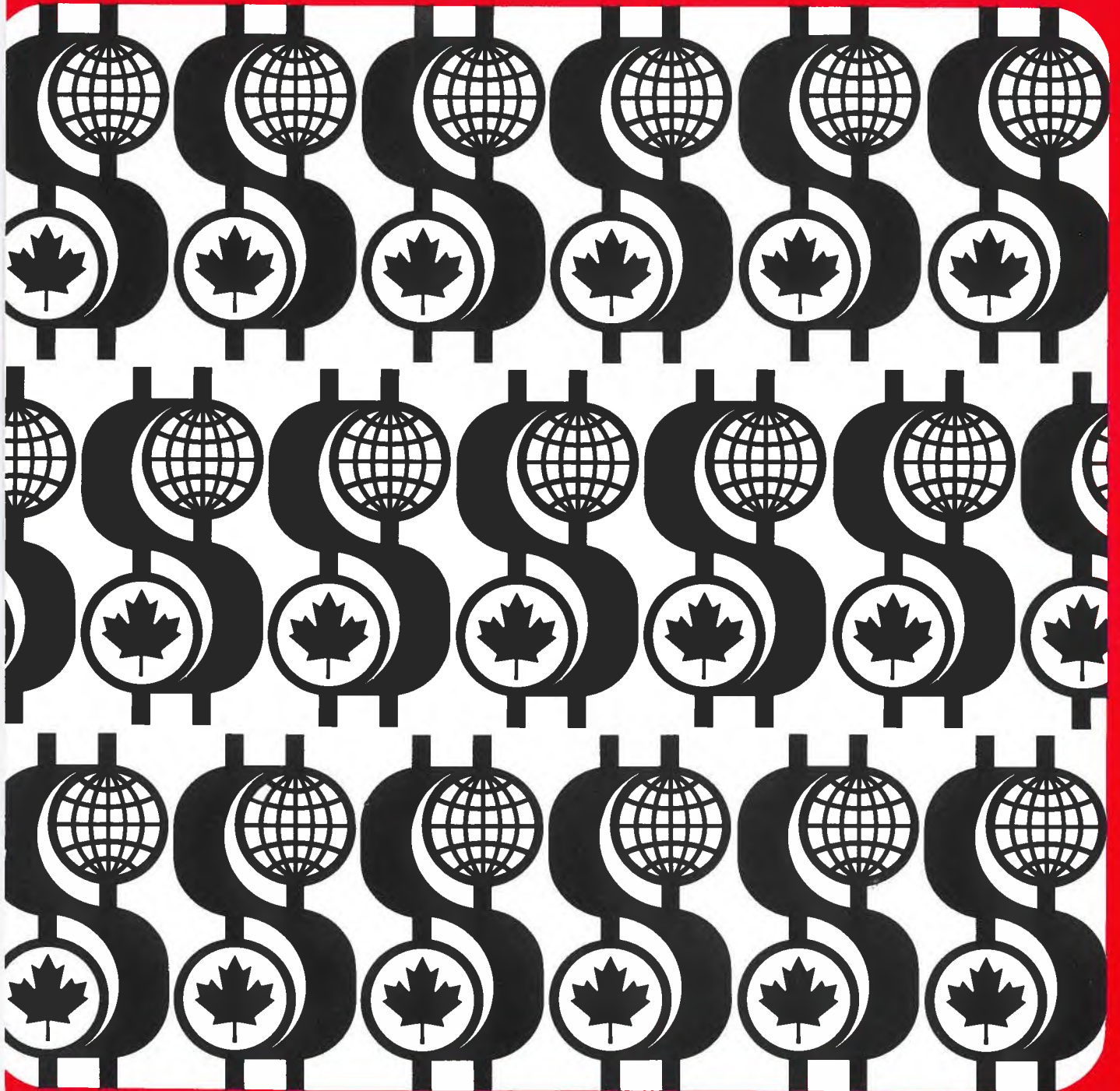


July

Canada Commerce

1972



Foreign aid financing means new markets



A protocol extending for four years the Canada/U.S.S.R. trade agreement was signed in Moscow on April 7, 1972, by James F. Grandy, Deputy Minister of Industry, Trade and Commerce, left, and Alexei Manzhulo, Deputy Minister of Foreign Trade of the U.S.S.R.

The two sides also exchanged letters agreeing to set up a mechanism for regular consultation on trade matters between the two countries. The objective is an annual consultation, alternating between Canada and the Soviet Union.

Signing of the protocol and the exchange of letters followed a week of talks covering the whole spectrum of Canada/U.S.S.R. trade.

Increased economic activity was emphasized during the second meeting of the Canadian-Soviet Mixed Commission on Cooperation in the Industrial Application of Science and Technology. The meeting was held in Ottawa in May and was chaired by the Honourable Jean-Luc Pepin, Minister of Industry, Trade and Commerce. The Soviet delegation was headed by L.N. Efremov, First Deputy Chairman of the State Committee for Science and Technology. The Mixed Commission expressed the opinion that trade between the two countries does not reflect its full potential and both sides have taken steps aimed at expanding trade.



In This Issue

Canadian businessmen have at times indicated that they want to know more about how international aid programs work. Our record of obtaining business through such programs, of winning contracts in the less developed countries through multilateral loans, is poor compared with other Western nations. To help to bring the business community up to date on this subject, *Canada Commerce* brings you this month a series of articles dealing with multilateral aid, the changing trends in aid-financed business and what these trends imply.

We also bring you an article on the Inter-American Development Bank, of which Canada became a full member at the beginning of May. Membership in this Bank opens many more doors for the enterprising supplier. Formerly Canadians were barred from much of the business generated by IADB loans, under which procurement was in large measure open only to member countries. This article, written by a member of the Bank's Division of Information, describes the Bank's lending policies and what membership will mean to Canadians.

Another aspect of the international aid market is, perhaps, a little closer to home. The Canadian International Development Agency works in many foreign countries, but procurement under its assistance is tied to Canadian goods and services — your competitors will be fellow Canadians. The article on page 7 tells you how CIDA works.

One of the more successful countries in international work is Italy and Italians boast that they can be found in almost any country where there is a large civil engineering project or where the hydrocarbons industry is important. And because this boast seems to be founded on fact, Canadians can find many supply opportunities with Italian firms, as the article on page 19 points out.

PHOTO CREDITS: Pages 7, 8, Canadian International Development Agency; pages 10, 15, World Bank; page 13, Inter-American Development Bank.

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The Hon. Jean-Luc Pepin, Minister

J.F. Grandy, Deputy Minister

Richard Waugh, Managing Editor

W.H. Lambton, Editor

Marion C. Smythe, Assistant Editor

Foreign Aid Financing Opens Doors to New Markets

A.R. HOLLBACH, Director, International Financing Branch

With the growth in labor force, the need for diversification of export markets and the increasing Canadian emphasis on secondary manufactured products and services, the developing world offers a substantial market over the next decade which Canada cannot afford to ignore.

Our past performance, especially if the amount of business obtained under international financing is a criterion, has been rather dismal, with the partial exception of the consulting field where Canadians have done reasonably well in winning business, at least under the United Nations Development Program (UNDP). There are now reasons for believing, however, that this performance might change. The lower rate of inflation in Canada compared with Europe and Japan, in conjunction with the recent monetary realignment, has considerably shifted the terms of trade in our favor. Coupled with this are indications that Canada's internationally competitive industrial base has been significantly broadened over the past few years and this has already been reflected in the growing number of attractive export orders that have been submitted to the Export Development Corporation during the last two years. This has been assisted by the desire of many of the developing countries to diversify their sources of supply and to obtain North American technology. It therefore seems useful to attempt an in-depth look at the main characteristics of markets in the less developed countries in the 1970's.

All or most of these countries do make commercial purchases with their own foreign exchange and can be expected to make more as they approach the "take-off" point of self-sustained economic growth. Nevertheless, one of the main market factors for the near future will be the continued importance of financing, mostly bilateral and multilateral aid. The nature of aid-financed business has, however, begun to change significantly due to the very fact that two decades of international development assistance has begun to show results. In consequence LDC requirements are changing while their own capacity to assess their needs themselves has grown greatly.

For the future, as far as the international aid scene generally is concerned, we can expect to see a greater trend towards more multilateral aid and a greater sophistication. We can also expect a shift of decision-making away from the donors to the recipient countries. The type of business for which financing will be required will also change with less emphasis on big projects and more on the supply of components, technology and spare parts. To meet these needs, special importance will be given to what are essentially lines of credit whether these are provided under multilateral financing, bilateral aid or export credit financing.

Canada Commerce will be carrying a series of articles on the implications of these trends. In this issue we start the series with a look at some of the financing aspects of selling to the less developed countries.

Ernst Sebastian of Toronto, a drilling supervisor working for M.R. Byrne and Associates of Burlington, Ontario, instructs Indonesian workers at a company site at Pangkadjeni. With the changing pattern of international aid Canada should be able to increase its share of business with the less developed countries, particularly in the supply of technology and components.



New Trends in Financing Mean New Sales Approaches

INTERNATIONAL FINANCING BRANCH

Sales opportunities, particularly for suppliers of capital goods and services, are growing at an impressive rate as more under-developed countries come closer to the take-off point of self-sustained economic growth. But the task of going after these opportunities is also becoming increasingly complex. The key to most sales is financing, and here the activities of the international development banks (World Bank Group, Asian Development Bank, Inter-American Development Bank, Caribbean Development Bank) is becoming increasingly important. The following is a brief summary of recent trends in aid financing that should help to set the role of development banks in perspective.

Because of the large measure of success of aid efforts over the past two decades, an era is coming to an end. In the past, aid has been concentrated mainly on technical assistance and large capital projects, but many less developed countries have now reached a point where their own basic expertise has been established and their basic infrastructure projects largely built. Increasingly they have both the ability and the desire to build many of their remaining projects themselves with the help of imported components. They are turning to the second stage of development that requires relatively less technical assistance and complete capital projects, and more technology and materials, com-

ponents and equipment to maintain existing plant and to build on existing infrastructure. They have also become more sophisticated in assessing costs of aid financed purchases, not on the softness of aid terms but on the actual cost of the initial equipment and of the follow-on service and spare parts supply. Aid terms (bilateral or multilateral) are in any case extended to the recipient government and are not passed on to the customer, even under grant aid. Many countries, therefore, are only willing to accept financing where prices are internationally competitive and they are increasingly organizing their multilateral and bilateral aid receipts so as to enable as much international shopping as possible.

New types of requirements will be developing and the size of many contracts will tend to be smaller and in line with the supply capabilities of more Canadian firms. Business will go to those who identify and cultivate these specific export markets. As the importance of multilateral financing grows so will the need for a more active export effort on the part of Canadians. The accompanying table indicates the very substantial volume of financing that has been made available between 1965 and 1969 from both multilateral and bilateral sources.

There is increasingly strong competition to provide financing for the more at-

tractive projects and this will enable recipient countries to be more selective in accepting aid that allows them to buy from competitive sources. With the strong inducement of untied procurement, the international agencies are therefore in a good position to sell their financing and will largely have their pick of the choice projects.

This makes contracts financed by these agencies doubly attractive to Canadian firms, both as a growing source of business in itself and as a vehicle for demonstrating a company's international competitiveness for other projects.

Until fairly recently, institutions like the World Bank provided much of the economic planning and project decision-making in underdeveloped countries. This is now changing. Planning and investment decisions are being made increasingly by the developing countries themselves. Thus while the international banks remain as important sources of information, action taken by or on behalf of potential suppliers is most effective in the recipient country.

Lines of Credit — The nature of sales made under aid financing is also changing with the growing requirement of LDCE for financing for components and maintenance items and for the extension of loans to new sectors, such as the private indus-



trial sector, which do not lend themselves readily to the big project loan. Both multilateral and bilateral donors are beginning to modify their lending policies to take account of these changing needs.

As a result, many loans now finance programs rather than projects. These are in reality "lines of credit" to finance development of a specific sector. Tenders are often smaller than for the traditional project loans and are staggered over a fairly long interval of time, often financed by a series of loans extended by the multilateral agency concerned on a more or less regular basis over a period of years. Examples are the series of telecommunications, power, port improvement and railway loans which the World Bank has been extending to many developing countries. EDC and Canada's bilateral aid program have already taken advantage of this opportunity.

International development banks are also extending general country lines of credit to finance the purchase of a broad range of equipment and maintenance items under normal commercial procurement procedures where it is up to the customer to decide whether he wants to call tenders or to negotiate with selected buyers. This has been done by the World Bank, for instance, in its series of industrial credit loans to India and Pakistan and by the \$80 million rehabilitation loan to Nigeria last April. Bilateral donors are also extending lines of credit under which financing can be provided for sales won by their nationals in normal commercial competition with suppliers from those other donor countries who are extending similar credits. Examples here are India and Indonesia, where CIDA has extended general aid lines of credit and modified its procurement regulations to match similar lines of credit provided by other donors.

The \$100 million EDC line of credit to Iran is another example. In making such credit lines EDC is responsive to knowledge of ripe sales opportunities, rather than aid requirements, which are CIDA's responsibilities.

Financing agencies are also moving into the relending field by extending lines of credit to national and regional development banks. These are relented in small amounts to firms in the recipient country and are spent for equipment, components and spares, usually without international tendering. All the international banks are becoming involved in this type of loan. Last year the World Bank lent \$265 million to development banks for this purpose, and 17 per cent of the loans made by the Asian Development Bank were to de-

EXPENDITURE OF AID FUNDS, 1965-1969

	1965	1966	1967	1968	1969
	U.S.\$ billions				
Africa	1.9	1.6	1.7	1.5	1.5
East Asia	.9	.7	1.2	1.5	1.6
Middle East	.6	.6	.8	1.0	.8
South Asia	2.2	2.1	2.3	2.0	1.8
Southern Europe	.7	.8	.8	.9	1.0
Western Hemisphere	2.5	2.5	3.0	3.3	3.5
Total	8.8	8.4	9.8	10.3	10.2

velopment banks in Asian countries for relending. Substantial amounts were extended also by the IADB to development banks and similar agencies in Latin America for relending. Similarly, of the 21 loans made so far by the Caribbean Development Bank, 13 have been to either Agricultural or Industrial Development Banks. Bilaterally both CIDA and EDC are also entering the relending field.

New Sales Techniques Needed — To meet changing conditions in the financing field, new approaches are required in export trade promotion. Aid terms can no longer be relied on either to offset uncompetitive prices or to attract customers to "stay-at-home" suppliers, although competitive terms are obviously still necessary to support competitive bids where everything else is equal. Instead, suppliers must go to the customer and sell him on competitive capabilities and follow-on service.

In the past project loans have been traditionally considered as one-shot deals where the exporter identifies and sells an individual project and then goes home. Such individual project opportunities will continue to come forward but an increasingly important factor in LDC purchase decisions will be the successful supplier's continuing interest in the LDC's own market. This will give the purchaser assurance of follow-up service and spare parts supply.

Additionally, the emergence of sector programs means that contracts will often be staggered over a considerable time-span and financed by a series of loans with tenders called on relatively short notice to deliberately discourage marginal bidders. This means that, once the sector program has been identified, firms will have to cultivate customers over a fairly lengthy period of time through visits and the appointment of an active agent. Without such an agent it will be difficult to get in on the ground floor because competitors will have agents who are keeping in touch with potential customers whether or not they have actually obtained a recent international loan.

These agents will frequently know of potential loans in advance and can often arrange to see the specifications for new purchases while they are still in draft form. They will obtain the actual specifications as soon as they are issued, translate them into the language of their principals and maintain a continual liaison with the exporter they represent.

Lines of credit and relending loans carry this one step further. What this form of financing provides is in effect a foreign exchange umbrella under which business transactions can be made in a normal commercial manner. Sales are usually for relatively small amounts for a side range of products. They are made to a variety of customers with little or no formal tendering. To compete, interested Canadian firms will usually have to identify the markets where these funds are being made available and through agents and sales campaigns sell potential customers who will then apply for funds from the appropriate line of credit.

To help firms to direct their sales efforts to the most promising business opportunities, the Department is establishing new cost sharing market development programs and creating a new aid market intelligence system. It has also set up a new Market Development Group which is responsible for, among other things, departmental market co-ordination relative to multilateral aid projects. These will all be discussed in more detail in subsequent issues of *Canada Commerce*.

The market intelligence system is based on various sources and attempts to pick out those areas of potential interest to individual companies. It will evaluate the results achieved by the companies and the obstacles encountered and help in follow-up procedures. It will work closely with other services of the Department, particularly those of the Trade Commissioners abroad. Canadians can use the services of this system by contacting their usual sources in the Department's industrial commodity branches.

How Development Finance Companies Can Help Canadian Exporters

J.F. WHITESIDE, International Financing Branch

The growing volume of World Bank funds being extended in the form of relending loans to development finance companies provides many interesting opportunities for Canadian suppliers of services, equipment and commodities.

These development finance companies function much like the Industrial Development Bank in Canada in that they use these World Bank funds for loans to private corporations in the developing country. In other words, the private corporation, after making a deal for the pur-

chase of equipment or services, may approach the development finance company for a loan in hard currency to finance the foreign exchange component of the purchase.

Last year the World Bank Group distributed \$264 million to 18 development finance companies (DFCs) in 12 countries. This represents an increase of more than a fifth over the previous year and was more than 18 per cent of the cumulative total of \$1,420 million extended to DFCs by the World Bank Group since the Bank

made its first relending loan in 1950. The network of DFCs now associated with the World Bank Group has increased from eight at the end of 1961 to 37 in 1971. The accompanying list outlines the country, the DFC to which recent loans have been granted, and the amount that was undisbursed as of January 1, 1972.

Originally, World Bank loans to DFCs served as a device for retailing resources to those enterprises that were too small and too distant to be dealt with by direct World Bank loans. Today the principal objective of the World Bank Group in promoting and strengthening DFCs is to help build effective investment institutions which can channel domestic savings and external capital into productive private enterprises, thus contributing to the growth of the private sector and to the

Canadian goods can also be sold abroad through the services of the Export Development Corporation. Shown here is the signing of a \$675,000 loan agreement between the EDC and the National Investment Development Corporation of the Philippines, through which Northern Electric Company of Montreal will supply telecommunications equipment to the Philippines. Standing on the left is W.E. Magee, Canadian Consul and Assistant Trade Commissioner at Manila. On the right, seated, is F.B. Clark, Senior Trade Commissioner and Consul General.



development of the capital market and, through them, to the economic development of member countries.

The DFCs assisted by the World Bank are a diverse group of institutions that reflect the different size, history, resources and state of economic development of the country in which they are located. Generally speaking they were established to promote and finance private economic activity, and were usually set up as shareholder-owned and -controlled finance companies. They often work closely with government in evolving the economic climate and the government policies that influence them.

As mentioned earlier in this article, World Bank loans to development finance companies are usually relented to private corporations to finance the foreign exchange component of industrial imports. The increasing volume of these World Bank loans emphasizes the importance of direct company-to-company contact in international marketing. If the Canadian businessman has no contact with foreign firms, if he is not represented in the foreign market and has not investigated it, he will not be aware of these sales opportunities.

Furthermore, because the function of the DFC is similar to that of the Industrial Development Bank in Canada, products can be sold on their merits rather than on price only. In other words, purchases are not subject to the usual rules of international tendering.

Who can borrow? Eligible borrowers for World Bank relending loans are usually private industrial companies in need of foreign funds to establish new industrial units or to expand and modernize existing ones. The DFCs do not generally exert any control over the source of supply of foreign equipment except perhaps to ensure that the local borrower has investigated the market.

The size and duration of DFC loans varies according to the purpose for which they are granted. In South America, where it is common to use DFC funds for working capital, loans can be as short as one or two years. In Asia, where it is more common to use the funds for fixed asset acquisitions, the loans are often large and for periods of more than five years. Most DFCs will only consider proposals over \$50,000 and a few will need World Bank approval for loans over \$500,000.

Interest rates charged by the DFCs associated with the World Bank vary from 7 to 22 per cent, with most of them falling between 8 per cent and 10 per cent. Among the 26 DFCs where the World

RECENT LOANS TO DEVELOPMENT FINANCE COMPANIES

Country	DFC	Location	Loans Undisbursed	
			\$ million	
Brazil	Banco do Nordeste do Brasil	Gaberonnes	25	20
Ceylon	Development Finance Co. of Ceylon	Colombo	8	2.5
Colombia	Banco de la Republica	Fortaleya	65	45
Ecuador	Corporacion Financiera Nacional (CFN)	Quito	4	4
	Ecuadoriana de Desarrollo SA Compania Financiera (COFIEC)	Quito	4	4
India	Industrial Credit and Investment Co. of India	Bombay	125	95
Iran	Industrial and Mining Development Bank of Iran	Tehran	115	54
Korea	Korean Development Finance Corporation	Seoul	55	35
Morocco	Banque Nationale pour le Développement Économique	Rabat	65	36
Nigeria	Nigerian Industrial Development Bank	Lagos	10	9
Pakistan	Pakistan Industrial Development Bank	Karachi	40	4
	Phillippine National Bank	Makati, Rizal	25	12
Taiwan	China Development Corporation	Taipei	18	7
Trinidad and Tobago	Trinidad and Tobago Development Finance Company	Kingston	2	2
Tunisia	Société Nationale d'Investissement	Tunis	10	6
Turkey	Industrial Development Bank of Turkey	Istanbul	40	38.4
Yugoslavia	Yugoslav Investment Bank	Belgrade	18	9.6

Bank has been involved, only two lend foreign exchange at rates higher than 10 per cent, yet the cost of capital in many developing countries is considerably higher than this.

Most DFCs are influenced by the priorities of their respective governments and tend to place their lending emphasis on export oriented industries. A cursory examination of DFC loans by economic activity suggests that DFCs are allocating about 15 per cent to 20 per cent of their loans to the food processing and textile industries. The metal products, mining and chemical/petroleum industry each receive about 10 per cent of DFC loans and electrical equipment and pulp and paper between 5 and 10 per cent. In some countries loans are made for services. In addition to financing projects, DFCs often investigate investment possibilities by undertaking studies independent of their own experts. Sometimes the services

of foreign consultants are secured for the more complex feasibility studies.

Development finance companies can be an important source of export financing in the developing world. They are of special interest in those countries where foreign exchange is a problem. Even if they cannot provide the foreign exchange in loan funds some DFCs will guarantee the payment of equipment being imported into their country. Canadian suppliers should be aware of the services these institutions perform in the developing world. If you are interested in a particular country write to the Trade Commissioner in whose territory the country lies (see the centre pages of this issue of *Canada Commerce* for a complete list of Trade Commissioner posts). Alternatively, phone or write to the International Financing Branch, Department of Industry, Trade and Commerce, Ottawa, Ontario K1A 0H5; phone (613) 996-5357.

Doing Business Through CIDA

JOHN DE BONDT, Canadian International Development Agency

Canada gives development aid to some 80 countries. Of this assistance, about \$230 million is spent in Canada every year to buy goods and services needed in the developing nations.

Canada's official development assistance program is administered by the Canadian International Development Agency, which reports to Parliament through the Secretary of State for External Affairs. CIDA works in a variety of ways to further international development. It gives grants, loans, commodity aid, emergency relief, food aid and technical assistance. It does this on a bilateral

(country-to-country) basis in some instances, through multilateral institutions such as the United Nations in others, and through Canadian voluntary agencies. Some of this assistance, but not all, is given on the condition that procurement be made in Canada.

What it all adds up to is a maze of policies and regulations through which the businessman may find it difficult to find his way. The following is a basic guide through the labyrinth.

Canada's assistance to developing countries — \$491 million in 1972-73 — can be divided into seven categories:

Contributions to Multilateral Agencies — This is a form of aid, \$131.1 million in 1972-73, given or lent to the World Bank Group, the regional development banks and the various United Nations Agencies, who all use their own methods for procurement. This aid is in the form of a cash contribution to a general fund in each agency which finances competitive international procurement.

Grants to Canadian Non-Government Organizations — About \$16.5 million will be contributed to approximately 125 of these organizations in 1972-73. They encompass such well-known groups as CUSO, Oxfam, CARE, and the YW/YMCA, but also many lesser-known organizations active in international development, including many churches, universities, professional bodies and community groups. Each has its own purchasing procedures.

Emergency Relief — Only a very small proportion of Canadian aid is spent in this manner. Earthquakes, floods, droughts, wars and other disasters trigger off sudden needs for food, medicine, shelter and other things. Normally only \$600,000 is set aside for emergency relief each year, but 1971-72 commitments rose to over \$7.5 million because of what occurred in Bangladesh and other areas. To cope with emergencies as quickly as possible, CIDA deals directly with suppliers. Tenders may be called by telephone and often immediate availability governs the purchase.

Food Aid — Canada donates about \$90 million a year in the form of wheat, flour, fish, milk powder and other food-stuffs to a dozen countries in Asia and Africa. The food is sold by the government of the recipient country, which uses the revenue for further development purposes.

CIDA buys the food through the Canadian Commercial Corporation or

→
This is the site of one of Asia's largest high-arch dams. CIDA has provided \$29 million for the project. The dam is being built at Idikki, India, for the Kerala State Electricity Board. The Canadian firm of Surveyer Nenniger and Chenevert is the consultant for the project.





A Canadian forestry engineer and a team of Malaysians work on a forestry survey in Sabah conducted by the Vancouver firm of Forestal Forestry and Engineering.

Like flies round a honeypot, children crowd round the photographer trying to take a picture of the Thaketa Bridge in Rangoon. This bridge is another example of the way Canadian funds are used to help development in overseas countries.



An aircraft supplied by Canada under CIDA auspices to the Guyana Airways Corporation loads supplies for shipment to the interior of the country.

through other government agencies, such as the Canadian Wheat Board, the Fisheries Price Support Board, and the Canadian Dairy Commission.

Sometimes surpluses of other foods are exported this way, thus protecting price levels in Canada and helping Third World countries at the same time. For instance, recently a surplus of turkeys was canned and eggs were powdered and donated to the World Food Program.

Project Aid — Under CIDA's bilateral assistance program, loans or grants are given only for specific projects, identified jointly and agreed upon by the recipient country and CIDA. This is true both of development loans, normally used to buy capital goods, and of grants, which are usually made towards technical assistance (provision of advisers, experts and teachers).

Allocations for bilateral assistance, not including food and commodity aid (see below), amount to \$190.7 million for the 1972-73 fiscal year. Up to 20 per cent of this can be made available on an untied basis, i.e., for local costs, or purchases in other developing countries.

Goods purchased in Canada for these projects range from power cable to prefabricated buildings and from desks to diesel locomotives. How goods are bought depends on whether CIDA's assistance is in the form of a grant or a loan. Procurement out of grant funds is nearly always done by CIDA, through the CCC. In the case of loan funds it is the recipient country or its agent that does the buying. In some instances this agent may be the CCC or a Canadian firm of consultants.

The procedure for most purchases requires that tenders be called, except where it is international practice to accept the price set by an international market, such as the London Metal Market, or where there is only one suitable source for the particular material, or where purchase is made from Canadian Government stocks or from a Canadian Government agency. When tenders are called, invitations are sent to suppliers listed with the Department of Industry, Trade and Commerce. Invitations to tender may also be published in Canadian newspapers and trade journals.

The goods acquired in Canada under CIDA's bilateral program must have a 66-2/3 per cent Canadian content. Declaration of Canadian content forms are available from CIDA's Contracts and Commodities Division, Ottawa, Ontario, K1A OG4.

Suppliers interested in doing business with CIDA should register with the

Canadian Commercial Corporation and the Canadian International Development Agency and they should also contact the appropriate commodity branch of Industry, Trade and Commerce.

In the hundreds of CIDA projects in operation all over the world there is a constant need for the services of consultants and contractors. CIDA has retained firms and individuals expert in aerial surveys, agriculture, agronomy, architecture, chemistry, classification of personnel, economics, education, electricity, engineering, forestry, hydraulics, hydro-electrics, irrigation, marketing, nuclear power, sanitation, telecommunications, tourism and dozens of other fields. CIDA contracts on February 1, 1972, ranged from \$2,000 for a tourist study in Africa to \$23 million to design and build a nuclear power plant in Asia.

Normally, only firms that are 51 per cent Canadian owned, that are registered with CIDA, based, managed and operated in Canada and employing Canadian personnel are considered for such assignments.

Firms interested in working abroad should, therefore, register with CIDA and keep their registration up to date. Registration forms are available from the Engineering Resources Division, CIDA, Ottawa, Ontario, K1A OG4.

The selection is normally made by soliciting proposals from a number of qualified and competent firms for all professional or technical assignments estimated to cost more than \$100,000. For assignments under that amount the proce-

cedure of selecting by proposals may be waived and one firm selected from a list of those qualified.

Some of the criteria applied in the selection process are Canadian ownership and personnel, experience in similar assignments, qualifications of professional or technical staff, recommendations from recipient countries, initiative in seeking work in developing nations and particularly in the project being considered.

The latter point is especially important in projects where the fee is more than \$100,000. In that case CIDA is very interested in how a firm proposes to approach the project, what personnel it expects to deploy and when.

CIDA is interested in as much detail about a firm's experience as possible. The Agency is computerizing its files on consultants and contractors and it is, therefore, important that interested firms keep CIDA up to date on their latest experience, changes in personnel and similar details.

Also in CIDA's plans is a consultant reception centre where representatives of Canadian firms can discuss plans and projects.

Commodity Aid — A relatively small number of countries receive commodity loans, i.e., a drawing account against which they can purchase definite and agreed-upon raw materials and fertilizers. In principle, commodity loans are extended to countries with a viable secondary transformation industry and an unemployment problem: the supply of



CCC's Role in Exports

The Canadian Commercial Corporation, which is wholly owned by the Government of Canada, was established in 1946 to (a) assist in the development of trade between Canada and other nations, and (b) to assist persons in Canada to obtain goods and commodities from outside Canada, and to dispose of goods and commodities that are available for export from Canada.

Under this broad charter, the Corporation acts, primarily, as the contracting agency when allied and friendly countries and international agencies wish to purchase supplies and services from Canada on a government-to-government basis. The Canadian International Development Agency, which is responsible for development assistance and grant aid programs, is among those that look to the CCC for procurement of many of the goods and services purchased under these programs.

Management and staff of the Corporation are provided by the Department of

Supply and Services, which is responsible for the central procurement of a wide range of commodities and services on behalf of all Canadian Government departments. The result is that procurement in Canada, undertaken by the Corporation for other governments, is carried out by the same officers and according to the same standards as procurement for the Canadian Government.

The Department of Supply and Services has an Industry Liaison Section which maintains on a current basis extensive source records identifying manufacturers and bona fide sales agents capable of supplying products required to satisfy demands raised by a multitude of customers. Firms who wish to be listed with the Department should make application to the Secretary, Supply Administration, Department of Supply and Services, Ottawa K1A OS5. A special application form will be supplied which must be completed by all potential suppliers.

raw materials not only saves them foreign exchange but also helps to provide jobs.

Commodity aid amounts to some \$50 million a year. The funds are paid direct to the Canadian sellers of the raw and semi-processed materials. The recipient country calls for tenders, which are monitored by CIDA, and chooses the supplier, usually the lowest tenderer. All producers who are on the lists of suppliers at IT&C receive the tender calls and are able to quote.

Lines of Credit — This is the newest form of development assistance (the first agreement was signed in July 1971) and one of the most promising. It is extended to countries with a strong administration, an adequate infrastructure and a well-conceived development plan.

Agreements for line of credit loans have been signed with the Governments of India, Indonesia and Ghana for a total of \$15 million. In addition, seven countries in the Caribbean have received grants for lines of credit operations, and discussions with other developing countries about lines of credit are under way.

Lines of credit have opened up new markets for Canadian exporters, who can now sell to either the private or public sector of the recipient countries under normal commercial conditions, in competition with suppliers from other countries extending lines of credit. Items sold under the lines of credit program must be related to the recipient country's development plans and have the usual 66-2/3 per cent Canadian content. The usual procedure is as follows.

1. The Canadian exporter offers his product to an importer in the recipient country. The importer approaches the authorities in his country to obtain their approval to use Canadian line of credit facilities, and when permission is granted sends his order to the Canadian exporter.

2. The Canadian exporter advises CIDA of receipt of the order, and sends CIDA a copy of the order, a copy of his acceptance (preferably a proforma invoice), and signed and completed forms declaring Canadian content and guaranteeing fair price.

3. When CIDA approves the order for payment in principle, the exporter dispatches his shipment to the recipient.

4. The exporter mails CIDA the following documents: non-negotiable bills of lading; final invoices; freight charges; insurance documents, and inspection documents if required.

5. CIDA then arranges for payment to the exporter.

The program provides an ideal mechanism for the provision of spare parts and material required for projects previously financed and equipped with Canadian assistance. It has the further advantage of allowing a wide variety of Canadian goods to become known in countries that, in general, are the most likely to graduate from the status of aid recipient to that of trade partner.

Pre-Investment Incentives — There is yet another way in which Canadian business can play a significant role in the development of Third World countries and for this CIDA has an assistance program that makes funds available directly to bona fide businessmen.

CIDA's Pre-Investment Incentive Program encourages Canadian firms to establish or expand operations in developing nations. The program consists of starter studies and feasibility studies.

In the case of starter studies CIDA can help to defray the costs of a visit to a developing country for a preliminary investigation into the possibility of establishing an enterprise or forming a joint venture. In approved starter studies CIDA reimburses allowable expenses

such as air fare, accommodation and living expenses, to a total of \$2,500.

If a starter study determines that investment conditions are favorable, CIDA provides for reimbursement of up to 50 per cent of approved allowable costs of a full-scale feasibility study with a maximum CIDA contribution of \$25,000. Approved costs may include salaries of personnel engaged in the study, and the costs of travel, accommodation and living expenses.

Applications for a feasibility study may be presented without previous starter study assistance, and the grant is available whether or not the applicant decides to proceed with an investment after the study is made.

Details about the program are given in a booklet called *Pre-Investment Incentive Program* published by CIDA. It discusses such aspects as scope of the feasibility study, project eligibility and eligibility of firms. The booklet may be obtained free from CIDA's Business and Industry Division, Ottawa, Ontario, K1A 0G4, or from the Division's office at 1080 Beaver Hall Hill, Suite 902, Montreal 128

Heavy machinery works under angry-looking skies preparing a railway line in Mauritania. This is part of a project for which a World Bank loan was obtained to develop iron ore deposits. It included construction of port facilities and a town at the mine site.



Ontario Firm Wins Contract

KENNETH RICHARDSON, Information Division, Canadian International Development Agency

Two years ago Canada began a concentrated program of development assistance to Indonesia, with a modest allocation of funds (1971-72 allocation — \$8.75 million). Within this short period of time it has become apparent that the provision of Canadian expertise, equipment, and funds is proving a good investment.

An example of this is the bridge reconstruction program in the province of South Sulawesi — the first major project in the Canadian development assistance program for this Southeast Asian country. A team of Canadian engineering experts from Burlington, Ontario, is supervising the reconstruction of 38 bridges in the province.

This project is part of an over-all rehabilitation program of the United Nations Development Program (UNDP) and the International Bank for Reconstruction and Development (IBRD). Early in 1970 the UNDP commissioned a feasibility study of the program, which indicated the undertaking would be worthwhile. That same year a visiting planning team from the Canadian International Development Agency (CIDA) received an informal request to participate in the program, followed later by an official request to Canada from the Indonesian Government.

Early in 1971 the engineering firm of M.R. Byrne and Associates, of Guelph Line, Burlington, Ontario, was commissioned by CIDA to carry out a reconnaissance study for the South Sulawesi portion of the UNDP-IBRD program. This consisted of 32 bridges (now increased to 38) requiring reconstruction, involving replacement or major repair. The firm's report covered all requirements for completing the reconstruction program, including logistical information, services and resources.

"The value of this project to Indonesia is two-fold," explains Bruce Wilson of Ottawa, CIDA project officer for the development assistance program in Indonesia. "The long range value lies in providing a complete transportation infrastructure to provide better access to the country's resources, thus helping the country's development."

"As far as the immediate needs of the people of South Sulawesi are concerned, it



Bob MacLaren of Ottawa (left) and Michael Call of Knowlton, Quebec (second from left), an official with the Canadian Embassy in Djakarta, discuss problems with Ramlah Praser, a soils engineer with Byrnes Associates, while Ivan Hiltz supervises his drilling crew.

means they will have much better means of getting their produce to market, as well as better communications between districts and their agricultural, commercial, and social sectors. An intangible benefit is a better understanding and appreciation of their country's problems and promise through improved communications."

These points were reaffirmed in a report by T.W. Delworth, Canadian Ambassador to Indonesia, after a visit to the province in May last year to get a first-hand look at conditions. "This region has production potential, but cannot properly develop its resources because of unfavorable communications," he stated.

As a result, Canadian participation in the South Sulawesi project was approved. Following contract tenders and negotiations, the Burlington firm was hired by CIDA in July of 1971 as consultants for the project. A grant of \$745,000 was made by CIDA to the Indonesian Government to cover the costs of the Canadian consultant services. These included detailed design; soil investigation; analysis and selection of bids and pre-qualification of Indonesian firms bidding on the project; purchase of equipment, supplies, and materials, and full supervision of the reconstruction program.

In addition to providing a steering committee for the program, the Indonesian Government agreed to ease conditions for the provision of Canadian materials and equipment for the project, provided the Canadian team of experts with liaison engineering staff from the provincial department of highways, and helped them with administrative support

and soil testing laboratory and related facilities.

"As far as staff were concerned, we were ready to go into operation immediately," said Malcolm Byrne, president of the firm. "The major problem was getting the equipment there in such a short time. Transportation by air was the only solution."

"After the equipment was purchased from various points across Canada, it was assembled at Edmonton. There was quite a chunk of it — a diamond drilling rig and auger, two other diamond drilling rigs, a portable drill rig and drill hoist, plus spare parts and accessories, camping equipment (we lived in tents) and surveying equipment. However, Pacific Western Airlines got it to our headquarters at Makassar within a few days. By comparison, the rest of the equipment was shipped by sea and arrived in January.

"One of our biggest problems was a logistical one — the 38 bridges involved are located in a 500-mile radius throughout the province. In that large area you find very varied soil conditions — from coastal plain to mountainous terrain in the interior. The poor conditions of some rural roads was another major problem. But we quickly got squared away and on the job."

The project is now well ahead of schedule, with soil drilling and testing to determine foundation design proceeding rapidly. Field survey work is also well under way. Barring any unforeseen delays or problems, it is expected that the South Sulawesi reconstruction program will be completed on target in late 1974. →

Canada Joins the IADB

At the beginning of May Canada became a full member of the Inter-American Development Bank, a step that will be of major interest to Canadian firms doing business in Latin America and the Caribbean, or who plan to enter these markets.

In this article the Bank introduces itself to Canadians and briefly discusses how its funds are raised and utilized.

HENRY W. GEOTHALS, Division of Information, IADB

Canada's formal admission to the Inter-American Development Bank on May 3, 1972, increased the total Bank membership to 24 countries and represents a major step in Bank efforts to attract additional financial contributions from non-member countries for Latin American development. The Canadian Government formally applied for membership on March 30, 1972, after an amendment had been approved by the Bank's board of governors to permit Canada, which is not a member of the Organization of American States (OAS), to join.

In joining the Bank, Canada is subscribing a total of U.S.\$243 million to the Bank's Ordinary Capital Resources. Of this amount, \$40 million will be paid-in capital and \$203 million will be callable capital serving as a guarantee against open-market borrowing. Canada will also contribute U.S.\$60 million to the Fund for Special Operations. In addition, the Canadian Government has agreed to contribute to this Fund all repayments made on the loans of \$74 million which the Bank has made with resources it has administered for the Canadian Government since 1964. Payments to the paid-in capital and to the Fund for Special Operations will be made in Canadian currency in three equal installments, the first of which was paid on May 3 at the time the instrument of ratification was deposited.

With the payment of its subscriptions Canada will hold 4.9 per cent of the Bank's equity capital and 6.2 per cent of the voting power in decisions affecting the Bank's Ordinary Capital Resources. Inclusion of the Canadian capital subscription will increase the Bank's paid-in Ordinary Capital Resources to U.S.\$512 million and the callable Ordinary Capital Resources to U.S.\$3,196 million. The Canadian contribution of \$60 million will increase resources of the Fund for Special Operations to \$2,388 million.

As a non-borrowing member of the Bank Canada will have the right to name an executive director and an alternate executive director.

Canada's Past Relationships With the Bank — Canada has co-operated actively since 1964 with the Bank's efforts to promote economic and social growth in Latin America. On December 4, 1964, the Canadian Government and the Bank signed an agreement under which the Bank was entrusted with the administration of Canadian bilateral aid funds. The funds, which are tied to procurement in Canada, are used to finance economic, technical and educational projects in Latin America. Created initially with \$10 million, the fund has been enlarged through successive contributions to the present level of Cdn.\$74 million. These resources are used to make loans for periods ranging up to 50 years at no interest. The Bank charges a commission of ½ of 1 per cent annually, payable in Canadian currency, on amounts committed or outstanding, to compensate it for services rendered. During 1971, the Bank approved two loans totalling \$10.5 million from the Canadian fund, raising to \$61,374,902 the cumulative amount of loans extended from the fund.

The Bank also signed an agreement in June 1965 with the Export Development Corporation under which the EDC set aside \$15 million for economic development loans in Latin America in co-operation with the Bank. These funds are lent on terms of up to 20 years at commercial interest rates. As of December 31, 1971, loans totalling \$3.8 million had been approved under this agreement.

In addition, private Canadian commercial banks have since 1963 purchased \$2.5 million participations in the Bank's Ordinary Capital loans.

By the end of 1971, the Canadian contributions to the Bank had been used

for a variety of development purposes in Latin America, including the undertaking of pre-investment studies in Ecuador, Peru, Paraguay, Mexico, Argentina, Colombia and Brazil; the financing of a major hydroelectric development project in Colombia, the first stage of an integrated electric power system in Ecuador and a telecommunications network in Chile; the promotion of economic integration in Central America and expansion of the port of Acajutla in El Salvador.

Growth in Bank Resources — Canada's entry as the 24th member coincides with Bank efforts to increase both its hard and soft capital resources through new contributions from member countries. Programmed increases in both the Ordinary Capital Resources and the Fund for Special Operations will by the middle of this year augment the Bank's authorized capital resources to almost \$10 billion and enable it to achieve an annual lending rate of approximately \$1 billion by 1973.

In late 1971 the member countries put into effect a \$2 billion increase in the Ordinary Capital Resources, thus raising them to U.S.\$5.15 billion. Of the authorized capital increase, U.S.\$400 million is paid-in capital and the remaining U.S.\$1.6 billion is callable. Beside providing the Bank with a modest amount of additional paid-in capital, the increase gives the Bank substantial new guarantee authority to borrow funds in the world's capital markets in coming years.

The member countries are scheduled to put into effect an increase of U.S.\$1.5 billion in the Fund for Special Operations by the middle of 1972. As Canada was not a member of the Bank when the Bank membership voted these increases it will not be called upon to increase its contribution at that time.

Non-Member Country Borrowings and Contributions — Last year the Bank raised almost U.S.\$134 million in the

Highway construction in Honduras is being carried out with the help of an IADB loan to the Central American Bank for Economic Integration.

A major hydroelectric power complex is seen here being built in Colombia with the help of a \$48 million loan from the IADB. Part of the money came from Canadian funds the Bank has administered since 1964.



Another scene of highway construction in Honduras. The IADB was founded in 1960 to further the economic and social development of Latin American and Caribbean countries by financing development projects and promoting private and public investment. The Bank also provides technical assistance to these countries.

Japanese and European capital market. These borrowings included a record \$5.6 million in Japan, \$31.2 million in Switzerland, \$19.5 million in France, \$11.1 million in the Netherlands, \$8.9 million in Belgium and \$6.4 million in Austria. An additional \$47 million short-term bond issue was placed by the Bank in its Latin American member countries. In the same year the Bank obtained new concessional funds from non-member countries to channel towards Latin American development. Britain provided two million pounds sterling (equivalent to U.S.\$5.2 million) for the Bank to administer. Argentina added about \$500,000 to the funds which it is channelling through the Bank for the development of Bolivia, Paraguay and Uruguay.

Lending Policy — The Inter-American Development Bank has lent over \$600 million a year during the last three years to help the economic and social development of Latin America. And, on the basis of increased resources which will be fully subscribed later this year, the Bank next year will increase its yearly lending rate to approximately \$1 billion. This will reinforce its role as the largest single supplier of development credits to Latin America among the international financing agencies.

The Bank extends both "hard" and "soft" loans to its member countries in the hemisphere. Through its "hard" loan window, it extends funds from Ordinary Capital Resources at commercial interest rates and for terms of seven up to 20 years. These loans are repayable in the currencies lent. It extends "soft" loans from its Fund for Special Operations at concessional interest rates and for terms ranging up to 30 years. These loans are repayable partially or wholly in local currencies.

Last year the Bank approved 18 loans, plus increases in previously authorized export financing credits, amounting to \$236 million from its Ordinary Capital Resources and 37 loans totalling \$400 million from its Fund for Special Operations. It also approved four loans amounting to \$16 million from the resources which it administers for non-member countries.

The Bank's cumulative loan portfolio also includes 116 loans totalling \$494 million authorized from the Social Progress Trust Fund. The Bank has administered this special fund on behalf of the U.S. Government since 1961. By 1965 all the original resources of the fund, with the exception of minor amounts reserved for technical assistance, had been committed

DISTRIBUTION OF LOANS, 1971, AND CUMULATIVE 1961-1971

Sector	U.S.\$ millions		% of total for 1961-1971
	1971	1961-1971	
Total	652	4,745	100
Agriculture	93	1,162	24
Transportation and Communications	172	866	18
Electric Power	148	741	16
Industry and Mining	48	674	14
Water and Sewage Systems	52	539	11
Urban Development	8	358	8
Education	67	208	4
Preinvestment	15	91	2
Export Financing	24	77	2
Tourism	25	29	1

DISTRIBUTION OF DISBURSEMENTS BY SOURCES OF FUNDS, FOR 1971 AND CUMULATIVE 1961-1971

Fund	U.S.\$ millions		% of total for 1961-1971
	1971	1961-1971	
Total	462	2,616	100.0
Ordinary Capital Resources	201	1,094	41.8
Fund for Special Operations	248	1,001	38.3
Social Progress Trust Fund	1	494*	18.9
Other Resources	11	27	1.0

*All loans from the Social Progress Trust Fund have now been disbursed.

in loans and by 1971 all funds had been disbursed. Repayments of Social Progress Trust Fund loans are being channeled into new social development projects in appropriate Fund for Special Operations loans.

Since the Bank started operations in 1960, 37 per cent of its total lending has been in hard loans from the Ordinary Capital Resources, and 63 per cent in soft loans. Of the latter, 51 per cent is from the Fund for Special Operations, 9 per cent from the Social Progress Trust Fund and 3 per cent from the other resources which the Bank administers.

In 1971 the Bank's contribution to economic infrastructure increased significantly over the previous year, with loans for transportation, communications and electric power accounting for \$320 million or 49 per cent of total lending, compared with \$265 million (40 per cent) in 1970.

Major increases in lending were recorded for education, up from \$14 million in 1970 to \$67 million in 1971; water and sewage systems, from \$29 million to \$52 million; export financing, up from \$12 million to \$24 million; and tourism, which became an important part of the Bank's lending in 1971 with a loan volume of \$25 million. But on a long-term basis, agriculture continues to be by far the Bank's leading lending sector.

In its technical assistance programs, the Bank sought in 1970 to focus more sharply on Latin America's development needs by helping member countries draft well-prepared development projects for submission to international financing organizations, by training the cadres required by the region's development process and by supporting regional integration institutions. Last year the Bank allocated more technical assistance (\$30 million compared with \$21 million in 1971) to Latin America's development than in any previous year of its operations. The 1971 authorizations included \$24 million in reimbursable assistance, either as a loan or as a portion of a loan, and \$6 million in non-reimbursable assistance. The Bank's cumulative net technical assistance as of December 31, 1971, was \$182 million, of which \$143 million was authorized on a reimbursable basis and \$39 million on a non-reimbursable basis.

The Bank's disbursements on approved loans in 1971 were greater than those of any previous year and amounted to U.S.\$462 million. As of December 31, 1971, total disbursements had risen to U.S.\$2,616 million, which is 55 per cent of the cumulative loan volume authorized as of the end of 1971.

A summary of the disbursements made in 1971 as well as cumulative totals are shown in Table 2.



This teacher is a graduate of the IDA-financed Ecole Normal de Professeurs in Tunis and is teaching first-year general science in the new science building at an IDA-financed school in Tunisia.



Students at the Teacher Training College in Tunis take full advantage of IDA assistance that is helping them to bring education to a greater number of their countrymen.

Building Tomorrow...



...Today



Ivan Hiltz of Toronto, a drilling supervisor with M.R. Byrnes and Associates of Burlington, Ontario, shows an Indonesian worker how to operate one of the company's Canadian-built rigs at Maros in Indonesia. This is part of a project financed through the Canadian International Development Agency.



Here workers are seen drilling holes for explosives to widen the trail on the flanks of the Tazadit ore deposits in Mauritania. Development of the deposits was made possible by a World Bank loan.

Membership Creates Trade Opportunities

Canadian membership in the Inter-American Development Bank is a further step in our participation in the activities of the Hemisphere. "It will provide significant new trade opportunities for Canadian companies as well as increasing this country's over-all development assistance to Latin America," Jean-Luc Pepin, Minister of Industry, Trade and Commerce, said.

As a full member Canada has the right to name an executive director and an alternate. D.B. Laughton, who is in the Trade Commissioner Service and has served in several Latin American countries and in the Caribbean, has been appointed executive director. His last posting in the Trade Commissioner Service was as Consul General and Trade Commissioner at Seattle. H.D. Madden, until recently director of the Latin America Program at the Canadian International Development Agency, has been appointed alternate executive director.

Within the last year Canada has joined two other important inter-American institutions, the Pan-American Health Organization and the Inter-American Institute of Agricultural Sciences. We have also established a formal link with the Organization of American States and appointed an ambassador and a permanent observer to this organization. The Government is also exploring the possibility of joining other inter-American organizations that are relevant to our interests and to whose activities we can make a distinctive contribution.

Before becoming a full member of the Inter-American Development Bank Canada was an eligible source of supply under loans from Ordinary Capital Resources. As a full member, Canada also becomes an eligible source of supply for goods and services financed by loans from the Fund for Special Operations (FSO). The forthcoming U.S. contribution of \$1 billion to the FSO will be open to procure-

ment in Canada and in other member countries. Similarly, Canada's contribution to the Fund will also be open.

The Bank predicts that FSO loan operations will reach the level of \$750 million in 1973. Estimates indicate that the volume of loans in sectors of potential interest to Canadian firms (e.g., transportation, communications, electric power, sewage, industry and education) could be in the vicinity of \$400 million annually, of which \$275 million will be spent on goods and services from outside the country in which the project is located. Past practice indicates that, on average, about half of the latter will be used for purchases direct from foreign suppliers and the balance from local importers or distributors.

Procurement Guidelines — Goods or services purchased under FSO loans must come from an IADB member country and the Bank has established guidelines for ascertaining the country of origin. The origin of manufactured goods is determined by the country in which the main transformation takes place or a commercially recognized new commodity is created. The system of specified minimum national content is not used. For services, firms must be nationals of a member country. For a consulting firm, origin is determined by the place of incorporation or doing business and whether the firm is at least 50 per cent beneficially owned by nationals. The same rules apply to construction firms, except that 80 per cent of their employees engaged on a project must also be residents of member countries.

Unlike the FSO, procurement under Ordinary Capital Resources loans is open to all International Monetary Fund countries and to Switzerland. Rules for procurement are determined by the borrower and approved by the Bank. The borrower is responsible for calling tenders and awarding contracts. The source of information on tender calls is the borrowing

agency or its consultant or prime contractors. Interested Canadian suppliers should establish contact through the Trade Commissioner Office in the country concerned.

Local Margin of Preference — The Bank allows a margin of preference for the purchase of local goods with Bank funds. In comparing local and foreign bids, a borrowing country is allowed to add 15 per cent or the actual import duty, whichever is the lesser, to the c.i.f. price of foreign offers. A higher margin may be authorized by the Bank. Goods are considered of local origin if the local manufacturing cost is at least 40 per cent of the item's total cost.

Consultants — The IADB booklet "Use of Consulting Firms by the IADB and its Borrowers" provides guidance on eligibility, registration and other procedures. In order to register with IADB, firms should obtain the Professional Contractor Resume, IADB Form 91-A, from the Chief, Professional Services, Contractors' Section, Division Analysis of Infrastructure and Industrial Development Projects, Inter-American Development Bank, 808-17th Street, N.W., Washington, D.C. 20577.

For further assistance, firms should consult the Department through its Regional Offices or through its International Financing Branch or Market Development Group in Ottawa. The Commercial Counsellor at the Canadian Embassy in Washington, responsible for liaison between the Department and the Bank, will help firms who want to be introduced to officials of the Bank.

Bank publications and news releases on all loans authorized by the Bank can be obtained by registering with the Division of Information, Inter-American Development Bank, 808-17th Street, N.W., Washington, D.C. 20577, and asking to be put on the mailing list.



Italians Set the Pace

And three international groups are showing the world what they can do in large overseas contracts. This article points out that their activities allow plenty of opportunities for Canadian suppliers.

FRANCO PILLARELLA, Consul and Assistant Trade Commissioner, Milan

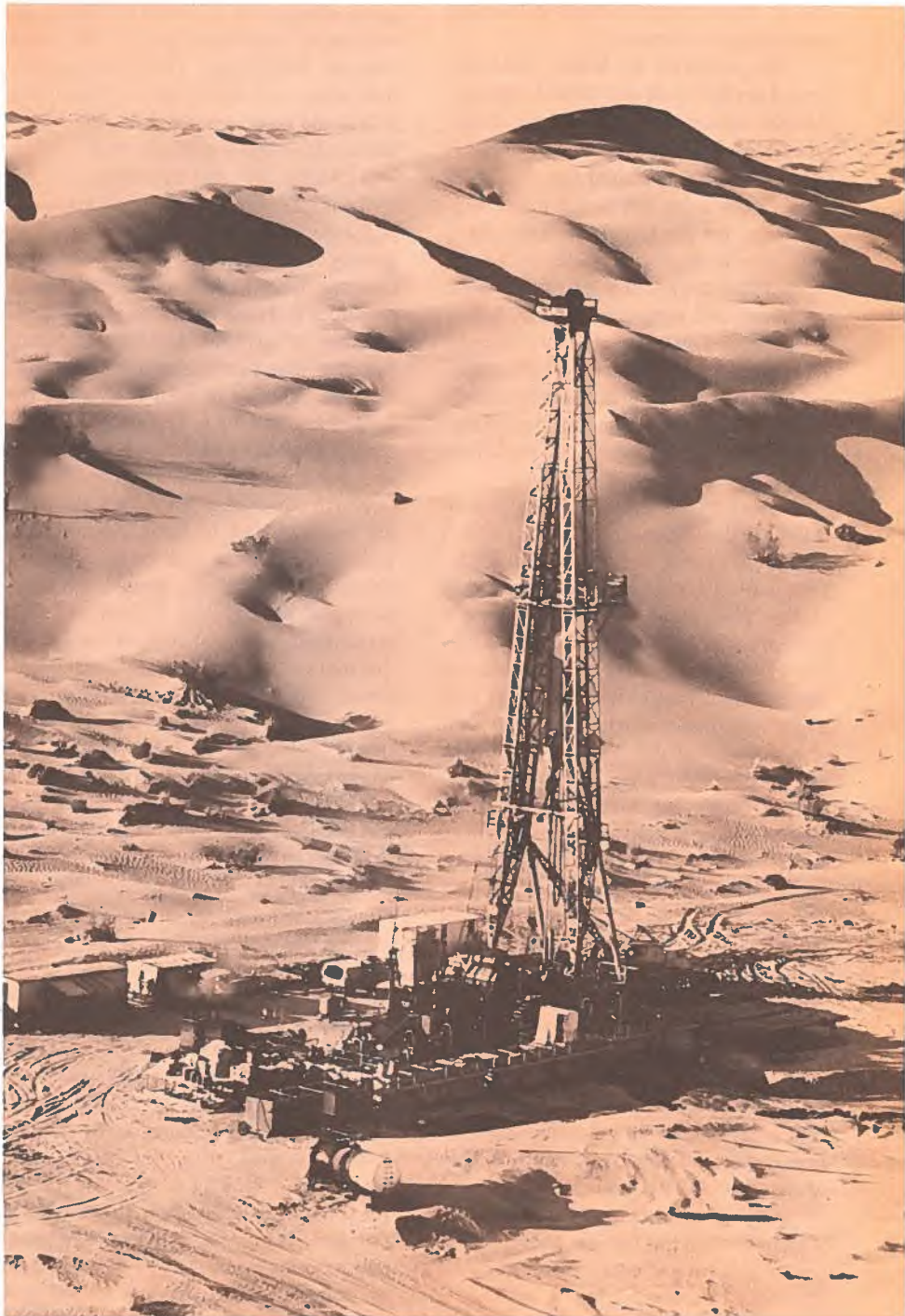
Italian construction and oil companies are demonstrating their country's capabilities in many places around the world. They are building what will be one of the world's largest dams in Pakistan, constructing highways in Nigeria, and pumping oil in the Persian Gulf. The Italians refer to these activities as "off shore" projects. Perhaps the names most often heard here when referring to civil engineering and the hydrocarbons industry are Impregilo, ENI, and Techint.

During the past 10 or 15 years, it has become almost impossible to find a project of any great size in any corner of the world that is without some Italian presence. Perhaps the best known example is Impregilo, a name used by a group of contractors when operating abroad. Occasionally these contractors also operate separately. Impregilo is found everywhere: building roads in Tanzania, subways in Brazil, grain silos in Argentina, doing reclamation work in Syria, power plants in Libya and tunnels in New Zealand. In the past few years certainly the most impressive work undertaken by Impregilo is the construction of the Tarbela Dam in Pakistan, which is being built by a consortium of firms from four different European countries. The major company is Impregilo which, as sponsor of an Italo-French consortium, was awarded the contract of over \$600 million in 1968. The project should be completed in approximately eight years.

Another major project of importance begun in 1968 is the El Chocon hydroelectric plant on the Limay River in Argentina. Here again the guiding light is Impregilo with a 75 per cent interest. The project will take some five years to complete.

A third current project is the hydroelectric plant on the Mantaro River in Peru for which Impregilo is conducting the civil engineering works. This is a complex project because part of the work has to be carried out at heights of close to 14,000 feet above sea level — oxygen masks have to be handy at all times.

These are a few examples of the competence of Italian contractors. Work



The ENI group is the largest in Italy in the hydrocarbons industry. Shown here is one of the group's drilling rigs at El Borma in Tunisia with, at left, some of the camp equipment supplied by Canadian firms.

of the same magnitude is found in Rhodesia, Iran, Ghana, Sudan, Egypt, Turkey and the Ivory Coast.

It is difficult to foresee how long the Italians will be able to maintain such a leading pace. It is certain, however, that they are not going to give up easily what they have achieved so painstakingly in the past years. The word in business is still: "The Italians set the pace." This is due not only to their ability to do the job but also to their competitiveness in winning international contracts.

The majority of Italian contracts abroad are for roads and dams, and a considerable amount of machinery and equipment of all kinds is needed, from what is required to plan and build temporary villages on the work site to the more complex items for the actual job. The field is wide open to supply from abroad despite the fact that Italy is now producing more machinery and equipment for which they still depended on other countries 10 or 15 years ago. Although local development has been considerable, it has been mainly in the area of small and medium-sized machines rather than heavy or specialized equipment.

Another and possibly more important field in which the Italians are active around the world is oil and natural gas. Here activity is concentrated in the hands of the ENI group — Ente Nazionale Idrocarburi (National Hydrocarbons Authority), a state-controlled organization. Structurally, this group is based on four major subsidiaries in which ENI holds all or a majority of the capital stock. These are: AGIP, exploration and production of petroleum and product marketing; SNAM, transportation of oil, oil products and gas; ANIC, refining and chemicals; and AGIP Nucleare for nuclear projects.

From 1971 to 1975, the ENI group has earmarked some \$4,832 million for investment. A large part of this includes outlays for petroleum and nuclear fuel exploration and production, scientific research and development for environmental purposes, and pollution control studies. Approximately 26.5 per cent is earmarked for petroleum exploration and production alone. A small share of this will affect Canada as AGIP has a 10 per cent interest with Tenneco, Amerada and Eastcan in about 51,700 square miles of off-shore permits around Labrador.

The chemical and textile industry will absorb some \$1,568 million. Approximately \$400 million is earmarked for refining; \$504 million for petroleum product sales and related activities. The

remaining \$280 million will cover group fleet, nuclear and mechanical industries.

The ENI group is among the largest of Italian enterprises and fifteenth in consolidated sales of international petroleum companies. Its activities know no frontiers and are on a scale to match the above figures. An example is the total gross acreage — about 268,242,000 in 21 countries — covered by exploration permits and production concessions held by the group alone or in partnership. This is an increase of approximately 247,000 acres over the 1969 figure. The group expects that seven new fields will be producing within the next two years in Africa, the Middle East and the North Sea.

Italians are also prominent in the civil engineering field. They are acknowledged builders and designers of great ingenuity. This may be explained by the fact that they often have to overcome limited resources and thus have a mental flexibility that is perhaps lacking in North America where resources are rarely limited. An example of their activity in the field of engineering is Techint. This company is formed by an international group with branches and affiliates from Europe to North America, from Africa, the Middle and Far East to Latin America. Its activities are many and varied, covering promotion, planning, design, procurement and management of iron and steel production plants, oil and gas transportation and storage facilities, electrical installation, power plants, power and communications lines. Projects range from a solvent recovery plant in Italy with an estimated over-all value of \$700,000 to an integrated steel mill in Argentina costing about \$230 million. Techint companies are well integrated and usually able to solve any problem, but the possibility of co-operation does exist, because there is always some new field where Canada might provide expertise.

Canadians have in fact supplied equipment to these groups, but only to a limited extent. Between 1968 and 1970 Canada sold some \$2,844,000 worth of equipment of all kinds from oil field processing equipment to supplies for mining camps. In most cases, the material sold was shipped directly to the locations of the projects in Iran, Libya, Saudi Arabia, Pakistan, Nigeria and others. The most important buyer by far was ENI followed by Impregilo. The latter, for instance, bought some heavy lifting equipment from Canada worth approximately \$100,000 for the Tarbela Dam in Pakistan.

Close to \$3 million worth of business over the past three years may not be negli-

gible, but compare it with Italian overseas contracts recently awarded. For instance, \$122 million for an aluminum plant in Argentina; \$51 million for the Pisayambo power plant in Ecuador; \$10.7 million for two highway projects in Nigeria; \$5 million for the Abdha dam project in Saudi Arabia, and \$3.4 million for an agricultural project in Paraguay.

In the course of periodical calls on the different companies, we have learned some very interesting things. For instance, their method of acquiring equipment or material is by contacting directly the companies most likely to have the required products. When buying from North America they have dealt mainly in the United States because ENI and Techint both have buying offices there. There is no discrimination against Canadian companies — just a limited knowledge of what we produce and what we can offer.

There are three ways to overcome the problem of making Canadian companies known. The first is by sending literature on your specific products to Italian firms directly or through our Milan office, making sure that this literature is adapted to the European market. You must, for instance, use the metric system. We often receive literature giving specifications only in feet and inches, which are not used here.

The second way is by direct contact with the Italian firms in your field. If you are making a business trip to some other European country, it might well pay dividends to make a detour through Italy, even if only to make initial personal contacts. If you do come, remember that Italians are not used to the traditional North American methods of selling. You need tact and patience, not the hard sell, although Italians can be very tough bargainers when it comes to the point. Price, quality and delivery times are most important. The third way is to keep this office informed about your company so that we can get in touch with firms on your behalf.

This market offers great possibilities in "off shore" projects, but the competition is strong. Many Canadian companies have the material, equipment and know-how to supply it, but they must make their products known here. Few buyers, after all, will bother to look for a new supplier if there are a number of familiar and reliable ones at hand. The Milan office is always ready to help whenever needed.



Kenya Earmarks \$40 Million for Tourist Development



M.W. McQUINN, Assistant Commercial Secretary, Nairobi

Fabled East Africa, with its Murchison Falls, Mount Kilimanjaro, the Ngorongoro crater (the world's largest), the Serengeti Plains and its magnificent coastal beaches — long a land of mystery and inaccessibility — is becoming one of the world's tourist hot spots.

For Kenya, catering to tourists has meant the development of an industry that has grown more rapidly than any other since Independence and now ranks second only to agriculture in the country's earnings of foreign exchange. The 343,500 tourists who visited Kenya in 1970 set a record, representing a 17 per cent increase over 1969 and a 25 per cent increase in the number of foreign guests per night. By 1974, it is expected that the tourist industry will provide 40,000 jobs and earn gross foreign exchange worth more than \$103 million, compared with \$20 million in 1964.

The fact is that Kenya is coming within the reach of millions of tourists who, probably, have already visited various Mediterranean and Caribbean countries and now want to see Africa. Charter flights and block bookings with inclusive tours now enable them to spend two or three weeks in Kenya for the price of a Mediterranean vacation.

Last year almost half of the visitors' days in Kenya were spent in Nairobi, the capital and the largest city in the country. Nairobi is a modern place with a pleasant climate, picturesque vegetation and an excellent game park four miles from the city centre which gives the foreign visitor his first glimpse of Africa's wildlife. Nairobi is also the centre of transportation to the main areas of tourist interest in the country, which includes 13 game parks.

The Indian Ocean coast, which includes the historic city-port of Mombasa, ranks second in tourist interest. The coast has magnificent white sandy beaches and challenging deep sea fishing. And just 100 miles inland from Mombasa is Tsavo, the largest national park in Africa, with an estimated elephant population of 20,000. The large German tour operators, however, find

they can sell the Coast on the strength of the beaches alone. Some of the Kenya beach hotels seem to have become almost adjuncts to the West German tourist industry.

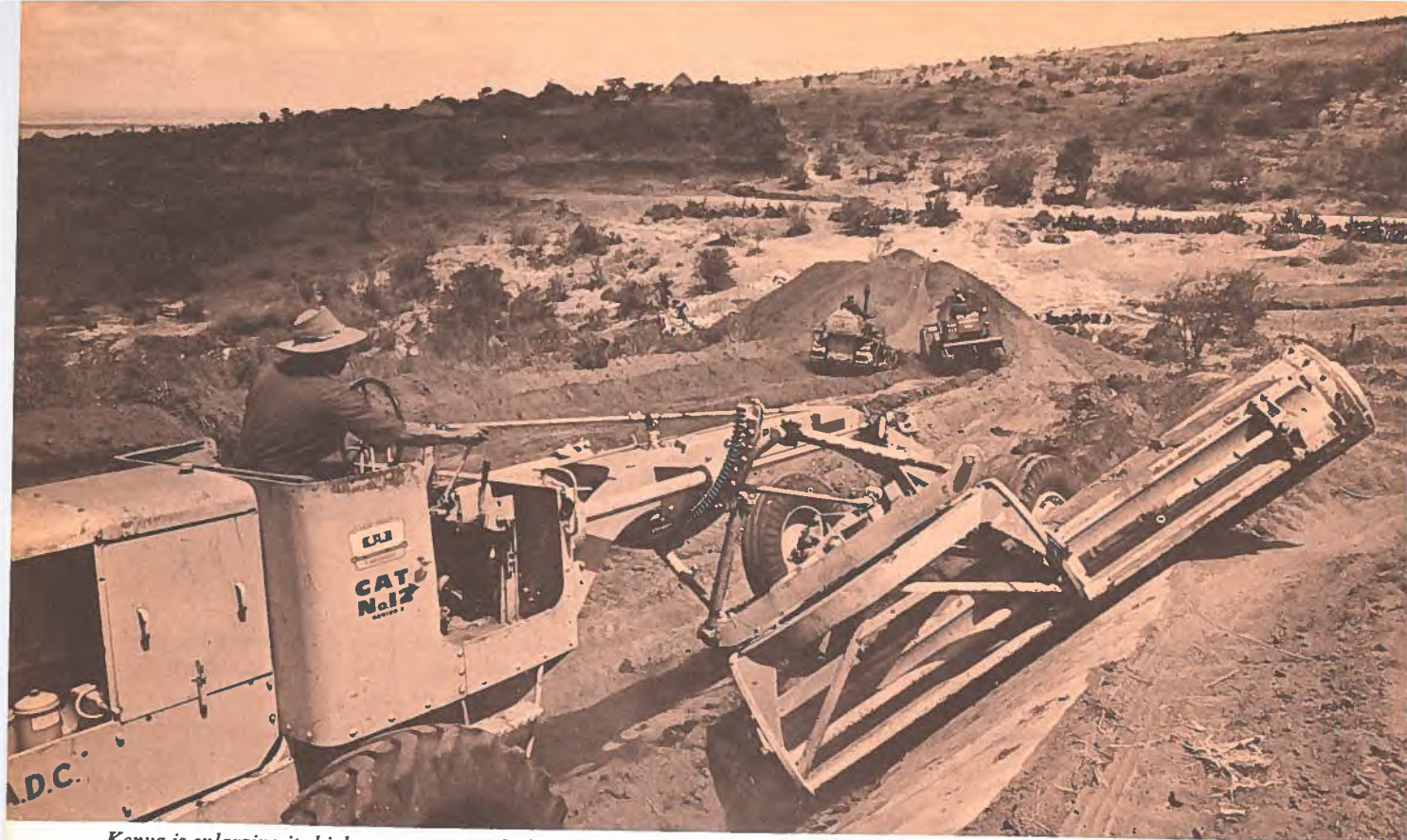
Handling the Boom — The Kenyan Government is already preparing for its tourist future. Its 1970-74 Development Plan allocates \$40 million to the development of the industry above and beyond the millions of dollars that are being spent on highways and airports to improve visitor access.

The Government has also drawn up a program to expand and improve hotel accommodation. Whether this is fully realized, however, will depend to a large extent on the readiness of private investors to finance those projects which still lack capital. Foreign investment in tourist facilities is encouraged by the Foreign Investments Protection Act of 1964, and hotel construction is eligible for special tax reliefs including accelerated depreciation on buildings. A number of investors from Germany, Austria, Switzerland and the Scandinavian countries are already involved in Kenya's tourist projects; as a result these countries are supplying designs, equipment and managerial skills to the country's tourist industry.

And Canada? — Canada has a well-established tourist industry, an industry which can export its knowhow. Canadian equipment manufacturers are also capable of completely supplying a tourist industry.

To be sure, it is probable that Canadian investment would be required before Canadian companies could share in the future of Kenya's tourist boom. But this is not a novel concept when one considers the significant investment that Canada has made in Caribbean tourism. Our Nairobi office feels that the opportunities in tourism in Kenya are similar to those that existed in the Caribbean 15 years ago and warrant close scrutiny by Canadians.

The tourist world is beginning to discover Kenya. Why shouldn't it find Canadian expertise waiting for them? →

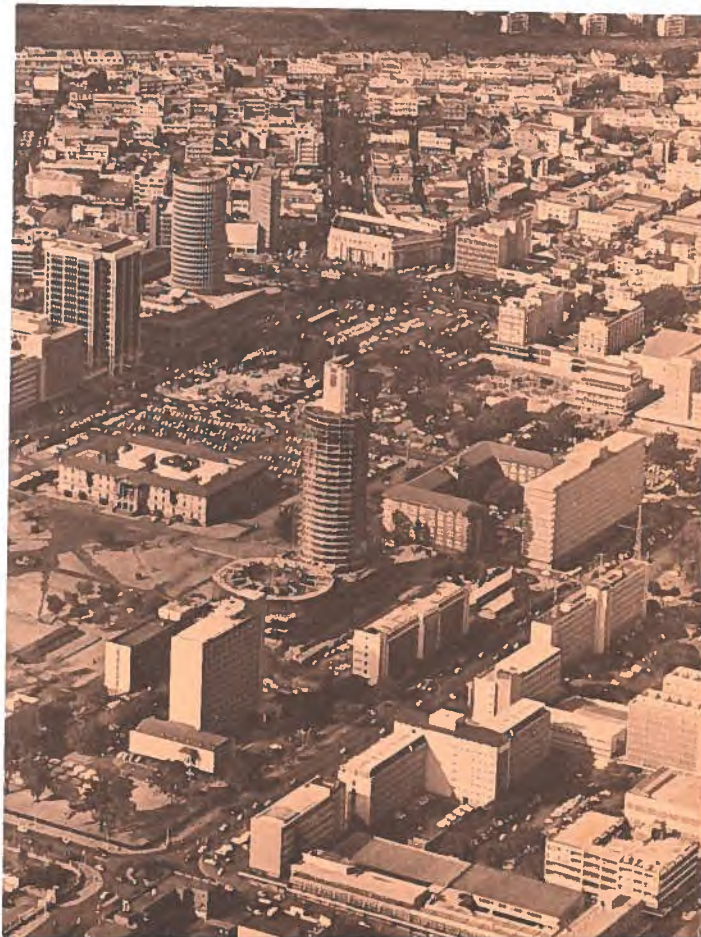


Kenya is enlarging its highways system with the help of a \$22 million credit from the International Development Association. Here a piece of heavy equipment is being used to construct a road near Mt. Kenya.

To the beat of a drum and accompanied by hand clapping and chanting, the crew of an Arab dhow haul up the sail — a typical scene at any of Kenya's Indian Ocean ports.



An aerial view of Nairobi city centre showing the modern buildings and tree-lined streets. Just four miles from here is a game park where the visitor will find his first view of Africa's wildlife.



Foreign Trade Service Abroad

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

ALGERIA

Commercial Secretary
Canadian Embassy
Boite Postale 225
Grande Poste
Algiers, Algeria

A.C. Perron
Commercial Secretary

A.H. Conradi
Assistant Commercial Secretary

Territory:
Tunisia

ARAB REPUBLIC OF EGYPT

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

R.B. Blake
Commercial Secretary

Cable: CANADIAN
Phone: 23110

Territory:
Libya, Sudan

ARGENTINA

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

W.R. Van
Commercial Counsellor

H.G. Fairfield
Assistant Commercial Secretary
(Agriculture)

P.J. Gibeau
Assistant Commercial Secretary

Cable: CANADIAN
Phone: 32-9081
Telex: 121383 (121383AR CANAD)
Territory:
Paraguay, Uruguay, Falkland Islands

AUSTRALIA

Sydney

Commercial Counsellor for Canada
P.O. Box 3952, G.P.O.
A.M.P. Building, 21st Floor
Circular Quay
Sydney, Australia

H.J. Horne
Commercial Counsellor for Canada

W.B. Zyla
Commercial Secretary

R.J. McLeod
Assistant Commercial Secretary

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

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

Melbourne

Commercial Counsellor for Canada
Princes Gate East Tower, 17th Floor
151 Flinders Street
Melbourne 3000, Australia

K.F. Osmond
Commercial Counsellor for Canada

R. Dery
Assistant Commercial Secretary

Cable: CANADIAN
Phone: 63-8431
Telex: 089 30501
(CDN GOVT AA 30501)
Territory:
States of Victoria, South Australia, Western Australia, Tasmania

Canberra*

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

B.S. Shapiro
Commercial Counsellor

D.B. Browne
Commercial Secretary

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

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

AUSTRIA

Commercial Counsellor
Commercial Division
Canadian Embassy
Dr. Karl Luegerring 10
1010 Vienna, Austria

E.L. Bobinski
Commercial Counsellor

W.M. Maybee
Assistant Commercial Secretary

P.A. Holton
Assistant Commercial Secretary

Cable: CANADIAN
Phone: 63-36-91
Telex: 75320 (DOMCAN A)
Territory:
Albania, Bulgaria, Hungary, Romania

BELGIUM

Commercial Counsellor
Canadian Embassy
rue de la Science, 35
B-1040 Brussels, Belgium

L.A. Campeau
Commercial Counsellor

L.D. Lederman
Assistant Commercial Secretary

R.W. Craig
Assistant Commercial Secretary

D. Horley
Assistant Commercial Secretary

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

BRAZIL

Rio de Janeiro

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

G.D. Valentine
Commercial Counsellor

J.R. Brocklebank
Assistant Commercial Secretary

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



Sao Paulo

Consul and Trade Commissioner
Canadian Consulate
Caixa Postal 6034*
Edificio Scarpa*
Avenida Paulista, 1795, 9 andar*
Sao Paulo, Brazil

P.A. Théberge
Consul and Trade Commissioner

J.E. Graham
Vice Consul and Assistant Trade Commissioner

J.E. Graham
Vice Consul and
Assistant Trade Commissioner

Cable: CANADIAN
Phone: 287-2122
Telex: 021269 (CANADIAN SPO)

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

BRITAIN

London

Minister (Commercial)
Canadian High Commission
One Grosvenor Square
London, W1X 0AB, England

*C.J. Van Tighem
Minister (Commercial)

I.R. Smyth
Commercial Counsellor

G.E. Blackstock
Commercial Counsellor

T.D. McGee
Commercial Counsellor

T. Charles
Commercial Counsellor (Timber)

J.C. Bradford
Commercial Secretary

B.M. White
Commercial Secretary

G. Bruneau
Assistant Commercial Secretary

H.G. Garland
Attaché (Fisheries)

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

Glasgow

Canadian Government Trade Commissioner
Cornhill House
144 West George Street
Glasgow C.2, Scotland

A.B. Brodie
Trade Commissioner

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

CEYLON (see Sri Lanka) ◀

CHILE

Commercial Secretary
Canadian Embassy
Ahumada 11, 10th floor (street address) ◀
Casilla 771 (mailing address)
Santiago, Chile

C.D. Miller
Commercial Secretary

Cable: CANADIAN
Phone: 64189
Telex: 3520068 (3520068 DOMCAN)

CHINA, PEOPLE'S REPUBLIC OF

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

R.G. Godson
Commercial Counsellor and Consul

R.F. Andriago
Second Secretary (Commercial)
and Consul

Phone: 521-648

COLOMBIA

Commercial Counsellor
Canadian Embassy
Apartado Aereo 53531/2
Calle 58 No. 10-42
Bogota, Colombia

J.A. Elliott
Commercial Counsellor

C.R. Donley
Assistant Commercial Secretary

Cable: CANADIAN
Phone: 355211, 355477
Telex: 044568 (DOMCAN BOG)
Territory:
Ecuador

CONGO (see Zaire, Republic of)

COSTA RICA

Commercial Secretary
Canadian Embassy
Apartado Postal 10303
5th Floor, Edificio Amalia
Avenida 1 y Calle 7
San Jose, Costa Rica

D.S. Armour
Commercial Secretary

Territory:
Canal Zone, Nicaragua, Panama

CUBA

Commercial Division
Canadian Embassy
Gaveta 6125
Calle 30 No. 518 esquina 7ª Avenida
Miramar
Havana, Cuba

G.M. Darychuk
Third Secretary

Send all mail to this address:
Commercial Division
Box 499 (HVA) ◀
Ottawa, Ont. K1N 8T7

Cable: CANADIAN HAVANA
Phone: 2-6421

CZECHOSLOVAKIA

Commercial Secretary
Canadian Embassy
Chancery, Mickiewiczova 6
Prague 6, Czechoslovakia

D.S.M. Baker
Commercial Secretary

Cable: DOMCAN PRAGUE
Phone: 32-71-24, 26, 31, 32
Telex: 11061 (DOMCAN PHA)

DENMARK

Commercial Counsellor
Canadian Embassy
Prinsesse Maries Allé 2
Copenhagen V, Denmark

D.A.B. Marshall
Commercial Counsellor

Cable: CANADIAN
Phone: 31 33 06
Telex: 5036 (DOMCAN KH)
Territory:
Greenland

EUROPEAN COMMUNITIES*

Mission of Canada to the European
Communities
rue de la Science, 35
B-1040 Brussels, Belgium

A.R.A. Gherson
Deputy Head

L.J. Taylor
Counsellor

Miss V.F. Wightman
First Secretary

F.L.N. Villeneuve
Second Secretary

Cable: CANADIAN
Phone: 13.79.40
Telex: 21613 (DOMCAN BRU)

Territory:
European Economic Community, European Atomic Energy Community, European Coal and Steel Community

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

FRANCE

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

C.T. Charland
Minister-Counsellor (Commercial)

J.P. Bell
Commercial Counsellor

D.E.F. Taylor
Commercial Counsellor (Timber)

G.W. Doucet
Commercial Secretary (Agriculture)

D.P. Lindores
Assistant Commercial Secretary

P.L. Duchastel
Assistant Commercial Secretary

Cable: CANADIAN PARIS
Phone: 225-99-55
Telex: 28806 (COMCAN A PARIS)
Territory:
Andorra, Monaco

GERMANY

Bonn

Minister-Counsellor (Commercial)
Canadian Embassy
Friedrich-Wilhelmstrasse 18
53 Bonn, West Germany

Wm. Jones
Minister-Counsellor (Commercial)

G.C.M. Lambert
Assistant Commercial Secretary

M.E. Perrault
Assistant Commercial Secretary

Cable: CANADIAN
Phone: 231061
Telex: 886421 (DOMCA D)
Territory:
States of Baden-Wuerttemberg, Bavaria, Hesse, Rhineland-Palatinate, Saar

Duesseldorf

Consul General and Senior Trade Commissioner
Canadian Consulate General
Immermannstr. 3
4 Duesseldorf, West Germany

G.A. Browne
Consul General and Senior Trade Commissioner

R.H. Dorrett
Consul and Trade Commissioner

A.E. Grant
Consul and Trade Commissioner

J.N. Ferland
Consul and Assistant Trade Commissioner

Cable: CANADIAN
Phone: 320525
Telex: 8587144 (DMCN D)
Territory:
State of North Rhine-Westphalia

Hamburg

Consul General
Canadian Consulate General
Esplanade 41-47
2000 Hamburg 36, West Germany

E.H. Maguire
Consul General

D.D. Van Beselaere
Consul and Assistant Trade Commissioner

W.B. Schumacher
Consul and Assistant Trade Commissioner

Cable: CANADIAN
Phone: 351805
Telex: 215555 (DMCNH D)
Territory:
City States of Bremen and Hamburg; States of Lower Saxony and Schleswig-Holstein; West Berlin

GREECE

Commercial Secretary
Canadian Embassy
4 Ioannou
Ghennadiou Street
Athens 140, Greece

P.D. Donohue
Commercial Secretary

Cable: CANADIAN ATHENS
Phone: 739-511
Telex: 5584 (215584 DOM GR)

GUATEMALA

Commercial Secretary
Canadian Embassy
Apartado 400
Edificio Etisa, Plazuela Espana
7a Avenida 12-19, Zone 9
Guatemala City, Guatemala, C.A.

D.J. Browne
Commercial Secretary

Cable: CANADIAN
Phone: 61560, 67227, 61005
Telex: 206 (DOMCAN GU 206)
Territory:
El Salvador, Honduras

HONG KONG

Canadian Government Trade Commissioner
P.O. Box 126
P & O Building, 11th Floor
21-23, Des Voeux Road, Central
Hong Kong, Hong Kong

J.A. Langley
Trade Commissioner

D.P. McLennan
Assistant Trade Commissioner

Cable: CANADIAN
Phone: 224087
Telex: HX 3391 (DOMCAN HX 3391)
Territory:
Cambodia, Macao, Vietnam

INDIA

Counsellor (Development and Commercial)
Canadian High Commission
P.O. Box 5208
Shanti Path
Chanakyapuri
New Delhi 21, India

A.T. Eyton
Commercial Counsellor

R. Lockhead
Assistant Commercial Secretary

Mrs. P.D. Dole
Assistant Commercial Secretary

Cable: CANADIAN
Phone: 61-9461
Telex: 346 (DOMCAN DLI)
Territory:
Bhutan, Nepal, Sikkim

INDONESIA

Commercial Secretary
Canadian Embassy
Djalan Budi Kemuliaan No. 6
Djakarta, Indonesia

Y.C. Jauron
Commercial Secretary

Phone: O.G. 47841
Telex: 011-4345 (DOMCAN DKT 4345)

IRAN

Commercial Counsellor
Canadian Embassy
P.O. Box 1610
Bezrouke Building
Corner of Takht Jamshid Avenue and
Forsat Street
Tehran, Iran

Commercial Counsellor

D.F. Cooper
Acting Commercial Secretary

Cable: CANTRACOM
Phone: 828306, 829291, 829530
Telex: 2337 (DOMCAN TN)

IRELAND

Commercial Secretary for Canada
66 Upper O'Connell Street
Dublin, Ireland

A.D. McArthur
Commercial Secretary

Cable: CANADIAN
Phone: 41577
Telex: 5488 (DMCN EI)

ISRAEL

Commercial Secretary
Canadian Embassy
84 Hahashmonaim Street
Tel Aviv, Israel

R.E. Pedersen
Commercial Secretary

D.M. Lawson
Assistant Commercial Secretary

Cable: CANADIAN
Phone: 287121
Territory:
Cyprus

ITALY

Rome

Minister (Commercial)
Canadian Embassy
Via G.B. De Rossi 27
00161 Rome, Italy

W.J. Collett
Minister (Commercial)

H.E. Ryan
Commercial Counsellor (Agriculture)

D.S. Wright
Assistant Commercial Secretary

Cable: CANADIAN
Phone: 864-327
Telex: 61056 (DOMCAN ROME)
Territory:
Provinces of Toscana, Marche, Umbria,
Lazio, Abruzzi-Molise, Puglia, Campania,
Basilicata, Calabria, Sicilia, Sardegna.
Other countries: Malta

Milan

Consul General and Senior Trade
Commissioner
Canadian Consulate General
Via Vittor Pisani 19
20124 Milan, Italy

R.K. Thomson
Consul General and
Senior Trade Commissioner

V.G. Lotto
Consul and Trade Commissioner

M.C. Spencer
Consul and Assistant Trade Commissioner

F. Pillarella
Consul and
Assistant Trade Commissioner

Cable: CANTRACOM
Phone: 652-485/652-600
Telex: 31368 (CANTRACOM MILAN)
Territory:
Provinces of Emilia-Romagna, Lombardia, Piedi-
monte, Trentino-Alto Adige, Veneto, Liguria,
Trieste, Valle D'Aosta, Friuli-Venezia

IVORY COAST

Commercial Secretary
Canadian Embassy
P.O. Box 21194
Le General Building
Cor. Avenue du Commerce et
Bottreau-Roussel Plateau
Abidjan, Ivory Coast

J.C. Poole
Commercial Secretary

G. Gingras
Assistant Commercial Secretary

Cable: DOMCAN ABIDJAN
Phone: 32-20-09
Telex: 593 (DOMCAN ABIDJAN 593)
Territory:
Guinea, Liberia, Mali, Mauritania, Niger, Senegal,
Upper Volta

JAMAICA

Commercial Secretary
Canadian High Commission
P.O. Box 1500
Tobago Road
Corner Trafalgar Road and Knutsford
Boulevard
Kingston 10, Jamaica

A. Blum
Commercial Secretary

J.H. Lang
Assistant Commercial Secretary

W.D. Hutton
Assistant Commercial Secretary

Cable: CANADIAN
Phone: 93-61500, 93-61504
Telex: KGN 30 (BEAVER KINGSTON)
Territory:
Bahamas, British Honduras, Cayman
Islands, Turks and Caicos Islands

JAPAN

Minister (Commercial)
Embassy of Canada
Akasaka Post Office
Tokyo 107, Japan

J.M.T. Thomas
Minister (Commercial)

C.D. Caldwell
Commercial Secretary

S.J. Kaufmann
Assistant Commercial Secretary

R.C. Lee
Assistant Commercial Secretary

P.G. Campbell
Assistant Commercial Secretary

Cable: CANADIAN
Phone: 408-2101/8
Telex: TK 2218 (DOMCAN TK 2218)
Territory:
Guam, Korea, Okinawa

KENYA

Commercial Secretary
Canadian High Commission
P.O. Box 3778
Industrial Promotion Services Building
Kimathi Street
Nairobi, Kenya

R.J. Archambault
Commercial Secretary

M.W. McQuinn
Assistant Commercial Secretary

Cable: DOMCAN NAIROBI
Phone: 27426
Telex: 22198 (DOMCAN NRB)
Territory:
Ethiopia, Malawi, Somali Republic, Tanzania,
Uganda, Zambia

LEBANON

Commercial Counsellor
Canadian Embassy
Boite Postale 2300
Sabbag Centre, 3rd floor
Hamra Street
Beirut, Lebanon

F.I. Wood
Commercial Counsellor

J.P. Lefebvre
Assistant Commercial Secretary

Cable: CANADIAN
Phone: 350-660
Telex: 20652 (DOMCAN BERYT)
Territory:
Bahrein, Iraq, Jordan, Kuwait, People's Democratic
Republic of Yemen (Aden), Qatar,
Saudi Arabia, Sultanate of Oman, Syria,
United Arab Emirates, Yemen Arab Republic

MALAYSIA

Commercial Secretary
Canadian High Commission
P.O. Box 990
A.I.A. Building, Ampang Road
Kuala Lumpur, Malaysia

E.L. Gray
Commercial Secretary

C.H. Cummer
Assistant Commercial Secretary

Cable: DOMCAN
Phone: 89722/4
Telex: KL/TX279 (DOMCAN 8209 KN)
Territory:
Brunei, Burma

MEXICO

Commercial Counsellor
Canadian Embassy
Apartado Postal 5-364
Melchor Ocampo 463, 7th Floor
Mexico 5, D.F., Mexico

Commercial Counsellor

J.N. Grantham
Assistant Commercial Secretary

B.J. Wallace
Assistant Commercial Secretary

Cable: CANADIAN
Phone: 533-14-00
Telex: 017-71-191 (DOMCAN MEX)

NETHERLANDS

Commercial Counsellor
Canadian Embassy
Sophialaan 7
The Hague, Netherlands

D.H. Cheney
Commercial Counsellor

A.L. Lyons
Assistant Commercial Secretary

D.D.H. Wright
Assistant Commercial Secretary

Cable: CANADIAN
Phone: 61-41-11
Telex: 31270 (DOMCAN HAGUE)

NEW ZEALAND

Commercial Counsellor
Canadian High Commission
P.O. Box 12-049 Wellington North
ICI Building, 3rd Floor
Molesworth Street
Wellington, New Zealand

S.V. Allen
Commercial Counsellor

J.J. Hladik
Assistant Commercial Secretary

Cable: DOMCAN Wellington
Phone: 70-644
Telex: 065-3505 (DOMCAN NZ 3505)
Territory:
Cook Islands, French Oceania, Gilbert
and Ellice Islands, Tahiti, Tonga,
Western Samoa

NIGERIA

Commercial Secretary
Canadian High Commission
P.O. Box 851
Niger House
1/5 Odunlami Street
Lagos, Nigeria

J.D. Tennant
Commercial Secretary

Cable: CANADIAN
Phone: 53630
Telex: 21275 (DOMCAN LAGOS)
Territory:
Dahomey, Gambia, Ghana,
Sierra Leone, Togo

NORWAY

Commercial Secretary
Canadian Embassy
Postuttak
Oslo 1, Norway

J.R. Caux
Commercial Secretary

Cable: CANADIAN
Phone: 46.69.55
Telex: Oslo 11880 (11880 DOMCAN)
Territory:
Iceland

PAKISTAN

Commercial Secretary
Canadian High Commission
Hotel Shahrzad
Islamabad, Pakistan

Commercial Secretary

Cable: CANADIAN
Phone: 21101-04
Telex: 875 (DOMCAN IBA)
Territory:
Afghanistan

PERU

Commercial Secretary
Canadian Embassy
Casilla 1212
Edificio El Pacifico
Corner Avenida Arequipa and Plaza
Washington
Lima, Peru

E.P. Rigby
Commercial Secretary

Cable: CANADIAN
Phone: 287420
Telex: WLA 5323 (DOMCAN PX 5323)
Territory:
Bolivia

PHILIPPINES

Consul General and
Senior Trade Commissioner
Canadian Consulate General
P.O. Box 1825
PAL Bldg., 4th floor
Ayala Avenue
Makati, Rizal, Philippines

F.B. Clark
Consul General and Senior Trade Commissioner

W.E. Magee
Consul and Assistant Trade Commissioner

B. Giroux
Vice Consul and
Assistant Trade Commissioner

Cable: CANADIAN
Phone: 87-65-36 or 87-78-46
Telex: 3676 (DOMCAN PN 3676)

POLAND

Commercial Secretary
Canadian Embassy
Matejki 1/5
Srodmiescie
Warsaw, Poland

H.R. Wilson
Commercial Secretary

Cable: DOMCAN WARSAW
Phone: 29-80-51
Telex: 813424 (813424 CANAPL)

PORTUGAL

Commercial Counsellor
Canadian Embassy
Rua Rosa Araujo, 2-7
Seventh Floor
Lisbon 2, Portugal

P.A. Savard
Commercial Counsellor

Cable: CANADIAN
Phone: 56-25-49
Telex: 377 (DOMCAN P)
Territory:
Azores, Cape Verde Islands, Madeira,
Portuguese Guinea

PUERTO RICO

Consul and Trade Commissioner
Canadian Consulate
1606 Pan Am Building
Hato Rey, Puerto Rico 00917

G.S. Shortliffe
Consul and Trade Commissioner

Phone: 764-2011 (Area code: 809)
Telex: 3450297 (CANADA 3450297)
Territory:
British Virgin Islands, Dominican Republic
Haiti, U.S. Virgin Islands

SINGAPORE

Commercial Counsellor
Canadian High Commission
P.O. Box 845
International Building, 11th Floor
360 Orchard Road
Singapore 1, Singapore

C.R. Gallow
Commercial Counsellor

W.L. Clarke
Commercial Secretary

Cable: CANADIAN
Phone: 37-1322
Telex: 277 (DOMCAN SPORE)

SOUTH AFRICA

Johannesburg

Canadian Government Trade Commissioner
P.O. Box 61619 Marshalltown
78 Fox Street
Johannesburg, South Africa

R.R. Parlour
Trade Commissioner

M.A. Brault
Assistant Trade Commissioner

G.P. Orban
Assistant Trade Commissioner

F. Veenema
Assistant Trade Commissioner

Cable: CANADIAN
Phone: 834-6521
Telex: 7189 (43-7189 JH)
Territory:
Provinces of Natal, Transvaal.
Other countries: Angola, Botswana,
Comoro Archipelago, Lesotho, Malagasy,
Mauritius, Mozambique, Reunion, Swaziland

Cape Town

Canadian Government Trade Commissioner
P.O. Box 683
African Life Centre, 13th Floor
St. George's Street
Cape Town, South Africa

W.D. Wallace
Trade Commissioner

Cable: CANADIAN
Phone: 2-5134/5
Telex: 7060 (5-7060 CT)
Territory:
Cape Province, Orange Free State.
Other countries: St. Helena

SPAIN

Commercial Counsellor
Canadian Embassy
Apartado 117
35, Nunez de Balboa
Madrid, Spain

M.R. Bell
Commercial Counsellor

C.S. Russel
Assistant Commercial Secretary

Cable: CANADIAN
Phone: 247-54-00
Telex: 27347 (DOMCA E)
Territory:
Provinces outside the peninsula—Balearic
Islands, Canary Islands, Spanish Sahara.
Other countries: Equatorial Guinea,
Morocco

SRI LANKA (formerly Ceylon)

Commercial Division
Canadian High Commission
P.O. Box 1006
6 Gregory's Road
Cinnamon Gardens
Colombo, Sri Lanka

Cable: CANADIAN
Phone: 95843
Telex: 106 (DOMCAN COLOMBO)

SWEDEN

Commercial Secretary
Canadian Embassy
P.O. Box 14042
Kungsgatan 24
S-104 40 Stockholm, Sweden

J.L. Swanson
Commercial Secretary

A.J. Stewart
Assistant Commercial Secretary

D.C. Butler
Assistant Commercial Secretary

Cable: CANADIAN
Phone: 23-79-20
Telex: 10687 (10687 DOMCAN S)
Territory:
Finland

SWITZERLAND

Commercial Counsellor
Canadian Embassy
Kirchenfeldstrasse 88
3000 Berne, Switzerland

H.E. Campbell
Commercial Counsellor

E.A. Mallory
Assistant Commercial Secretary

Cable: CANADIAN
Phone: 44-63-81
Telex: 32489 (DMCNB CH)
Territory:
Liechtenstein

THAILAND

Commercial Secretary and Consul
Canadian Embassy
P.O. Box 2090
Thai Farmers Bank Building, 7th Floor
142 Silom Road
Bangkok, Thailand

K.R. Higham
Commercial Secretary and Consul

D.G. Ryan
Assistant Commercial Secretary
and Vice Consul

Phone: 32956
Telex: 271 (DOMCAN BK271)
Territory:
Laos

TRINIDAD AND TOBAGO

Commercial Secretary
Canadian High Commission
P.O. Box 1246
Colonial Building
72 South Quay
Port-of-Spain, Trinidad

G.H. Musgrove
Commercial Secretary

J.G.M. Tardif
Assistant Commercial Secretary

P.S. Dingleline
Assistant Commercial Secretary

Cable: CANADIAN
Phone: 62-37254
Telex: 226 (DOMCAN WG 226)
Territory:
Barbados, French Guiana, Guadeloupe,
Guyana, Leeward and Windward Islands,
Martinique, Montserrat, St. Martin,
Surinam

TURKEY

Commercial Secretary
Canadian Embassy
Vali Dr. Resit Caddesi 52
Cankaya, Ankara, Turkey

D.J.S. Winfield
Commercial Secretary

A.J.G. Dallaire
Assistant Commercial Secretary

Phone: 18-93-52, 18-93-53, 18-92-54
Telex: 69 (DOMCAN ANKARA)

UNION OF SOVIET SOCIALIST REPUBLICS

Commercial Counsellor
Canadian Embassy
23 Starokonyushenny Pereulok
Moscow, U.S.S.R.

R.H. Gayner
Commercial Counsellor

G.M. Deyell
Commercial Secretary

L.T. Dickenson
Assistant Commercial Secretary

Cable: CANAD
Phone: 241-90-34, 241-91-55
Telex: 401 (DOMCAN MSK)

UNITED NATIONS

Permanent Mission of Canada to the United
Nations
866 United Nations Plaza, Suite 250
New York, N.Y. 10017

R.J.L. Berlet
First Secretary

P.H. Sutherland
Third Secretary

Cable: CANINUN NYK
Phone: 751-5600 (Area Code 212)
Telex: 00126228 (CANINUN NYK)

UNITED STATES

Washington

Commercial Counsellor
Canadian Embassy
1746 Massachusetts Avenue, N.W.
Washington, D.C. 20036

W.G. Pybus
Commercial Counsellor

B.F. Armishaw
Commercial Counsellor

D.I. Campbell
Commercial Counsellor (Agriculture)

H.C. Armstrong
Commercial Counsellor

J.D. Belisle
Assistant Commercial Secretary

R. Frenette
Assistant Commercial Secretary

Cable: CANADIAN
Phone: 785-1400 (Area Code 202)
Telex: 0089664 (DOMCAN WSH)
Territory:
U.S. Government and agencies; international
organizations with headquarters in Washington

New York City

Deputy Consul General (Commercial)
Canadian Consulate General
680 Fifth Avenue
New York City, N.Y. 10019

D.S. Armstrong
Deputy Consul General (Commercial)

D.H. Leavitt
Consul and Trade Commissioner

D.T. Wismer
Consul and Trade Commissioner

S.M. Stone
Consul and Assistant Trade Commissioner

Phone: 586-2400 (Area Code 212)
Night Line: 586-2403
Telex: 00126242 (DOMCAN NYK)
Territory:
States of Connecticut, New Jersey (twelve
northern counties), southern New York.
Other countries: Bermuda

Boston

Consul and Senior Trade Commissioner
Canadian Consulate General
500 Boylston Street
Boston, Massachusetts 02116

D.S. McCracken
Consul and Senior Trade Commissioner

R.D.P. Lee
Consul and Assistant Trade Commissioner

P. Desbiens
Vice Consul and
Assistant Trade Commissioner

Phone: 262-3760 (Area Code 617)
Telex: 0094567 (DOMCAN BSN)
Territory:
States of Maine, Massachusetts, New
Hampshire, Rhode Island, Vermont.
Other countries: St. Pierre and Miquelon.

Buffalo

Consul and Trade Commissioner
Canadian Consulate
1400 Main Place
396 Main Street
Buffalo, New York 14201

J.H. Bailey
Consul and Trade Commissioner

Phone: 852-1247 (Area Code 716)
Telex: 9-1329 (DOMCAN-BUF)
Territory: Northern New York State

Chicago

Consul and Senior Trade Commissioner
Canadian Consulate General
310 South Michigan Avenue, Suite 2000
Chicago, Illinois 60604

M.B. Bursey
Consul and Senior Trade Commissioner

Z.W. Burianyak
Consul and
Trade Commissioner

H. Verdier
Consul and Trade Commissioner

M.A. Bouchard
Consul and
Assistant Trade Commissioner

Phone: 427-1031 (Area Code 312)
Telex: 00254171 (DOMCAN CGO)
Territory:
States of Illinois, Indiana, Iowa,
Missouri, Nebraska, southern Wisconsin.

Cleveland

Consul and Senior Trade Commissioner
Canadian Consulate
Illuminating Building
55 Public Square
Cleveland, Ohio 44113-

R.A. Kilpatrick
Consul and Senior Trade Commissioner

J.J.M.C. Lavoie
Consul and
Assistant Trade Commissioner

R. Lapointe
Vice Consul and Assistant
Trade Commissioner

Phone: 861-1660 (Area Code 216)
Telex: 00985364 (DOMCAN CLV)
Territory:
States of Ohio, Kentucky, West Virginia,
western Pennsylvania

Dallas

Consul and Trade Commissioner
Canadian Consulate
2100 Adolphus Tower
1412 Main Street
Dallas, Texas 75202

C.M. Forsyth-Smith
Consul and Trade Commissioner

M.C.J. Lemieux
Consul and
Assistant Trade Commissioner

P.W. Belanger
Vice Consul and
Assistant Trade Commissioner

Phone: 742-8031 (Area Code 214)
Telex: 00732637 (DOMCAN DAL)
Territory:
States of Texas, Arkansas, New Mexico,
Oklahoma, Kansas

Detroit

Consul and Trade Commissioner
Canadian Consulate
1920 First Federal Building
1001 Woodward Avenue
Detroit, Michigan, 48226

B.A. Gagosz
Consul and Trade Commissioner

J.A. Sotvedt
Consul and
Assistant Trade Commissioner

J.J.Y. Trepanier
Consul and
Assistant Trade Commissioner

Phone: 965-2811 (Area Code 313)
Telex: 23-0715 (DOMCAN DET)
Territory:
States of Michigan and Indiana

Los Angeles

Consul and Trade Commissioner
Canadian Consulate General
510 West Sixth Street
Los Angeles, California 90014

W. J. Millyard
Consul and Trade Commissioner

J. Filion
Consul and
Assistant Trade Commissioner

Phone: 627-9511 (Area Code 213)
Telex: 00674119 (DOMCAN LSA)
Territory:
States of Arizona, California, (ten southern
counties), Clark County in Nevada

Minneapolis

Consul and Trade Commissioner
Canadian Consulate
15 South Fifth Street
Minneapolis, Minnesota 55402

G. E. Woollam
Consul and Trade Commissioner

P. W. Aubin
Consul and Assistant Trade Commissioner

Phone: 336-4641 (Area Code 612)
Telex: 29-0229 (DOMCAN MPS)
Territory: States of Minnesota,
North and South Dakota, Montana
(east of the Divide), Northern
Wisconsin, Upper Michigan Peninsula

NEW ORLEANS

Consul and Trade Commissioner
Commercial Division
Canadian Consulate General
2110 International Trade Mart
2 Canal Street
New Orleans, Louisiana 70130

A. W. Evans
Consul and Trade Commissioner

R.R.M. Logie
Consul and
Assistant Trade Commissioner

Phone: 525-2136, 525-2137
(Area Code 504)
Telex: 0058237 (DOMCAN NLN)
Territory:
States of Alabama, Florida, Georgia,
Louisiana, Mississippi, North Carolina,
South Carolina, Tennessee

PHILADELPHIA

Consul and Senior Trade Commissioner
Canadian Consulate
3 Parkway Bldg., Suite 1310
Philadelphia, Pennsylvania 19102

Consul and Senior Trade Commissioner

P.J. Gosselin
Consul and
Trade Commissioner

D.W.R. McTaggart
Consul and
Assistant Trade Commissioner

Cable: CANADIAN
Phone: 561-1750 (Area Code 215)
Telex: 00845266 (DOMCAN PHA)
Territory:
States of Delaware, Maryland, New Jersey
(nine southern counties), eastern
Pennsylvania, Virginia, District of Columbia

San Francisco

Consul and Trade Commissioner
Commercial Division
Canadian Consulate General
One Maritime Plaza
Golden Gateway Center
San Francisco, California 94111

K.G. Ramsay
Consul and Trade Commissioner

H.W. Guy
Consul and Assistant Trade
Commissioner

Phone: 981-2670 (Area Code 415)
Telex: 0034321 (DOMCAN SFO)
Territory:
States of California (except the ten southern
counties), Colorado, Hawaii, Nevada
(except Clark County), Utah, Wyoming

SEATTLE

Consul General and Trade Commissioner
Canadian Consulate General
412 Plaza 600
Sixth and Stewart
Seattle, Washington 98101

D.B. Laughton
Consul General and Trade Commissioner

E.C.H. Shelly
Consul and
Assistant Trade Commissioner

Roland Goulet
Vice Consul and
Assistant Trade Commissioner

Phone: MUtual 2-3515 (Area Code 206)
Telex: 0032462 (DOMCAN SEA)
Territory:
States of Alaska, Idaho, Montana
(west of the Divide), Oregon, Washington

VENEZUELA

Commercial Counsellor
Canadian Embassy
Apartado 62302
Avenida La Estancia No. 10
Ciudad Commercial Tamanaco
Caracas 106, Venezuela

Commercial Counsellor

J.M. Vincent
Acting Commercial Secretary

M.C. Pelletier
Assistant Commercial Secretary

Cable: CANADIAN
Phone: 91-32-77
Telex: 22877 (DOMCAN VN)
Territory:
Netherlands Antilles

YUGOSLAVIA

Commercial Secretary
Canadian Embassy
Proleterskih Brigada 69
Belgrade, Yugoslavia

R.F. Turcotte
Commercial Counsellor

J. Roy
Assistant Commercial Secretary

Phone: 434-524
Telex: 11137 (YU DOMCA)

ZAIRE, Republic of (formerly Congo)

Commercial Secretary
Canadian Embassy
P.O. Box 8341
Kinshasa, Republic of Zaire

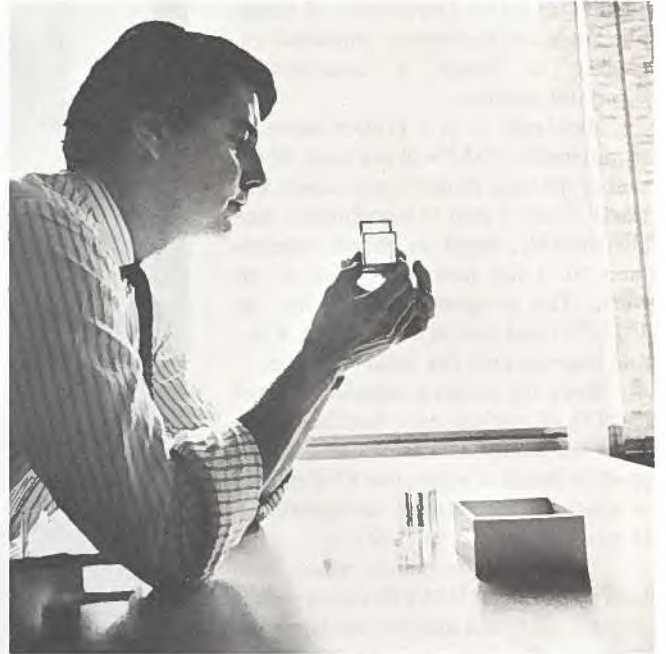
Commercial Secretary

Cable: DOMCAN KIN
Phone: 22706
Telex: 268 (DOMCAN KIN)
Territory:
Cameroon, Chad, Central African Republic, Gabon,
Congo (Brazzaville), Burundi, Rwanda

Design Your Way to Success

The difference between success and failure in the marketplace is often a matter of product design. The Department's Industrial Design Assistance Program helps you to produce something a cut above the ordinary.

Designer Jean-Pierre Lacoste studies a pepper shaker, one of the Tukilik lines. A good product can be made more acceptable with the help of the artistic eye of an industrial designer.



ROBERT McDOUGALL, Canada Commerce

Industrial design is fast becoming a critical factor in the Canadian economy and in the competitive consumer market where mass-produced products, even from countries which are oceans apart, tend to look and perform alike.

Oddly, few manufacturers in Canada are really aware of the importance of the industrial designer as part of a product development team. He is usually regarded as a specialist in graphics — or in corporate identity programs.

But an industrial designer is much more than that. He is part engineer, part salesman, part production manager — and part artist. These combined and specially developed skills qualify him to create psychological and perceptual features in products that help to overcome those "look alike" tendencies. A good industrial designer can take a standard and otherwise undistinguished product and alter it with innovative features that set it above the competition.

The industrial designer is a man with an educated eye and the manufacturer who effectively uses industrial design expertise on the design team is a big step ahead of the competition when he markets his product and when he totals his profits at the end of the sale.

But this kind of design innovation costs money in the first place and that is why the Department of Industry, Trade

and Commerce introduced the Industrial Design Assistance Program (IDAP) about two years ago. In brief, the aims of the IDAP program are: 1. To improve the design quality of Canadian-made products and, 2. To improve the industrial design capability in Canada.

Apart from its stated objectives, IDAP also is helping to provide jobs for Canada's fast-growing labor force. An expanded manufacturing sector means jobs, and the secret to this expansion is to create well-designed products — products that will sell in the international marketplace.

The term "industrial design" has several definitions, none of which has been universally accepted. But for the purposes of IDAP, the following definition has been adopted: "Industrial design is that activity which incorporates design innovation into a mass-produced product which will thereby better meet the needs of the user."

Eligibility — Financial assistance under IDAP is available to all companies incorporated in Canada, for projects to be carried out and exploited in Canada. Groups of companies working on a common design project are also eligible. Companies are expected to have already, or be prepared to arrange for, the facilities and financial resources to undertake not only the product design work, but also to

manufacture and market the resulting product.

For the project to be eligible for IDAP assistance it must meet specific requirements, some of which are outlined below.

1. The project must be the introduction or the expansion of industrial design activity for the company. (In 90 per cent of projects that have been approved the manufacturer used a professional industrial designer for the first time.)

2. Substantial design innovation, as it affects the user of the product, must be anticipated as part of the project.

3. The estimated cost of salaries, wages or consultant fees for industrial designers must be at least 25 per cent of the total estimated cost.

4. The costs for models or prototypes, or for their testing, must not be more than 25 per cent of the total estimated costs. This now includes testing the materials that go into the product during development and the product itself, but excludes legally required testing such as that required by CSA, the Ministry of Transport and provincial hydro regulations. An example of eligible testing would be the hiring of an outside consultant organization such as the Ontario Research Foundation or the Research Council of Alberta.



5. The industrial design portion of the work must be directed by an industrial designer whose education and experience, as recorded with the Record of Designers maintained by the Department of Industry, Trade and Commerce, indicates a capability to design a commercially successful product.

Assistance — If a project meets all requirements, IDAP will pay up to 50 per cent of the total project design costs. The IDAP share is paid in installments, usually monthly, based on proven expenditures. It is not paid in advance of the work. The program's budget for the 1972/73 fiscal year is \$1.5 million, a six-fold increase over the original budget.

Since the program began in August of 1970, 48 projects have been approved. This represents a total investment in product design of more than \$1.6 million, of which the Department has undertaken to pay one half, or \$800,000.

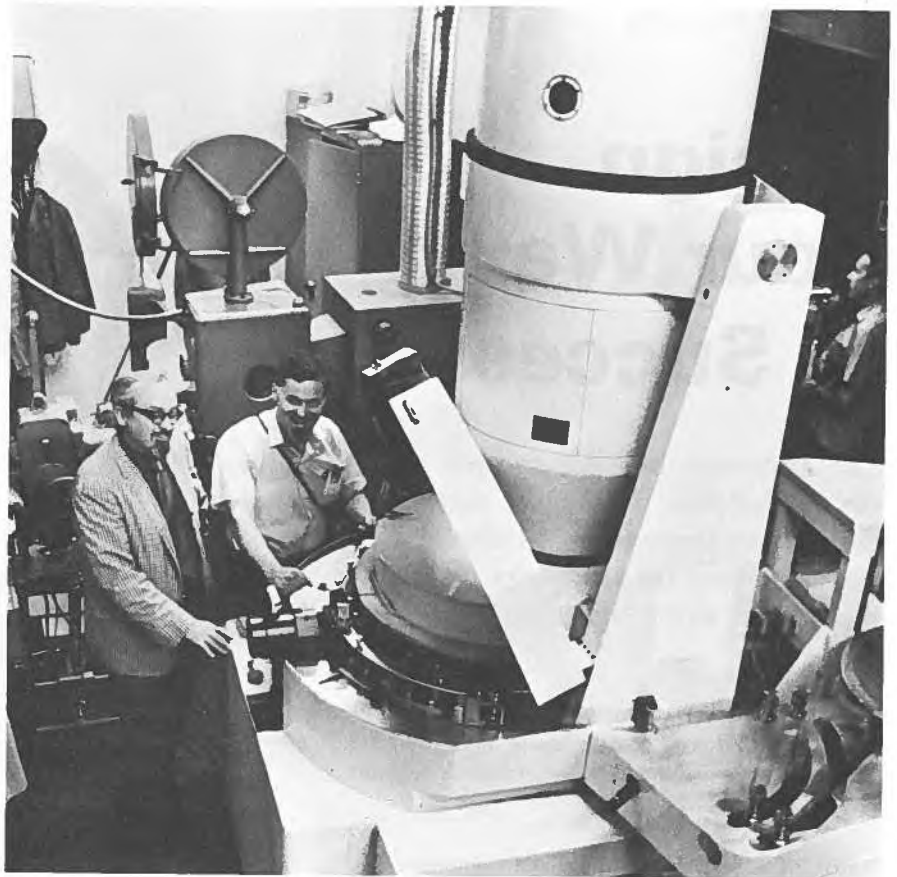
The type of products which have been approved for IDAP financing to date include: office and institutional furniture, domestic furniture, recreational equipment (campers, snowmobiles), hospital beds, sailboats, industrial machinery, sports equipment, household appliances and vending equipment.

IDAP has been successful too in its second objective of keeping industrial design talent in Canada and, since the program's inception, a number of industrial designers have returned to Canada from abroad.

Several large trade and professional associations have responded enthusiastically to IDAP and have even helped to promote the program by organizing meetings with Department officials, distributing literature and encouraging participation among their members. These associations include the Canadian Manufacturers' Association, the Association of Canadian Industrial Designers and the Quebec Furniture Manufacturers Association.

Why has IDAP been so well received? The following accounts of the successful use of industrial design in developing products under IDAP provide the answer.

The Potpourri — The design of the Potpourri portable, permanent and marine toilets under IDAP is an excellent example of the use of new ideas to put a Canadian company ahead of its international competitors. The Potpourri was conceived by Sanitation Equipment Ltd. of Rexdale, Ontario, as the answer to a crippling marketing challenge from the United States.



Designer Frank Dudas (in jacket) looks with pleasure at the IMAX projector he helped to fashion. This is the projector that is used in Ontario Place in Toronto.

"I knew ours was the better and more reliable product, even if it wasn't as fancy looking as the competition," S.J. Baer, president of the company, says. "I thought it was wrong that we should have to step down in the face of inferior quality. But finally a marketing expert asked me, 'Do you want to be right or do you want to be a millionaire? So we decided to design a totally new portable toilet, a product that combined quality and marketability.'"

The firm then commissioned industrial designer C. Bruce Hewson of Toronto and "that was when we started to get results." The designer was able to contribute new insight into materials. He solved problems of profitability, capacity and appearance. He developed a manual cantilever clapper system that simplified the operation of the trap and developed a foolproof recycling system.

With his new product, Mr. Baer expects to be taking five per cent or more of the North American market away from the competition. "The prospects in Europe are equally good," he says. "The potential there is another million sales a year. At the moment the Europeans have either a cheap portable toilet — nothing more than a glorified can — or gro-

tesquely designed high-priced units with Victorian embellishments.

"On a recent sales trip to Europe, the first 10 wholesalers who saw this Potpourri of ours said 'I love it, I want it and I want it exclusively.' And they were ready to put the money where their mouth was."

Air Compressor — The Electro Air Compressor produced by Webster Manufacturing of London, Ont., is a light, inexpensive portable air compressor which plugs into a car's cigarette lighter socket and inflates tires, footballs, air mattresses, furniture, dinghies, air tents — everything that previously demanded awkward manual pumps, aerosol cans or good old lung power.

Initially, Webster developed the product until it was acceptable for industrial needs. But it had none of the aesthetic appeal which would be demanded before it could tap the consumer market, in which Webster had no experience.

With financial assistance from IDAP, Webster engaged the services of Savage Sloan Ltd., of Toronto, who made the product more functional, versatile, portable and attractive. And, perhaps more important, it was good industrial de-

sign which captured the new markets the company had sought.

X-Ray equipment — Picker X-Ray Manufacturing Ltd., of Bramalea, Ontario, decided that most hospital X-ray laboratories could and should be automated. So the company designed and built pacesetter equipment that would do just that.

Like many companies with solid reputations for technical expertise and product excellence, Picker Manufacturing had never before felt the need for any concentrated industrial design effort: its products had always done well without it. That was before the Rapido System prototype came off the production line. When it did the company found the product couldn't be marketed until it related better to both the patient and the operation. The engineers had done a magnificent job, yet the result was unlikely to improve the company's competitive position in the marketplace.

Working on plans for the third generation of the Pheratron cancer treatment machine is designer Lawrie G. McIntosh. This machine went on the market last fall.



So Picker Manufacturing called in industrial design consultant Donald Wilson of Toronto. He introduced the company to ergonomics, the study of the interrelationship between humans and the inanimate things of life — machines, furniture, cars and other three-dimensional objects.

The designer discovered that not only was the Rapido System unattractive in appearance, but that not enough attention had been paid to making it easy to work with. A design team was set up to pinpoint and correct the blemishes that stood between the Rapido System and the market. Once the problems were defined — untidy design, lack of visual continuity and poor positioning of control box were some of them — they were fairly easily solved.

Now Picker X-Ray Manufacturing has a product line it believes to be second to none on the market. It is a marriage of

advanced technology and sound industrial design. The first revamped Rapido came off the assembly line in November last year and the company is still conducting field tests. But Picker officials aren't even considering the possibility of marketplace failure. They know that there is a need for the sophisticated, high-speed automatic device they've produced.

But the company would probably have produced it sooner and more profitably if the industrial designer had been in on the act from the start, and in future Picker intends to have all its products benefit from industrial design input right from the word go.

The application — When a company applies for IDAP, it should contact officials in the commodity branch of the Department that deals with the industrial field in which the applicant is working — Wood Products, perhaps, or Electrical and Electronics. One of the functions of the commodity branch officer is to be familiar with firms in his field and often it is he who suggests that a company make application under IDAP. Frequently, he helps firms in the preparation of an IDAP application, which calls for detailed information on the objectives of the proposed project, the design innovation it represents, the market potential, the design and technical personnel who will be working on it and the production and marketing capability of the company. It must also contain a detailed estimate of the cost. The final decision on an application is made by a committee which takes into account the recommendations of the commodity branch.

The company is free to choose its own designer. However, the Office of Design does maintain a record of more than 300 Canadian designers. Under each individual or firm entry there are details about academic and professional qualifications, experience, location, and special fields of interest. On request, the Office of Design will recommend three or four names, starting with those located in the same area as the company. The company then selects one. Normally the designer nominated for an IDAP project must be Canadian-based, but if no suitable one can be found, one outside the country can be used.

For information and brochures on IDAP and other Department incentive programs write to the Department of Industry, Trade and Commerce, 112 Kent St., Ottawa, or to the nearest Regional Office of the Department.



Central America Seeks Medical and Educational Equipment

And the search offers many opportunities for Canadian suppliers, provided they have an appointed agent in these countries.

ARNOLDO GALVEZ MORAN, Commercial Assistant, Guatemala City

Contrary to his North American counterpart, the Central American worker and field laborer expects his government to provide him with free medical attention, including medicines, and free primary and secondary education. There are now more than 20 million people in Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica and Panama and the population is increasing at 3.2 per cent a year. They are demanding better and more comprehensive public health and education programs to fight illiteracy and public disease, and the governments of the six countries are responding with a wide range of programs and services in both fields which offer a promising market for Canadian goods and services.

Ministries of Public Health and Social Welfare (the name common throughout most of Central America) own and operate hospitals and health centres in both urban and rural areas and give free medical attention to the low income majorities.

Social Security Institutions are also well established in each of the republics and provide medical care and disability pensions to workers who are affiliated and pay monthly fees, which are deducted from wages. In each country, Social

Security operates with slight variations but fundamental procedures are the same. Insurance costs are shared by employer and employee on a 7 per cent and 3 per cent basis respectively. Accidents, maternity and disease are covered. Complete hospitalization and free medicine is available.

In all the republics, the purchase of medical equipment and supplies by both the Ministries and the Institutions is handled mainly through public tenders which are published in the local newspapers. Participating foreign companies are usually represented by local agents. In some countries legislation requires local representation.

So far, very little advantage has been taken of these markets by Canadian manufacturers of scientific and hospital equipment. The United States, West Germany and Japan are, by tradition, practically the only exploiters of these fields.

In Guatemala the Ministry of Public Health has a yearly budget of U.S.\$20.9 million for public health programs and it is increasing every year. About \$4.2 million is invested in materials and supplies and \$238,866 in machinery and equipment.

In El Salvador the Ministry of Public Health and Social Welfare is currently considering a new hospital construction project in the city of San Miguel.

In Honduras the Instituto de Seguridad Social (Social Security Institute) is now in the early stages of expanding its medical and hospitalization protection program throughout the northern and southern regions. This is creating a demand for hospital equipment and supplies.

In Nicaragua, the Instituto Nacional de Seguridad Social is planning to build a children's hospital in Managua.

In Costa Rica the Caja Costarricense de Seguro Social (Costa Rican Social Security Authority), has many projects for new hospitals, clinics and assistance centres that involve the purchase of all types of hospital and medical equipment.

The educational programs in all the Central American republics provide free primary and secondary education through a Ministerio de Educacion (Education Ministry). The national autonomous universities are also covered by special government budgets and only small initiation fees are charged. Fees for private schools and private universities, which are attended by a large percentage of the population, vary and so can be accommodated within the budgets of most families. These private schools are investing large sums to upgrade their facilities to North American standards.

Most of the government-supported schools and universities buy their equipment through public tenders published in the official gazettes. Private education centres, however, buy according to direct contacts made by local representatives of foreign manufacturers.

International development and assistance agencies such as CIDA, USAID, CARE, and UNESCO are also playing an important role in the educational development of Guatemala and the other Central American countries. CARE has been especially active in Guatemalan school construction programs.

Language laboratories and other audio-visual equipment, aids that were unknown until recently, are now being purchased by schools and universities. Television, an unexplored educational possibility in this part of the world, is be-





A typical Guatemalan village. Providing proper health and education in remote areas like this has become a top priority in the Central American republics.



Low-income housing units are relieving housing shortages for Central America's burgeoning population. This 5,260-unit development in Guatemala was partially financed by a \$5.3 million Inter-American Development Bank loan and is available to families earning \$40 to \$140 monthly.

ginning to make an impact among education authorities and TV for Education is becoming a slogan in government circles throughout the Isthmus. Since the lack of road communications is still a critical problem, TV is being considered as the best solution for reaching the people in rural areas.

Guatemala, which economically is the strongest republic in the Isthmus, had a budget this year of U.S.\$32. million for primary and secondary education and this will continue to increase in the years ahead. The National University obtains its operational funds from a separate budget which is approximately U.S.\$2.5 million annually.

At the present time, the Guatemalan Government is embarking on a huge educational improvement program which includes the construction of 17 secondary schools and junior colleges. Several Canadian manufacturers of educational equipment are already in direct contact with local authorities regarding this project and negotiations are under way with international financing agencies for the necessary funds.

El Salvador is the most heavily populated and smallest country in the Isthmus and is facing a serious shortage of educational facilities. However, the Government is now developing a nationwide educational project, COPLACE, which is being financed by the World Bank. The project, which has top priority, will involve the construction of 35 educational institutes throughout the Republic, with such diversified educational activities as physics, chemistry, biology, mechanics, agriculture and animal science.

El Salvador was the first country in Central America to operate an educational TV station through the Direccion de Television Educativa in Ciudad Normal. Educational TV, which started on an experimental basis in 1969, is sponsored by the Ministry of Education and currently reaches 32,000 students. Next year, this will rise to 58,000 as the project acquires its own TV transmitting station covering the entire country through two repeater stations.

In Honduras, as in most of the other Central American countries, both the Government and international agencies are waging a war against illiteracy. There are two universities and a large number of public primary and secondary schools, and education is free in public centres. Private education is favored and most of the school-age population attends private schools in the major cities of Tegucigalpa and San Pedro Sula.

Nicaragua is the largest of the Central American republics but has a relatively small population — 31.7 persons to the square mile compared with El Salvador's 389.5. Again, illiteracy is a major problem. Both primary and secondary education is supported by the central Government, with the state-supported National University enjoying a separate budget. Private schools are found in every major city and enrollment is increasing every year.

The Nicaraguan Government, aware of the need for a secondary and normal school expansion program, has obtained the necessary financing from the IBRD (International Bank for Reconstruction and Development). The project will involve the construction of schools in urban centres such as Managua, Leon, Granada, Esteli, Boaco and Bluefields. The Ministry of Public Education, in co-operation with the Ministry of Public Works, has already invited manufacturers of school equipment and supplies to submit offers for this project. The first stage will involve the purchase of furniture, laboratory equipment and miscellaneous school supplies.

Costa Rica is the second smallest of the Central American republics. It has a population of 1. million growing at 4.3 per cent a year, and an 80 per cent adult literacy. The highland basin, where most of the people live, is one of the most densely populated areas in Latin America, making it relatively easy to implement education programs. Costa Rica is also the only country in Central America without an army. This is reflected in the country's education budget which, relatively speaking, is the highest in the Isthmus.

Like the other republics, Costa Rica has many private schools that cater to practically all social levels. Public elementary and secondary education are government-supported, and the university budget is the highest in Central America.

Even though Costa Rica has not yet followed Guatemala, El Salvador and Nicaragua in the development of a large educational program to modernize existing facilities and expand technical training, it is very likely that they will do so in the future.

Panama, though geographically situated in the Isthmus, must be treated separately, for its history has more links with South America than it has with the Central American Republics. Because of the Canal Zone, there are for practical purposes two different markets for exporters.

The Canal Zone is controlled by the United States, and education, laws and regulations are basically the same as in that country. Most purchases are made directly by the Panama Canal Company.

Like many other countries in Latin America, Panama has illiteracy, health and malnutrition problems which the Government is fighting. It has allocated U.S.\$6.5 million for new public schools and educational centres; \$1.5 million for renewal of existing centres; \$201,837 for new educational equipment, and \$375,605 for miscellaneous equipment. The construction of 65 elementary schools and 23 secondary schools is already included in the budget for the new fiscal year which will increase the number of classrooms in the Republic to 1,113.

The Ministry of Public Health, which is responsible for public hospitals and health centres, is now developing a \$6 million project to include a medical centre, health centre and laboratory. The budget for new hospital equipment for existing hospitals is U.S.\$458,402. About \$2.6 million was spent last year on medicines and miscellaneous medical supplies.

Social security is also highly developed in Panama. At the present time, four fully equipped hospitals are under construction and development plans call for the construction of more hospitals in the near future.

Most of the major government purchases in Central America are made through public tenders and in most cases the law requires the appointment of a local agent to represent the foreign manufacturer or exporter. Legislation protecting local agents and regulating their relationship with foreign exporters is enforced in Panama, Costa Rica, Honduras and Guatemala and it is likely that El Salvador and Nicaragua will eventually introduce similar regulations.

Legislation does not require local representation for sales to private institutions which do not purchase through public tender but, as they are usually the results of an initial contact made by local representatives, it is advisable.

Before appointing an agent in these countries, it would be useful to review recent legislation on this subject. This can be obtained from the Latin America Division, Department of Industry, Trade and Commerce, Ottawa K1A 0H5, Ontario. Suggestions and background information on local representatives may be obtained through the Canadian Embassies in Guatemala City and San Jose, Costa Rica.



Kansas City — commercial centre worth looking at

Plans to establish a foreign trade zone, vast storage areas dug into the limestone and \$3.2 billion in construction projects are some of the assets this city offers.

Z.W. BURIANYK

Consul and Trade Commissioner, Chicago

On a recent visit to Kansas City, Missouri, I was constantly reminded by the citizens that their city had greater claim to the title "The Heart of America" than any other. It appears a deserving title in economic terms and even in geographic, for this city is only 240 miles from the geographical centre of the United States!

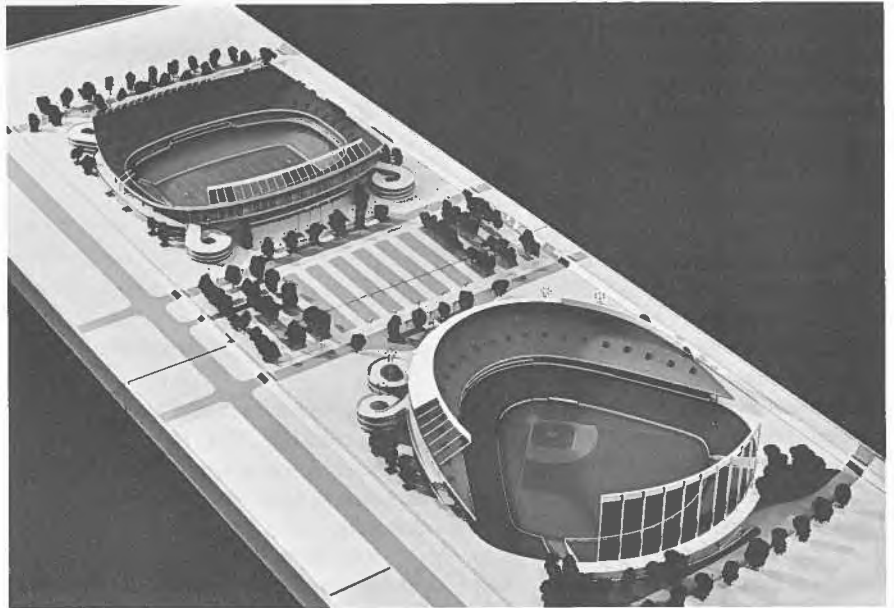
In its earlier history this geographic location was an important factor in the city's growth and, despite shrinking distances and times in this jet era, location again figures prominently in its current wave of economic growth.

In size (a population of more than one and a quarter million) Kansas City ranks 25th in the U.S., but much higher in terms of economic activity — in construction projects alone there is a total of \$3.2 billion. Some of the more important projects are outlined below.

Kansas City International Airport.

This is expected to be the most modern jet passenger and freight airport in the country when it is opened some time this summer at a cost, for the first phase alone, of about \$250 million. It is adjacent to the new \$60 million headquarters of Trans World Airlines where about 10,000 persons are employed. The TWA payroll has been a great stimulant to the economy and should be an even greater one by 1980 when employment at the headquarters is expected to have doubled.

Crown Centro. This project, bordering the downtown business area, will involve more than 50 buildings, including apartments, offices and hotels, and will be the permanent home of 8,000 people. Costing about \$250 million, it is a corporate organization of Hallmark Cards, a company which has been in Kansas City since its founding in 1910 and sells greeting cards and associated products in more than 100 countries.



Named after a local son, the Harry S. Truman sports complex is due to be opened this year. Kansas City is the home of major league football and baseball and is applying for a National Hockey League franchise.

Tiffany Centro. This project is being built near the airport by Plaza de Oro, the land development arm of Shell Oil Company. It will contain light industry, commercial offices, shopping areas and convention and hotel facilities. Stouffer Inns and Braniff Airlines already have hotels planned. It is scheduled for completion in six years at a cost of more than \$100 million.

Gateway Plaza. This \$100 million development is very similar to the Tiffany Centro and will be built next to the airport and TWA headquarters. It will probably include an international trade centre.

Harry S. Truman Sports Complex. This will include two stadiums, one for baseball to seat 40,000 and the other for football to seat 78,000. This complex will open this year at a cost of more than \$50 million.

Kansas City is served by practically all modern methods of transportation. Although deep sea shipping cannot get di-

rectly to this heartland metropolis, two barge lines connect the city via the Missouri and Mississippi River arteries with New Orleans, only 100 hours away. With the completion of deeper draught dredging to nine feet, Kansas City can now accept 1,200-ton LASH (lighter aboard ship) or CB barges unloaded from deep sea vessels in the Gulf of Mexico for direct transport without prior landings at New Orleans with its accompanying handling costs. Barges can also use existing river systems to connect with the Great Lakes and the St. Lawrence Seaway.

Eight airlines converge here, and the importance and convenience of Kansas City as an air traffic centre is emphasised by the fact that of the leading 50 urban centres of the U.S., Kansas City is the only one with direct flight connections to each of the other 49!

Five interstate highways, including one between New York and California



and another between Canada and Mexico, cross here, plus eight federal highways. More than 150 truck lines and four interstate bus lines serve the city. There are also twelve major rail systems running through Kansas City, including three AMTRAK lines, and total rail car handling volume here is the third highest in the country.

Warehousing is, of course, very important to shippers and buyers, and Kansas City can offer vast areas for storage. There are huge deposits of limestone here in which caverns have been excavated. These are whitewashed and wired for electricity to provide cheap and reliable storage areas. Because digging has been done horizontally, both road and rail transport has direct access — up to 100 rail cars at a time can be handled. The normal temperature in these areas is about 55 degrees, but cold storage is also available and, because the limestone walls are frozen, freezing temperatures can be maintained for several days if there is a power failure.

About one and a half million square feet of storage area has already been dug and there are more than seven million square feet still available for excavation as the need arises.

Possibly the greatest advantage and benefit is the undisturbed surface land. The Great Midwest Corporation has already started work here on a complex to include a Disneyland type of recreation park, an industrial park with direct vertical access to the storage facilities below, apartment buildings, a shopping centre and executive office district — all this just seven miles from downtown.

One of the most ambitious efforts (and indicative of the business community's confidence in the future), is the current undertaking to establish a foreign trade zone. Six years of hard work have gone into this plan. A plateau was reached in June 1971 when the Missouri legislature gave final approval to Senate Bill 59 that permitted a private or public corporation to apply to the federal Government for a foreign trade zone or sub-zone. The federal statute has been on the books since 1934 and half a dozen foreign trade zones have emerged in various parts of the country since then, none of which, however, developed to full limits and potential. A possible reason for this is that they have been organized and administered by various government or quasi-government agencies, such as county or municipal governments, or port authorities. Here, however, a private non-profit corporation called the Greater Kansas City Foreign-



Excavated from limestone deposits, these caverns provide cheap, clean storage facilities just seven miles from downtown Kansas City. Both road and rail transport can unload their cargoes right at the storage area.

Trade Zone Incorporated has been organized, consisting of a 12-man board of prominent local businessmen. The zone is expected to be in operation by the end of this year.

For those who are not sure what a foreign trade zone really is, let me quote from the corporation's own literature. "A foreign trade zone encourages international commerce by providing foreign goods duty free — and quota free — and entry into specific areas under Customs' supervision within the United States for an unlimited period of time. These enclaves may be warehouses, manufacturing facilities, exhibition areas, existing structures or newly built. There is no legal limit to the number of sub-zones within the vicinity of the zone itself. Goods brought into the zone or sub-zone may be stored, manipulated, mixed with domestic and/or other foreign materials used in a manufacturing process, or exhibited for sale".

Goods entering foreign trade zones for further manipulation or manufacture prior to entry into the United States territory may be classified as privileged or non-privileged merchandise. Privileged merchandise is appraised and classified according to its condition on the date of filing of the application for privileged status and entry into the foreign trade zone. Duties and taxes are determined as of that date, although not assessed until the goods leave the zone and enter U.S.

Customs territory. Duty on non-privileged goods is assessed on the basis of the condition of the merchandise as it leaves the zone and enters U.S. Customs territory. Goods shipped to foreign nations are exempt from U.S. customs duty.

The possibilities of a duty free zone are numerous and some of them are given below.

Assembly of components into a final finished product (Kansas City is the country's second largest distribution centre of agriculture equipment and could be a natural base for Canadian firms to sub-assemble their agricultural machines for the U.S. market.)

Repacking of goods into smaller units from bulk shipment, thus saving freight costs and possibly taking advantage of different tariff classification

Further processing to reduce weight
Elimination of duty paid on damaged or destroyed items.

Unlimited time for storage of dutiable goods without funds being tied up in duties, which are paid only when goods leave the zone and formally enter the U.S.

And the possibilities of Kansas City are also numerous. It is a dynamic commercial centre worthy of your interest be it for straight commercial transactions or for the facilities to be offered by the zone. Isn't it time you looked to the "heart" of the matter?



Export Opportunities

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

Chemicals

FINLAND — Hard PVC sheets (industrial); acrylic sheets, moulded, 1-25 mm. thickness, varied sizes; PVA (polyvinyl alcohol film) for foodstuff packaging, in small rolls, thickness 12 mm., 500-1,000 kilos; polyvinyl butyral film, thickness 0.76/0, 50/038 mm., widths 40 cm. up to multiples of 5 cm.; styrene monomer; polyester resin. Mrs. A. Hytonen, Effico, SF 02710 Viherlaakso.

GREECE — Ion exchange resins for filling water softeners: Nicolas Ch. Tzoufas & Co., 73 Iatridou St., Kallithea, Athens.

SWEDEN — Pyrodine chemicals: K.A. Curt Bjorklund AB, Drottninggatan 18, S-111 51 Stockholm.

Clothing

SOUTH AFRICA — Rubber canvas boots; women's, men's and children's shoes, boots, sandals; leather belts, wrist watch straps, leather garments; ready-made garments for winter and summer, including knitwear, woolen and cotton for men, women, children and infants: United Agencies, P.O. Box 1592, Johannesburg.

Consumer

SWEDEN — Pig bristle tooth brushes and hair brushes: AB Kronborsten, Stora Torggatan 28, S-280 13 Vinslov (attention: Mrs. B-M Skjold, president).

Electrical

PORTUGAL — Coin-operated game machines, cabinet cameras and record players: Commercial Counsellor, Canadian Embassy, Rua Rosa Araujo, 2-7°, Seventh Floor, Lisbon 2.

SOUTH AFRICA — Electrical appliances: United Agencies, P.O. Box 1592, Johannesburg.

SWEDEN — Conducting lights for medical and mechanical research use: Allhabo AB, Box 49044, S-100 28 Stockholm.

Electronics

SOUTH AFRICA — Radios, tape recorders: United Agencies, P.O. Box 1592, Johannesburg.

SWEDEN — XY-recorder for medical and physical research: Allhabo AB, Box 49044, S-100 28 Stockholm.

Equipment

DENMARK — Catering equipment: Danish manufacturer of stainless steel table tops and shelving is interested in catering equipment of all types that could be marketed and installed with its own production. Contact Commercial Counsellor, Canadian Embassy, Prinsesse Mariæ Alle 2, Copenhagen V.

NORWAY — Representation for equipment for butchers and small meat processors: J. Navestad, A/S 1324 Lysaker, Vollsvæien 38 (attention J. Navestad)

SWEDEN — All kinds of garden tools and equipment, particularly sprinklers, furniture and water hoses: AB Nils Ahlin, Langvinkels cics, P.O. Box 1592, Johannesburg.

Shower bathtub, approximately 80 x 80 cm, of any material, without fittings: Lagerstedt & Krantz AB, Box 18061, S-200 32 Malmo.

Foodstuffs

SOUTH AFRICA — Representation for canned fruits, tea, spices, saffron: United Agencies, P.O. Box 1592, Johannesburg.

Hardware

SOUTH AFRICA — Hardware, padlocks, tools, etc.: United Agencies, P.O. Box 1592, Johannesburg.

Household

SOUTH AFRICA — Sewing machines, washing machines, mincing machines, mincers, plastic flowers and fruits: United Agencies, P.O. Box 1592, Johannesburg.

Jewellery

SOUTH AFRICA — Jewellery: United Agencies, P.O. Box 1592, Johannesburg.

Materials

BRITISH HONDURAS — Industrial methylated alcohol 66 OP bulk, drums of 54 U.S. gallons; pale boiled oil (linseed) bulk, drums of

54 U.S. gallons: Augusto Quan and Company, Box 227, Belize City (attention Benito Quan).

ARGENTINA — Private Argentine firm interested in importing or obtaining licences for local production of steel scale removers, degreasants, rust prevention agents, rust inhibitors, paint and varnish removers, carbon removers, film agents, additives for fuel oil and gas oil, sludge breakers, tank cleaners, oil dispersants: Commercial Counsellor, Canadian

FINLAND — Fibreglass felt, weight 50-70 or 90 g/m². Polyvinyl butyral film, thickness 0.76 mm. (0.38, 0.50), widths min. 40 cm (45, 50, etc.): Effico, SF 02710 Viherlaakso (attention Mrs. A. Hytonen).

SOUTH AFRICA — Mattress coir: United Agencies, P.O. Box 1592, Johannesburg.

SWEDEN — Optical fibres; self-adhesive PVC film for screen printing; road-marking paste or tape with high optical reflection ability and resistance to wear, to be melted into asphalt on roads: Allhabo AB, Box 49044, S-100 28 Stockholm.

Polyester film for photocopying and drawing; plastics for electrical cable insulation: H. Granroth Efr., Gradbrodersgatan 2, S-211 21 Malmo.

Metals

JAMAICA — Gate, globe and check valves in cast iron, cast steel or bronze for use in power plants, sugar mills, industrial refrigeration and food processing: A.S. Henry Ltd., P.O. Box 300, Kingston, Jamaica.

SWEDEN — Slide bearings, bearing bushings and hydraulic tubes of seamless stainless steel: Harry Stickler AB, Box 416, S-124 04 Bandhagen.

SWITZERLAND — Alloy tool steel, hot rolled, in rings and rods: Vereinigte Drahtwerke AG, Neumarktstrasse 33, 2501 Biel.

Miscellaneous

SOUTH AFRICA — Fancy goods and sundries: United Agencies, P.O. Box 1592, Johannesburg.

Textiles

SOUTH AFRICA — Cotton, nylon, polyester, etc.: United Agencies, P.O. Box 1592, Johannesburg.

Tools

SWEDEN — Embossing tool for coding cables, wires and other products made from stainless steel, aluminum and brass: Allhabo AB, Box 49044, S-100 28 Stockholm.

Toys

AUSTRALIA — Toys: J.F. Naffin, Baby Maker, 223 Unley Road, Unley.

AUSTRIA — Toys and games: VOG. Ges m.b.H., Backermuhlweg 44, 4010 Linz.

SOUTH AFRICA — Plastic toys, dolls, mechanical toys: United Agencies, P.O. Box 1592, Johannesburg.

WEST GERMANY — Toys and games: Terry Richardson, Sales & Import Manager, Cole-

man & Co. KG, Postfach 445, Volzstr. 10, 85 Nurnberg.

Wood Products

ARGENTINA — Waste paper: International Sales, S.R.L., Belgrano 313, San Isidro, Province of Buenos Aires.

SWITZERLAND — Wax-coated kraft packing paper; specifications — two layers of paper with wax in between, in rolls with a minimum width of two metres: Feldman Dutli & Co., Hardturmstrasse 82, 8023 Zurich.

Foreign Tariffs and Trade Regulations

Argentina

Argentina has extended for a further year Decree No. 2118 of July 19, 1971, which bans all non-essential imports. The list of products considered as non-essential has been expanded to include articles such as: butter; potatoes for consumption; garlic; onions; disinfectants, insecticides, fungicides, etc., packaged for immediate domestic use; wood packing cases, boxes, crates, etc.; barbed wire and other wire of iron or steel used in fencing; aluminum rivets; picture frames and mirrors of base metals; electric hand welding apparatus; starters for use in fluorescent lamps; plugs, sockets and other electrical connectors; Christmas tree light sets and bulbs; trailers and parts; and lighters.

Central Bank Circular RC 434, dated May 15, contains a long list of import products whose payment must be negotiated exclusively at the financial market rate, which was quoted at 9.84 pesos to the U.S. dollar on May 16, 1972. This list incorporates all products which are not considered to be of vital importance. Products not included on this list or those exempted by special promotional decrees authorized by the Ministry of Industry and Mining can still be imported under the previous exchange rate.

In order to reduce industrial costs, the requirements for prior deposits on imports of some items of prime importance have been removed.

Further information is available from the Latin America Division, Office of Area Relations.

Britain

The British Government has recently announced its intention to introduce a Value Added Tax (VAT) on April 1,

1973, in place of both purchase tax and selective employment tax, which will be abolished.

It is intended that the standard rate of the new tax will be 10 per cent, but there is provision to set the starting level elsewhere within the range of 7½ to 12½ per cent should the economic situation in 1973 require it. On imports, VAT will be collected on the duty-paid value of the goods. The tax will apply to virtually all imported goods with the exception of most foodstuffs.

Further details about the British VAT may be obtained from the Britain Division, European Affairs Branch, Office of Area Relations.

Motor Cars — At the same time that VAT becomes operative, an additional 10 per cent tax will be levied on new and imported automobiles. Together with VAT, the new tax element on motor cars will be 20 per cent, as compared with the 25 per cent purchase tax now charged.

Nigeria

The 1972/73 Nigerian Budget proposes a number of changes designed, inter alia, to

- (1) protect local industries,
- (2) undertake negotiations with commercial banks to increase government participation in ownership to 40 per cent, and to establish industrial and commercial credit banks supporting the Nigerian indigenization policy,
- (3) increase individual purchasing power by tax reductions, making it possible for manufacturers to reduce prices.

Included in the changes are (a) a general reduction (10-15 per cent) of import duties on raw materials used by local industries, particularly the textile, metal and petro-

chemical industries; (b) increases in duties on imported textiles and basic clothing; (c) an average reduction of 50 per cent of excise duties on biscuits, blankets, carpets, metal furniture, soap, leather, paint, jewellery, and textile articles; (d) a number of changes in corporate taxes, and (e) the imposition of a 20 per cent capital gains tax on stocks and shares at time of sale.

In addition a number of changes to the import control regulations and the foreign exchange remittance scheduling are planned.

On the import control side, a number of new items have been included in the list of goods requiring specific licences. These include bicycle tires and tubes, duplicating paper, maize and stockfish.

The Foreign Exchange regulations have been modified as follows:

(1) Payment in foreign exchange may now be made at sight of shipping documents for essential spare parts for emergency maintenance, emergency official imports, books, educational and scientific equipment, professional and religious robes, and construction equipment required by indigenous companies for approved government projects.

(2) Payment at the expiration of 90 days from date of arrival in Nigeria for day-old chicks, milk, salt, cement and other building materials, baby foods, medicines, fertilizers and chemicals for agricultural purposes, flour, buses, completely knocked-down parts for local assembly, and other spare parts.

(3) Imported plant and machinery valued at over N£ 50,000 (Cdn. \$144,000) — up to 15 per cent payable against documents, up to 15 per cent payable on arrival, and balance of at least 70 per cent payable over the next one to four years, depending on total value of equipment.

All other imports remain subject to the present 180 day payment terms.

Peru

All tourists entering Peru must complete a declaration detailing the amount of money they are bringing into the country and be in possession of a minimum of U.S.\$8.00 per day, which may be in the form of cash, travellers' cheques, money orders or letters of credit. Length of stay is based on the amount of funds to a maximum of 90 days. Tourists may not stay for more than 90 days without the permission of the Ministry of Foreign Affairs. The Banco de la Nacion is the only authorized foreign exchange dealer. Only Peruvian soles are legal tender. Any currency remaining to the traveller will be re-converted to dollars upon departure. Canadian dollars or travellers' cheques, money orders and letters of credit written in Canadian dollars are usually not accepted. Travellers should bring U.S. currency.

Switzerland

Effective September 1, 1972, all prepackaged and canned goods, whether produced in Switzerland or imported, are subject to an ordinance issued by the Swiss Federal Council on July 15, 1970, concerning the obligatory marking in the trade with goods in measurable quantities. The ordinance is administered by the Federal Office for Weights and Measurements. Its main points are:

Prepackaged goods are such goods which are not weighed or measured in the presence of the customer.

All weights and measures have to be expressed in units of the metric system (litre, kilogram, metre, square metre, cubic metre or their decimal multiples).

The containers of prepackaged and canned goods must show the net weight or volume of the contents and the drained weight of the solids after a two-minute draining time. On all packages and containers of preserved foods made up to a mixture of solid products it is necessary to show the net weight, the drained weight and the weight or percentage of every component.

Prefilled bottles must either bear an official hallmark or the bottle manufacturer's trademark and the net content must be stamped in the glass or plastic.

For aerosol products, the net weight and the weight of the container must be stated.

Packages containing pharmaceuticals must bear a quantitative indication.

The weight and unit weight must be shown on the package surface which bears the other inscriptions, such as ingredients, use and cooking instruction. If outer wrappings are used, they must also show the weights. The minimum size of letters and figures used to indicate the weights are as follows:

Package surface of inscriptions in square centimetres	Minimum size of letters and figures in millimetres
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up to 36	2.5
from 36 to 400	4
over 400	8

(1 square centimetre = 0.155 square inches; 1 millimetre = 0.0394 inches).

The new ordinance does not replace the "Ordonnance réglant le commerce des denrées alimentaires et de divers objets usuels" of May 26, 1936, which is the responsibility of the Federal Department of Public Health. This latter ordinance already stipulated that containers of prepackaged and canned food between 50 grams and 2 kilos have to show the net weight in grams or kilos. The new regulations extend this requirement to *all* prepackaged goods and, in addition, require a drained weight declara-

tion. For goods packaged after September 1, 1972, these weights must be shown on all labels in the proper size and place. Price and unit price markings are required to be shown. However, they are the responsibility of the retailer and the Canadian exporter does not normally have to concern himself with this matter.

The Swiss Federal Office for Weights and Measurements in Berne is prepared to examine all labels for accuracy, and samples can be submitted for inspection either through the Swiss importer or through the Commercial Division of the Canadian Embassy, Kirchenfeldstrasse 88, Berne.

There are special provisions regarding the tolerance of errors in the indication of weight or volume. Information may be obtained from the Western Europe Division, European Affairs Branch of the Department in Ottawa.

Turkey

By a communique published in the *Official Gazette*, (annexed to Decision No. 17, communique series III, No. 5 on the protection of the value of the Turkish currency), the Ministry of Finance decreed that bank guarantee letters would no longer be sought in public sector imports. Under the original communique, an advance payment of 25 per cent was allowed for commodities manufactured abroad for import (provided that such a manufacture period is permitted) against the counter-guarantee of a Bank, valid abroad. Under yesterday's communique, such bank guarantee letters will no longer be sought in public sector imports.

United States

Effective July 17, 1972, Canadian exporters will have to adjust to new U.S. Customs entry procedures. These are of particular interest to exporters who ship to their customers on a prepaid delivered basis. The importer of record (usually the U.S. Customs broker) will be required to record his importer number on form 5101. Furthermore, in cases where the importer of record is not the ultimate consignee, the latter's number will have to be shown also. When a consolidated entry is filed, the notation "con-

solidated" must be entered in the space on the form 5101 for the importer number of the ultimate consignee.

Where the importer of record does not have the importer number of the ultimate consignee, entries will still be processed by United States Customs during a six-month adjustment period (July 17-January 17, 1973). Nevertheless, the ultimate consignee will have to apply for an importer number, and the importer of record submit an amended Customs form 5101 by the end of the six-month period. Following this six-month period, the identification of the ultimate consignee on each dutiable formal entry will be a mandatory requirement.

The new requirement will have direct effect on all dutiable exports to the United States when a United States Customs broker acts as agent of the exporter clearing the goods on his behalf. In such instances, the United States Customs broker becomes the importer of record but the broker will need to be advised of the ultimate consignee's importer number. The Canadian exporter must obtain the importer number of the ultimate consignee or request him to apply for one, as the case may be, and then advise the importer of record. The Canadian exporter has six months to adjust to this new setup.

Requests for an importer number are filed on U.S. Customs form 5106 (Notification of and Application for Importer's Number or Notice of Change of Name or Address), which has easily-understood instructions. The number to be used when filing Customs form 5106 is the importer's Internal Revenue Service (IRS) employer identification number for incorporated companies, or if no IRS number has been assigned, the social security number. If neither one has been assigned, the applicant will indicate this on the form, and an importer number will be assigned. Customs form 5106 may be obtained at any customs house or from any customs office.

If the number is not used for 12 months, and there is no outstanding transaction with which it must be associated, it will be removed from file and the person previously covered by the number shall complete form 5106 again with the first dutiable formal entry which he submits, or with the first request for services that will result in the issuance of a bill or a refund check upon adjustment of a cash collection.

Are you overlooking a ready-made entrée to the U.S. market?

You could be if you are now selling to Canadian subsidiaries of U.S. companies. Corporations are not unlike families — if you are a friend of the son, the parent will at least let you get your foot in the door. The Canadian Trade Commissioners in the U.S. are ready to help you assess your chances.

Consider the reasons why the Canadian subsidiaries are buying from you — price, quality, delivery times. These are just as potent an attraction to U.S. buyers, and remember also that good design and delivery time and high quality can command a top price across the

border. Why not talk to your customers about the requirements of their parent companies.

If you decide that an approach to parent companies is worth a try, ask the Canadian Trade Commissioners in the U.S. to investigate, and arm them with the following information:

What you are selling to the Canadian subsidiary and in what quantities.

Why, in your estimation, they are buying from you — that is, what are your strong points.

The name of your contact in the Canadian company.

Literature about your company and products.

The Trade Commissioners will then be able to tell you if there is any interest in or requirement for your product, who your competition is, how purchasing is done, who you should contact, how you should quote, and whether a personal visit would be worthwhile. If you decide to quote the Trade Commissioners will follow up and determine why you were successful or why you were not.

International Loans

World Bank Assistance for Nicaraguan Water System

The World Bank has made a loan of \$6.9 million to help finance the expansion of the water supply system of Managua, the capital city of Nicaragua. The project is the second stage of a long-term program started in 1963 with the help of a \$3 million credit from the International Development Association (IDA), a member of the World Bank Group. Estimated completion date is December 1974.

The 24-year Bank loan, which has a 3½-year grace period and carries an interest rate of 7¼ per cent, will be guaranteed by the Republic of Nicaragua. Other financing for the \$10 million project will come from internal cash generation.

The project calls for the construction of eight wells to increase water availability from an average of 21 to 35 million gallons per day (net of standby capacity); equipment for booster pumping stations with a combined capacity of about 56 million gallons per day; installation of about 37 miles of 12-36-inch diameter transmission mains and about 28 miles of 2-8-inch diameter distribution pipelines; meters for the installation of about 9,400 service connections; mobile construction equipment for water system maintenance and expansion; construction of an administration building to improve employee efficiency and customer service, and consultants' services (Hazen and Sawyer—U.S.—and J. Agustin Chan—Nicaragua—for engineering services; Pan American Health Organization for management services). The project is expected to meet Managua's needs over the next decade.

Empresa Aguadora de Managua, an autonomous public enterprise, will be the borrower and will execute the project: Apartado Postal 3599, Managua, D.N., telephone 2-6811. Procurement will be subject to international competitive bidding with a margin of preference of 15 per cent of the c.i.f. cost or 50 per cent of the customs duty, whichever is lower, for Nicaraguan suppliers and suppliers from other Central American Common Market member countries.

Fifth Philippines Power Project Gets World Bank Financing

The World Bank and the International Development Association (IDA) have approved a loan of \$32 million to expand the generation and transmission capacity of the government-owned National Power Corporation (NPC) on the island of Luzon. Total cost of the three-year project, to be implemented by NPC, 161 Bonifacio Drive, Port Area, Manila (cable address NAPOCOR Manila) is \$46 million.

The Bank loan of \$22 million is being made to NPC with the guarantee of the Government of the Philippines. It is for a term of 20 years with 4 years' grace at 7¼ per cent per annum. IDA is providing \$10 million credit to

the Republic of the Philippines, repayable over a 50-year period (including 10 years of grace) and interest-free except for a ¾ of 1 per cent service charge. The Bank and IDA funds will cover foreign exchange costs of the project and interest on the Bank loan during construction. Local costs will be met from internally generated funds and local borrowing.

The project will consist of a 150-megawatt thermal-electric generating unit and three 75-megavolt ampere transformers and ancillary equipment on the Bataan peninsula near Manila, and 24 substations and 870 miles of transmission lines in Luzon. Also included are consultants' services for the final design and supervision of project construction; preparation of feasibility studies of hydroelectric schemes in Luzon and a long-term plan for the Luzon grid expansion; review of NPC's accounting system and procedures and the current value of fixed assets, and the improvement of NPC's technical operations. Contracts for civil works and equipment will be awarded after international competitive bidding.

NPC, with a total installed capacity in Luzon of nearly 500 megawatts (mainly hydroelectric), sells bulk power to industrial users and local utilities including the privately owned Manila Electric Company (Meralco). Together, NPC and Meralco account for about 90 per cent of total generation in the Philippines. This project will increase NPC's installed generating capacity in Luzon by about 30 per cent and will enable it to meet demands until 1977.

ADB \$3.7 million loan for Korean education

The Asian Development Bank has made a loan of U.S.\$3.7 million to the Republic of Korea for the Vocational Training Institutes Project. This is the Bank's second loan in the field of education and the first one for vocational training.

The loan will carry an interest rate of 3 per cent per annum and will be repayable in 20 years including a grace period of 5 years. Estimated total cost of the Project is U.S.\$10.5 million, including a foreign currency component of U.S.\$3.7 million for equipment, audio-visual aids and books, expert services and fellowships which will be financed by the Bank loan. The Project will be executed by the Office of Labor Affairs (OLA) under the Ministry of Health and Social Affairs.

Scheduled for completion by the end of 1974, the Project will establish four vocational training institutes and one prototype training centre. The institutes will give training in foundry, pattern making, machine shop, fitting, welding, sheet metal, electricity and electronics. In three of the institutes, training will also be given in additional trades such as textiles, wood machining, offset printing and metal finishing. The prototype training centre will train technicians in shops operating under factory conditions with the emphasis on higher

level of skills in six basic trades—foundry, pattern making, machine shops, fitting, welding and sheet metal.

At present in Korea there are only two vocational training institutions with acceptable standards: the Central Vocational Training Institute (CVTI) and the Korean-German Pusan Public Vocational Training Institute (KGPPVTI). These two facilities have been unable to cope with the growing technical manpower requirements of Korean industry as a whole.

ADB Finance for Korean Andong Dam Project

An Asian Development Bank loan of U.S.\$22 million is financing the Republic of Korea's Andong Dam Multi-Purpose Development Project.

Expected to be completed in about five years, the Project will consist of construction of the Andong dam and power station, including compensation and resettlement of inhabitants in the reservoir area; construction of the after-bay weir; construction of transmission lines from the Andong power station to the Sangju substation; procurement of equipment, and employment of consultants. Estimated cost is U.S.\$69.5 million, including a foreign exchange component of U.S.\$21.5 million and a local currency cost of U.S.\$48 million equivalent. The Bank loan, which will be drawn from its ordinary capital resources, will cover the foreign exchange cost and the refinancing of the U.S.\$500,000 loan extended by the Bank on October 6, 1970. It is for 27 years, including a 7-year grace period, at an interest rate of 7½ per cent per annum.

The Andong Dam, to be of zoned earth and rockfill construction, will be about 272 feet high and 1,722 feet wide and will form a reservoir about 12 miles long with an effective and dead storage capacity of almost 1,308 million and 301 million cubic yards respectively. It is designed to meet the increasing demands for municipal, industrial and irrigation water in the Nakdong River Basin until 1984. The after-bay weir, a concrete structure with an overflow spillway controlled by radial gates, will rise about 66 feet above foundation and will have a storage capacity of almost 4 million cubic yards. The power station will be connected to the existing transmission system at Sangju by a 41-mile single circuit 154 KV transmission line. It is estimated that this station will save annual oil imports valued at U.S.\$500,000 a year in foreign exchange.

The high-priority project is the result of an earlier ADB technical assistance grant of U.S.\$150,000 and a loan of U.S.\$500,000 for a feasibility study and preparation of tender documents. It is being executed by the government-controlled Korean Water Resources Development Corporation (KOWACO), established in 1967 to construct, operate and manage multi-purpose dams and other facilities for the utilization of integrated water resources in Korea.

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.

Demountable panels

Australian company wishes to negotiate a licence with a Canadian manufacturer for the production of its demountable display panels. The system consists of panels made from vinyl-coated particle board with legs of extruded aluminum. The panels are capped at top and bottom edges with aluminum extrusions. The leg extrusion is designed to receive connectors which couple panels together horizontally and vertically. The panels can also be used as low level office dividers. Also offered are demountable exhibition and display cases made of wood or glass. The components are easy to assemble and require little storage space. Literature available. **Item 2608**

Brushless motor systems

American firm offers a licensing arrangement to a Canadian firm to manufacture its brushless motor systems which offer an improved method of obtaining adjustable speed operation from squirrel cage induction motors. The system consists of a simple electronic circuit and a unique winding of an a/c induction motor. Each solid-state electronic power conversion unit controls one or more motors. The power conversion unit is divided into three functional modules: input power conditioning, power switching and control logic. This system, it is claimed, gives the high starting torque and variable speed features of d/c motors, combined with the mechanical simplicity of squirrel cage a/c induction motors. Literature available. **Item 2609**

Waterproofing coating for cement

American company is offering a licensing arrangement to a Canadian firm to produce its waterproofing paint for cement walls, concrete, cinder blocks, mortar, etc. The formula consists of 10 per cent chemically-controlled powders supplied by the licensor combined with 90 per cent Portland cement and silica flour/sand purchased locally. The end product is a decorative, protective, self-curing waterproofing paint that can be applied to interior and exterior surfaces, both above and below grade level. It is claimed to successfully withstand the wind-driven water test at 140 mph. Literature available. **Item 2610**

Cement linings for pipes and tubing

American firm offers under licence the Canadian production rights to its technique for applying a cement lining to the interior of pipes and tubing. The lining consists of a blend of

sulphate resistant cements and artificial pozzolans with no sand or inert fillers. It may be applied to either new or used pipes or tubing. The lining, it is claimed, offers a protective barrier capable of withstanding working pressures equal to the capacity of the steel encasement and to withstand the corrosive effects of the most aggressive oils and waters. The long-term reaction between the cement and pozzolan additives is said to generate new cement which fills any small cracks which may develop. Literature available. **Item 2611**

Mill for grinding hard materials

Polish state trading agency offers the Canadian manufacturing rights to an improved impact mill with pneumatic circulation for grinding hard materials such as coke, ceramics, gravel, carborundum, etc. The mill is equipped with a high speed rotor which throws the material against a hard lining. The grains that have been reduced to proper size pass through a separating screen and are eliminated from further circulation. The oversize grains are returned to the rotating element and the cycle repeated until all grains are reduced to proper size. One of the chief advantages of the mill is that it performs two operations simultaneously: crushing of the material and classification of its grains. Literature available. **Item 2612**

Process for removing heavy metals from water

Swedish firm is seeking licensing arrangements with Canadian companies for its new process for removing mercury and other heavy metals from water. This process removes approximately 99 per cent of the mercury from polluted water and recovers the mercury by regenerating the resin. Therefore, no mercury bearing sludge is formed in the process and the mercury recovered should pay for the operating costs. This method is claimed to give extremely good purification results. The process was developed primarily for mercury cell chlorine factories and similar operations. Literature available. **Item 2613**

Wing-type stretcher support

Dutch firm offers the Canadian production rights to its resilient stretcher support which insulates the patient from shocks and vibration caused by movement of an ambulance. The stretcher support is equipped with two adjustable spring elements, one for each end of the stretcher. To ensure equal comfort for light and heavy patients, the spring action of the device is automatically compensated by means of a

12-volt d/c motor. The stretcher can be secured at three different heights and, in addition, can be tilted to a maximum angle of 25°

This device is particularly recommended for use with van ambulances which have suspension systems much inferior to those of passenger cars. Literature available. **Item 2614**

Electric radiant heating panels

Swiss company offers under licence the Canadian production rights for its electric radiant heating panels. The panels incorporate a support plate which has grooves in one of its surfaces in which a heating element insulated by a layer of plastic material is housed and held by a cement. The cement acts as a heat conductor. The support plate can be of foamed polyurethane or expanded polystyrene. The panel can be fixed to or suspended from a concrete slab ceiling. Some advantages claimed for these panels include low cost, high yield, very low thermal inertia, and insensitivity to moisture. Literature available. **Item 2615**

Vapor phase oxidation equipment

Danish company is offering a licensing arrangement to a Canadian firm to manufacture its vapor phase oxidation equipment. This system consists of an oxide deposition reactor producing pure and doped SiO₂ films of excellent dielectric quality, extraordinary thickness and doping uniformity, and very low pinhole density. The reactor deposits dielectric quartz film on substrates at a low temperature. The equipment is used in the processing of semiconductor devices like diodes, transistors, integrated circuits, etc. The films are used in several processing steps. The major applications of this system are as a mechanical protection, an electrical protection and passivation, an electrical stabilization and isolation, and as the diffusion source in the device processing. It is also used to protect metal surfaces against moisture and corrosion. Literature available. **Item 2616**

Electric switches and circuit-breakers

French firm is offering the Canadian manufacturing rights for its rotary electric switches, its control and signalling auxiliaries and its circuit-breakers. The rotary switches can be equipped with a variety of nameplates and handles. As for the control and signalling auxiliaries, they consist of luminous and non-luminous control buttons or indicating lights for standard fitting. The high- and medium-sensitivity residual differential current circuit-breakers constitute safety equipment, with automatic

and very rapid breaking on all poles, and are fitted with maximum current strength devices. Literature available. **Item 2617**

Printed circuit machinery

French company offers under licence the Canadian production and marketing rights for its machines for making printed circuits. These machines, mainly for laboratories, cover the whole range of prototype and single and double-sided printed-circuit production: designing, photography, photo-etching, galvano-plastics, hole metallizing, drilling, cutting, soldering and multilayering equipment and all accessories. These machines ensure a very high reliability in the printed circuits produced. Literature available. **Item 2618**

Multi-colour dyeing process

British firm offers under licence the Canadian manufacturing rights to a process for producing multi-colour effects on wool and nylon in a single dye bath. For this process the dye bath contains a dye stuff with at least two sulfonic acid groups and from 0-3 reactive groups in the molecule. The process takes advantage of the differences in dye affinity of various parts of the fibres. It is said to be possible to dye not only yarn but woven and knitted garments and fabrics. Literature available. **Item 2619**

Two-filament electric light bulb

Canadian inventor offers for sale or licence the Canadian production rights to his patented two-filament electric light bulb. This invention consists of a two-element incandescent lamp with a simple means for effecting switch-over from one element to the other when one burns out. When the bulb is in a vertical position, the lower element is used first so that if it burns out and breaks the dropping pieces will not damage the second filament. This product has not yet been produced commercially. Literature available. **Item 2620**

Alarm system

American firm offers the Canadian production rights to a new alarm system which includes a radio transmitter and a magnetic tape player. The tape player incorporates a multi-track, pre-recorded tape and several tape playing heads, each associated with one of the tape tracks. The heads in turn are connected to alarm circuits. The alarm circuits respond to a variety of emergencies, such as illegal entry, refrigerator shut-down, fire, etc. When activated, a pre-recorded message pertinent to the nature of the alarm is transmitted to a remote receiver. The system is claimed to be inexpensive. Literature available. **Item 2621**

Variable power transmission

British firm offers a licensing arrangement to a Canadian manufacturer for its variable power transmission. This invention, which has not yet been produced commercially, consists of a hub member for mounting on a shaft and a sleeve member mounted on the hub in slideable relationship, capable of transmitting torque with elimination of fretting corrosion between parts. Suitable as variable speed drives for mechanical power transmission in practically all branches of industry. Also suitable for general application of rotary movement and torque transmission. Literature available. **Item 2622**

Pressure-tube rupture detector

Luxembourg agency offers to Canadian companies a licence to produce a device for rapid detection of pressure-tube ruptures. A prototype of this invention has been developed. It consists of a series of small conducting tubes placed directly on the critical piping. The sound-transmission characteristics of these tubes can be adjusted by means of holes bored crosswise. A microphone placed at the end of the tube produces an indicating signal on the section of tubing under surveillance. This detector is particularly useful in nuclear installations. Literature available. **Item 2623**

Trade Commissioners on Tour

In Canada

If you wish to meet the officers whose itineraries are listed below, get in touch with—

In Ottawa—Department of Industry, Trade and Commerce

In Halifax, Fredericton, Montreal Toronto, Winnipeg, Regina, Edmonton, Vancouver—Regional Office, Department of Industry, Trade and Commerce

In all other centers—the local Board of Trade, Chamber of Commerce, or Industrial Commission

Argentina

R.F. Place, Commercial Officer, Buenos Aires:

Montreal: July 23-25
Toronto: July 26-28

Britain

J.C. Bradford, Commercial Secretary, London, England:

Toronto: July 17-19
Montreal: July 20-21

Portugal

P.A. Savard, Commercial Counsellor, Lisbon, Portugal:

Toronto: July 17-18
Montreal: July 20-21

Singapore

C.R. Gallow, Commercial Counsellor, Singapore:

Montreal: August 17-18
Toronto: August 10-11
Winnipeg: Sept. 18-19
Vancouver: Sept. 21-22

U.S.S.R.

L.T. Dickenson, Assistant Commercial Secretary, Moscow:

Toronto: July 17-20
Ottawa: July 25-27
Halifax: July 28-29

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).

J.C. Bradford

Commercial Secretary
London, England
July 24-28

A. Blum

Commercial Secretary
Kingston, Jamaica
July 31-August 4

C.H. Cummer

Assistant Commercial Secretary
Kuala Lumpur, Malaysia
August 14-18

C.M.J. Courtemanche

Assistant Commercial Secretary
Lagos, Nigeria
July 10-14

C.R. Gallow

Commercial Counsellor
Singapore
July 31-August 1

R.J. McGavin

Assistant Commercial Secretary
Melbourne, Australia
August 28-30

R.F. Place

Commercial Officer
Buenos Aires, Argentina
July 18-22

F.L.N. Villeneuve

Second Secretary
Mission of Canada to the European
Communities
Brussels, Belgium
July 19-21

In Territory

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

Abu Dhabi, Bahrain, Dubai,**Oman, Qatar**

J.S. Morrow, Commercial Officer in Beirut, Lebanon, will visit these states September 22-October 9.

Bahamas

J.H. Lang, Assistant Commercial Secretary in Kingston, Jamaica, will visit the Bahamas, including Freeport, July 31-August 4.

Bolivia

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

British Honduras

W.D. Hutton, Assistant Commercial Secretary in Kingston, Jamaica, will visit British Honduras August 14-18.

Bulgaria, Hungary, Romania

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

Caribbean

Trade Commissioners from the Port-of-Spain, Trinidad, office will make the following visits:

Antigua—P.S. Dingleline, Assistant Commercial Secretary, September 18-22.

Barbados — P.S. Dingleline, Assistant Commercial Secretary, July 24-25, August 21-25, September 18-22.

Dominica — P.S. Dingleline, Assistant Commercial Secretary, September 18-22.

Grenada—P.S. Dingleline, Assistant Commercial Secretary, August 21-25.

Guadeloupe—J.G. Tardif, Assistant Commercial Secretary, July 31-August 4.

Guyana — J.A. Ahow, Commercial Officer, September 4-7.

Martinique—J.G. Tardif, Assistant Commercial Secretary, July 31-August 4.

St. Kitts — D.S. Dingleline, Assistant Commercial Secretary, September 18-22.

St. Vincent — D.S. Dingleline, Assistant Commercial Secretary, August 21-25.

Surinam — J.A. Ahow, Commercial Officer, September 4-7.

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.

Iraq

F. Ian Wood, Commercial Counsellor in Beirut, Lebanon, will visit Iraq September 30-October 9.

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.

Saudi Arabia, Yar, Pdry

J.P. Lefebvre, Assistant Commercial Secretary in Beirut, Lebanon, will visit these states September 15-October 5.

South Korea

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

Syria

P.A. Gagnon, Foreign Service Officer in Beirut, Lebanon, will visit Syria once a month.

Turkey

Trade Commissioners in Ankara visit Istanbul frequently.

Turks and Caicos

J.H. Lang, Assistant Commercial Secretary in Kingston, Jamaica, will visit the Turks and Caicos Islands August 7-9.

United States

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

West Africa

Trade Commissioners from the Abidjan, Ivory Coast, office will visit Liberia in July; Gambia, Mauretania and Senegal in September, and Mali, Niger and Upper Volta in October.

Trade Lines

Enclosed mall planned for Buffalo

Plans are being drawn up to build an enclosed mall in the heart of the downtown Buffalo shopping district. As envisioned, the all-weather, air-conditioned mall would place four consecutive blocks of Main Street under cover and would help to further modernize the center of the city. In the last few years, two skyscrapers have been built in this area and a third, of 44 stories, is under construction. The concrete siding for this building is being supplied from Canada. Further opportunities to supply materials will become available to Canadian firms if the proposed mall is built. The mall, which will include a convention center, is being developed by the Downtown Buffalo Development Corporation—Buffalo

New Danish gas firm receives grant

Dansk Naturgas A/S (Danish Natural Gas Company Ltd.), a new company which is to obtain, transport, store and sell natural gas, has received a grant of about \$700,000, representing share capital, from the Danish Government—Copenhagen

Rapid transit system planned for Buffalo

A rapid transit system, using subway and surface rail transportation, is on the drawing board for Buffalo. Initially, the plan calls for the system to link the core of the city with the northeast suburbs and the new \$650 million university complex being built there. The first line, with 19 stations, will run about 12.5 miles and will cost (including property acquisition about \$257 million. Construction is expected to begin in 1973, once financing has been arranged. Completion is slated for 1975. Later on, the system may expand by four additional lines to link other outlying areas to the city's center—Buffalo

Greenland molybdenum remains untapped

Molybdenum ore, valued at about \$430 million at today's prices, may remain in Greenland's subsoil until the 1980s because of the low world market prices and an anticipated high price of electricity. Commercial exploitation is reported to be unlikely in this decade unless state support is given to mining. The untapped deposit involved was discovered some years ago near Mestervig by the Arctic Mining Company, a subsidiary of the Nordic Mining Company—Copenhagen

Swiss sell more paper, cardboard

Switzerland increased its exports of paper and cardboard last year despite a slight drop in production and imports. Exports of paper and cardboard for 1971 totalled 57,000 metric tons compared with 49,000 tons in 1970, and pro-

duction was 700,000 tons compared with 731,000 tons. Imports last year totalled 293,000 tons, compared with 295,000 tons in 1970. Scandinavia and Austria were the main suppliers (87 per cent) and Austria, West Germany and France the main customers. Figures, as percentages of the industry's total production, were: cardboard 29, newsprint 20, wrapping paper 14, writing paper 8, specialty paper 3 and other printing papers 26—Berne

North Sea oil destined for Danish refineries

An A.P. Moller tanker is expected to collect the first 30,000 metric tons of crude oil from the North Sea during the latter part of June. The oil is destined for Danish refineries. Tests indicate that it may be possible to obtain about 500,000 tons of crude oil a year from the area. This tonnage represents gross income of some \$7 million. Borings in the Danish continental shelf are expected to result in a production of 1.5 million tons a year—Copenhagen

New York plans \$1 billion Manhattan development

Government loans and private financing have been assembled for a long-range \$1.2 billion development of apartments and offices that would rise on platforms above the East River, bordering the financial district of lower Manhattan. The proposal is an outgrowth of 15 years of plans aimed at promoting the growth of lower Manhattan and transforming the district from a purely daytime, commercial area into a 24-hour-a-day community. By 1985, the predicted date of completion, the development would stretch for a mile, from north of the Brooklyn Bridge to the Battery.

It would contain 9,500 luxury apartments, six million square feet of office space, a park, a municipal garage for 1,000 cars, a 400-room hotel, a marina, an indoor sports complex, an oceanographic museum, a new building for the New York Stock Exchange and the restored South Street Seaport. The developers have chosen platforms rather than landfill because the cost of the platforms can be depreciated for tax purposes as parts of the buildings—New York

Upstate New York plans environmental program

Funds for Erie County's Pure Waters construction program have been included in the New York State Environmental Conservation Commission's proposed \$1.2 billion environmental bond issue. The money will be allocated for construction of sewage treatment plants, air pollution control programs, recreational facilities, land acquisition and solid waste programs. Among other projects are a program to put control equipment on incinerators and to upgrade heating in municipal facilities, and a fund for upgrading fish hatcheries and making additions to piers and underwater reefs to improve fishing on lakes Erie and Ontario—Buffalo

Foreign Exchange Rates

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

Relations, Department of Industry, Trade and Commerce, Ottawa.

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

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

Country and Currency	Value of		Country and Currency	Value of	
	foreign currency unit in Canadian dollars at June 5	Canadian dollar in foreign currency units		foreign currency unit in Canadian dollars at June 5	Canadian dollar in foreign currency units
Algeria Dinar	.2093	4.78	Ecuador Sucre (official)	.0391	25.57
Arab Republic of Egypt Pound (official)	2.2504	.44	El Salvador Colon	.3914	2.55
Argentina Peso (free)	.1959	5.10	Fiji Dollar	1.2199	.82
Australia Dollar	1.1668	.86	Finland Markka	.2386	4.19
Austria Schilling	.0425	23.53	France, Monaco, etc.¹ Franc	.1956	5.11
Bahamas Dollar	1.0087	.99	French Pacific² Franc	.0108	92.59
Belgium and Luxembourg Franc	.0223	44.84	Franco-African Republics³ Franc	.0039	256.41
Bermuda Dollar	1.0397	.96	Germany D Mark	.3080	3.25
Bolivia Peso	.0824	12.13	Ghana New Cedi	.7632	1.31
Brazil Cruzeiro (official free)	.1659	6.03	Greece Drachma	.0326	30.67
Britain Pound	2.5553	.39	Guatemala Quetzal	.9784	1.02
British Honduras Dollar	.6078	1.64	Guyana Dollar	.5136	1.95
Burma Kyat	.1829	5.47	Haiti Gourde	.1957	5.11
Ceylon (see Sri Lanka)			Honduras Lempira	.4892	2.04
Chile Escudo (bank rate) (free)	.0619 .0349	16.15 28.65	Hong Kong Dollar	.1757	5.69
China, People's Republic of Renminbi	.4188	2.39	Hungary Forint (official)	.0869	11.51
Colombia Peso (fixed)	.0450	22.22	Iceland Krona (official)	.0111	90.09
Costa Rica Colon	.1477	6.77	India Rupee	.1347	7.42
Cuba Peso	1.0647	.94	Indonesia⁴ Rupiah	.0024	410.00
Czechoslovakia Koruna (fixed basic rate)	.1494	6.69	Iran Rial	.0134	74.63
Denmark Krone	.1411	7.09	Iraq Dinar	2.9745	.34
Dominican Republic Peso	.9784	1.02	Ireland Pound	2.5553	.39

Country and Currency	Value of		Country and Currency	Value of	
	foreign currency unit in Canadian dollars at June 5	Canadian dollar in foreign currency units		foreign currency unit in Canadian dollars at June 5	Canadian dollar in foreign currency units
Israel Pound	.2330	4.29	Philippines⁶ Peso (free)	.1443	6.93
Italy Lira	.0017	588.24	Poland Zloty (fixed basic rate)	.2577	3.88
Jamaica Dollar	1.2777	.78	Portugal & Colonies⁷ Escudo	.0359	27.85
Japan Yen	.0032	312.50	Saudi Arabia Riyal	.2273	4.40
Kenya⁵ Shilling	.1441	6.94	Sierra Leone Leone	1.2371	.81
Korea, Republic of Won	.0027	370.37	Singapore Dollar	.3358	2.98
Lebanon Pound (free)	.3117	3.21	South Africa Rand	1.3087	.76
Libya Dinar	2.9467	.34	Spain & Dependencies Peseta	.0152	65.79
Malawi Kwacha	1.2494	.80	Sri Lanka⁸ Rupee	.1644	6.08
Malaysia Dollar	.3470	2.88	Sweden Krona	.2064	4.84
Mexico Peso	.0783	12.77	Switzerland Franc	.2546	3.93
Morocco Dirham	.2099	4.76	Syria Pound (free)	.2711	3.69
Netherlands Florin	.3055	3.27	Thailand Baht (free)	.0470	21.28
Netherlands Antilles Florin	.5466	1.83	Trinidad & Tobago⁹ Dollar	.5312	1.88
New Zealand Dollar	1.1712	.85	Tunisia Dinar	2.0234	.49
Nicaragua Cordoba	.1398	7.15	Turkey Lira	.0699	14.31
Nigeria Pound	2.8835	.35	United States Dollar	.9784	1.02
Norway Krone	.1497	6.68	Uruguay Peso (free)	.0018	555.55
Pakistan Rupee	.0889	11.25	Venezuela Bolivar (official free)	.2228	4.49
Panama Balboa	.9784	1.02	Yugoslavia Dinar (official)	.0576	17.36
Paraguay Guarani (free)	.0078	128.20	Zaire, Republic of¹⁰ Zaire	2.054	.49
Peru Sol (free)	.0253	39.52	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. Formerly Ceylon.

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

10. Formerly Congo (Kinshasa).



Show of the Month

Oceanology International '72, the highly successful exhibition and conference on ocean use and management held at the Hotel Metropole in Brighton, England, in March was proof that the ocean industry had grown up. In one area alone — offshore oil development — roughly \$40 billion is now being spent around the world, with a huge spinoff in equipment and services, and effective water pollution control has become a pressing concern among all the maritime nations.

The show drew almost 250 exhibitors from 15 countries. The Canadian display, one of the largest after the British, consisted of 19 companies whose exhibits reflected the complete range of equipment used in oceanology. They included International Hydrodynamics Company Ltd., Lockheed Petroleum Services Ltd., Halifax Shipyards, Kenting Ltd., Nordic Offshore Services Ltd., The Foundation Group of Companies, Fathom Oceanology Ltd., Star Lifeline Ltd., Stone-Chance Ltd., Canadian Diving services Ltd., Swann Winches Ltd., Acces Company Ltd., Pengo Hydra-Pull of Canada Ltd., ComDev Marine, Barringer Research Ltd., Polcon Corporation, Hunttec ('70) Ltd., Guildline Instruments Ltd., and Bel-Aire Shipyards Ltd.

Equally significant was the contribution the contingent of about 20 Canadian scientists and engineers made at the symposium on ocean use which drew experts from more than 50 countries. Martin Colpitts, Chief of ITC's Marine Division, presented a report on Canada's progress in oceanology, one of 11 national reports given at the session.

Sixteen Canadian companies have taken part in the Offshore Technology Conference in Houston, Texas, and plans for future exposure of Canadian abilities in this field include the government-sponsored participation of 10 companies in the 2nd International Ocean Development Conference and Exhibition in Tokyo, October 4-9.



West coast cedar tray with Indian motif marks the visit of Mrs. Margaret Thatcher, Britain's Secretary of State for Education and Science, to the Canadian stand on opening day. Making the presentation is J.H. Warren, the Canadian High Commissioner. On his left are C.J. Van Tighem, Minister (Commercial) in London and Alderman S.W. Theobald, Mayor of Brighton.

International Hydrodynamics' unique SDL-1 submersible diver lock-out was a real attention-getter at the show.

Mrs. Thatcher and M.J. Colpitts, Chief of the Department's Marine Division, pause at Fathom Oceanology's model of its integrated underwater deep towing system for submerged oceanographic equipment.



A lot of people talk about peace.



In the high Arctic, a Canadian Forces engineer begins his survey of a northern airstrip.

Everyone has his own personal feeling about the word peace. What it means, and what we should be doing to achieve it. For Warrant Officer Bob Ellis of Dartmouth, N.S., it's watchful hours aboard a destroyer in mid-Atlantic. For Corporal Larry Meidell of Moncton, N.B., it's working with Radar equipment at Armstrong in northern Ontario. For Sergeant Leonard Haché of Bathurst and 600 men like him, it's international peacekeeping in Cyprus. For a medical patient from Koartac, in northern Quebec, it's the air evacuation by Forces helicopter that just might have saved his life. And, for others, it's simply the tranquility of the Canadian wilderness. Whatever the feeling, we in the Canadian Forces know that peace doesn't just happen. We're ready to fight if it ever comes to that, but with all our military skills we're working hard for peace.

Through Education.

It takes knowledge to work for peace. So, we're expanding the facilities of our Military Colleges. We're increasing the financial assistance we give to students at civilian universities. We're participating in international training programmes in Ghana and Kenya. We're giving courses to people from a dozen countries of Africa, Asia, the Caribbean and South America who've come to Canada to learn. In conjunction with our Reserve Forces, we're teaching summer students first-aid, survival techniques and defensive driving. We're involving Canada's northerners in our recruit training, with several Eskimos entering the Forces last year. And we're developing teaching programmes so good that industry borrows from them.

Through Emergency Relief.

It takes concern to work for peace. So at home we've fought forest fires in Moosonee, Chibougamau, and Pine Point on Great Slave Lake. And we've helped to control floods in Bridgewater and Truro in Nova Scotia when these and other communities were threatened. Away from home we're doing our share for victims of international disasters. Our people have flown hundreds of tons of medicine, food, clothing and shelter to flood victims and refugees in the Calcutta-Dacca region. And we evacuated hundreds of Canadians, Americans and other nationals from West Pakistan last December.

Through Research and Development.

It takes innovation to work for peace. So we have a group studying environmental medicine and the effective integration of men and machines. We're helping develop certain regions of the North by constructing new roads and bridges. And we're opening up Arctic settlements to year-round air traffic with airfields at places like Pangnirtung, Igloodik and Whale Cove.

Through Search and Rescue.

It takes responsibility to work for peace. So we have search and rescue squadrons spread from Prince Edward Island to British Columbia, ready to find and help the lost and the wounded. We're continuing our education programmes to the public on defensive flying and the use of the latest navigational aids. And we're saving lives — 193 last year alone.

Through Co-operation.

It takes awareness to work for peace. So we're supporting the other government departments regulating fishing fleets, and detecting maritime pollution.

We're participating in the avalanche control programme that keeps the Trans-Canada Highway open all winter. We're contributing to wildlife counts and cleaning up polluted rivers. And we're removing unsightly buildings and unused dams for the Department of Indian Affairs and Northern Development.

Through Understanding.

It takes involvement to work for peace. And a realization that peace in the world means nothing more than peace of mind. So we're encouraging more French-speaking participation in the Forces to better reflect the bilingual nature of Canada. And we're helping people cope with the Canadian climate, like the residents of London, Ontario, during the heavy snowstorms of January '71. So we're doing more than talking about peace. We're working hard for it. If you'd like the full story of what we did in 1971, or if you'd like to help us do more in the future, send us the coupon. And we'll send you our book, "Defence '71".



The Canadian Armed Forces

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Joseph Howe in the *Novascotian*, April 24, 1834

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