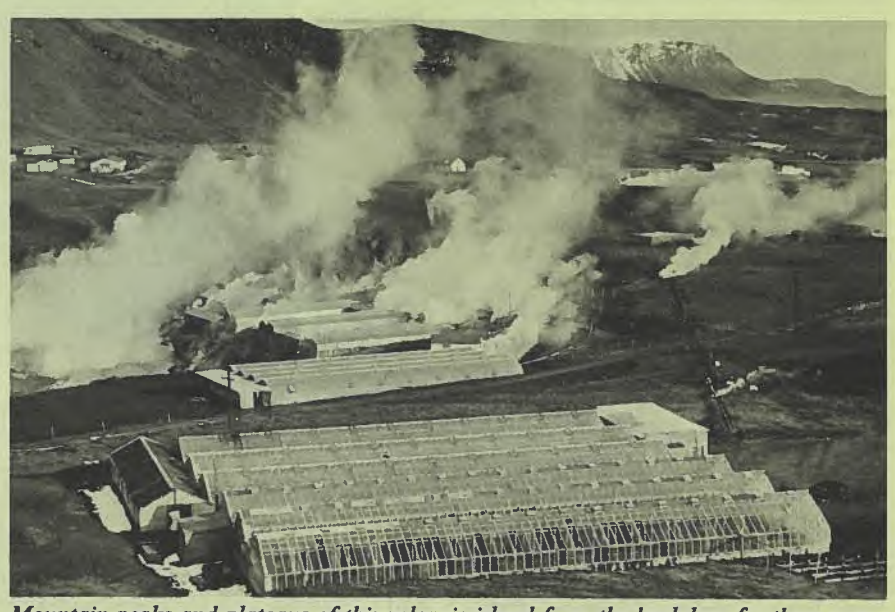
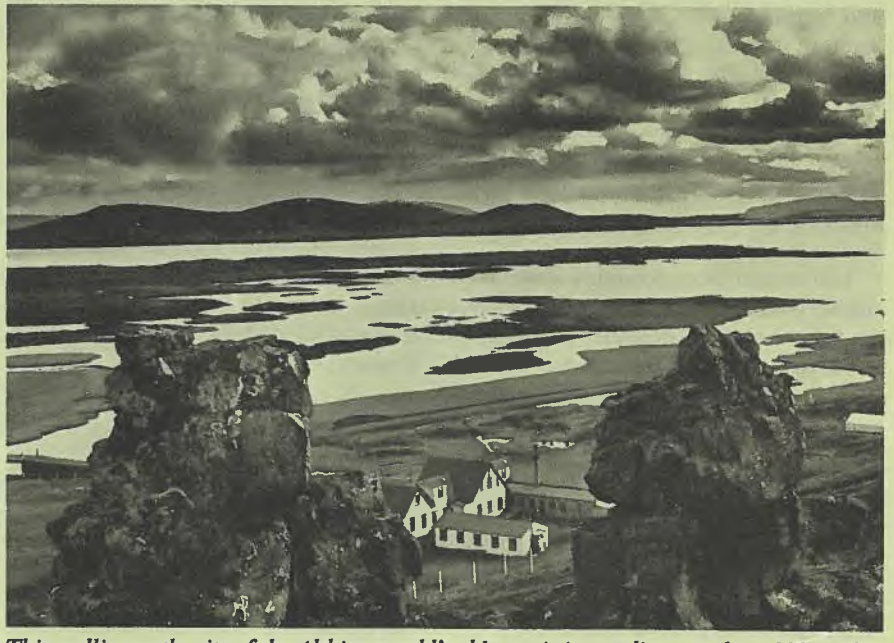
...a varied market... sightseer's delight

A scene as old as man. In Iceland, the traditional fishing industry is still the mainstay of the economy but mineral production is increasing.



Mountain peaks and plateaus of this volcanic island form the backdrop for these greenhouses which are heated by some of Iceland's hot springs. Magnificent examples of the famous Icelandic geysers can be seen not far from Reykjavik.



Thingvellir was the site of the Althing, world's oldest existing parliament, from 930 to 1800 A.D. These ancient Assembly Plains, ridged bed of lava, are 30 miles from the capital.

More than 1,300 miles farther north than Ottawa, Iceland's capital and business centre, Reykjavik, enjoys a relatively mild climate. Most families own a telephone, car and a wide range of domestic appliances and offer a market for consumer imports.

winter visit, a between-season topcoat or lined raincoat will fit the bill. It would be as well to bring a pair of rubber-soled shoes.

Before You Leave — Provide yourself with a valid passport. Canadian citizens do not need visas for a stay of less than three months. Other visitors must obtain a visa, which is valid for a stay of two years and can be extended. Medical certificates are not compulsory, but smallpox vaccination is recommended.

Import licences are not required for samples. A deposit equivalent to the customs duty is required for samples of commercial value brought into the country. This deposit is refunded when the samples are taken out. It is wise to bring with you a list of your samples and their value. Samples of no commercial value are duty free.

How to Get There — Regular flights between Iceland, the United States and Europe will allow you to travel to Iceland in two to six hours, depending on your point of departure. Iceland Air (Flygfélag Islands) provides regular jet service from London, Glasgow, Copenhagen, Frankfurt and Oslo to Reykjavik. Icelandic Airlines (Loftleidir) provides regular air service from New York, London, Glasgow, Oslo, Gothenburg, Copenhagen and Luxembourg. Scandinavian Airlines System will also carry you from Copenhagen and Narssarssuag, Greenland, (opportunities should never be overlooked!) to Reykjavik. Pan American World Airways will take you to Iceland from New York, Oslo, Stockholm and Helsinki. If you are in London, you can always take British European Airways which provides a regular jet service between the two countries.

The return fare, economy class, for flights between New York and Iceland are somewhere between $280 and $432, depending on the season and the airline chosen. In the off season you can pay as little as $190 for a 28-day rate, combining business and vacation. The flight tariffs from Europe, of course, vary according to the point of departure. For instance, the cost one way from London is under $100, and a one-way flight from Reykjavik to New York can be as little as $140.

If you suffer from air sickness or are quite simply scared of flying, and if you are coming back from a business trip to Europe, the Icelandic Steamship Company will convey you from Copenhagen or Edinburgh, Scotland, for a relatively small sum. The sea crossing to Iceland takes from two and a half to four and a half days depending on the point of departure.

Where to Stay — You arrive at Keflavik, an international airport about 30 miles from Reykjavik, the capital city (population 85,000). A luxury limousine will carry you into the city at a cost of I.K. 95 ($1.10). Reykjavik is the business centre; another city of some importance is Akyreyri in the north, population 12,000.

Reykjavik has many hotels, including three or four in the international category. Room prices vary. One of the best known hotels, the Saga, will ask $10 to $16 for a single room and $20 to $26 for a double room. The Loftleidir Hotel and the Hotel Borg are in the same category but are a little less expensive. You should reserve in advance. Breakfast is never included in the room price. Most of the good hotels have restaurants where the food is often delicious. If you are thrifty, you will be able to eat for about $5 a day, but expect to pay $10 or so if you are tempted by Icelandic lamb, fresh cod, small lobster tails and varied seafoods. I have found the hospitality of the Saga Hotel restaurant very pleasant. I have also eaten excellent meals in the Naust Restaurant on Vesturgate 8. The service charge is always included in the bill: in Iceland tips are never given and never expected.

How Long — The duration of a businessman's stay in Iceland obviously depends on his interests but, in general, he should be able to complete his transactions in two or three days. Reykjavik is a small city where everyone knows everyone else and it is not hard to get an interview from people in the highest positions. Office hours are from 9 to 12 and from 1 or 1:30 to 5 Monday through Friday, and you will be able to see five or six people easily in a day.

Icelandic importers do not as a rule specialize in more than one product because of the relatively small size of the market which forces them to represent several foreign companies. They are very experienced and you should not have any difficulty in finding an efficient agent or distributor if your products are of good quality and competitive.

In August 1971, after the long absence of a direct shipping service to Canada, a ship of the Icelandic Steamship Company Ltd. line made an experimental call at Halifax. Monthly sailings have been made since then but the continuation of this service depends on the size of cargo shipments out of Halifax to Iceland. The direct service reduces distribution costs for Canadian exporters and saves them the expense of transshipment via the U.S. or at a European port. The agents for the Icelandic Steamship Company are F.K. Warren Ltd., 696 Hollis Street, Halifax.

Stay a While and Relax — You may decide to stay a few days and relax after your business is completed. You will be glad you did because Iceland offers the tourist a great deal. Everyone has heard about the Icelandic geysers and magnificient examples can be seen not far from Reykjavik. Salmon and trout fishing enthusiasts can satisfy their passion without travelling any great distance and still at reasonable prices.

Iceland has magnificent water-falls in its swift-flowing rivers that descend from the central plateau. One of the most famous and picturesque is the Gullfoss (Golden Falls), about 75 miles from Reykjavik. Spectacular beauty combines with history at Thingvellir (the Assembly Plains), the site of the Icelandic Legislative Assembly from the year 930 to 1800. The site, about 30 miles from the capital, is a plain of lava hollowed out and divided by long deep furrows, and ringed by awesome mountains.

The city of Reykjavik itself is not devoid of charms, with its museums, its often narrow streets, its fair blue-eyed girls, its port bustling with activity and its warm hospitality. Be sure to buy some handcrafted products, such as sweaters, slippers and finely-worked jewellery. Do not hesitate to write to us for any further details. Our address is Commercial Division, Canadian Embassy, Postuttak, Oslo 1. Bon voyage!

Mexico in Perspective

A review of business conditions during 1971 and a forecast of prospects in light of government action to improve the economy.

JOHN N. GRANTHAM
Assistant Commercial Secretary
Mexico City

Several things happened in Mexico during the first six months of 1971 that are affecting the 1972 economic picture. The country's balance-of-payments deficit on current account, for example, which began to rise in 1968 and was temporarily checked in 1969, rose again in 1970 to a record high of $866 million. This was due largely to an 18 per cent increase in imports which was generated by stepped-up public investment and a high growth rate (7.7 per cent) in domestic production. At the same time, agricultural production during 1969-70 was low because of bad weather, requiring Mexico to make larger than average purchases of food grains from abroad and reducing the volume of Mexican exports, particularly cotton which is a major export item.

The Mexican Government responded with a series of policy adjustments to consolidate economic conditions in the immediate future and to establish a base for long-term accelerated growth. The most significant steps provided for control of monetary expansion, an increase in bank guarantee reserves, tax adjustments, the elimination of unwarranted subsidies, export promotion and import restriction. These measures were designed to relieve inflationary pressures, improve the Government's financial position, curb the growth of the current account deficit and restrict foreign indebtedness.

Income from tourists is an increasingly important feature of Mexico's economy and several projects to encourage tourists have been started in various parts of the country. Archaeological ruins such as this temple from the Toltec period in the State of Hidalgo are a prime tourist attraction.

As a result of these policies, monetary circulation (bills, coins and chequing accounts) fell 9.8 per cent between December 1970 and July 1971. With a decreased circulation, growth rates in certain sectors of the economy (particularly construction and durable consumer goods) decreased significantly. Growth rates of certain intermediate goods also slipped below the 1970 first-half level — flat glass, for example, fell from 22 to 12 per cent and other industries, such as grey cement, came to a standstill.

In spite of these measures, inflation is still a factor in the Mexican economy. It is running at an annual rate of about 4.2 per cent, according to the official price index for the Federal District, and is largely the result of increasing food costs. Prices of food in 1971 were up about 6 per cent over 1970 and continuing poor harvests are expected to increase prices even more in 1972.

The construction slowdown is due largely to a delay in public works building, which is a result of investment reorientation and government efforts to improve the administrative structure and control public expenditures. A clamp on spending, particularly capital, was imposed during the last quarter of 1970 in a move to reduce inflationary pressures and the resulting slump, which caused high temporary unemployment, combined with introduction of tax reforms acted as a brake on investment in some consumer items, especially durable goods.

TABLE 1
CANADIAN GOODS TO MEXICO

	$'000			
			Jan-July inclusive	
	1969	1970	1970	1971
Newsprint	15,224	20,999	7,647	8,603
Auto parts and accessories	16,044	14,823	10,843	13,499
Milk powder	4,154	9,711	7,462	2,625
Asbestos fibers	5,258	6,264	3,995	3,501
Railway rails	3,328	4,341	4,341	—
Steel, sheet and strip	401	3,630	943	2,418
Motor vehicle engines and parts	2,825	3,434	2,077	639
Dairy cattle	1,374	2,107	1,129	560
Nickel anodes, ingots and rods	264	1,742	759	1,299
Rapeseed	—	1,552	1,550	—
Plastic and synthetic rubber (not shaped)	450	1,454	1,175	229
Non-metallic minerals, crude	1,199	1,181	716	557
Bearings and parts	288	999	735	432
Combine reaper-threshers	2,825	957	514	1,091
Steel forgings	69	898	559	237
Wood pulp	4,180	3,199	1,711	1,268
Total	**72,873**	**91,697**	**53,991**	**45,454**

Source: Statistics Canada

Foreign Trade — Mexico's foreign trade began to regain strength during the first half of 1971. This trend should continue in 1972, partly because of government efforts to encourage export consciousness as exemplified in the establishment in February 1971 of the Foreign Trade Institute (Instituto Mexicano de Comercio Exterior), which is responsible for increasing Mexico's exports. Growth of the trade balance deficit was halted in 1971 at the 1970 level. Favorable agricultural and fishing prospects should also help to brighten the export picture in 1972.

Mexico plans to increase spending in the public works sector by at least 20 per cent this year to stimulate the economy. This could mean more jobs for workers such as the ones shown here busy making railway cars in a Mexican plant.

Imports for the first seven months of 1971 increased by only 0.8 per cent, compared with 17.5 per cent during the same period of 1970. Exports were up 1.7 per cent, although they were hard hit by a 52 per cent cut in cotton sales, which have not recovered from the 1969-70 crop failure.

Income from tourist trade, another important element of Mexico's foreign exchange, increased by nearly 10 per cent in the first half of 1971 compared with 11.4 per cent for the whole of last year. In an effort to increase income from tourism, several projects were initiated to develop tourist centers in the Caribbean zone of the Yucatan Peninsula, on the Pacific Coast and down the Peninsula of Baja California.

Mexico and the United States — Mexican exports to the United States in 1970 amounted to $985.9 million, 71.8 per cent of the country's total export sales. Imports from the United States that year were valued at $615.8 million, equal to 25.1 per cent of Mexico's total

TABLE 2
MEXICAN GOODS TO CANADA

	$'000			
			Jan-July inclusive	
	1969	1970	1970	1971
Tomatoes, fresh	10,298	12,234	11,964	10,270
Raw cotton	22,711	6,315	4,931	1,258
Green coffee	4,711	3,927	2,223	2,999
Fluorspar	2,624	2,669	717	2,687
Strawberries, frozen	3,450	2,100	1,498	1,083
Orange juice concentrate, frozen	2,130	1,592	1,165	712
Peppers, fresh	463	1,134	1,103	1,199
Cucumbers, fresh	840	1,007	873	956
Cantaloupes and muskmelons, fresh	866	886	886	832
Mandarine oranges, fresh	1,167	826	263	414
Melons, fresh	601	794	792	738
Jig fixtures — metal working accessories	994	778	777	833
Shrimps and prawns, fresh and frozen	554	708	475	315
Baler twine	660	627	525	859
Green peanuts, shelled and unshelled	444	621	466	514
Other fresh fruit	400	624	454	356
Other fresh vegetables	570	730	707	916
Cotton yarn	1,713	669	230	623
Total	**65,919**	**47,343**	**35,485**	**32,564**

Source: Statistics Canada

overseas purchases from the European Economic Community, Britain, Switzerland and Japan. It was originally estimated that the surcharge would apply to 61 of 90 major Mexican export items that in 1970 had a sales value of $521 million and represented 52.8 per cent of total exports to the United States market. But these estimates have now been revised: the surcharge will probably only affect $250 million worth of goods, about 30 per cent of Mexico's exports (see tables for a breakdown of Canadian trade relations with Mexico).

During 1971, Mexico's Minister of Industry and Commerce forecast an increase in the country's real rate of growth for that year of between 5 and 6 per cent. He also predicted that 1972 would see a return to a more normal rate of economic growth. These predictions coincided with private estimates that the 1971 increase in Mexico's gross domestic product could total approximately 5 per cent, compared to a real GDP increase of 7.7 per cent in 1970.

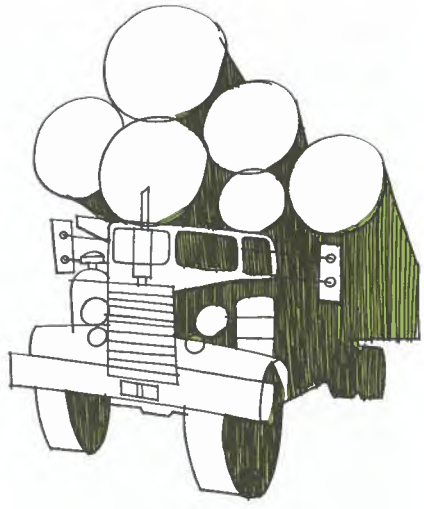
But the outlook for the second half of 1971 was generally not optimistic. During 1970 and the first few months of 1971, both Government and business had hoped that the rate of growth would return to more normal levels in 1971, but subsequent developments in most industries have given little reason for optimism. Inventories are up, costs are increasing and working capital continues to be a problem. Many companies have now revised their sales estimates downward to a level that is only 2 or 3 per cent higher than it was in 1970. In some types of business, where sales in the first half of 1971 were equal to or greater than they were during the same period in 1970, earnings have dropped.

The drop in the growth rate is due partly to the North American economic recession that has been felt in Mexico and partly to the fact that Mexico elects a new President every six years who devotes most of his attention during his first few months in office to formulating new government policy. Few policy announcements on public works programs have been made since the 1970 election.

However, the Minister of Finance recently announced that, in 1972, the Government plans to increase its public works spending by at least 20 per cent. This program is to include a massive investment in low-cost housing and regional road projects. It should help greatly to overcome Mexico's current economic slowdown and problem of mounting unemployment. The President has also made a number of commitments to various sectors of the economy including forestry, fisheries, tourism and agriculture. Taken together, the Government's proposed programs should help set the stage for an orderly expansion of the Mexican economy for the period 1972-1976 when the President's term of office expires.

Sales of agricultural combines represent an important part of Canadian exports to Mexico. These combines are harvesting a big wheat crop in the Yaqui Valley.

Southern U.S. Forests Face Major Changes



And innovation is the key word in harvesting and processing machinery. Canadian suppliers of such equipment should be prepared to take advantage of the opportunities.

JAMES B. WHITNELL, Commercial Officer, New Orleans

Shrinking forest resources in the Southern United States, plus increased demands on them, mean an expanding market for Canadian-made logging and sawmill equipment. The large number of serious inquiries received by the 17 Canadian companies that participated in the 42nd Southern Forest Products Machinery and Equipment Exposition last year in Atlanta indicates that in the coming months the Southern forest products industry will be committed to making major outlays on both highly sophisticated machinery and on less complicated units.

Logging practices — In shortwood logging, there is some machine felling at the stump, although hand felling is by far the most common practice. Skidders, especially grapple skidders, prehaulers and forwarders, are being used increasingly and competition among the many different makes is intense. Where the tree-length system of pulpwood is employed, felling by chain saw is still much more frequent than using feller bunchers and feller skidders, although shears are finding a wide application, despite considerable criticism of the damage done in felling the larger trees. Hand bucking of tree lengths at the roadside is a much more frequent practice than machine slashing at the roadside or at the mill woodyard. Whole-tree pulpwood logging with mechanical processing at the roadside is still mainly in the experimental stage with large pulp and paper mills. Because this system was developed for much larger trees than those in many areas of the South, generally speaking it has not yet proved itself an efficient and economical system. Logs for sawmills are usually felled by chain saws, though feller skidders, feller bunchers and especially shears are being used to some extent.

The biggest innovation in Southern sawmills has been the introduction of the chipping headrig along with the chipping edger. More and more sawmills are using Chip-N-Saws and chipping edgers so that, although 10 years ago few sawmills were able to sell chips to the pulp mills, they are now the major source of chips for many of these mills. Even so, many sawmills still do not have chipping screens, which means that they can sell to only certain pulp mills. Front-end loaders and fork lifts are standard equipment at most sawmills. The first high-strain bandsaw (Canadian made) was sold a short time ago to a large sawmill in Mobile, Alabama, and more will probably be sold in coming months. Dry kilns are in the process of being adapted to the special characteristics of southern pine and it is expected that high-speed, high-temperature kilns for the production of lower grade dimension lumber from very small logs will soon be a reality. Southern pine, particularly in the smaller sizes, dries so rapidly at a high temperature that a continuous dryer would be practical, thus eliminating the cost of kiln stick placement and removal, as well as the cost of the sticks themselves. Another welcome innovation would be a method of accurate and non-destructive grading.

Forest reserves — There are 199 million acres of commercial forest land in the Southern United States of which the forest products industry has access to 27 per cent either through leasing or outright ownership. A small percentage of this timber is on public lands. The remaining 73 per cent of available commercial lands are in the hands of non-industrial private owners who are largely indifferent, if not hostile, to timber cutting on their land. With the public outcry against pollution and for better ecological balance, it is expected that private owners will continue to under-exploit their timber resources. While the forest products industry is acquiring annually approximately one million acres of forest land and thousands of acres more through leasing, approximately the same amount each year is being diverted to such uses as recreation areas, wildlife preserves, highway construction, urban development and expansion of airport facilities. Although by the year 2000 well over half the available forest lands will still be in the hands of non-industrial owners and thus largely under-utilized, Southern forests with their rapid-growing hardwood and pine species will still constitute the last major forest reserves in the United States and will have to yield an annual harvest at least two and a half times greater than at present.

To meet projected future needs, the pulp and paper mills have developed the concept of the third forest — that is, even-aged, fast growing, uniformly spaced, third growth forest, primarily pine, from which pulpwood can be harvested mechanically and processed in an efficient and economical manner. Hardwood species such as cottonwood, sycamore, black gum and tupelo have been successfully raised in the third-forest type of environment, with cottonwood maturing even more rapidly than any species of southern pine. The pulp and paper mills have taken the lead in experimenting with new methods of harvesting and processing wood and the results filter down to their contractors and wood producers. Indeed, they have frequently developed prototypes in their own machine

shops and then sought a manufacturer to produce these for them.

Trends — Many people in the field believe that for pulp and paper mills, the tree-length system using both hand felling and limbing at the stump and either hand bucking or mechanical slashing at the roadside will give way to whole-tree logging, with hand felling or machine felling at the stump and mechanized processing at the roadside; the third forest is still growing and there is much work still to be done in second growth forests, particularly in hardwoods. Much of the present equipment will have to be redesigned to economically exploit the second-growth hardwood forest, which is in very bad shape.

The U.S. Forest Service has gone from selective cutting to clear cutting, taking more care than industry does in not disturbing the soil and trying to avoid a monocultured forest. After the second-growth forest has been thinned or clear cut and the even-aged, fast growing, uniformly spaced, all pine or hardwood third forest is ready for harvesting, pulp and paper mills will return to the shortwood logging system using a fully mechanized stump harvester.

How equipment is sold — High-ticket equipment is sold direct because it is necessary to engineer it to the special needs of a specific customer. Mobile equipment is sold through a distributor-dealer network and success is determined by dealer performance in offering service and parts. Price is always important, but performance under local conditions and how well the equipment fits the particular needs of the potential user are primary considerations. The market for sawmill and logging equipment has developed very rapidly and it is difficult to say at present which method of distribution will eventually be considered the best.

Dealers prefer not to provide credit for equipment such as forwarders, skidders, and feller skidders, but they will vouch for the customer to a credit corporation or local bank specializing in loans of this type. Most pulp and paper mills shy away from becoming financially involved with the purchasing of equipment by contractors and producers, but they will confirm the existence of a logging contract to a bank or dealer.

How to enter the market — Canadian manufacturers who would like to explore this market at first hand should do so by participating in the Southern Pine Association's Forest Products Machinery and Equipment Exposition. Most Canadian companies participating in the last show renewed old contacts, made valuable new American and foreign contacts and intend to participate again. The Mechanical Transport Branch or the Mechanical Equipment Division of the Department of Industry, Trade and Commerce in Ottawa, or this office, would be pleased to supply you with details of this show at which 12,000 people from the trade saw the exhibits of more than 250 manufacturers.

As this exposition will not be held again until June 1973 (in Atlanta), you may wish to contact this office for assistance in seeking out distributors and potential customers or simply to find out more about the market for your equipment. Better yet, come down and see for yourself! Whatever the case, we will welcome your inquiries or visits and stand ready to assist you as much as possible. Our address is: Consul and Trade Commissioner, Commercial Division, Canadian Consulate General, 2110 International Trade Mart, 2 Canal Street, New Orleans, Louisiana 70130.

This pulpwood loader and grappler was displayed at last year's Atlanta show by Thomas Equipment Ltd. of New Brunswick, one of the 17 Canadian firms that took part. The skid-steerer loader can mount a variety of equipment.

Visitors display interest in a working model of the self-propelled timber slasher exhibited at last year's Southern Forest Products Machinery and Equipment Show by Tanguay Industries Limited of Roberval, Quebec.

How Swedish Food Market Operates

This article shows how Canada's share of the $710 million import bill can be increased, and explains new Food Act regulations.

MRS. ULLA HANSSON,Commercial Assistant, Stockholm

Sweden has just over eight million inhabitants and covers an area of 175,000 square miles, 12.5 per cent of Western Europe. The country is undergoing a rapid process of urbanization; more than half of the population lives in town and about 80 per cent in built-up areas with more than 200 inhabitants. The Swedes have one of the highest standards of living in the world. The Gross National Product per capita amounts to $3,415 compared with $4,681 in the United States.*

Like most Western countries Sweden has been subject to rapid industrialization and agriculture plays a small role in its economy. Total annual consumption of foodstuffs amounted to $4,839.4 million in 1970, including $40.2 million for beer. During the last decade prepared and frozen foods have increased in popularity to the point where more frozen foods are eaten in Sweden than anywhere else in Europe.

About 48 per cent of Swedish householders own a freezer and a further 7 per cent have access to freezing facilities. In 1970, consumption of frozen foods was 34.3 pounds per capita and it is expected that by 1975 this figure will be 50.6 pounds. Sweden's current business depression, however, may affect this last figure as frozen foods are often expensive. Catering establishments are taking an increasing share of the market; 40 per cent of total sales of frozen foods in 1970 represented institutional sales.

About 70 firms market frozen food products, the 10 largest selling 75 per cent of the total. The foremost producers are Findus ($66.8 million), Felix, KF, Frionor, Ivo Foods and Kronfagel.

In canned goods, meat and meat products are the most popular, with sales of 33,200 tons, valued at $75.4 million.

In 1970 foodstuffs represented 10 per cent ($710.2 million) of total imports and 3 per cent ($177.6 million) of total exports. The import figure represents a rise of 21 per cent over 1969. The EFTA countries supplied 32 per cent and EEC 14 per cent (see table on page 29.)

The value of Swedish imports of foodstuffs from Canada has increased considerably during the last few years, from $4.4 million in 1965 to $11.6 million in 1970, according to Swedish statistics. Fish and shellfish and related products account for more than half of our food exports (see table), and there are continued good prospects in this field. Canadian seafood products have a good reputation here.

In 1970 skim milk powder appeared on the Swedish market and is now the biggest single item in Canadian food exports to this country. As this product is no longer retained for animal feeding purposes by the Swedish dairies, there is a shortage that must be met from imports.

Altogether, food products worth $4,233.2 million are sold in this country. Sales through grocery shops and food sections of department stores account for about $3,400 million. Of the 23,000 food retail units in 1970 about 13,000 carried a full range of foodstuffs. The trend in retail trade is towards larger units — many small units have been closed down.

The largest voluntary association of retailers is ICA (ICA Inkopscentralernas AB) owned by member retailers all over the country. The association is trying to achieve greater central purchasing powers to strengthen its members' position against other competitive groups.

Consumer co-operatives may be regarded as a single retail chain. Two hundred and forty six independent local co-operatives are affiliated under KF (Kooperativa Forbundet). KF's market share in food retailing is 25 per cent. In 1970 it imported foodstuffs worth $86.6 million.

To meet competition from ICA and KF, private grocery wholesalers have formed an association, ASK, with 15 members. The largest of these members have established two voluntary retail chains, VIVO and FAVOR. ASK has also formed its own import organization, UNIL AB (United Nordic Inc.), which has affiliated organizations carrying the same name in Denmark, Norway and Finland. The Swedish UNIL's total imports in 1970 amounted to $28.8 million. UNIL, however, does not import fresh fruit or vegetables: these are handled by ASK — Centralen in Helsingborg.

Apart from KF with its Konsum food and Domus department stores, there are two private chains of department stores, NK/EPA and TEMPO (including two large units in Stockholm named AHLENS). There are also a few large regional multiple food retail chains such as METRO-Butikerna, which has 63 outlets in the Stockholm and Gothenburg areas. (See table on page 29.)

Because of competition, mark-ups can vary between the various retailers and products. The following percentages are examples of fairly common variations during the last few years: milk and cream 9-10; butter, margarine 10-15; fresh food 15-20; pork, meat and meat products, sausages, cheese, edible fats, juice, beer and soft drinks, tropical produce, canned goods 20-25; deep-frozen food products 25-30; beef 30-35.

In the wholesale trade the variations are so many and so great that no figures are available, although an average of between 7 and 10 per cent has been mentioned.

The large retail organizations and multiple chains in many cases buy direct from abroad, but in the catering and food processing industry direct buying varies. Canadian exporters of foodstuffs will generally find it more advantageous to have a representative, either a commission agent, an importer buying on his own account, or even a broker who can cover the retail, wholesale and institutional trade. A local representative can keep the Canadian exporter informed of market changes, business opportunities and of the many

*Throughout this article the conversion rate of 5 kronen = $1 has been used.

THE FOOD PICTURE IN SWEDEN

Value of Imports and Suppliers

	1969		1970	
	$ million	% of total imports	$ million	% of total imports
EFTA	181.2	30.9	224.4	31.6
EEC	85.0	14.5	95.8	13.5
North America (United States and Canada)	56.0	9.6	72.0	10.2
Canada	*9.0*	*1.5*	*11.6*	*1.6*
Other OECD countries	36.2	6.2	37.8	5.3
Eastern Europe	28.2	4.8	34.2	4.8
Central and South America	122.2	20.8	148.6	20.9
Others	77.4	13.2	97.4	13.7
Total	**586.2**	**100.0**	**710.2**	**100.0**

Products Imported from Canada

	$'000		
	1969	1970	Jan-Sept 1971
Horsemeat, fresh or frozen	306.7	417.6	248.5
Fancy meats, edible offal, fresh or frozen	28.2	50.2	26.6
Salmon, frozen		1,564.4	1,261.1
Sole flounder fillets	4.8	12.4	15.9
Seafish fillets, frozen	—	1.2	127.0
Salmon, smoked	86.8	103.3	12.1
Herring fillets, vinegar-cured	—	5.1	76.4
Herring, whole, dressed, pickled	2.0	463.7	1,052.9
Herring, fillets, pickled	—	—	230.5
Salmon, pickled	88.1	63.1	5.4
Salmon, pink canned	52.1	28.8	14.2
Crabs, fresh or frozen	—	454.2	131.0
Lobster, in shell fresh or frozen	131.3	89.9	66.4
Lobster meat, fresh or frozen	11.5	36.4	34.6
Shrimps and prawns, fresh or frozen	—	34.1	13.4
Crabs, canned	—	372.0	213.5
Lobster and products, canned	246.9	253.4	210.5

Products Imported from Canada

	$'000		
	1969	1970	Jan-Sept 1971
Whale meat	—	32.6	8.4
Fish roe, fresh, frozen, cured	—	7.0	6.1
Milk powder, skim milk	—	1,742.4	1,074.8
Cereal products and farinaceous substitutes	190.0	230.4	131.3
Apples and crabapples, fresh	190.0	233.9	89.9
Pears fresh	10.4	29.3	29.6
Fruits and berries, frozen	151.2	52.3	—
Potato products, frozen	—	107.8	—
Peas, whole dried	176.4	176.3	95.0
Vegetables, dried, preserved, not canned	10.7	50.0	45.1
Beans, wax, canned	30.0	45.0	16.2
Corn, canned	91.3	154.7	155.4
Pickles and relishes	34.4	37.3	17.2
Maple sugar	69.8	96.3	42.8
Maple syrup	37.1	0.3	—
Precooked frozen fish and shellfish	184.7	—	51.3
Sausage and similar meat casings	994.6	858.0	712.6
Dog and cat feeds, complete	—	4.4	—
Whisky	144.7	288.3	101.5
Total	**5,407.1**	**8,649.1**	**6,434.1**

Retail Chains

	Turnover ($ million)	Total number of outlets	No. of super-markets
KF (consumer co-op, Konsum including Domus)	1,102.0	2,786	484
NK/EPA	176.0	119	102
TEMPO/Ahlens	161.2	82	77
Metro	60.8	63	47
Other multiple concerns	41.0	265	—
ICA	1,036.0	5,814	435
VIVO	222.0	822	99
FAVOR	99.0	296	52
Other independents	505.0	3,152	—

regulations governing imports. But an executive from the Canadian company should visit the market at least once every year or two, even if represented.

There should be no problem over storage of frozen foods. Ample freezing and other cold storage facilities are available here.

Swedish import duties are, in the main, very low, particularly in the industrial sector. As a general rule raw materials are duty free, low duties are levied upon semi-fabricated goods and, for finished products, vary between 6 per cent and 15 per cent. Most duties are ad valorem.

Imports are almost entirely liberalized except for some agricultural products and for imports from certain Eastern European and Far Eastern countries where import licences are required. Licences, however, in many cases are granted freely.

A health and/or veterinary certificate is required for certain agricultural products.

Imports of potatoes, apples and pears are banned when there is a sufficient supply from domestic crops.

There is a complex system of flexible import and domestic levies on the majority of agricultural products and on some fish products. These levies are set by the Agricultural Marketing →

As in Canada, many of the smaller Swedish food stores are going out of business in favor of the larger units. Shown here is a deep-frozen food counter in a VIVO supermarket.

Board and vary from product to product. A value-added tax of 17.65 per cent has been in effect since January 1, 1971.

A new food Act replacing that of 1951 came into effect on January 1 this year. The following are some of the important clauses:

1. Anything for human consumption (except goods falling under the Pharmaceuticals Act) will be called foodstuffs.

2. Stricter control is to be exercised on the use of additives, particularly on those that may cause genetic damage. Certain foodstuff standards will be established.

3. No fancy names will be allowed on packaged foods. An adequate descriptive name must be used (in Swedish or in any internationally used language such as English or French).

4. Ingredients in packaged foods must be declared in percentage or weight.

5. Last date of recommended consumption and date of packing must be stated on packaged foods with a shelf-life shorter than 30 days.

6. The name of the packer or producer must appear on packaged foods.

7. For packaged foods weighing between 25 grams and 25 kg the net weight or net volume must be indicated.

8. Satisfactory storage directions must be given on packaged foods.

9. The estimated shelf-life at various temperature levels must be given for deep-frozen foods, as well as an indication of recommended temperature levels during transportation.

10. The name of the responsible importer must be registered with the National Swedish Food Administration (Statens Livsmedelsverk, SLV).

The new Act must not impose increased obstacles to trade and, therefore, certain adjustments may be necessary with regard to imported foods. The Swedish National Food Administration will be responsible for any changes. This first year will be considered a transitional period to allow industry to adjust to the regulations.

Under this Act, the Swedish National Food Administration (Statens Livsmedelsverk, SLV) became responsible for supervising foodstuffs and their handling. The Food Administration partly took over duties previously carried out by the National Veterinary Board and the National Institute of Public Health, both of which ceased to exist on December 31, 1971.

If you wish to explore the potential in Sweden for your food products, or are already exporting foodstuffs to Sweden but need help, don't hesitate to write to us: Commercial Secretary, Canadian Embassy, Box 14042, S-104 40 Stockholm 14, Sweden. We would welcome your inquiries.

Hamburg Takes over Berlin Trade Promotion

The Canadian Consulate General in Hamburg is now responsible for trade promotion and development work in West Berlin, formerly handled by The Canadian Embassy in Bonn. The Bonn office will, however, continue to deal with consular affairs and all other matters governing Canada's relations with West Berlin. This reassignment of responsibility will allow Canadian consulate staff to give the rapidly growing West Berlin market the attention it deserves.

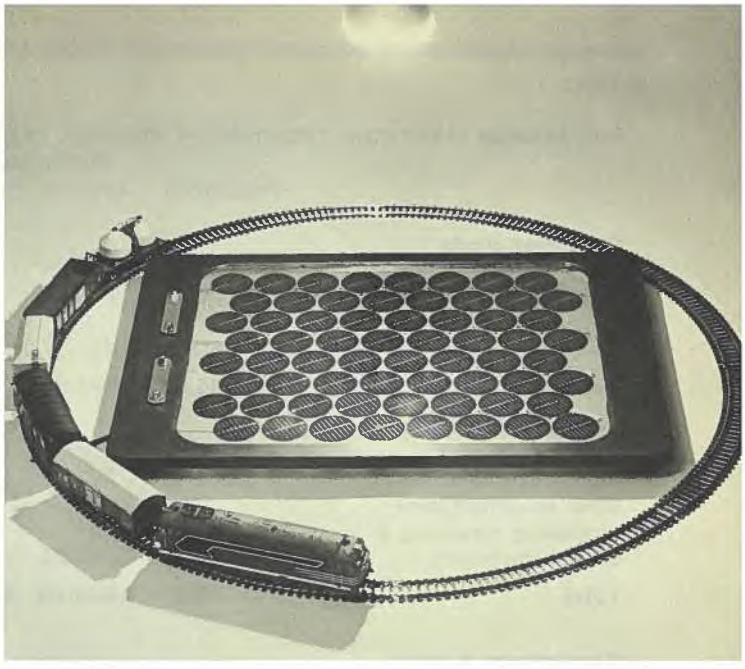
West Berlin is Germany's largest city. It has a population of 2.1 million, a work force of nearly a million and is now Germany's largest industrial center. The city's economy has been fully integrated into the economy of West Germany. In 1970, industrial turnover was valued at DM 17 billion, a large increase from the DM 10.6 billion which was reached in 1964.

About 58 per cent of West Berlin's industry is concentrated in the manufacture of capital goods, of which electrical and electronic goods (29 per cent) and machinery (11 per cent) are the most important. About 11.6 per cent of the city's industry is devoted to food processing; chemical and clothing industries are also important. Between 1962 and 1971, the average annual growth rate of industrial investment in the city was 8 per cent, compared with 6.5 per cent for the rest of Germany. The value of goods shipped from West Berlin directly or indirectly to foreign countries in 1970 was DM 2.4 billion. Goods valued at DM 1.4 billion were imported directly from foreign countries in that year, of which 42 per cent came from EEC and EFTA countries. Canada's share of this direct import trade was DM 44.6 million.

As of February of this year, regular monthly visits have been paid to West Berlin by a Trade Commissioner from the Hamburg office. Firms interested in the market are invited to submit their inquiries to The Canadian Consulate General, Esplanade 41-47, 2000 Hamburg 36, West Germany.

France Grooms Electronics for Major Role

Through investment and government aid programs the industry hopes to grow by an annual 17.7 per cent for the next five years. Canadians should study joint venture arrangements and licensing agreements.



This toy electric train is not what it appears to be. It is a highly sophisticated model powered by sunlight or, in this case, by a sunlamp shining on the cells in the tray.

P. L. DUCHASTEL, Assistant Commercial Secretary, Paris

The electronics industry in France is planning for an annual growth rate of 17.7 per cent in each of the next five years. To achieve this, it says, an investment of between $2 billion and $2.5 billion will be needed. Telecommunications, data processing, instrumentation and consumer goods are the industry sectors earnmarked for the highest growth rates. In 1970 the growth rate was 13 per cent, which compares with the United States rate (down 4.6 per cent) and the West German rate (up 15.5 per cent), but falls far behind Britain (23 per cent) and Japan (25 per cent). The Canadian industry's growth rate in 1970 was 8 per cent (factory shipments).

In 1970 the French electronics industry produced equipment and parts valued at $2.1 billion and employed 165,000 persons. The industrial and commercial sector led the way with production valued at $1.06 billion and employment of 77,121 persons. The rate of growth in this sector was 12 per cent, less than in the previous year because of reduced demand in the military area. The data processing field, however, achieved a growth rate of 15 per cent and should continue to grow because of the demand for office systems.

The components and parts sector produced equipment valued at $681.7 million and employed 65,130 persons. This sector had a growth rate of 8.5 per cent over 1969, but over the past few years has had fairly steady growth of 12.6 per cent. Semi-conductors and integrated circuits are the items most in demand.

The consumer goods sector had the highest rate of growth in 1970 at 16.8 per cent. Car radios and television constitute the strongest elements, helped by a reduction of from 23 per cent to 17 per cent in the value-added tax on TV receivers. Output by this sector was valued at $361.3 million, and the labor force was 22,672.

How do the French hope to reach the 17.7 per cent goal? The industry has six main steps in mind. It will:

Increase competitiveness in the consumer goods area by designing products more closely related to market demands both at home and in the Common Market countries

Concentrate heavily in the major growth area of civil aviation equipment

Augment the financial and human resources devoted to research

Improve the financial terms offered to export markets

Implement the recommendations of in-depth studies to be carried out on the industry's requirements for highly qualified technical personnel, and

Automate whenever possible to improve productivity.

If these steps are followed closely, the industry should be able to share fully in the growth of an enlarged Common Market and reach its growth objective.

The Government is also prepared to help the industry, which has been designated as one of the main "areas of concentration" under the Sixth Development Plan (1971-75). It is allowing companies to take a tax rebate equivalent to the investment they make in research and development. And, as a reflection of government policy and an indication of his own interest, the Minister for Scientific and Industrial Development has added a director of electronics to his interministerial delegation to create a more direct link between himself, the Ministry of National Defence and the Ministry of Posts and Telecommunications.

Some of the major firms in the industry are:

C.G.É. (Compagnie Générale d'Électricité), which has the controlling interest in C.I.T. (Cie Industrielle de Télécommunications), France's leading manufacturer in the telecommunication sector.

Thomson Group (Thomson-Brandt and Thomson-CSF). The Thomson group and C.G.E. have a total staff of

→

TABLE 1

THE FRENCH ELECTRONIC EQUIPMENT MARKET, 1970

	Million francs*			
	Production	**Imports**	**Exports**	**Consumption**
Consumer goods				
Radio receivers	260.85	154.89	82.75	332.99
TV sets	1,200.89	108.54	39.14	1,270.69
Magnetic recording and other electronic acoustic equipment	490.06	483.37	221.72	751.71
Total	**1,951.80**	**747.20**	**343.61**	**2,355.39**
Industrial & commercial equipment				
Professional equipment	2,608.81	221.38	726.97	2,103.22
Other equipment (data processing, measuring & control equipment)	3,120.00	1,586.72	1,411.12	3,295.60
Total	**5,728.81**	**1,808.10**	**2,138.09**	**5,398.82**
Components & parts				
Electronic tubes	630.35	207.54	238.18	599.71
Semi-conductors, passive components and fixed radio	670.17	470.09	411.32	728.94
Condensors	1,582.15	461.98	444.33	1,599.80
Other components	800.00	20.68	250.00	570.68
Total	**3,682.67**	**1,160.29**	**1,343.83**	**3,499.13**
Grand Total	**11,363.28**	**3,715.59**	**3,825.53**	**11,253.34**

*French Franc=Cdn. $.1817

TABLE 2

IMPORTS FROM CANADA, 1970

	Dollars
Sound reproduction and recording equipment	155,300
Radar equipment	53,400
Radio guiding, detecting and sounding equipment	212,500
Navigational instruments	40,600
Card punch and sorting equipment	1,505,000
Data processing equipment using punched cards and parts	654,000
Other office machines and parts	1,045,000
Other measuring and control instruments and parts	1,037,000
Tubes	45,000
Transistors	64,000
Mounted semi-conductor parts	77,000
All other equipment	116,200
Total	**5,005,000**

Radio beacon air navigational signals originating from this station are powered by sunlight shining on the cells held in the metal frame in the foreground.

100,000 in France and abroad and sales of over $1.08 billion. These two firms agreed to restructure so that each would strengthen its position in certain areas. The Thomson group is the major French TV producer and controls 52 per cent of FININFOR, the holding company which in turn controls 70 per cent of the shares of Cie Internationale pour l'Informatique (C.I.I.). The other 48 per cent of FININFOR is held by C.G.E.

C.G.C.T. (Compagnie Générale de Constructions Téléphoniques) is the French subsidiary of International Telephone and Telegraph Corporation. In mid-1971, this firm designed and built the biggest semi-electronic exchange (Metaconta) outside the United States. Large orders for this exchange system have been received from Mexico, Morocco and Belgium.

S.T.E. (Société Française de Téléphones Ericsson) is L. M. Ericsson's French Subsidiary. It has 16 per cent of the market in the communications field, splitting its sales between the Government and private customers.

Given the continually increasing sophistication and specialization of the world-wide electronics industry, the French are turning more and more to export markets in order to sell their products. Export figures in 1970 indicate that 34 per cent of France's total production of the electronic industry was exported. Of this, 54 per cent went to other Common Market countries, 14 per cent to the European Free Trade Association, 7 per cent to the Franc

zone, 7 per cent to Eastern Europe and the balance of 18 per cent to other world markets.

Total French imports of electronics for 1970 were valued at $675 million (see Table 1), of which Canada's share was $5 million. The EEC supplied 52.8 per cent, North America 32.3 per cent, (Canada 0.77 per cent), the European Free Trade Association 10 per cent and Japan 4.9 per cent.

Major imports are radio and TV receivers, magnetic recording equipment and tapes. The French industry also imports much of its computer peripheral equipment. Radio transmitting, guiding and measuring equipment are important export commodities. Table 2 gives a breakdown of Canadian exports to France in 1970.

What is the best way to enter the French market? Most Canadian firms already established here prefer to deal through an agent who can deal with both the public and the private sector. Another way is to start a joint venture with an established French firm, or to licence your product to a manufacturer in France. Some Canadian firms have a Canadian representative for Europe who is stationed in one of the major cities of the Common Market countries.

One of the best methods of securing good representation in France is to take part in the specialized trade fairs in Europe. Perhaps the most important European show is "Elektronika", held each year in Munich. In 1972 this show will be held from November 23 to 29.

The annual "Electronic Component" show (Porte de Versailles, Paris) to be held this year from April 6 to 11 is perhaps less important on a broad European basis, but is very well attended by representatives of the French industry. For firms interested in office equipment, the "SICOB" show is the major French event, and will be held this year from September 21 to 30, at the Palais des Expositions, La Défense, on the outskirts of Paris.

Publications such as the European edition (in English) of Electronics (McGraw-Hill Publications, 17 rue Georges-Bizet, Paris 16e) and Électronique Actualités, a weekly French tabloid (42 rue Jacob, Paris 6e) are the two major industrial reviews giving details on what is going on in the industry. The latter is used by all French importers for advertising purposes.

If you need any more information, or any help, write to the Minister-Counsellor (Commercial), Canadian Embassy, Commercial Division, 35 Avenue Montaigne, (75) Paris 8e, France. It would be useful if you could enclose copies of your descriptive literature and export price lists. We will be glad to help you in any way we can.

Trade Commissioners on Tour

Temporary Duty in Ottawa

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

Miss V.F. Wightman
First Secretary
Mission of Canada to
the European Communities
Brussels, Belgium
May 22-26

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.

Show of the Month

Canada participated again last year in one of the biggest building materials and equipment shows in Europe. More than 2,000 manufacturers exhibited their products at the BATIMAT '71 show held in Paris, France, last November. Exhibitors from countries other than France numbered 875.

The Canadian exhibit reflected the interest being shown by French housing authorities, builders and home buyers in our timber-frame building technique. This interest has been greatly stimulated by the Canadian housing development at Igny, on the outskirts of Paris, that now houses more than 90 French families.

The central theme of the Canadian stand emphasized the use of Canadian lumber and plywood products in the construction of a wood-frame house or building. Representatives of the Canadian forest products industries helped, discussing product specifications and other technical matters with visitors and potential buyers.

A technical seminar was held involving these representatives and officials of the Department's Wood Products Branch. More than 250 architects, builders, government housing authorities and others directly connected with the building industry in France, Belgium, Switzerland, The Netherlands and Germany took part and heard papers read on the Canadian manufactured house industry and on the use of Canadian softwood lumber and plywood in the structural aspects of the residential, agricultural and industrial building sectors.

The seven Canadian firms that exhibited at BATIMAT '71 under the auspices of the Department of Industry, Trade and Commerce were:

TCT Engineering, Campeau Corporation Limited, Ottawa

Hambro Structural Systems Limited, Ottawa

Building Products of Canada Limited, Montreal

Spiroll Corporation, Winnipeg

Niagara Protective Coatings Limited, Niagara Falls

Daymond Limited, Toronto.

The Hon. Leo Cadieux, Canadian Ambassador to France, had a busy day when he visited BATIMAT. He is seen on the right in the top photograph talking to Robert Andre Vivien (left), Secretary of State for Housing in France, and C.T. Charland (centre), Minister-Counsellor (Commercial) at the Canadian Embassy in Paris. In the photograph in the middle he is seen (left), talking with Ernie Butts (right), president of Hambro Structural Systems Limited of Ottawa. Hambro was one of the seven Canadian companies that exhibited at the show under government auspices. In the bottom photograph Mr. Cadieux chats with some of the visitors in the Canadian reception area.

A 400-member association of furniture representatives, 1,800 furniture stores and a wholesale market of over $50 million...

...only a few miles from home

B. DUSSAULT, Consul and Assistant Trade Commissioner, Buffalo

If you are a furniture manufacturer interested in a market right on your doorstep, and willing to spend time and money, let's sit down and talk about upper New York state. It's a natural for Canadian furniture — a population of over 6.5 million; a per capita income of approximately $3,-500; three major cities, Syracuse, Rochester and Buffalo; a common border with Ontario and Quebec, and a furniture association wholesaling more than $50 million a year.

It's also a major challenge. There are many problems — American specifications, duty, transportation, warehousing and representation to name only a few — that cannot be solved overnight. But if they are tackled seriously, step by step, the end result will be rewarding as many Canadian companies have found out. Canadian furniture, better finished and different, usually speaks for itself, but this is not enough to break into the American market.

A long time ago the Americans decided that furniture that is not fully dust-proof is a cheap type of furniture, and the consumer has been educated to believe that anything without this feature is of very low quality. Many company representatives know that Quebec furniture is of very good quality. Unfortunately, the same representative will not buy unless it is clearly stated and proved that the furniture is dust-proof. Unless we produce furniture with American specifications it is almost impossible to sell in this market.

Establishing the rate of duty is a very important step in determining the duty paid delivered prices usually demanded by U.S. purchasers. Furniture in chief value of wood, except for chairs, is dutiable at 5 per cent. Chairs in chief value of wood are dutiable at 8.5 per cent. Furniture in chief value of textile materials, except cotton, is dutiable at 17.5 per cent, but if in chief value of cotton is dutiable at 10 per cent.

The component material in chief value is that component which exceeds in value any other component in the article. For example, with upholstered furniture, if the total value of all the man-made fiber material is $150, wood $75 and metal $25 at the time immediately prior to final assembly, the furniture would be considered in chief value of textile materials other than cotton.

Your customers should always be given the option of purchasing at f.o.b. plant prices as well as delivered prices. This is necessary if duty on the freight portion of the delivered prices is to be avoided. You should contact the Chief, United States Division, Office of Area Relations, Department of Industry, Trade and Commerce in Ottawa for further information. You should also make arrangements with a local Customs broker for proper information on clearing your goods.

Once your rate of duty has been established you are in a better position to decide what part of your production could and should be exported to the United States, keeping in mind that transportation is another important factor both in terms of cost and damage. The best solution of course is to ship by truckload but it is almost impossible to sell a truckload of furniture to a new account. Therefore, you should decide whether you can afford to ship a few pieces to different accounts or, if you prefer, to store your furniture in Buffalo or Plattsburg for redistribution to other centers. Warehousing costs are high but sometimes it is the ideal solution as long as your line does not carry too large a range of items. Once you know the f.o.b. price delivered to a United States city anywhere in this area for the line you have selected, you can contact the local companies' representatives.

Fortunately, there are a number of excellent furniture salesmen in upper New York who would probably be happy to carry a new line. Most of these salesmen are approved by the Empire State Association, and the Canadian Consulate in Buffalo is in constant contact with them. We are ready and willing to try and interest somebody in your line, and a potential representative will be more than happy to provide you with all kinds of inside information on the market. Many Canadian companies believe that appointing a sales representative is the final step to success. More often than not this is not the case: a representative has to be encouraged and this means that once in a while the Canadian company will have to send an executive to cover the territory with him. The representative should also have a guarantee that your prices will not change too often and without notice. This will encourage the representative and have a terrific effect on the buyers because it shows reliability.

Are you ready to take all these steps to successful exporting? If you are, we will be more than happy to help you break into the furniture market in northern New York.

Italians Take to the Boats

The pleasure craft industry is booming as it strives to meet the rising tide of vacationers. Most motor requirements and many accessories are imported. Canadian builders should think of licensing arrangements, joint ventures.

MICHAEL C. SPENCER
Consul and Assistant Trade Commissioner, Milan

Getting away from it all isn't easy in Italy. Though nearly all Italians live less than 80 miles from the sea, fleeing the cities to those 5,000 miles of beautiful beaches, inlets and coves poses a problem. Highways and beaches are becoming crowded, especially during the peak summer season. To beat the congestion, many Italians have turned to boating. Last summer there were nearly 100,000 standard Italian-owned pleasure craft and another 10,000 foreign-owned boats afloat in Italian waters, plus an equal number of small rubber boats.

This new trend has placed an additional strain on Italy's already limited mooring facilities. At present, there are only 100 ports and a few modern marinas to accomodate pleasure craft. To help overcome this and other problems, some parliamentarians have formed a group called the "Friends of Boating". This group has already been successful in winning government approval for new regulations in this field and is now proposing a law to permit private development of state-owned lands for boating facilities.

Plans are to build 100 new marinas in the next five years. Although these will help to ease the burden on mooring facilities, more marinas will have to be built because the pleasure craft fleet is expected to double by then.

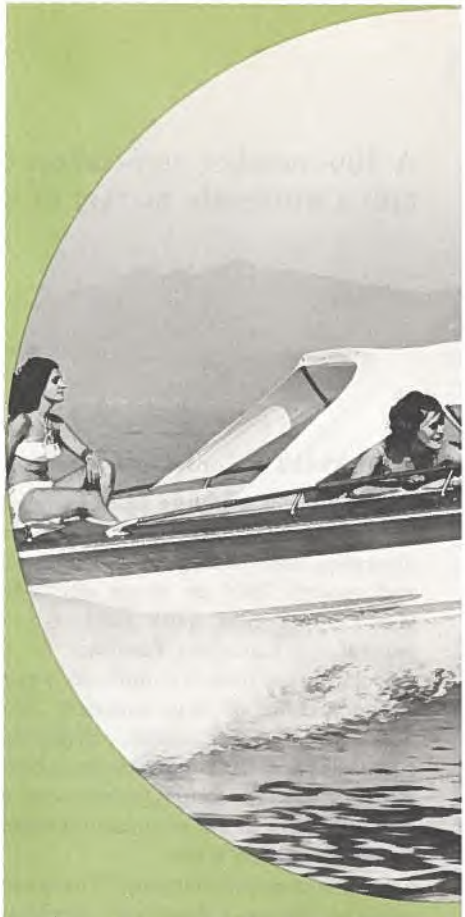
Until recently, most Italians rented pleasure craft. Now, however, ownership is rapidly increasing and in 1970 jumped by nearly 30 per cent to about 200,000 craft — third in Europe after Britain (400,000) and France (300,000). But the market still has good potential as only one Italian in 270 has a boat, compared with one for every 25 Americans.

Though comparatively few Italians are boat owners, Italy is a major producer of pleasure craft and, in 1970, production climbed by a third to 40,000 craft. This upswing, however, did not apply to production of luxury-class boats, which dropped 20 per cent for the year. The trend in Italy is toward inexpensive craft and firms are switching to mass production of the cheaper models.

Statistics put out by the Italian Boatbuilding Association show that, in 1969, 52 per cent of sales were represented by boats costing less than $250. Included in this group were rubber dinghies and the basis plastic and glass fiber models. Boats in the $250 to $850 range accounted for 36 per cent of the market, 11 per cent of the boats cost between $850 and $17,000, and 0.5 per cent cost more than $17,000. Sales in 1970 were estimated at $85 million and exports at $25 million, or one in five boats.

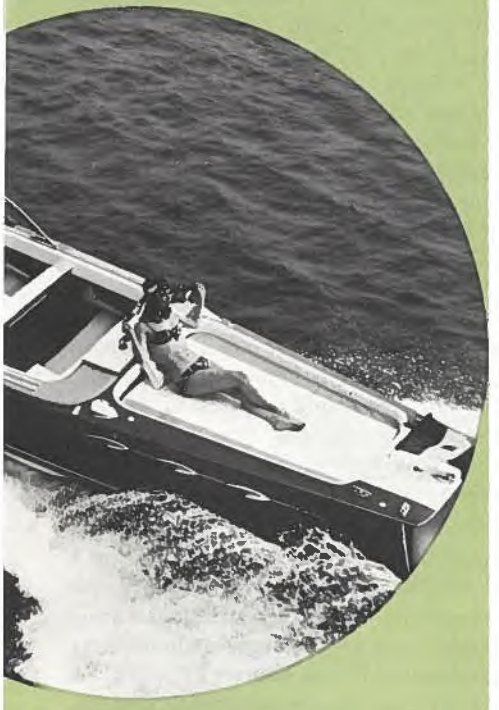
A recent survey shows that there are some 450 companies building boats but only about 36 of these firms are in the big league. About half of these larger firms employ more than 250 persons, and the rest have staffs of from 50 to 250. About 10 companies, those organized along modern lines, can claim a reasonably high rate of productivity with annual sales of between $2 million and $15 million.

In the sixties, glass fibers and plastic were introduced into Italian boatbuilding. This created a boom as new, modern companies joined older ones —



This boat comes from the Riva Shipyard on Lake Iseo that has recently been bought by the Whittaker group in the U.S. Riva expects sales of $4 million this year, mostly of fibreglass craft.

Italians have long been noted as builders of sleek pleasure craft and now that boating is booming in Italy licensing possibilities exist for firms offering unique designs.



many of them direct descendants of the great shipbuilding firms of the past — to manufacture sailboats, small craft and special utility types out of the new materials. As a result of this increased production, prices dropped and more people became potential buyers. Inflatable rubber boats are becoming very popular and sales of these have climbed from 6,800 in 1968 to more than 17,000 in 1970. Apart from the low price tag, one of the basic reasons for the great popularity of these boats is that no mooring or servicing facilities are needed — other than adhesive patches for punctures.

Italy still imports about 80 per cent of its marine motor requirements for pleasure craft but is developing this sector and is even exporting to a number of countries. Although local sales were down by 26 per cent in 1970, this branch of the market still holds great potential, and several major companies, including FIAT, may begin production of engines within the next few years.

Another area which Italian manufacturers are eager to exploit is that of boating accessories. Until recently most accessories were imported but now many local firms have begun specializing in lines such as hydrojets, propellors, varnish, radio-telephones and radar.

Apart from outboard engines, the Italian pleasure craft industry is virtually self-sufficient. It appears likely it will soon reach a state of development comparable to that of Italy's major export-oriented industries such as automobiles or electrical appliances. Most of the major Italian boatbuilding yards are located along the west coast of the Italian peninsula from Genoa down to Naples. A few are located on the east coast about 100 miles south of Venice, on the Adriatic.

One major all-Italian firm is Italcraft. The firm's three yards now produce medium and large boats in wood and glass fiber, but may begin producing cheaper boats in the future as well. The Italcraft yards, in 1970, built 90 boats for sales of about $3 million of which almost a third came from exports.

Another prominent name is FIART of Naples which has specialized in the production of small- and medium-sized craft in fiberglass. Its sales, on a production of just under 2,000 units in 1970, were about $1.75 million. About a third of the Italian leisure fleet is designed for inland use, especially on the northern lakes where other smaller shipyards have located. Most of the companies producing rubber craft are also in the industrial north.

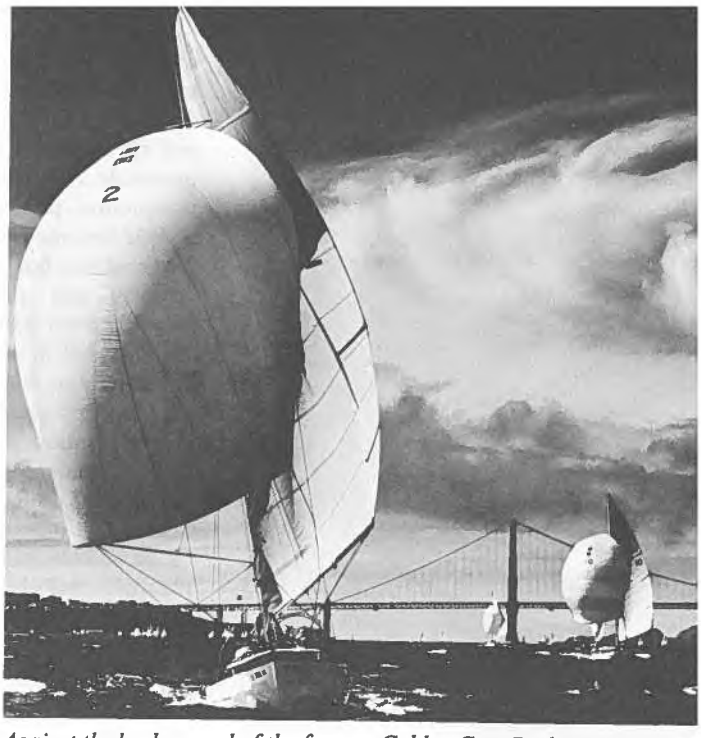
Considering the small scale of the market, it is hardly surprising there are few showrooms and retail stores. Those that exist are in the larger cities, and many of them are direct outlets for shipyards since there are few middlemen in this industry, except, of course, for imports. Only about 5,000 foreign craft were sold in Italy in 1970. Chief suppliers are Italy's EEC neighbors, especially France, the Scandinavian countries and Britain. There is no duty for boats within the Common Market, but for those coming from outside there is a duty of 6 per cent for non-seagoing boats under 220 lbs. and 3.6 per cent for boats over that weight.

Foreign investment, particularly from the United States, is very influential. Some industry sources put United States investment at about $7 million. Probably the prime example of foreign influence is Chris-Craft of Italy whose shipyards are located at Fiumicino (Rome's main airport) at the mouth of the Tiber. This is a subsidiary of the American boating company and is controlled through Chris-Craft's European headquarters in Lausanne, Switzerland. Like many other major firms, Chris-Craft built its plant outside Italy's industrial base in the north in order to take advantage of the generous government incentives and financing designed to bolster the economy of the central and southern part of the country. The company now produces 500 units a year in 12 different models and is considering the construction of a new plant.

The strength of the Italian pleasure craft industry coupled with duty and high shipping costs virtually rule out direct sales from Canada. But Canadian manufacturers of leisure craft or boat accessories and equipment who are interested in the European market should consider licensing arrangements or joint ventures with Italian firms, which are always alert for new designs and ideas. Remember, however, the competition is fierce so the concept must be truly unique, preferably in the medium or low-price range, inflatable, or easily portable. Send information and publicity material to our office in Milan (Canadian Consulate General, Via Vittor Pisani 19, 20124 Milan, Italy) and we will contact likely prospects on your behalf.

San Franciscans Seek Canadian Boats

A.W. PARKER
Commercial Officer, San Francisco



Against the background of the famous Golden Gate Bridge, a number of sailing enthusiasts participate in a race.

The San Francisco Bay area in California is one of the most picturesque spots in the world. The beautiful blue waters of the Bay are an inspiration to the boating enthusiast. Whenever the weather is inviting, which it is most of the time, the 430 square miles of the world's largest natural harbor is dotted as far as the eye can see with large and small pleasure craft.

A survey of the boat dealers within a 50-mile radius of San Francisco provides encouraging evidence that a good market exists for Canadian craft. The dealers, most of whom specialise in either sail or power, now handle U.S. boats almost exclusively. The exceptions are boats from Europe, the Far East and a single dealer who handles Canadian sailboats. Most express a keen desire to be introduced to a line of Canadian pleasure craft. The extent to which we can service this demand will determine the degree of Canadian participation in this burgeoning market.

Generally speaking, prices should be quoted in U.S. dollars f.o.b. the California marina. This could conceivably give Canadian suppliers a competitive edge over U.S. manufacturers who normally quote ex-factory. This point is underlined by the difficulties we have had in trying to obtain an estimate of transportation costs from Eastern Canada to California. The closest we have come is a "guesstimate" of somewhere between two and three thousand dollars to move a 35-foot boat from Ontario to California. This vague information suggests there is room to exercise bargaining skill in negotiating a favorable rate. It is worth noting that all pleasure craft entering the U.S. are dutiable at 2 per cent ad valorem up to a dutiable value of $15,000 and 5 per cent thereafter.

The smaller sailboats under 18 feet are confined to the sheltered portions of San Francisco Bay or the nearby river and lake resorts. The price range is as low as several hundred dollars for an 8-foot dingy to about $5,000 for an 18-foot yacht. On the bay itself, the preference seems to be in the 20 to 35-foot class. For a standard equipped 20-foot yacht, comfortably sleeping four persons, the U.S. retail price is about $5,000. Prices jump sharply for larger craft, however. The price tag on a 27-foot model with sleeping accommodation for five adults is about $13,500 and on a 30-foot craft, sleeping six, about $19,000. A 35-foot sailboat sleeping six, at about $29,000, seems to be a very popular boat. The above prices do not include "extras" or sails.

The fact that sails are not included in the prices for these larger size yachts suggests that Canadian sailmakers should regard the Bay area as a potential market. In this area alone, it has been estimated that about six local sailmakers are producing about 80 per cent of the sails. Sailmakers, understandably, are reluctant to quote a specific price,, maintaining that boat specifications are necessary. It would seem that sails cost about $1.50 to $2.00 per square foot. Production time during the heavy boating season is from six to eight weeks for larger sails, at other times about four weeks. Sails for smaller craft under 18 feet are usually provided by the U.S. manufacturer with the boat. According to the U.S. Bureau of Customs, the duty on imported sails is 6 per cent ad valorem. Canadian sailmakers who feel that they can compete in this market are invited to get in touch with the Commercial Division of the Consulate General in San Francisco.

Weather conditions on the Bay restrict the popular use of outboards (50-120 h.p.) under 18 feet to protected areas. Depending upon the specifications, these boats vary in price from $1,350 for a 14-foot craft up to $5,000 for an 18-footer.

The larger inboards are very popular, varying from 19 to 26 feet in length with motors from 165 to 250 h.p. These range in price from $7,000 to $25,000. Becoming increasingly popular for fishing and family recreation is the 30 to 40-foot cabin cruiser sleeping four to eight people. The price tag for these luxury-class boats begins at about $30,000.

Evidence of the growing popularity of boating is provided annually by the San Francisco Sports and Boat Show. At the 1972 event held last January there were 531 exhibitors and a record attendance of 380,000. There were, however, no Canadian exhibitors. Hopefully, this article has stirred your interest enough to seriously consider participation in the next show to be held between January 12 and January 21, 1973. To obtain space in this show write as soon as possible to Thomas A. Rooney, Executive Director, San Francisco Sports and Boat Show, 325 Pacific Avenue, San Francisco, California 94111.

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.

Agriculture

SOUTH VIETNAM — Vegetable seeds: Phung Pham Chao, Directeur General, Hang Lien Xuong, 27 Nguyen Van Sam, Saigon.

Automotive

HONG KONG — Automotive parts and accessories: Paul T. Yin, Director, The China Engineers, 250 Alexandra House.

Boats

SWITZERLAND — Boats and boat equipment: Safia, 8 Avenue Pictet-de-Rochemont, Geneva.

VENEZUELA — Local firms are and will be seeking joint ventures and licensing arrangements to manufacture fiberglass pleasure craft. The import duty has been raised recently. New designs and molds will be required. Send catalogues and other information to: Commercial Counsellor, Canadian Embassy, Apartado 62302, Avenida La Estancia No. 10, Ciudad Commercial Tamanaco, Caracas 106.

Chemicals

NIGERIA — Representation for agricultural chemicals: J.N. Xlazzari, General Manager, Arewa United Stores Ltd., P.O. Box 454, Kaduna.

SOUTH VIETNAM — Organic and inorganic chemicals: To Thanh Son, Managing Director, Dai-Viet Trading and Engineering Co. Ltd. (DAVITRENCO), P.O. Box S-11, 93-95 Ham Nghi Avenue, Saigon.

SWITZERLAND — Low density polyethylene film with a thickness of between 10 and 12 microns for household use. The film should be 30 centimeters wide. It can be in large rolls with a diameter of about 30 centimeters or in small rolls with a length of 30 meters. Firm would order from two to five metric tons per shipment: Wirth & Co. AG, Plasticwerk, 8180 Bulach, Berne.

Clothing

UNITED STATES — Capretta or other soft leather shells made to specification to complement women's ensembles; unlined skirts, women's sizes, moderate price range: Seattle garment manufacturer; contact Canadian Consulate General, 412 Plaza 600, Seattle, Washington 98101.

VENEZUELA — Skins for manufacture of women's and men's shoes: Vasilige Antic, Elegant Shoes, Esquina Calle Humboldt, Sabana Grande, Caracas.

Fantasy yarn for manufacture of sweaters: Alberto Harsan, Tedijos Orlan C.A., Apartado 50250, Caracas.

Communications

GREECE — Strong probability that Greek Railways will require radio telephone communication system providing immediate contact between control centre, individual stations and trains. Electronically qualified firm of manufacturer's agents interested in representing Canadian equipment and engineering companies. Send literature to: American Technical Enterprises, 7 Tesitsa Street, Athens.

Consulting Engineering

GREECE — Feasibility study for the Athens subway project, wanted by early 1973 by the Greek Ministry of Marine, Transport and Communications. Write to S.G. Vallindas (an agent), 28 Academias Street, Athens.

Educational

GERMANY — Teaching aids for handicapped children: Harrasser & Uberla, Lehrmittelverlag, 858 Bayreuth, Ottostr. 5.

Equipment

AUSTRIA — Pollution control equipment and materials: Commercial Division, Canadian Embassy, Dr. Karl Luegerring 10, 1010 Vienna.

CEYLON — Spectographic instruments, laboratory computers for chemical purposes, metallographic instruments: Kjellberg Successors AB, Industrigatan 2, S-100 21 Stockholm (attention L. Norling).

GHANA — Representation for scientific, educational and sanitation equipment: Andrew Stokes, Luctor Limited, P.O. Box 5097, Accra.

GREECE — Laboratory measuring equipment and instruments, covering all frequency bands including microwave. Simple inexpensive types for schools and sophisticated professional models needed. Airmail literature, quotations, agent's commission to: American Technical Enterprises, POB 156, Athens K.

For Greek state services, FM transceivers, frequency ranges 30 to 50 MHZ and 130 to 170 MHZ, hand-held and mobile, and base stations; AM hand-held transceivers with power output 0.5 watts to 3 watts; SSB transceivers in low marine frequencies and VHF range for marine and land applications: American Technical Enterprises, POB 156 Athens K.

Equipment or instruments capable of locating and detecting hidden explosives, for use by Greek security service personnel: American Technical Enterprises, POB 156, Athens K.

Representation for radiosondes used for weather prediction; airmail literature and c.i.f. quotations: American Technical Enterprises, 7 Tositsa Street, Athens 148.

NORWAY — Meters — oil, water, temperature; thermometers — machine, diesel engine, etc.; pressure gauges: Egil Andersson, Rorprodukter A/S, 2010 Strommen.

SWITZERLAND — Garage equipment: Safia, 8 Avenue Pictet-de-Rochemont, Geneva.

Fixtures

SOUTH VIETNAM — Sanitary, plumbing, heating and lighting fixtures: To Thanh Son, Managing Director, Dai-Viet Trading and Engineering Co. Ltd. (DAVITRENCO), P.O. Box S-11, 93-95 Ham Nghi Avenue, Saigon.

Foodstuffs

AUSTRIA — Fishmeal, tarula (a yeast product), soya and flax grit, sunflower oil kernels, pressed fresh clover: N. Schlumberger, Rosenbursenstr. 2/15, 1010 Vienna (attention Mrs. Feistritzer).

Caramel to be used in the coloring of lemonades; extracts for lemonades, especially lemon, orange and cola: Commercial Division, Canadian Embassy, Dr. Karl Luegerring 10, 1010 Vienna.

HONG KONG — Canned hams: K.T. Lo, Manager, Associated Trading Co. (HK), 649 Alexandra House, P.O. Box 16072.

Canned meats: G. de Almeida, G. de Almeida & Co. (HK), 9 Ice House Street.

Canned luncheon meat: Shiu Chi-Pang, Secretary, Luen Tung Trading Co., 40 Des Voeux Road, W., 1/F.

Chocolates and confectionary products: Jack C.F. Lau, Director, Davie Boag (traders) Ltd., Watson's Estate "C" 8/F, Watson Road, North Point.

Sweet biscuits in tins: S.T. Zee, General Manager, Y.C. Woo & Co., Ltd., Solar House, Des Voeux Road, C.

Canned sardines in oil and tomato sauce: S.L. Hui, Manager, Victoria Trading Co., 717 Shaw's Building, Nathan Road, Kowloon.

Canned fish, sardines, herrings in oil and tomato sauce: Albert K.K. Wong, Tradewell Industrial Co., 35 Ship Street, P.O. Box 20065.

Canned salmon and canned sardines in olive oil: Johnson S.W. Chang, Manager, Universal Trading Corp., Man King Building, Flat 29, First Floor, Ferry Street, Kowloon.

Frozen vegetables, all types; fresh vegetables, potatoes and onions: R.A. Davies, Managing Director, Davies (Far East) Co., Ltd., Blissful Building, 15/F., 243-247 Des Voeux Road, C.

Packaged frozen vegetables for supermarket trade: Y.K. Lau, General Manager, Park'N Shop Y.K. Lau Supermarket Ltd., Lower Peak Tram Station, St. John's Building, Garden Road.

ITALY — Representation for canned food, canned meat, canned vegetables, canned fish, jams and marmalades, sauces and condiments; quote c.i.f. Genoa: Messrs. Industria Casearia Dr. Garancini Lorenzo, Casella Postale 4, Via Priv. S. Giorgio, 20040 Carnate (Milano).

KHMER REPUBLIC (formerly Cambodia) — Dried raisins: Ran Peng Meule, Managing Director, South East Trading Co. (SETRACO), P.O. Box 282, Phnon-Penh.

SOUTH VIETNAM — Unsalted fresh butter in tins, pasteurized fresh butter in packages, margarine, fancy sweet biscuits in lithographed tins, vegetable oil in drums; sardines; canned meats; hoop cheese: Thai Phuoc Do, Director, Hiep Phuoc, P.O. Box 379, 7 rue Phan-Van-Dat, Saigon.

Canned meat and fish: Jean-Paul Roblique, Directeur General, PACIFICO, 147 Trinh Minh The, Saigon.

Canned fruits and vegetables: Phung Pham Chao, Directeur General, Hang Lien Xuong, 27 Nguyen Van Sam, Saigon.

SWITZERLAND — Canned lobster and canned salmon: Allumbert and Cie., 12 Chemin de la Mousse, 1225 Chene-Bourg.

VENEZUELA — Natural and artificial concentrated flavors and colors: Standard Brand de Venezuela, 10 Transversal, No. 28 Avenida Sucre, Los Dos Caminos, Caracas.

Fountains

SWITZERLAND — Articles for fountains, pumps and basins: Fontajet, Route de Moudon, 1522 Lucens.

Giftware

TRINIDAD — Pottery and giftware; send catalogues and quotations: Chung Wa Co. Ltd., Corner Lombard and Hadfield Streets, Georgetown (attention J. Chin Pac Hon, Director).

Hardware

HONG KONG — Builders' hardware: (1) Paul T. Yin, Director, The China Engineers, 250 Alexandra House; (2) D.P. Inglis, Managing Director, John D. Hutchison & Co. Ltd., P.O. Box 43.

SOUTH VIETNAM — Builders' hardware: Jean-Paul Roblique, Directeur General, PACIFICO, 147 Trinh Minh The, Saigon.

Instruments

SPAIN — Representation for instruments and equipment for meteorology, navigation, avionics, measuring and control: Nautronica S.A., Calle Perez Ayuso 16, Madrid 2; telex 22130, telegrams NAUTRONICASA.

Livestock

CEYLON — 1,000 dairy cattle for breeding, tender closes April 26; Animal Production and Health Division, Department of Agriculture, Peradeniya, or High Commissioner for Ceylon in Canada, Ottawa.

GUYANA — Veterinary products for poultry: Chung Wa Co. Ltd., Corner Lombard and Hadfield Streets, Georgetown (attention J. Chin Pac Hon, Director).

Machinery

CEYLON — Abrasive material and felt for drum sanding machines, tender closes April 28; Senior Supplies Officer, Ceylon Plywoods Corporation, 420 Bauddhaloka Mawatha, Colombo 7.

JAMAICA — Representation for power take-off driven pumps to be mounted on tank trucks and sprinkling trucks: C.T. Nunes, Managing Director, Structural Engineers Ltd., 15-17 Diamond Avenue, Kingston.

Materials

AUSTRIA — Silicon resins and silicon colors to be used for epoxide-resin paintings, a burning-in time of approximately 30 minutes at temperature of 120°C is required: Supply prices, technical data, etc., to: Kunstsofftechnik Wilhelm Anger AG, P.O. Box 39, A-1221 Vienna.

SWITZERLAND — Leather linings and upper leather: Hans Gerber and Co., Leder-Import, 3550 Langnau.

VENEZUELA — Fiberglass products for manufacturing prefabricated fiberglass houses and boats: Carlos Ramirez, TUBFIL, Apartado 62002, Chacao, Caracas.

Medical

HONG KONG — Surgical instruments and medical supplies: (1) C.L. Tong, General Manager, Forward Trading Co., 804A Bank of East Asia Building; (2) Au Ming, Manager, Shang Chee Hong, 14A Li Po Chun Chambers, Ground Floor, Des Voeux Road, C.

VENEZUELA — Local firm interested in negotiating licence to manufacture plastic disposable medical goods, such as syringes, catheters, blood administration sets, cannulas etc.: Jose Torrico, Tecnomedica Tamanaco, Apartado 14021, Caracas.

Metals

GUYANA — American Standard steel joists, "H" beams, channels, etc.; small quantities from reliable stockist: M.Z. Khan, General Sales Superintendent, Sprostons (Guyana) Ltd., P.O. Box 341, Georgetown.

HONG KONG — Scrap iron: Paul T. Yin, Director, The China Engineers, 250 Alexandra House.

KHMER REPUBLIC (formerly Cambodia) — Crown bottle caps: Ran Pen Meule, Managing Director, South East Trading Co. (SETRACO), P.O. Box 282, Phnon-Penh.

NORWAY — Representation for pipes of all kinds in various qualities of steel, pipes of ductile iron, all kinds of flanges, bends of steel and cast iron, steel pipe fittings, copper tubes; valves — butterfly, gate (also tank), ball, back, safety, reducing, steam (seating, with bolted and drilled cap), thermostatic, solenoid, dosing, throttle, others for shipbuilding — of cast iron, stainless steel, etc.: Egil Andersson, Rorprodukter A/S, 2010 Strommen.

SOUTH AFRICA — Complete coke ovens complex and associated equipment comprising six meter ovens, alternative four meter ovens; almost turnkey. Documents available at Rand 150. Local content recommended: Canadian Government Trade Commissioner, P.O. Box 61619 Marshalltown, 78 Fox Street, Johannesburg.

Coil inspection, slitting and tension levelling line, capacity 10,000 ton strip P.M. (600 hours); turnkey. Documents available at Rand 100: Canadian Government Trade Commissioner, P.O. Box 61619 Marshalltown, 78 Fox Street, Johannesburg.

SOUTH VIETNAM — Lead, zinc, tin ingots: To Thanh Son, Managing Director, Dai-Viet Trading & Engineering Co. Ltd. (DAVITRENCO), P.O. Box S-11, 93-95 Ham Nghi Avenue, Saigon.

Lead, zinc: Jean-Paul Roblique, Directeur General, PACIFICO, 147 Trinh Minh The, Saigon.

Pharmaceuticals
GUYANA — Representation for pharmaceuticals: C.A. Phillips Ltd., Camp and Regent Streets, Georgetown, Guyana (attention Ivan Phillips, Director).

SOUTH VIETNAM — Pharmaceuticals: To Thanh Son, Managing Director, Dai-Viet Trading and Engineering Co. Ltd. (DAVITRENCO), P.O. Box S-11, 93-95 Ham Nghi Avenue, Saigon.

TRINIDAD — Pharmaceuticals and related products: Caribbean Chemicals & Agencies Ltd., 24 Charlotte Street, Port-of-Spain (attention Joe Pires, Managing Director).

Plant
CEYLON — Drum reconditioning plant, tender closes May 9: Chief Supplies Officer, Ceylon Petroleum Corporation, P.O. Box 634, 113 Galle Road, Colombo 3.

Plant for manufacture of plastic containers, tender closes May 8: Chief Supplies Officer, Ceylon Petroleum Corporation, P.O. Box 634, 113 Galle Road, Colombo 3.

Proposed second oil refinery at Trincomalee: L.A.B. Perera, Public Relations Officer, Ceylon Petroleum Corporation, P.O. Box 634, 113 Galle Road, Colombo 3.

Plastics
SWITZERLAND — Plastic raw materials, such as polystyrene, polyethylene, ABS, polypropylene, PVC, in large quantities: Worbla AG, 3063 Papiermuehle-Bern (attention B. Olbrecht).

Postage stamps
GERMANY — Used Canadian postage stamps clipped from envelopes, etc., in large quantities: Otto Weigand, 8723 Gerolzhofen, Jahn Str. 10, Bonn.

Power
ARGENTINA — Two contracts for 450 Mw hydroelectric power plant, no pre-qualification: (2) manufacturing, delivery, erection and commissioning of hydraulic turbines with their auxiliary equipment, for a net head of 70 meters, tender documents available at end of February; (b) manufacturing, delivery, erection and commissioning of generators operated by hydraulic turbines, tender documents available at the end of March: Gerencia Tecnica de Hidronor S.A., Leandro N. Alem 1074 - 3°, Buenos Aires.

Recordings
FIJI — Music records, pre-recorded cassettes: F. Maneklal & Sons, P.O. Box 310, Lautoka, Fiji. Telegraph and cable: MANEKLAL LAUTOKA; Telephone 60589.

Sports, Fitness
GERMANY — Representation for sporting ammunition and related products: Waffen-Honold, 79 Ulm, Postfach 383.

SWITZERLAND — Sport and fitness equipment, ultra violet lamps, saunas, massage and vibration equipment: Kewi-Versand, Postfach 134, 5600 Lenzburg.

All articles for hunting and shooting: Kiepert, Baselstrasse 40/45, 4153 Reinach.

Tools
AUSTRIA — Representation for any kind of tool used in the manufacture of electronic products: Commercial Division, Canadian Embassy, Dr. Karl Luegerring 10, 1010 Vienna.

HONG KONG — Builder's tools: (1) D.P. Inglis, Managing Director, John D. Hutchison & Co. Ltd., P.O. Box 43; (2) Paul T. Yin, Director, the China Engineers, 250 Alexandra House.

SOUTH VIETNAM — Hand tools and cutting tools for metal working industry: To Thanh Son, Managing Director, Dai-Viet Trading and Engineering Co. Ltd., (DAVISTRENCO), P.O. Box S-11, 93-95 Ham Nghi Avenue, Saigon.

SWITZERLAND — Tools and toolroom machinery: Im-Hof and Cie., Schutzenmattstrasse 27, 4000 Basel.

Textiles
HONG KONG — Brushed nylon fabrics, suitings for men and women: Edward Wu, Managing Director, Happy Duck Trading Co., 901 China Underwriters Life Building, Des Voeux Road, C.

Suitings, shirtings, knitted fabrics, etc.: T.B. Thadani, Liberty (Hong Kong) Corporation, Burlington House, B-2, 7th Floor, 92 Nathan Road, Kowloon.

All types of textile fabrics: (1) Cheuk Fum-Foon, Manager, Tack Yuen & Co., 305 Universal House, 151 Des Voeux Road, C.; (2) Owen W. Corripan, Managing Director, Somalco (HK) Ltd., 1411 Star House, Salisbury Road, Kowloon.

Traffic Control
SWITZERLAND — Street marking material and traffic signals: Unileit AG, Postgebaeude 9463, Oberriet/SG.

Vehicles
GHANA — Representation for fire trucks: Andrew Stokes, Luctor Limited, P.O. Box 5097, Accra.

Wood Products
GUYANA — Hickory tool handles, e.g., axe, pickaxe, sledge, machinist hammer; send catalogues and export price lists: M.Z. Khan, General Sales Superintendent, Sprostons (Guyana) Ltd., P.O. Box 341, Georgetown.

HONG KONG — Kraft liner board and kraft wrapping paper: Honing C.C. Lam, Director and Manager, Gallop & Co. (HK) Ltd., 1010 Alexandra House.

SOUTH VIETNAM — Newsprint: Le Van Quy, Director, Van-Phat Trading, P.O. Box 557, 200 Nguyen Cong Tru Street, Saigon.

Newsprint, bleached sulphite softwood pulp, unbleached kraft pulp: Cao Van Lai, President, Universal Trade Agency, 19 Pasteur Street, Saigon.

Paper pulp, newsprint: To Thanh Son, Managing Director, Dai-Viet Trading and Engineering Co. Ltd. (DAVITRENCO), P.O. Box S-11, 93-95 Ham Nghi Avenue, Saigon.

SWITZERLAND — Wood pulp, kraft liner: Atlantica AG, P.O. BOX 122, 8035 Zurich.

Philippines Develops Power Project

A U.S.$23.4 million loan has been approved by the Asian Development Bank to finance the foreign exchange cost of erecting a 50-megawatt hydrogeneration unit and the expansion of the National Power Corporation's transmission system in Mindanao, the second largest island in the Philippines.

The loan will be made to the corporation, with the guarantee of the Republic of the Philippines, from the Bank's Ordinary Capital Resources and will be for 25 years, including a grace period of five years. The interest rate is 7.5 per cent.

The hydrogeneration unit will supplement the existing 150 Mw. of generating capacity at the Maria Cristina power station on the Agus River. The Agus, with a generating potential of 750 Mw., is the country's cheapest source of hydroelectric power.

Power generated at Maria Christina, and at other Agus stations yet to be developed, will be distributed by the transmission system to seven major load centers in Mindanao. About 850 km. of 138 kv. transmission lines, 400 km. of 69 kv. sub-transmission lines, and substations, will be included in the system, which should be completed in 1975.

The system is expected to promote establishment of co-operatives and cottage industries, foster agro-industrial projects, widen the industrial base and stimulate economic activity and employment on the island.

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.

Emulsion coating
Austrian firm seeks Canadian licensee to produce and market its protective facade coating, an emulsion of resinifying oils. The company states that this coating is permanently elastic, non-fading, water-proof, resistant to alkali, free of tension cracks, and applicable at all temperatures. It requires no priming of the surface to be covered and can be applied to both old and new surfaces of all types, e.g., foam, concrete, wood, etc. The production equipment required is extremely small. Licensing agreements covering several countries have already been signed and others are currently being negotiated. Literature available. **Item 2560**

Removable partitions
Belgian company offers under licence the Canadian production and marketing rights for its system of office partitioning. The removable partition units are prefabricated and PVC covered. Sections with windows and doors are also prefabricated. These self-supporting sections are connected together by key panels, clipped to the sections, with the width equal to the section thickness. The main advantages of this system are the great speed with which it can be set up or taken down and the well-known advantages of prefabrication. Literature available. **Item 2561**

Door closer
Swiss firm offers under licence the Canadian production and marketing rights to its door closer. This unit comes in a single model for large or small doors. Its closing power can be adjusted by means of a lateral slot screw. It is equipped with automatic temperature compensation to ensure a constant closing speed. Optional features include an arrest-lever and ring for setting the door at any desirable opening and an adjustable release device which holds the door in the open position for up to 30 seconds. The door closer can be installed on the door, door frame or ceiling. Low manufacturing costs are claimed. Literature available. **Item 2562**

Push-pull door lock
American company offers to a Canadian manufacturer the outright sales of its patent covering a new type of push-pull door lock. This system is designed to harmonize with contemporary and modern architecture. Its friction-free rocker bearing principle gives smooth, easy, performance requiring no lubrication. No door knob twisting required; closed door can be pulled from inside or pushed from outside to open. The unit can be installed within 30 seconds when door is prepared with required notch to receive it. Literature available. **Item 2563.**

Plastic pipe clamps
German firm is seeking a licensing arrangement with a Canadian company to manufacture and market its line of plastic pipe clamps. The clamps are available in all standard diameters. Some models are equipped with a single-hole base laid out for screws, nails or striker pins. Some are locked and unlocked by means of a locker cap located on the front section of the clamp bow. These clamps are suitable for use with sanitary pipe lines, heating and ventilation ducts, power cables, oil pipelines, etc. They are resistant to solvents, oils, fats and similar substances. Literature available. **Item 2564**

Roof construction system
Argentinian firm seeks a Canadian licensee to manufacture and market its roof construction system. This system offers a simple, modern solution to the problems of attaching a roof to a supporting structure, attaching the different sections of the roof and attaching other elements to the roof such as ceilings, pipes, eavestrough, etc. The specially formed metal sheets are provided in exact length, thus eliminating transverse joints. The deck is waterproof, requires no intermediate support structures, and is easy to install by unskilled labor using only a wrench and screwdriver. Steel sheets can be galvanized, prepainted, etc. Literature available. **Item 2565**

Door frame system
German firm seeks a Canadian licensee to manufacture and market its modular door frame system made up of standard wood mouldings and extruded plastic components. It is suitable for indoor applications in prefabricated, conventional, or custom-built house construction. It is applicable to any tpe of door opening and wall thickness, is easy to install with ordinary tools, and eliminates labor-intensive finishing of door openings and painting of door frames. The cost is claimed to be only 50 to 60 per cent of that of conventional, hand-finished lumber framing. The system can also be used for specialized window applications. Literature available. **Item 2566**

Prefabricated form for chimney base
Canadian contractor offers production and marketing rights under licence for his prefabricated form for chimney bases and smoke conduits, suitable for all exterior brick chimneys. This form provides openings for smoke pipe and clean-out. According to the inventor, this new method renders obsolete the usual practice of building a wooden form for pouring a chimney base and subsequently burning it off. This form is quick to install, re-usable, and economic to maintain. Literature available. **Item 2567**

Pneumatic and hydraulic controls
American company offers a licensing arrangement to a Canadian manufacturer to produce and market its line of pneumatic and hydraulic controls. These plastic and/or metal controls include power cyclinders, directional valves, metering valves, booster pumps, process control pumps and valves, check and pressure relief valves. These units are designed to be used in fluid power and process industries. Licensor claims these products are of better quality and less complicated than competing products currently on the market. Literature available. **Item 2568**

Milling machines
Japanese machine tool manufacturer with international reputation offers under licence the Canadian manufacturing and marketing rights to its range of milling machines which are of three types: plain, vertical and universal. These general purpose milling machines are especially designed for high speed work using cemented carbide milling cutters. The company claims several advantages in precision cutting, in operation generally, and in maintenance over conventional milling machines. Literature available. **Item 2569**

Honing device
American company is offering under licence the Canadian manufacturing and marketing rights for its honing device. This instrument is designed for honing engine cylinders, hydraulic cylinders, etc. It consists of an adapter, a drive shaft, a holder, a mandrel and a set of five stones which are claimed to offer twice the cutting surface and speed found in most available units. The tangential stone support also eliminates stone chatter and minimizes breakdown. Some models are portable. Literature available. **Item 2570**

Timber-drying equipment
South African company seeks a Canadian licensee to manufacture and market its timber-drying equipment. The kiln is a progressive

timber-drying unit divided into two principal zones, each comprising two compartments and one central compartment. Each zone is equipped with its own heating coil and air ventilator. Mainly used to dry softwood boards, this unit can also be used as a pre-drier for hardwoods. Advantages claimed by the company include low cost operation, high output, low maintenance and excellent board quality. Literature available. **Item 2571**

Manufacture of hydrogen fluoride

Japanese firm offers under licence the Canadian manufacturing and marketing rights to its continuous process for the production of hydrogen fluoride by reaction of fluorspar with sulphuric acid. The process entails contacting preheated powdered fluorspar with a preheated sulphuric acid spray, followed by separation of the resulting hydrogen fluoride gas and calcium sulphate powder. Advantages claimed include short reaction period (one to five minutes), no lump formation of reaction mixture, low heating temperature (usually 150 to 300° C), and the production of hydrogen fluoride-free calcium sulphate. Literature available. **Item 2572**

Method of fixing hairpieces

German firm offers to a Canadian manufacturer the outright sale of the Canadian patent rights covering its unique method of fastening a hairpiece to a human head. By this system a toupee is connected to the remaining hairs by plastic snaps. Three snaps are usually enough at various points of the scalp. The toupee cannot be pulled off and will not blow off in a strong wind. Perspiration is no problem and the toupee can easily be put on and taken off without losing its normal fit. Literature available. **Item 2573**

Automatic fluorescent emergency lighting fixtures

American firm is seeking a licensing arrangement with a Canadian company to manufacture and market its automatic emergency lighting system built into a standard fluorescent fixture. This unit consists of a fluorescent tube, a high frequency inverter, a sealed storage battery, an automatic battery charger and an automatic inhibit circuit when normal line power is on. Its claimed advantages include low power requirement, natural light, high efficiency, and unobtrusive appearance. Literature available. **Item 2574**

Telescoping hand truck

American inventor offers under licence the Canadian production rights to his telescoping extension handtruck. Designed for one-man operation to move loads up to and down from trucks and platforms, and up or down stairs, this equipment is made up of several telescoping frame sections of extruded aluminum or magnesium channels. The upper and lower sections are equipped with wheels. The top, bottom and centre sections are telescoped together. A load-carrying carriage is attached to a winch located at the top of the upper section. By turning a crank, the load can be moved from the lower to the upper section of the carriage or vice versa. For special applications the winch can be power-operated. Literature available. **Item 2575**

Shipping containers

American firm wishes to negotiate a licence with a Canadian manufacturer for the production and marketing of its rigid, returnable shipping containers. It is claimed that these multi-use containers can be stored in a fraction of the space required by conventional containers, thus providing savings in storage space and labor requirements, and that they readily adapt to existing conveyor systems. Literature available. **Item 2576**

Vent system for waste waterpipes

French inventor offers under licence the Canadian manufacturing rights and the North American marketing rights for his vent system for waste waterpipes. This apparatus is placed in the down pipes of buildings instead of in the traditional Y branches. It ends the need for double stacks and a relief vent. It can be manufactured in cast iron, PVC or ABS. Literature available. **Item 2577**

Foreign Tariffs and Trade Regulations

Brazil

By Decree Law 1199 and Resolution 1204, the Brazilian Government has reduced the import duties by 50 or 100 percentage points on a wide range of luxury and non-essential goods. The following list contains a few of the items affected:

	Per cent	
	Old Rate	**New Rate**
Salmon, salted, dried or smoked	155	55
Butter	155	105
Certain cheese	170	120
Vegetables, dried, dehydrated	155	55
Sugar confectionery	185	85
Biscuits, cakes	185	85
Prepared fruits and vegetables, jams, jellies	185	85
Wines, spirits	205	155
Manufactured tobacco	205	155
Perfumery, cosmetics, toilet preparations	205	155
Soaps	205	105
Travel goods	205	105
Furskins	155	55
Articles of furskins	205	105
Wallpaper	185	85
Postcards, Christmas cards	205	105
Calendars	205	105
Most fabrics	205	155
Jewellery	170	70
Radios and television sets	185	135
Furniture	205	105
Toys	205	105

Further information regarding the new rates of duty applicable to specific products is available from the Latin America Division, Office of Area Relations.

Colombia

The Government has recently moved to bring foreign companies in Colombia under its income tax rules. This means that deductions at source will be made from payment of interest royalties, dividends, etc., paid to foreign companies by Colombian subsidiaries.

Ghana

Import Licensing — On February 2, 1972, the Government of Ghana announced a revision to the import licensing system for 1972. As a result, more than 100 items are now on the Banned Imports List, including bacon, fresh ham, fresh fruit, cocoa, margarine, polyester foam, paper bags, and plywood and veneer sheets and panels.

Also, more than 100 items have been added to the Restricted Imports List. No imports of these will be allowed except under very special circumstances. The list now includes chocolate or food preparations containing cocoa or chocolate, rice, evaporated milk, mackerel, codfish, and salmon.

All goods not on the restricted or banned lists may be imported under either a specific licence or a special unnumbered licence (not used generally for commercial shipments), with the exception of the following which may be imported under Open General Licence: bona fide samples; personal or household effects of persons arriving in Ghana; unsolicited gifts not for resale and provided they weigh less than 22 lb. and do not exceed 72 cedis in value; single copies of books, newspapers, magazines and periodicals; live animals for domestic pets and not for sale; headloads of foodstuffs from neighboring African countries for personal use or sale; fresh or frozen fish caught by Ghanaian-owned vessels, and goods re-imported under a re-importation certificate.

Exchange Control — Effective February 7, 1972, the mandatory 180-day credit system was abolished for imports of consumer goods, durable consumer goods and industrial raw materials.

Kenya

As of December 16, 1971, commercial banks have been required to maintain an additional 5 per cent of net deposit liabilities with the Central Bank. This is in addition to the previous 12½ per cent that was required.

This action limits the amount of credit available from commercial banks and they have been urged to restrict their lending for imports.

The Kenya Government has further announced that foreign exchange will not be made available for overseas purchases of commodities that can be produced in Kenya.

Trinidad and Tobago

Government Notice No. 5, dated January 10, 1972, increased the import tariffs on alcoholic beverages, perfumes, cosmetics and toilet preparations, soaps and cleansing preparations. At the same time, the Government imposed a purchase tax on a few more products and raised the rates on a number of items.

Further information regarding the rates applicable to specific commodities is available from the Caribbean Division, Office of Area Relations.

Uganda

The Bank of Uganda has announced that, effective immediately, only 100 million shillings a month will be released for total imports.

All imports will require advance deposits and a valid licence issued by the Export and Import Corporation.

Essential goods will require an advance deposit of 10 per cent of the c.i.f. value and luxury goods will require a 100 per cent deposit. All other goods will require a 50 per cent advance deposit.

Overseas imports require the deposit for six months.

No foreign exchange will be released until three conditions are met: (1) payment of the advance deposit at the Bank of Uganda, (2) release of a valid licence by the Export and Import Corporation, and (3) Customs evidence of receipt of the goods in Uganda.

Zambia

The new Zambian Budget, presented January 28, 1972, included, among other things, increases in duties and taxes on beer, wine, spirits and soft drinks. The duty on spirits has been increased by almost 40 per cent.

A five per cent temporary surcharge is imposed on all imports except foodstuffs and goods not subject to import duty.

Automobiles are not assessed duty on the following basis: those of a value up to 2,000 Kwachas, deduct 500 Kwachas and divide the net value by 10 to arrive at the applicable rate. Cars exceeding 2,000 Kwachas, divide the value by 10 to ascertain the duty rate.

Trade Lines

Singapore airport may automate
The Singapore airport is expected to introduce automation in air traffic control by 1980 because of the rapidly increasing volume of air traffic. In the first 11 months of 1971, 37,604 aircraft movements were recorded (21 per cent more than the previous year), and by 1980 this figure is expected to reach 125,500. Passenger traffic is also increasing rapidly each year. About 1.8 million passengers used the airport in the first 11 months of 1971 (a rise of 19 per cent over the previous year) and by 1980 this figure is expected to rise to 11.12 million — Singapore

Spanish consultants win international tender
Tecnaval, a consulting firm belonging to the Spanish Tecniberia group, has won an international tender to conduct a feasibility study for the National Oil Co. of Libya. Five foreign firms competed for the contract. The study will cover the possible creation of a fleet of oil tankers for the company — Madrid

Iraq sells crude oil to Brazil
A long-term contract for the supply of Iraqi crude oil to Brazil was signed recently between the Iraq National Oil Company and the Brazilian state oil agency, Petrobras. Iraq will buy Brazilian goods and services up to a value of $5 million, and Petrobras will buy 2 million tons of Iraqi crude oil over a five-year period starting in 1972 — Beirut

Finland offered iron ore deal
The Soviet Union has offered Finland an arrangement whereby Finland makes all installations necessary to exploit the Kostamus iron ore deposit just across the U.S.S.R. border east of Oulu in northern Finland. The installations would include the building of transportation links, plants, and a complete mining town. In return Finland would accept enriched iron ore. The ore body is estimated to be more than 8½ miles long, 2 miles wide and between 9,000 and 12,000 feet deep, and to contain between 31 and 33 per cent iron, which would be enriched to about 66 per cent. This development is of great interest to the state-owned steel company Rautaruukki Oy, whose mill is not far from Oulu. The company produces about 64 per cent of the total Finnish iron and steel output, and it is estimated that its production, and therefore its ore requirements, will double in 1980 — Stockholm

Tenerife to get new airport
The building of an airport south of Tenerife in the Canary Islands has been approved by the Spanish Government. The first phase will cost about the equivalent of $28.5 million and will take about four years to complete. It is to have two 3,200-meter runways with correspondingly adequate terminals and services. The total area will exceed 11,000 square meters. This airport is independent from the existing one at Los Rodeos, which is considered inadequate to meet the growing needs of tourism and industrial and trade development envisaged under the Spanish Development Plan — Madrid

Argentina increases iron and steel production
All sectors of the Argentinian iron and steel industry increased their annual production last year. Pig iron output stood at 858,000 metric tons, 5.3 per cent more than the 814,000 for 1970. Steel production was up 4.8 per cent, from 1,824,000 tons to 1,913,000 tons. The production of hot and cold rolled steel products, at 2,501,000 tons, was up 23.3 per cent over the previous year's 2,028,000 tons. The industry predicts that the increase in steel production this year will be considerably greater — Buenos Aires

Foreign banks aid Spanish toll roads
An agreement was signed in London late last year by Manufacturers Hannover Ltd. for the granting of loans totalling $68.5 million to Spanish firms engaged in the construction (and eventual exploitation) of two important toll roads linking Sevilla and Cadiz in southwest Spain, and Tarragona and Valencia (220 kilometers) on the Mediterranean coast. First of these two projects will receive $30 million and the second $38.5 million. Already 300 kilometers of toll roads have been constructed in Spain and it is hoped that 1,100 kilometers will have been built by 1975. A total of 28 foreign banks have so far participated in the financing — Madrid

Vienna starts work on subway
Vienna has started to build a subway, the first line of which will begin operation in 1978 and the second in 1981. It is expected that construction will continue for between 40 and 50 years. Companies offering mechanical equipment should write to the following address: M.A. 32, Friedrich Schmidplatz 5, 1080 Vienna. Those firms wishing to offer electro-technical equipment should write to: M.A. 34, Ebendorferstrasse 1, 1010 Vienna. Copies of correspondence should be sent to the Commercial Division, Canadian Embassy, Dr. Karl Luegerring 10, 1010 Vienna.

Construction will be carried out by private construction companies in Vienna, who will require drilling equipment and other equipment for tunnel building. There may thus be opportunities for Canadian companies willing to co-operate with well-established Austrian firms to provide equipment, train staff, maintain parts, or to co-operate in other ways — Vienna

Foreign Exchange Rates

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

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

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

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

Country and Currency	Value of foreign currency unit in Canadian dollars at March 15	Value of Canadian dollar in foreign currency units
Algeria Dinar	.2093	4.78
Arab Republic of Egypt Pound (official)	2.3022	.43
Argentina Peso (free)	.2004	4.99
Australia Dollar	1.1936	.84
Austria Schilling	.0436	22.94
Bahamas Dollar	1.0319	.97
Belgium and Luxembourg Franc	.0228	43.86
Bermuda Dollar	1.0397	.96
Bolivia Peso	.0843	11.86
Brazil Cruzeiro (official free)	.1735	5.76
Britain Pound	2.6236	.38
British Honduras Dollar	.6078	1.64
Burma Kyat	.1871	5.34
Ceylon Rupee	.1682	5.95
Chile Escudo (bank rate) (free)	.0633 .0357	15.80 28.01
China, People's Republic of Renminbi	.4188	2.39
Colombia Peso (fixed)	.0469	21.32
Costa Rica Colon	.1511	6.62
Czechoslovakia Koruna (fixed basic rate)	.1528	6.54
Denmark Krone	.1438	6.95
Dominican Republic Peso	1.0009	.99
Ecuador Sucre (official)	.0400	25.00
El Salvador Colon	.4004	2.50
Fiji Dollar	1.2480	.80
Finland Markka	.2441	4.10
France, Monaco, etc.[1] Franc	.1987	5.03
French Pacific[2] Franc	.0109	91.74
Franco-African Republics[3] Franc	.0039	256.41
Germany D Mark	.3165	3.16
Ghana New Cedi	.7807	1.28
Greece Drachma	.0334	29.94
Guatemala Quetzal	1.0009	.99
Guyana Dollar	.5136	1.95
Haiti Gourde	.2002	4.99
Honduras Lempira	.5005	1.99
Hong Kong Dollar	.1804	5.54
Hungary Forint (official)	.0869	11.51
Iceland Krona (official)	.0114	87.72
India Rupee	.1368	7.31
Indonesia[4] Rupiah	.0024	410.00
Iran Rial	.0134	74.63
Iraq Dinar	3.0429	.33

Country and Currency	Value of foreign currency unit in Canadian dollars at March 15	Canadian dollar in foreign currency units
Ireland Pound	2.6236	.38
Israel Pound	.2383	4.20
Italy Lira	.0017	588.24
Jamaica Dollar	1.3118	.76
Japan Yen	.0033	303.03
Kenya[5] Shilling	.1441	6.94
Korea, Republic of Won	.0027	370.37
Lebanon Pound (free)	.3189	3.14
Libya Dinar	2.9467	.34
Malawi Kwatcha	1.2494	.80
Malaysia Dollar	.3550	2.82
Mexico Peso	.0801	12.48
Morocco Dirham	.2147	4.66
Netherlands Florin	.3145	3.18
Netherlands Antilles Florin	.5592	1.79
New Zealand Dollar	1.2086	.83
Nicaragua Cordoba	.1430	6.99
Nigeria Pound	2.8835	.35
Norway Krone	.1519	6.58
Pakistan Rupee	.2099	4.76
Panama Balboa	1.0009	.99
Paraguay Guarani (free)	.0079	126.58
Peru Sol (free)	.0259	38.61
Philippines[6] Peso (free)	.1556	6.43
Poland Zloty (fixed basic rate)	.2577	3.88
Portugal & Colonies[7] Escudo	.0367	27.25
Saudi Arabia Riyal	.2273	4.40
Sierra Leone Leone	1.2371	.81
Singapore Dollar	.3358	2.98
South Africa Rand	1.3378	.75
Spain & Dependencies Peseta	.0155	64.52
Sweden Krona	.2099	4.76
Switzerland Franc	.2608	3.83
Syria Pound (free)	.2711	3.69
Thailand Baht (free)	.0481	20.79
Trinidad & Tobago[8] Dollar	.5434	1.84
Tunisia Dinar	2.0700	.48
Turkey Lira	.0715	13.99
United States Dollar	1.0009	.99
Uruguay Peso (free)	.0020	500.00
Venezuela Bolivar (official free)	.2280	4.39
Yugoslavia Dinar (official)	.0588	17.01
Zaire, Republic of[9] Zaire	2.054	.49
Zambia Kwacha	1.4576	.69

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

2. New Caledonia, New Hebrides, French Polynesia.

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

4. Exchange rate at August 1971.

5. Rate also applies to Tanzania and Uganda.

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

7. Approximately same for Portuguese territories in Africa.

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

9. Formerly Congo (Kinshasa).

Canadian Trade Officials

Proudly displaying a family product is Gretchen Eisenhauer, daughter of the vice-president of Paceships Yachts Limited of Nova Scotia. Her audience consists of, left to right, Martin Colpitts and George Hughes-Adams of Aerospace, Marine and Rail Branch of the Department, Pierre Lutrell, Commercial Officer in Chicago, and Jim Masse, also from the Department in Ottawa.

This over-all shot of part of the Toronto International Boat Show shows some of the large crowd of visitors on the first day the show was open to the public.

M.H. Evans (left), vice-president of Alwest Marine Ltd. of Winnipeg, discusses markets and selling points of his company's ocean-going cabin cruiser with R.R.M. Logie (centre), New Orleans, and D.W.R. McTaggart, Philadelphia, both Canadian Assistant Trade Commissioners and part of the contingent to visit Toronto.

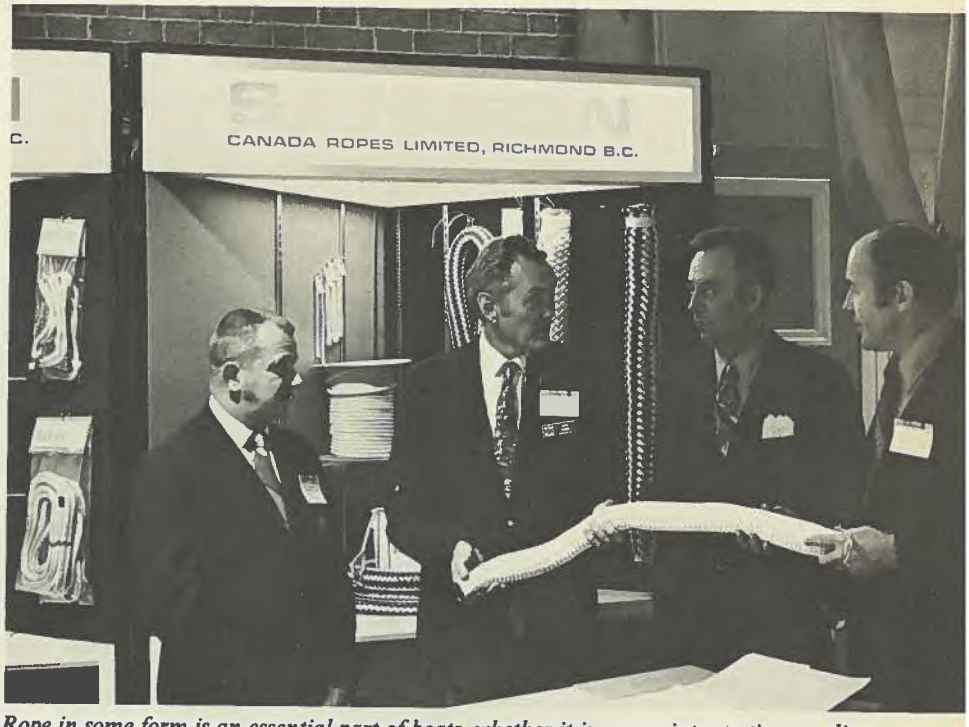
Visitors to Toronto's International Boat Show last February included eight members of Canada's Trade Commissioner Service. They came not to equip themselves for a relaxed summer on the water but to see what Canadian manufacturers had to offer and, more particularly, how they could best increase Canadian exports of pleasure craft to the United States.

The potential market for boats and marine hardware there is enormous. In 1971, about $3,610 million was spent in retail sales of boats, services and allied equipment. Much of this money was spent in the Middle Atlantic States and in Michigan — Michigan claims a coastline, or shoreline, in excess of the combined United States Atlantic and Pacific coastlines. About 25 per cent of Canadian boat production goes to the United States and in 1971 this represented around $11 million in manufacturers' shipments. Canadian exports in this market have trippled since 1966.

Discuss U.S. Boat Market

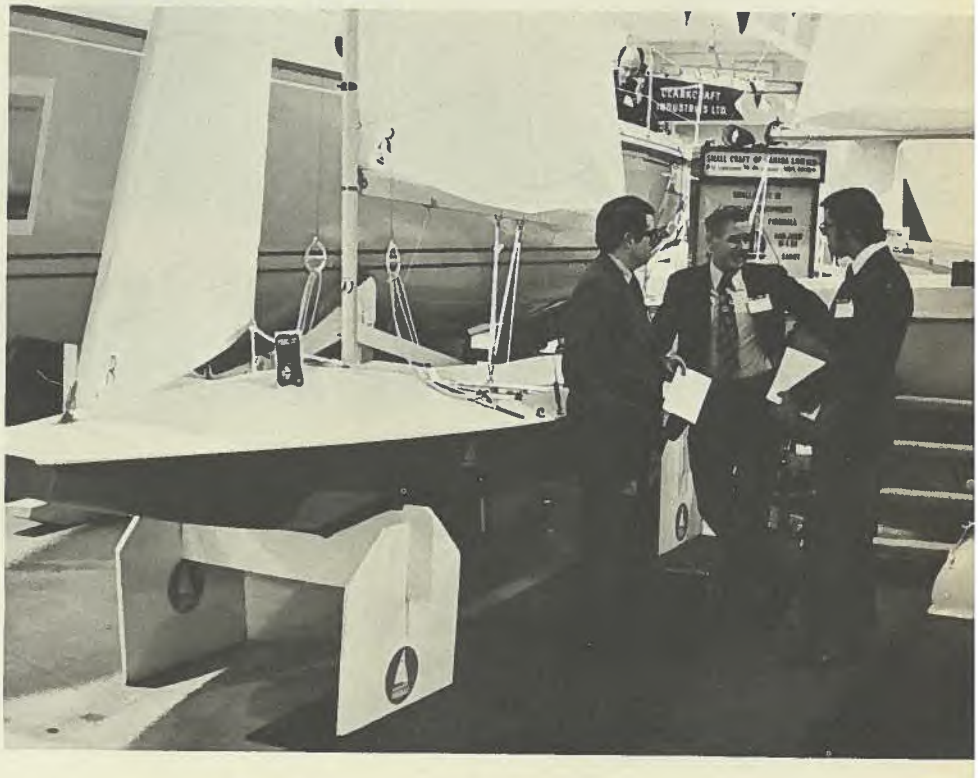
The Trade Commissioners and Commercial Officers who came to look over the Canadian products were: Simon Doyon, Vice Consul and Assistant Trade Commissioner at the Boston Office; R.R.M. Logie, Consul and Assistant Trade Commissioner, New Orleans; D.W.R. McTaggart, Consul and Assistant Trade Commissioner, Philadelphia; Pierre W. Aubin, Consul and Assistant Trade Commissioner, Minneapolis; J.J. Quigley, Commercial Officer, Buffalo; P.H. Lutrell, Commercial Officer, Chicago; Peter J. Wright, Commercial Officer, Detroit; Jack Quigley, Commercial Officer, Buffalo; and Bob Whitney, Commercial Officer, Los Angeles.

Canadian boat manufacturers are looking for a better year this year than either of the last two years. Estimates of the increase in the pleasure boating industry in the United States are put variously at between 11 per cent and 20 per cent.



Rope in some form is an essential part of boats, whether it is as a painter to tie up a dingy or as a massive mooring line. Here two dealers from the U.S., R.B. Coulter (left) of Jefferson Beach Marina, St. Claire Shores, and John Wood of Wood Marina Inc., Fraser, Michigan, discuss details with John Begg (second from right) regional manager for Canada Ropes Limited, and Peter Wright (extreme right), Commercial Officer from the Canadian Trade Office in Detroit.

Here Pierre St. Aubin (left) and Simon Doyen (right), Assistant Trade Commissioners from Minneapolis and Boston, discuss marketing problems with Jack Baker, Toronto manager of Smallcraft of Canada Ltd., Calgary.



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