April

Canada Commerce

1973

Trade Expansion Continues – Page 2

Canadian Cattle for Czechoslovakia

Air Canada prides itself on giving service to its passengers. The passengers in this case were cattle — the first Canadian Holsteins to travel to Czechoslovakia. The delivery was the culmination of many months of detailed work that included extensive veterinary consultations to ensure that all health conditions were fully satisfactory, and co-operation between the shipper (Rockwood International of Georgetown, Ontario), Air Canada and Koospol, the Czech foreign trade corporation. The Commercial Division of the Canadian Embassy in Prague was the co-ordinating factor in the deal, which is a step in Czech plans to increase agricultural productivity in the country. Czechoslovakia, however, is not the first East European country to buy cattle from Canada. Canadian cattle are also grazing the fields of Hungary, Bulgaria and the U.S.S.R.

Canada Commerce

Vol. 137 No. 4 April 1973

In This Issue

This issue gets off on a cheery note with some good news about Canada's exports. Trade expansion continues strong and official figures show a surplus of $1.3 billion in 1972. Read all about it on the next page.

Last month we featured a broad look at the economy of the People's Republic of China and we are following this up with some good advice on page 16 on the mechanics of doing business with China. And there is another interesting selection of photographs from China as well as a directory of China's foreign trade corporations.

Frankly Speaking — our new column of opinion which started last month — is found on page 15 and the subject matter is somewhat offbeat. Keith Dixon, executive vice-president of the Canadian Importers' Association, provides some pointers on complaining really effectively. We remind you that comments on Frankly Speaking, or any other article, are welcomed.

The May issue of Canada Commerce will feature an article on non-tariff trade barriers — NTB's — and other international trade issues. Material for the article was obtained at a Canadian Export Association symposium where guest speakers included William Pearce, U.S. President Richard Nixon's deputy special representative for trade negotiations.

Departments

Articles

Established in 1904.
Published by the Department of Industry, Trade and Commerce.

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Subscription

Published monthly. "Canada Commerce" is sent without charge to Canadian producers of goods or services. Others may have the magazine at $5 a year in Canada, $7 abroad. Single copies 60 cents each. Please forward all orders, with cheque or money order made out to the Receiver General of Canada, to "Canada Commerce", Department of Industry, Trade and Commerce, Ottawa, Ontario K1A 0H5.

Publié aussi en français.

Exports Rise by 12 Per Cent

Trade expansion continues strong, with new highs in both exports and imports, giving Canada a surplus of $1.3 billion.

K.A. RUNHOLM, External Trade Division, Statistics Canada

Canada's foreign trade in 1972 continued the strong expansion which characterized the decade of the 1960's and has carried into the 1970's. Exports, under the impetus of continued economic growth in the United States, a recovery of the Japanese market, and a variety of special factors such as the recovery of world wheat markets, accelerated to twice last year's growth rate, increasing 12 per cent to $20 billion. At the same time, economic expansion in Canada was reflected in increased consumer and business demand for imports, which increased some 20 per cent to $18.7 billion, leaving a merchandise trade surplus of about $1.3 billion.

The trade surplus in 1970 had reached unprecedented levels, as weak demand in Canada caused a pause in import growth, while exports continued to expand. The decline in the trade balance since then can be attributed to a catching up of imports as demand expands with the economy. The 1972 surplus, although the lowest in this decade, roughly matches the 1968 level of $1.3 billion, and is significantly above the $0.8 billion recorded in 1969.

Exports — Commodity and market patterns in 1972 continued the trends of recent years. Automotive trade again expanded strongly, as it had throughout the 1960's, and in particular after 1964 and the Canada-U.S. auto pact. Some of the "traditional" Canadian exports recovered from cyclical declines, a trend which was particularly apparent in wheat and forest products. Shipments of aircraft, particularly of assemblies and parts to the United States, rebounded from declines last year, and crude petroleum emerged as a major export, passing the $1 billion mark. Metals and minerals shipments remained weak, following the high levels achieved in 1970, with the exception of copper ore exports which rebounded on the strength of Japanese demand and some improvement in shipments to Germany.

The United States market tended to reinforce its dominance for Canadian exports, taking about 70 per cent of shipments in 1972, as against 68 per cent in 1971 and 65 per cent in 1970. The importance of Britain as a market has steadily declined in recent years, absorbing about 6.7 per cent of exports in 1972 compared with almost 9 per cent in 1970; other Commonwealth markets have also dropped, from about 3.9 per cent to about 3 per cent. The share of exports going to the EEC has fluctuated around the 6 per cent level, to Japan has recently settled close to 5 per cent and to Latin America around 3 per cent. The importance of other trading areas varies from year to year, particularly the USSR and the People's Republic of China. In 1972, a large increase in shipments to the USSR and a smaller increase to China offset declines in exports to Norway and the Middle East. Exports to Central America (particularly Mexico) rose significantly, but shipments to other areas, (Africa, Asia, Western Europe) showed little change.

In 1972 exports of food, feed, beverages and tobacco increased by about $200 million to $2,267 million. Grain sales accounted for the major portion of this increase, as the USSR made major purchases of wheat and barley. Wheat shipments to China increased sharply in the fourth quarter after falling off early in the year. Among traditional grain markets, British and EEC purchases were down, while deliveries to Japan rose slightly. Meat and fish were the other food products to find increased export markets, as Japan increased purchases of pork and fisheries products, and the United States also bought larger quantities of fish. Sales of beverages (largely whisky) and tobacco showed little change.

Crude materials exports, reaching $3,551 million, were buoyed by the rising U.S. demand for energy in the form of crude petroleum and natural gas, deliveries of which reached $1,007 million and $307 million respectively for the year. This strength among primary producers, however, was offset by weakness in shipments of metal ores. Iron ore shipments declined sharply for the second year, as shipments were interrupted by strikes in the Quebec-Labrador area. Shipments of nickel ores to refineries in Norway and Britain were slightly lower. On the other hand, a sharp increase in demand for copper ores in Japan resulted in an increase in total shipments of about $50 million.

Exports of crude animal products, mostly hides and fur skins, were up sharply, but oilseed shipments levelled off and sales of crude wood materials (logs, poles, etc.) also declined, as demand seemed to shift towards fabricated wood.

Exports of fabricated materials gained $735 million in 1972. Sales of lumber to the United States, stimulated by record levels of housebuilding and

TABLE 1

CANADA'S EXPORTS AND IMPORTS

$ Million

	Exports				Imports			
Trading Area	**1969**	**1970**	**1971**	**1972**	**1969**	**1970**	**1971**	**1972**
United States	10,578	10,917	12,023	13,922	9,048	9,917	10,945	12,871
Britain	1,108	1,485	1,382	1,328	696	738	837	949
Japan	626	813	831	962	360	582	802	1,071
European Economic Community	855	1,204	1,109	1,125	662	805	935	1,147
Latin America	443	566	566	613	530	546	607	660
Commonwealth exc. Britain	515	656	619	566	399	555	547	662
Other countries	765	1,179	1,274	1,461	663	808	938	1,295
All countries	14,890	16,820	17,804	19,977	12,358	13,952	15,611	18,655
	Percentage Distribution							
United States	71.1	64.9	67.5	69.7	72.5	71.1	70.1	69.1
Britain	7.4	8.8	7.7	6.7	5.6	5.3	5.4	5.1
Japan	4.2	4.8	4.7	4.8	3.5	4.1	5.1	5.7
European Economic Community	5.7	7.2	6.2	5.6	5.6	5.8	6.0	6.1
Latin America	3.0	3.4	3.2	3.1	3.8	3.9	3.9	3.5
Commonwealth exc. Britain	3.5	3.9	3.5	2.8	3.5	4.0	3.5	3.5
Other countries	5.1	7.0	7.2	7.3	5.5	5.8	6.0	7.0
All countries	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	Per cent Annual Change							
United States	14.6	3.2	10.1	15.8	13.2	3.2	10.4	18.0
Britain	9.6	34.0	6.9	3.9	13.6	6.7	13.4	13.4
Japan	3.0	29.9	2.2	15.8	37.8	17.3	37.8	33.5
European Economic Community	12.2	40.8	7.9	1.4	18.9	2.3	16.2	22.7
Latin America	10.2	27.8	–	8.3	2.6	0.4	11.2	8.7
Commonwealth exc. Britain	1.9	27.4	5.6	8.6	25.1	11.2	1.4	21.0
Other countries	12.2	54.1	8.1	14.7	16.1	4.9	16.1	38.1
All countries	9.3	13.0	5.9	12.2	14.3	1.3	11.9	19.5

Note: All figures rounded to the nearest million.

construction, were the major factor in this increase. Lumber shipments to Japan also improved, and exports of plywood to Britain, and of veneers and other millwork, largely to the U.S., recovered from declines last year. Sales of paper, particularly newsprint, were stronger after declining in 1971, and shipments of wood pulp showed small gains.

Sales of petroleum products increased substantially, with particularly large increases in shipments of fuel oil to the U.S. from new refineries on the east coast. Exports of chemical products were slightly higher to the United States and to South America.

Shipments of non-ferrous metals were virtually unchanged, with substantial increases in sales of aluminum, copper and nickel to the U.S. being offset by sharp declines in purchases by Britain, the EEC and Australia. Zinc exports, on the other hand, were substantially higher on the strength of demand in Britain and the U.S. Sales of other metal products (nuts, bolts, valves, hardware) and of cement and abrasives to the U.S. gained about $40 million, and a high level of shipments of wire and cable to electrical projects in India was recorded.

End products accounted for the largest portion of the increase in total exports, with shipments of automotive products to the United States the dominant factor. Vehicle exports to the U.S. market for the year increased $170 million, of which $75 million were passenger vehicles and $95 million other vehicles. Sales of trucks over 6,000 pounds gross vehicle weight were substantially higher, but snowmobile shipments dropped. Exports of automotive parts and engines for 1972 to the United States were some $315 million higher than for the previous year. In contrast to previous years of the auto pact, sales of parts increased both absolutely and proportionately at a higher rate than did sales of assembled vehicles. Overseas shipments of automotive products were weaker, however, with declining sales to Australia, Britain and Mexico, and small increases to Venezuela and Puerto Rico.

Exports of aircraft and aircraft engines and components were higher in 1972 by about $135 million, following declining sales in 1971. Shipments of engines, assemblies and components to the U.S. gained some $90 million, but sales to Britain dropped. Substantial shipments of aircraft were made to Venezuela, and some declines in sales of complete aircraft to Peru were offset by increases in sales of parts. Sales of assemblies to West Germany showed considerable gains.

Large shipments of railway locomotives to Mexico, Yugoslavia, Tanzania and Nigeria, and of ships and boats to Liberia rounded out developments in the transportation equipment sector.

Exports of farm machinery began to recover from slower sales in recent years, with substantial gains in the U.S. market, and industrial machinery shipments continued their moderate growth, exceeding the $500 million mark in 1972. Sales of office machines and computer equipment were strong, and exports of clothing and sporting goods, while relatively less important have made steady gains in recent years.

Imports — Strong Canadian demand resulted in a broadly based growth in imports with all major trading areas recording substantial increases in their sales to Canada. The U.S. retained its dominant position, accounting for 69 per cent of imports as against 70 per cent last year. Japan displaced Britain as the second major single supplier, increasing its share to about 5.9 per cent from 5.1 per cent with a growth rate of some 34 per cent over 1971; Britain's share dropped slightly to 5.1 per cent from 5.4. The EEC and other Common-

TABLE 2

CANADIAN TRADE WITH ALL COUNTRIES AND THE UNITED STATES, 1971-72

By Section and Commodity Division

	Exports, $ million				Imports, $ million			
	World		U.S.		World		U.S.	
	1971*	1972	1971	1972	1971	1972	1971	1972
Live Animals	**68**	**86**	**56**	**67**	**39**	**45**	**36**	**40**
Food, Feed, Beverages, Tobacco	**2,064**	**2,267**	**616**	**690**	**1,118**	**1,354**	**504**	**616**
Meat and preparations	111	133	80	79	101	157	33	58
Fish and marine animals	275	337	189	224	60	81	33	40
Dairy produce, eggs, honey	69	53	6	6	31	40	10	15
Grain, flour, meal, cereal preparations	1,144	1,248	39	53	51	67	39	54
Fruits and preparations	23	24	18	18	264	290	168	183
Vegetables and preparations	42	49	13	13	136	160	100	118
Sugar and preparations	22	24	18	17	126	166	7	10
Cocoa, coffee, tea, spices	12	12	11	10	148	154	25	27
Miscellaneous foods, material, preparations	28	33	14	20	79	100	47	57
Fodder and feed	80	81	41	39	33	41	32	40
Beverages	192	216	186	209	78	89	6	6
Tobacco	57	57	2	3	11	11	6	6
Crude Materials, inedible	**3,258**	**3,551**	**1,740**	**2,008**	**1,322**	**1,538**	**577**	**644**
Animal products	59	88	27	28	44	63	26	40
Veretable products	263	253	34	36	117	110	92	80
Wood materials	64	46	40	33	33	52	33	52
Textile and related fibers	12	13	7	6	99	123	70	81
Metal ores, concentrates, scrap	1,390	1,387	462	445	242	236	128	130
Coal, crude petroleum, related	1,126	1,421	1,039	1,316	700	868	159	187
Non-metallic minerals	316	328	126	135	73	71	56	60
Other waste and scrap	13	14	7	9	14	16	13	15
Fabricated Materials, inedible	**5,916**	**6,651**	**4,013**	**4,759**	**3,140**	**3,575**	**1,981**	**2,232**
Leather								
Dressed furs, fur materials	12	14	8	9	33	45	16	23
Rubber	5	9	3	7	58	66	53	59
Wood fabricated	971	1,368	777	1,150	117	173	80	122
Wood pulp	797	817	481	473	15	17	14	15
Paper and paper board	1,246	1,364	960	1,029	91	111	86	104
Textile fabricated	90	101	37	45	501	588	201	242
Oils, fats, waxes, extracts, derivatives	45	39	5	5	65	67	48	44
Chemical products	574	587	372	388	711	829	558	647
Petroleum and coal products	122	214	111	194	214	210	75	72
Iron and steel and alloys	402	405	301	303	497	528	242	254
Non-ferrous metals	1,349	1,366	729	863	245	289	150	166
Metal basic products	121	148	87	100	341	364	277	289
Non-metallic mineral basic products	104	133	84	115	179	205	121	129
Miscellaneous	66	87	59	79	74	85	59	66
End Products, inedible	**6,465**	**7,374**	**5,570**	**6,354**	**9,825**	**11,987**	**7,727**	**9,235**
Industrial machinery	491	513	313	343	1,501	1,749	1,163	1,344
Farm machinery and tractors	187	227	177	215	366	491	314	421
Automotive products	4,213	4,731	4,001	4,522	4,104	4,940	3,609	4,295
Other transportation equipment	462	668	299	419	489	606	411	448
Communication and related equipment	234	235	161	154	452	641	289	388
Other equipment and tools	474	554	338	397	1,428	1,685	1,154	1,363
Personal and household goods	176	195	126	139	629	833	169	227
Miscellaneous	225	251	152	166	856	996	617	702
Special Transactions, Trade	**32**	**48**	**26**	**43**	**167**	**237**	**120**	**151**
Total	**17,804**	**19,977**	**12,023**	**13,922**	**15,611**	**18,655**	**10,945**	**12,871**

Note: All figures rounded to the nearest million.

* Figures do not incorporate some revisions in export detail.

wealth countries improved their positions slightly, accounting for 6.1 and 3.5 per cent of imports respectively. The Latin American share slipped from 3.9 to 3.5 per cent, as purchases of Venezuelan oil did not match general import increases. The rise in the share of the residual group from 6 to 6.9 per cent reflected to a large extent increased petroleum purchases from the Persian Gulf and Middle Eastern countries, and larger shipments from other Western European countries such as Sweden and Switzerland.

Rising consumer expenditures were reflected in the growth of imports of food, and increased prices for basic products such as sugar and coffee also contributed to increased outlays in this area. Consumer demand also pushed up purchases of clothing, and contributed to increased outlays for automotive products and communications equipment. Rising production and investment stimulated imports of industrial materials such as plastics and metals, crude petroleum, industrial machinery, and automotive goods.

Imports of food, feed, beverages and tobacco increased some $236 million, with major increases in purchases of meat from the United States and Australia. Imports of fruit and vegetables from the United States, Mexico and Australia were up substantially as were receipts of sugar from South Africa and Australia.

Crude petroleum purchases accounted for most of the increase in imports of crude materials, rising about $140 million through increased purchases from Saudi Arabia, Libya, Trucial States, and Iran.

Imports of fabricated materials increased by about $435 million, with major increases in purchases of chemicals from the U.S. and the EEC; textile fabrics from the United States, Japan, the EEC and Far Eastern countries; non-ferrous metals from Norway and the U.S.; iron and steel from the EEC and the U.S. (but a decline in purchases from Japan); and wood products from the U.S.

End products in 1972 constituted 64 per cent of Canadian imports, with automotive products alone accounting for 27 per cent. The increase of imports in this section in 1972 was $2,115 million. Automotive imports from the U.S. rose from $3.6 billion in 1971 to $4.3 billion in 1972. Purchases of U.S. passenger vehicles increased by $102 million to $1.1 billion, and of other vehicles by $149 million to $547 million (including trucks, buses, snowmobiles and motorcycles). Purchases of parts increased by $406 million, reaching $2.7 billion.

Although the proportion of non-North American vehicles declined slightly in total new vehicle registrations in 1972, growth in the new car market allowed increases of $72 million in imports of passenger vehicles to $415 million; of $34 million in other vehicles to $91 million; and of $40 million in parts to $136 million. The growth in imported vehicles was largely confined to Japanese products, which increased $124 million to $310 million, while imports from the EEC (chiefly Germany) remained steady at $157 million. Purchases from Britain increased from $75 million to $97 million.

Industrial machinery imports were $248 million higher in 1972, reaching $1,750 million, with major increases in purchases from the United States and the EEC, and smaller increases from Japan and Sweden. Imports of farm machinery added about $125 million, of which $106 million was from the United States. Communications equipment purchases increased sharply to $640 million last year, up about $188 million, with increases of $99 million from the United States, and $66 million from Japan. Imports of computers and office machines also reflected the increase in business spending, rising some $81 million to $447 million, in 1972, with much larger purchases from the United States, and to a lesser extent from Britain, the EEC and Japan.

Consumer goods purchases were reflected in imports of wearing apparel, rising $90 million to $385 million, with increasing imports from Far Eastern countries, as well as the developed world; of sporting and recreation equipment, up $25 million, with increases from the United States and Western Europe; and of a variety of household goods, such as furniture and kitchen utensils, and personal goods such as photographic equipment and watches.

International background — 1972 saw marked changes from 1971 in the international economic environment. The United States economy emerged from a period of slow growth and recession to record a real rate of growth currently estimated to be in the region of 6.5 per cent. Of particular relevance to Canadian export developments were record levels of housing starts and new vehicle sales. Rising industrial production increased the demand for raw materials; increasing advertising lineage and newspaper circulation buoyed exports of newsprint; and spiralling demand for energy produced record exports of gas, petroleum and electricity. As a result, growth of Canadian exports to the United States rose from a rate of about 10 per cent in 1971 to almost 16 per cent in 1972.

At the same time, the Japanese economy returned to its steep growth path, after a relatively weak year in 1971. Rebuilding of inventories of raw and industrial materials and increased purchases of some food pushed Canadian exports from a small gain of 2 per cent in 1971 to about 16 per cent in 1972.

Conditions elsewhere for Canadian exports were less favourable, as Britain and Europe were coping with problems of slow growth and persistent inflation. By the end of the year, these problems had led to the imposition of price and wage controls in Britain. In Europe, the French economy expanded at about a 5 per cent rate, although conditions were less bouyant in other EEC member countries with inflation a continuing problem in West Germany and Italy, prompting some curbs on credit expansion. A combination of these factors, combined with declining inventories of raw materials and lessening demand for cereals, curtailed Canadian export expansion in these markets.

Changes in the international monetary and payments system both reflect changes that have occurred in world trade and the relative strengths of national economies, and exert a strong but imponderable influence on future trading patterns. Such changes were signalled first for Canada by the floating of the Canadian dollar in May 1970, and more generally by the international measures associated with the U.S. "New Economic Policy" announced in August 1971.

Upward pressure on the Canadian dollar resulted in its release from the exchange rate of 108 cents to the U.S. dollar in early 1970, and its subsequent rise to about 101 cents in August 1971. After the negotiations that resulted in the Smithsonian agreement, a general realignment of major currencies emerged, with the U.S. dollar devalued in terms of gold, and a number of currencies revalued in terms of the old dollar rates, and a broader trading hand permitted on either side of the new official exchange rates. The float of the Canadian dollar continued with the result that it was devalued along with the U.S. dollar vis-a-vis several major currencies.

The exchange rate remained close to par with the U.S. dollar in 1972, reaching a high of nearly 98 cents in mid-year, but falling to about 100 by year-end. Other major currencies have generally appreciated against the Canadian dollar; the Japanese yen by 11 to 12 per cent from the pre-May 1970 value and the German mark by about 6 per cent. Swiss and Belgian francs and the Netherlands guilder also moved up substantially. Sterling had originally been revalued by about 8 per cent under the Smithsonian agreements, but was floated in June of 1972. By year-end sterling had depreciated some 10 per cent.

These realignments will require some time to exert their influence on world

trade, and in 1972 there was little apparent shift in trading advantages. The U.S. trade deficit probably deepened in 1972, while both Japan and Germany have experienced continuing inflows to currency reserves. For Canadian trade, market conditions both at home and abroad dominated import and export trends.

Outlook for 1973 — At the time of writing, further pressures on the U.S. dollar had resulted in an announced devaluation of a further 10 per cent. It is expected that the Canadian dollar will follow its recent trends against the U.S. dollar, resulting in some further advantage in overseas markets for Canadian exports, and somewhat higher prices for imports.

For 1973, prospects are considered to be favourable for exports because the U.S. economic expansion is expected to continue. Rising new vehicle sales are expected, and increased demand for energy could further stimulate exports, depending on availability of supplies. Overseas economic conditions appear to be improving, with a continuation of expansion in Japan and more vigorous growth expected in Europe. This, along with favourable price movements for metals, minerals and forest products, could result in improved export markets. The enlargement of the EEC, in particular by the entry of Britain, may result in some shifting of trade, with primary impact on food, raw materials, and metals. The trend of imports will depend on the strength of economic expansion in Canada, but some moderation of growth may be expected after the last two successive years of strong expansion.

Canada's Aid for Commonwealth Africa

JIM STEEN, Information Division, CIDA.

Last fall 12 Canadian diesel locomotives were used on Nigerian railroads for the first time. When they are joined later by another 42, the Canadian locomotives will be helping to accelerate the modernization of Nigeria's railway system.

Transmission lines supplied by Canada take power from the Akosombo generator station in Ghana into the neighbouring countries of Togo and Dahomey, thereby tying the three countries to an electric grid.

And a Canadian architect started work last December on the design of a trades training centre to be built at Kumasi, Ghana's second largest city.

The locomotives, the transmission lines and the school project illustrate the variety of development assistance Canada is now providing for Commonwealth African countries. They also indicate a trend in the type of assistance Canada is offering.

Canada's bilateral assistance for the newly independent countries of Commonwealth Africa began in 1961. For the first four or five years the program consisted entirely of technical assistance — sending teachers and experts to Africa and providing training in Canada for African students.

A.W. Blyth, Director of the Commonwealth African Division, Canadian International Development Agency, says there is a definite trend towards a greater proportion of CIDA funds being used to finance capital projects in Commonwealth Africa in recent years. "Our program has been turned around to a major extent, although we will continue to be heavily involved in technical assistance for years to come."

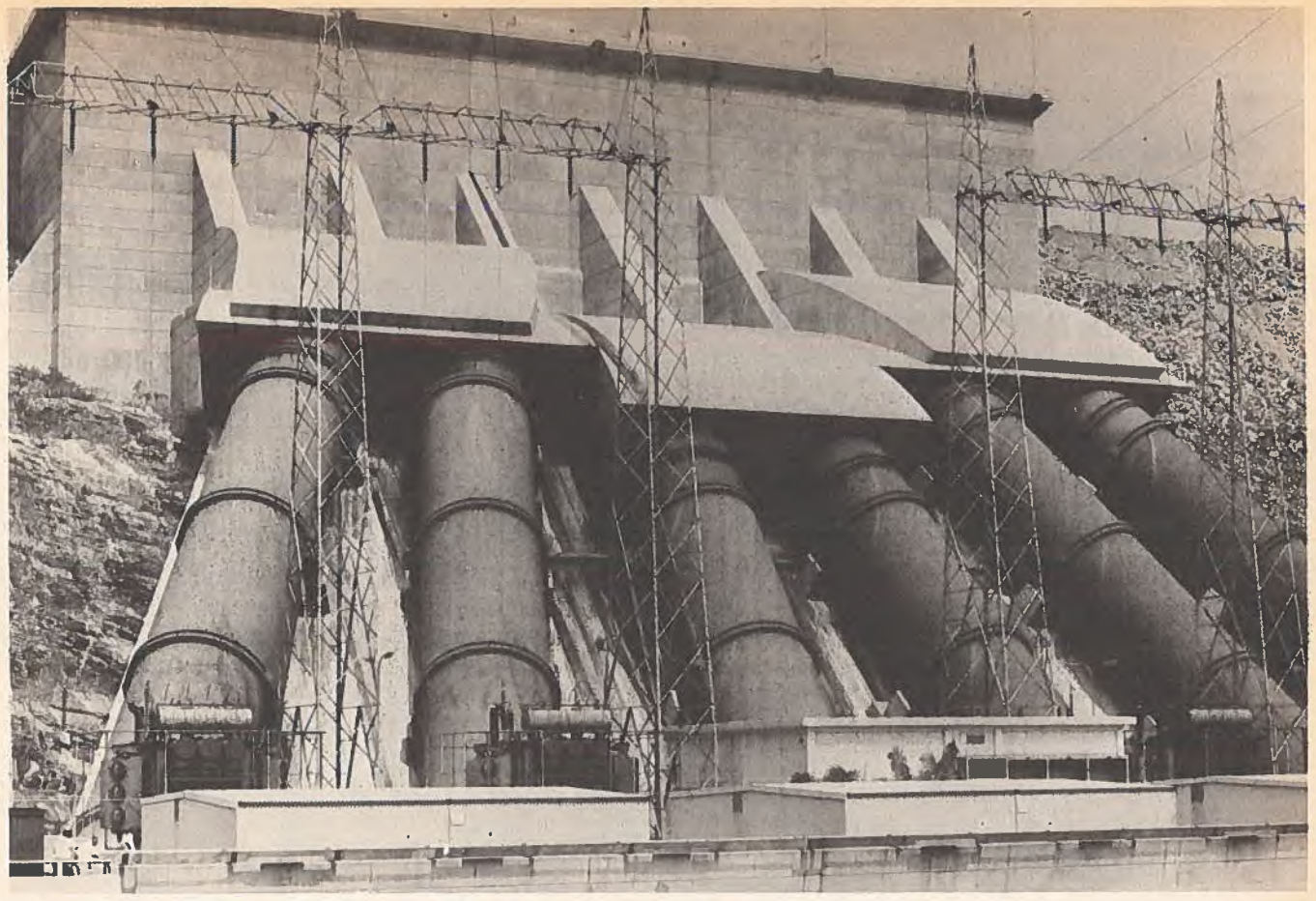
The emergence of capital assistance projects is just one of several important changes in Canada's bilateral assistance program for Commonwealth Africa. In just a little over 10 years, annual allotments have increased almost five times, from a $10.5 million allotment in 1961 to $48.8 million for the fiscal year 1972-73. In the early days of the program Canada sent hundreds of high school teachers. Now the emphasis is on providing technical and vocational teachers and teacher trainers. Also, several Canadian universities are involved in establishing faculties in African universities.

But perhaps the most striking change in the program is in the number of countries receiving assistance. Initially, for historical reasons, Canadian assistance was concentrated mainly in West Africa — Nigeria and Ghana. Now assistance is offered to countries in east and southern Africa. All together, 16 Commonwealth African countries plus the East African Community, an intergovernmental institution which provides services for Kenya, Tanzania and Uganda, receive Canadian assistance.

The Canadian program in each of these countries varies widely. In some there is a mix of capital and technical assistance projects, in others only technical assistance is provided. This is not an inflexible arrangement, however, as any country is eligible for both technical and capital assistance.

"If a country which is now receiving only technical assistance makes a sound proposal for capital assistance, we will certainly give it every consideration," Mr. Blyth says. In assessing requests for assistance, CIDA evaluates such factors as the economic needs of the country, Canada's ability to help it meet those needs, the recipient country's past performance in using development aid effectively and the level and type of aid that are available from other donor countries.

Assistance provided to Botswana is



Main power house, showing the penstocks, of the Akosombo dam in Ghana.

a good example of CIDA's flexible approach to international development. Botswana, a sparsely populated country in southern Africa, had no prospects for establishing an industrial base until a few years ago. This changed with the discovery of rich copper and nickel deposits. The establishment of a mining industry would create desperately needed jobs and provide the country with at least a measure of economic independence from both Britain (which still provides budgetary support) and South Africa. Several countries, including Canada, realized that massive financial assistance was necessary for Botswana to develop its industrial potential. A Canadian loan of $30 million will enable Botswana to purchase power-generating equipment for its mining industry.

Canadian assistance for Commonwealth Africa is concentrated in five sectors — energy, transportation, communications, education and agriculture. Capital assistance projects are mainly confined to the energy, transportation and communication sectors. Technical assistance dominates CIDA's efforts in education and agriculture, although there is some capital assistance involvement such as school construction and the supplying of scientific and technical equipment.

In addition to loans and grants for specific projects, CIDA has provided a number of program loans in Commonwealth Africa. A program loan, which is less structured than project assistance, is intended to enable the recipient country to purchase a wide range of goods of a development nature from Canadian suppliers. Ghana, Nigeria, Kenya, Uganda and Tanzania have received Canadian program loans. Further loans to these and other countries are under consideration.

CIDA has many capital assistance projects under way in this part of the world. In Nigeria, for example, a team of Canadian experts is designing and supervising the construction of the expansion of the Kainji Power Station and a power line from Kainji to Niamey. In a telecommunications project, CIDA is providing Nigeria with more than $11 million to construct and equip a central telephone exchange system and 24 satellite stations outside the capital, and has provided that country with a $20 million loan to buy 54 diesel locomotives to replace outmoded steam engines. Malawi and the East African Community have also received loans to buy locomotives.

Ghana has received a $19 million loan from CIDA for the Ghana-Togo-Dahomey transmission project to interconnect Togo and Dahomey with the Akosombo dam in Ghana. The expansion of the Akosombo generator station, being financed with another loan from CIDA of $6.93 million, will include the acquisition of another two generators and provision of transformers for the Volta River Authority to expand its capacity to accept increased power.

Over the years, Ghana has received Canadian funds to build and staff the Accra Training Centre, one of the most successful educational projects ever undertaken by CIDA. Canadian involvement in the centre was phased out in March last year, but Canada expects to be involved with the Kumasi trades centre, which will give Ghana two of the foremost trades training schools in Africa.

CIDA is heavily involved in helping Tanzania to meet its growing needs for electrical power. A $13 million loan has been provided for the construction of 180 miles of transmission line from Kidatu to Dar es Salaam and the purchase of such equipment as transformers, switchyard and switchgear for the Kidatu hydroelectric power project. Another loan of $3 million will be used to design and construct a hydroelectric power transmission line from Hale to

Kikuletwa. A loan of $2 million will be used to purchase material and build overhead distribution lines to provide electricity for Tanzania's 20 major towns.

Work on the Mwanza-Arusha road in Tanzania, joining the rich agricultural areas around Lake Victoria to the railhead at Arusha that leads to the ports of Tanga and Mombasa, is going ahead with the support of $1.35 million in CIDA funds for a feasibility study followed by engineering design.

Work has just been completed on the preliminary engineering of a new water supply system for Dar es Salaam, the capital of Tanzania. The system will cost about $20 million and much of the money will be provided by Canada. The project, which is expected to be completed in 1975, will involve a major transmission system over 40 miles, from the Lower Ruvu river to the capital.

Canada is participating with the World Bank and the East African Community in a major port development project in East Africa. The expansion and modernization of the ports of Dar es Salaam and Tanga in Tanzania and Mombasa in Kenya will cost about $70 million. The three Indian Ocean ports are the busiest in East Africa, handling the bulk of the region's imports and exports. Canada is providing the EAC with a $26 million loan to be used by its Harbours Corporation to purchase Canadian cargo handling equipment. The Canadian loan will also finance the manufacture in East Africa of some 20 small harbour craft and launches. In addition, a Canadian grant of $500,000 will be used primarily to provide Canadian advisory services and to train East Africans in the maintenance of cargo handling equipment.

Many CIDA projects such as trades training, large-scale aerial mapping surveys and forest inventory studies are indirectly linked with the efforts of the African countries to diversify their economies. CIDA capital assistance projects are in most cases directed towards establishing infrastructures, but CIDA is not overlooking Africa's dominant industry, agriculture. Mr. Blyth says that in the years to come CIDA will undoubtedly step up its efforts in agriculture and rural development.

"Studies have shown that Canada should be doing more to help Africa improve agricultural methods. We have made a start in a few countries, and I think we will become involved in many more very shortly".

Throughout much of Africa, agriculture is hampered by lack of water supplies. Canadian assistance, Mr. Blyth says, is likely to be aimed at helping to overcome this problem.

The Bank of Last Resort

ROBERT McDOUGALL, *Canada Commerce*

The chartered banks say no, the trust companies come up dry and other financial sources give the thumbs down signal. Where next can a businessman turn to get a loan?

For thousands of Canadian businessmen the court of last resort has been the Industrial Development Bank. Established by Parliament in 1944 as a subsidiary of the Bank of Canada, IDB lends to businesses in Canada, mainly those of smaller size, which are unable to obtain financial assistance from other sources on reasonable terms. To date, it has authorized more than 38,000 loans for a total amount of $1.8 billion to more than 28,000 businesses.

The chief type of financial assistance provided by IDB is term mortgage loans. Applicants are new or existing businesses which, because of their relatively small size, lack of established earnings record, geographical location or other reasons, cannot obtain financing elsewhere. For example, IDB lends to all parts of Canada including even remote areas.

IDB's role as a residual lender supplements the activities of private financial institutions. Loans, however, are made only to enterprises which are likely to succeed financially.

IDB lends for a variety of purposes. Most of its loans, however, are used to help buy, expand or alter capital assets such as land, building, machinery or equipment. In some cases, IDB will lend to strengthen working capital where, for example, it has been reduced to an unsatisfactory level through purchases of equipment or other capital expenditure.

As a general rule IDB does not lend on the security of inventories or receivables which are normally pledged against borrowings from a customer's chartered bank. If a growing business is short of working capital and there is a basis for a term loan secured by mortgage, IDB

IDB lends money to finance purchases of equipment such as this compressing motor used in a drop forge plant.

Tree moving — just one of the thousands of small businesses helped by IDB.

may provide funds to supplement current financing from other sources.

IDB also may provide longer-term financing to pay off a mortgage when existing terms place an excessively heavy burden in relation to a business's earning power and working capital needs. Enterprises seeking this type of financing will first have to try to obtain a modified rate from existing creditors. Assistance in financing a change of ownership of a business may also be available from IDB if the business will benefit from such a change.

Initially, IDB was empowered to help manufacturing concerns. But its operations steadily expanded until in 1961 it was authorized to lend to virtually any business undertaking in Canada.

Since then IDB has grown rapidly, averaging an 18 per cent increase each year in customers and loans. Last year, it increased the annual dollar volume of its loans by a record 33 per cent to $262 million to 5,889 customers. Half of the loans were for $25,000 or less and more than 90 per cent were for amounts under $100,000.

Of the loans approved last year, 1,585 went to wholesale and retail trade ($56.7 million), 1,294 to manufacturing ($72.8 million), 1,209 to tourism ($59.3 million), 416 to agriculture ($16.4 million), 298 to construction ($9.6 million), 177 to transportation and storage ($10 million) and 910 to other types of businesses ($37 million).

There is no ceiling on IDB loans but as the size of a proposed loan grows the more likely it is that the business can obtain funds elsewhere on reasonable terms and conditions. IDB charges higher interest rates on larger loans and its regular rate usually fluctuates with the general interest rate in Canada. Currently, the average rate of interest at IDB is 9 per cent for small loans and 10 per cent for larger ones.

IDB officers look at a number of factors when considering a loan application. Is the proposal sound? Is the business managed capably? Is a reasonable amount invested or to be invested in the business by interests other than IDB?

Earning prospects of the enterprise are of major importance in determining the amount which IDB can lend and there must be appropriate mortgage security available to support the loan.

An applicant for a loan will need to provide recent financial statements, firm estimates of project costs, an outline of the benefits to be derived from the project and other relevant information as requested. As a rule, an IDB officer will visit the business to inspect the premises and equipment and have on-the-spot discussions with the key principals.

There is no fixed period of repayment of an IDB loan. In practice, the Bank

tailors repayment terms to the circumstances of each borrower, with most loans being repaid within 10 years through monthly instalments of principal and interest. A loan may be repaid at any time before maturity upon payment of a standard prepayment fee which is computed on a reducing basis during the first six years of the loan.

When a loan is approved, IDB will offer the credit in writing to the applicant. Upon his acceptance, preparation of the required legal documents starts immediately. This involves searching land titles, obtaining descriptions of machinery and equipment and drawing up a mortgage. In line with customary lending practices, legal costs are charged to the borrower's account.

After completion of the security documents, the loan proceeds are advanced as needed to meet the costs of the project, subject to the borrower providing his contribution toward the project before IDB funds are drawn upon.

Among the terms of an IDB loan is the provision that financial statements be furnished periodically to allow Bank officers to follow the progress of the business. IDB officers have considerable experience with a wide range of businesses and are often helpful to a business in working out its financial problems. When further capital expenditures are contemplated, for example, IDB may be able to make an additional loan. In fact, a substantial number of IDB customers have obtained two or more loans from the Bank.

IDB is empowered to provide financing by purchasing some of the common or preferred shares of a business, or by purchasing a debenture convertible into common shares. The Bank acquires normally only a minor portion of the common shares of a company, and then only in conjunction with a term loan secured by fixed assets.

The Bank's growth in lending activity is reflected in its expansion of facilities across Canada. In the past year, branch offices were opened at Longueuil, Que.; St Catharines and Kenora, Ont.; Grande Prairie, Alta.; Sept.-Iles, Que.; and Chilliwack, North Vancouver and Campbell River, B.C. There are now 447 branch offices and five regional offices across the country; 97 per cent of IDB's loans are approved at these local offices.

Beyond expanding its network of branch offices, the Bank is making its services known to businessmen through visits by representatives to small communities. These visits are advertised and businessmen are invited to discuss financing proposals. In 1972, 2,850 visits were made to 539 centres. IDB officers also address service clubs and trade associations, and attend business meetings.

Last year, IDB had more than 20,000 inquiries from businessmen and more than one third of them resulted in applications for loans. Of these applications, 84 per cent were approved.

The Bank helps its customers, small businesses in particular, in other ways. Those who approach it for financial assistance, especially those who submit applications, often benefit from the financial investigation and analysis by the Bank. This is a benefit which continues after a loan has been made through the Bank's regular administration of the loan account.

In addition the Bank has established an advisory services department to help promote good management in small Canadian businesses. This department issues free a series of booklets under the general heading *Minding Your Own Business* and holds management seminars of particular interest to owners and managers of small businesses in smaller centres across Canada.

Drapes and bedspreads are produced by a small business thanks to IDB financial assistance.

Great Lakes Ports Hope for Extended Season

CCGS helicopter on ice reconnaissance over the St. Lawrence, near Quebec City.

JOHN JURSA, Director, Public Information Department, Toronto Harbour Commission.

A recent U.S. report on winter navigation in the Great Lakes maintains that an extended season of four to six weeks is an economically viable proposition within the next 20 years, although there seems to be some doubt regarding year-round navigation.

Constant research is being carried out by both U.S. and Canadian agencies into the possibilities of prolonging the shipping season and ultimately establishing year-round shipping on the Great Lakes. The current eight-month season is governed by the icing over of locks and canals linking the huge inland waterway system.

Professor Eric Schenker, an economist with the University of Winconsin, presented a paper on the economic merits of extending the season at a seminar on winter navigation held in Detroit late last year. He told delegates that the technical problems involved in prolonging the season beyond its present closing date of December 15 are much more easily solved than the hurdles which must be overcome in order to open the season earlier than April 1. As the winter season progresses, the various types of ice formed present more and more serious problems, reaching their height when the ice begins to break up in the spring. Severe damage to ships can be caused by thick ice formations as they start to thaw.

The annual loss in cargo to the states bordering the Great Lakes was earlier estimated at a billion dollars by Major General Graves, North Central Division Engineer for the U.S. Army Corps of Engineers and chairman of the U.S. Winter Navigation Board.

He pointed out that Great Lakes ports currently handle cargo valued at more than $2 billion every year and estimated that this figure could conceivably be increased by another $1 billion with successful extension of the navigation season.

Many Great Lakes ports feel that they lose a great deal of traffic by being unable to offer 12-month service to customers. The Cleveland-Cuyahoga County Port Authority recently asked firms shipping through the Port of Cleveland to send in their reaction to an extended season. Detailed replies indicated that a 10-month season would mean a 22 per cent increase in traffic and that year-round shipping would increase traffic by at least 33 per cent.

The Port of Toronto's survey showed that most customers were in favour of a 12-month season but would be satis-

fied with even a 10-month operation.

E.B. Griffith, Port of Toronto's general manager, said that an extended shipping season would increase overseas tonnage into the port by 25 to 30 per cent. "Our customers are in favour of a longer season." It would lower their costs, eliminate stock-piling in most cases and generally reduce inventory and storage charges.

Maxim M. Cohen, general manager of the Chicago Regional Port District, had these observations: "A 10-month season is a goal we feel is possible within the range of present technical capabilities. If we had a 10-month season, we could increase the potential of the Seaway by at least 30 per cent as it would offer almost year-round service and thus overcome one of the most formidable obstacles facing Seaway solicitation."

Richard H. Van Derzee, port director of the Ogdensburg Bridge and Port Authority, said that a 10-month season would enable the ports of the Great Lakes "to obtain 80 per cent of the cargoes lost due to an eight or an eight-and-half-month shipping season."

At the Detroit seminar, Dr. Pierre Camu, administrator of the Canadian Marine Transportation Administration and president of the St. Lawrence Seaway Authority, offered Canada's co-operation in all efforts to prolong the shipping season. He said, however, that Canada at present is thinking in terms of a two-week extension which will be reached by prolonging the season by a few days each year.

In outlining developments in Canadian research in the winter navigation field, Dr. Camu told the conference that an advisory system, giving reliable information to ships on ice conditions, availability of ice breakers and weather forecasts, was to come into operation in the Gulf of St. Lawrence. He said that such a system would be vital to any extension of Great Lakes shipping.

The U.S. was to carry out tests this last winter on an improved navigation system that works by means of a laser beam. A controlled beam of infra-red light is directed towards a passive retro-receiver on board the ship. The ship's master can calculate from the information sent back his speed, bow and stern alignment and distance from a given shore point.

An improvement in navigation aids and systems is just one facet of the overall problem to be solved before extensions of the shipping season become a reality. Other problems include the introduction of better safety equipment for seamen and keeping insurance costs down, as well as the main hurdles of keeping channels clear through the ice and preventing vessels and locks from icing-up.

Although many ports would benefit from an extended season for lake shipping, the greatest economic gains would be made by extending the overseas shipping season.

Various experiments have already been carried out in the Montreal-Lake Ontario section of the Seaway, which links the Great Lakes to the rest of the world. The main problem encountered in this particular area is caused by the various hydroelectric generating stations situated along the Seaway.

During the winter months, water flow into the generating station is maintained by the protective ice cover on the water. The ice prevents the water underneath from freezing and clogging the hydro intakes as it flows into the generating station. Ice-clogged intakes would severely cut back the amount of electricity generated.

CCGS D'Iberville.

The latest method of keeping a passageway clear for winter navigation in this critical section of the Seaway is a swing gate which will be inserted in the ice-boom across the river just above the generating station at Ogdensburg, N.Y. The gate was to be tested during the 1973 spring thaw. Operation of the boom will be carried out by two tugs using four anchors each to maintain fixed positions and carrying powerful motorized winches which will move the swing gate back and forth and allow the passage of vessels. This ice-boom gate is the most recent of experiments undertaken by the United States as part of its three-year program to test the feasibility of various methods of extending the shipping season on the Great Lakes.

The $6.5 million program, authorized by Congress, is directed by the Winter Navigation Board, a group of government agencies including the U.S. Army Corps of Engineers, the Coast Guard, St. Lawrence Seaway Development Corporation, Environment Protection Agency, Maritime Administration, Department of the Interior, Great Lakes Commission and Great Lakes Basin Commission.

Other winter experiments included further tests on bubbler systems which break up ice by bubbling air through water, and a new project that will test whether heated effluent from power plants can be used to help to keep channels open for shipping.

Canada was also continuing tests this last winter under the auspices of a government agency headed by A.M. Luce, director of operations of the St. Lawrence Seaway Authority and chairman of the Steering Committee on winter navigation. Experimental voyages were made by the icebreaker Griffon on Lake Erie and the Detroit St. Clair Rivers after the close of navigation. And in early March the icebreaker N.B. McLean was scheduled to transit upbound through the Beauharnois Canal on the Seaway. This will be the earliest date that a ship has ever passed through the canal and the trip should give valuable information.

In order to aid winter navigation the Canadian fleet of icebreakers is being expanded and modified to meet current and future demands for such ships. In the Gulf of St. Lawrence, winter shipping is supported by a fleet of a dozen icebreakers. Ice-breaking vessels are also carrying out experiments on the Great Lakes and further demands will be made on the fleet as the shipping season is extended every year as planned.

Interest in developing new trade with Canadians is growing as Australian businessmen look to the future with cautious optimism.

a good time to go down under

Mount Tom Price, a mountain of high-grade iron ore and one of the largest deposits in the Hamersley Range in Western Australia. It is being worked by Hamersley Iron Pty. to supply the Japanese steel industry.

B.S. SHAPIRO, Commercial Counsellor, Canberra

A speedup in business in Australia was reported in a December 1972 survey of industrial trends by the Chamber of Manufacturers and the Bank of New South Wales. Many manufacturers reported strong improvements in production, employment and new orders, and forecast further improvements in the March quarter. A number of respondents named shortage of labor and lack of capacity as the chief limiting factors. Their expectations are that planned capital expenditures on buildings, plants and machinery will rise strongly over the next year.

To mid December, however, business activity in Australia had been described as fair. This must be viewed, of course, against the background of a country which has 13 million people and one of the highest standards of living in the world. The gross national product for 1972 is expected to be $44 billion and, although there has been a levelling off in the growth rate of the GNP over the last two years, the growth at present, and after allowing for inflation, is estimated to be about 3.5 per cent higher than last year. This inflation-dominated stagnation has been described by some respected economists as the "current recession".

Personal income, after tax, has been rising steadily and higher wages and salaries have been accounting for most of the increase. Farm income, for the first time in several years, has also begun to rise. Recent government budgets have added to the total increase by including legislation which increased transfer payments such as pensions and health benefits.

The rise in income, however, has not yet been translated into any substantial increases in domestic consumption and this has caused considerable concern. Statistics of production in all lines are being watched closely but have failed so far to show a cumulative upward trend. For example, motor vehicle production, one of the key economic indicators, showed a decline of about 7 per cent for the first two months of fiscal year 1972-73 from the same period of the previous year, while production of certain minerals continued to surge ahead finding markets abroad. During the same period, production of wool, meat, hides and sugar almost reached capacity as producers strove to meet world demand.

Early in 1972, unemployment rose slightly but then declined near the end of the year to remain close to 2 per cent, a level at which Australians have expressed pride in being able to maintain.

A noticeable business weakness has been revealed in reports on new capital expenditure by the private sector which showed a sharp decline in the first half of 1972. In addition, expenditures for the rest of the year were forecast to be well below the level of the previous year. The mining industry showed the greatest decline, which followed a recent boom in mining investment. Total fixed investment by the business sector is now running at an annual rate of $3.36 billion, which is $420 million less than for the peak September quarter of 1971. Some economists believe the importance of this factor has not been fully emphasized.

By way of contrast, the housing in-

dustry has continued to recover from the slump of 1970-71. The annual rate of approvals of private housing has been increasing steadily and expenditure is running about 14.7 per cent higher than a year earlier. Along with this, of course, have been increases in the production of materials going into construction.

Against this background of flattening consumption, it is not surprising to find that total imports have also levelled off. In fact, imports have been declining for about two years and only recently have begun to rise again. Imports of petroleum and its products accounted for much of the decline which occurred largely because of increasing domestic production. The fall-off in imports of machinery and apparatus, and in transport equipment has been quite sharp, with lesser declines reported for steels and chemical materials.

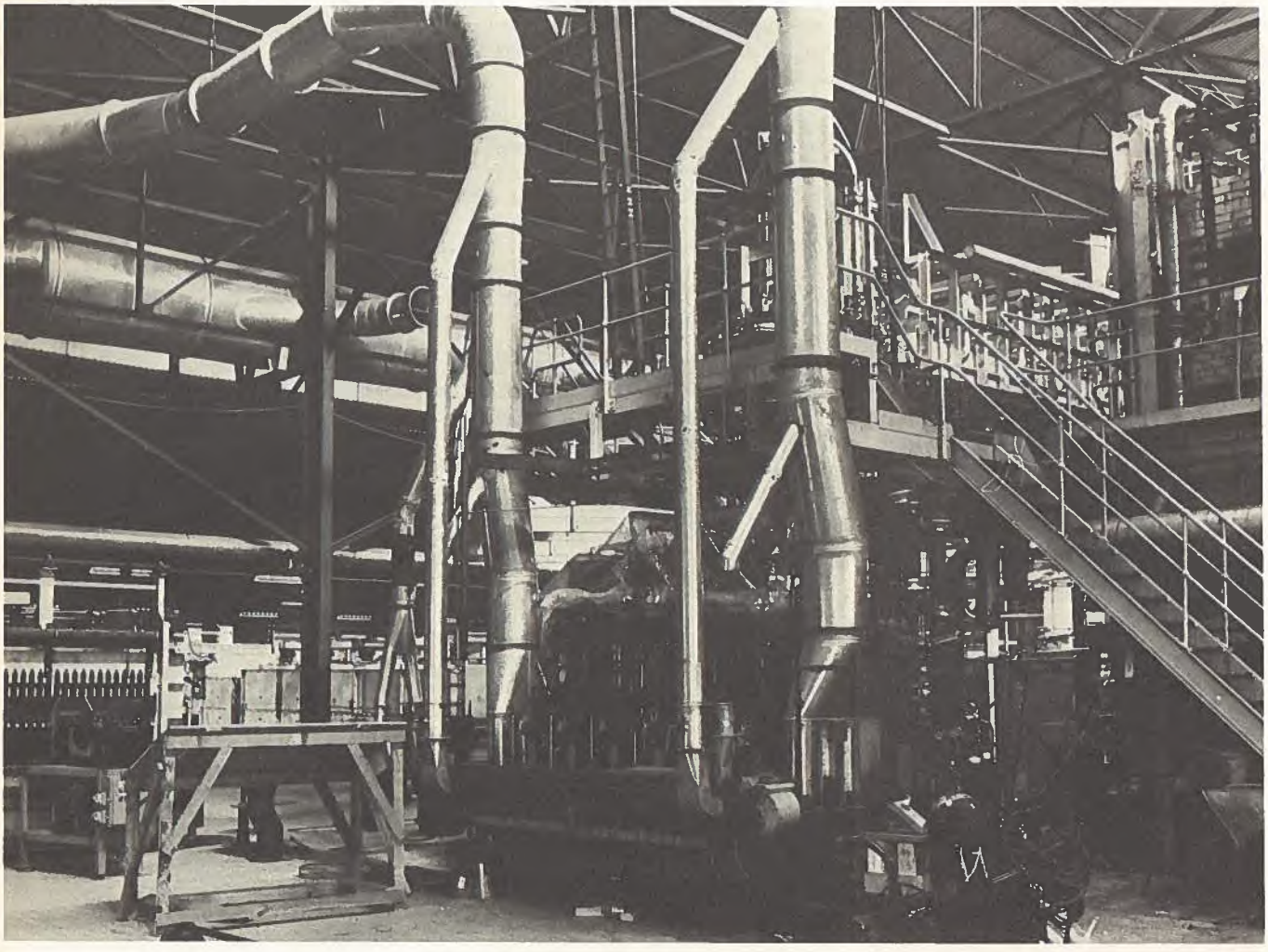
Among the major sellers to the Australian market, only the Japanese have increased their share. Of the total of $3.52 billion of imports in the fiscal year ended June 1971, the United States supplied 25 per cent, Britain 21 per cent, Japan 14 per cent and the EEC 13 per cent. In comparison, for the three months ended September 1972, the proportion supplied by the United States had declined to 21 per cent and by Britain to 16 per cent while Japan's share had improved to 18.5 per cent. The EEC share of the market remained unchanged. During the same periods, the Canadian proportion declined to 3.5 per cent from 3.9 per cent.

In a country that has had chronic balance-of-payments difficulties, the current strength in this area is causing concern. This strength derives from both the current and capital accounts. Exports have been showing a healthy growth, while imports have been at a low level. Official reserves were more than $3.95 billion as of November 1972, an increase of $1.85 billion in one year. The increase in the balance-of-payments surplus and the seasonal deficit in the Government's account have combined to increase the money supply by 17 per cent in the past year.

Although the total economy appears to be sluggish, the prospects are bright for a great industrial expansion in Western Australia. This expansion would be based on mineral production and large new finds of natural gas in the northwest shelf described as one of the world's greatest natural gas reservoirs. Included in the possibilities are a slab-steel mill, an aluminum refinery, a petrochemical complex, a plant for processing caustic soda, a factory to make iron pellets, and a facility to produce enriched uranium.

From the Canadian exporter's point of view this appears to be a good time to concentrate on sales promotion and market development in Australia. The upward revaluation of the Australian dollar by 7 per cent in December also means it is a good time to review pricing policies.

Australian interest in the Canadian market has reached a new high reflecting the desire of Australians to build new relationships with Canadians in trading, investment and in licensing of new products and processes.



One of the furnaces and glass forming machines at the final stages of construction at the Consumers Glass Plant near Sydney.

FRANKLY SPEAKING...

The art of complaining

Opinions expressed in "Frankly Speaking" are those of the author and do not necessarily reflect those of the Department of Industry, Trade and Commerce. Comments on this or on any other article in *Canada Commerce* should be addressed as "letters to the Editor".

KEITH G. DIXON, Executive Vice-President, Canadian Importers' Association Inc.

The practice of complaining — except by the staff of this Association and a few scattered University students — appears to be declining. This is not only unfortunate, it is costly and indeed is a betrayal of the concept of free enterprise. Each day members of the Canadian Importers' Association and the Canadian commercial public are improperly and sometimes illegally detached from their own funds by careless payment for goods and services bearing little recognition to those originally offered and accepted. Similarly, in their dealings with Federal Government departments, members and other Canadian importers often wrongly assume that the Government must always be right when, in fact, the departments if provided with all the details are both horrified and humble at past injustices resulting from improper communication.

The reasons offered by the Canadian businessmen for not complaining range from "it takes too much time" to "you've got to be big to get anywhere". The truth is that relentless vigilance and consequent complaints based on fact yield more in direct and indirect revenue than any profit, and complaints are more effective when factually and privately presented by an individual than by a large pressure group. They are also less messy since an individual is unlikely to be teargassed, forced to carry heavy signs in inclement weather, or generate the wrath of either the Government or the public.

The art of complaining rests on the pillars of fact, brevity and persuasion. The first two are obvious, the third is not and indeed the lack of effective persuasion accounts for the failure of most genuine complaints to achieve the desired result. It is better to write. "You *appear* to make a lousy product" than to write, "You make a lousy product", but it is even better to write "I appear to have purchased a defective unit produced before the obvious popularity and usefulness of your product led to the implementation of inspection standards which will undoubtedly result in rocketing world sales". Containment of the rage unquestionably induced by a defective product or service and the need to complain at all is a prerequisite to effective complaining, and this is best done by keeping the ultimate aim of satisfaction in view. The days are gone when you hit someone with a "two by four" to get his attention; first, lumber is now too expensive and second, scientific tests have proven that people hear best when they are conscious and listening to you. People listen when they are happily involved and not when they are being abused. It is therefore wrong to say or write "I suppose you just sit there awaiting your heavily pensioned retirement" when, if you feel that way, you could just as easily write or say, "As we both journey through the obstacle course of commercial life, I hope we can, following your corrective action, both look back from our retirement at this misunderstanding as one of the happier small incidents that make life worthwhile".

Of course persuasion must be modified if the initial attempt to have a genuine complaint corrected is not successful. Indication that a copy of the complaint is being sent to the Company President is usually not without effect and, if the original were sent to a Company President and follow-up is necessary, an indication that a copy is being sent to the President of a competing company is not without merit. The latter course is particularly effective in dealing with railroads.

On those occasions when there is a difference of opinion with a Government Department the initial complaint should be made to the senior civil servant at your local level (e.g. the senior local customs official) and, if a follow-up is necessary, a polite factual presentation should be made to the Assistant Deputy Minister of the Department involved. In extreme cases a copy may be sent to the Minister, always courteously noting in the body of the letter that your interest is not to involve the Minister but merely to keep him informed. On individual complaints it is unwise to bother the Minister unless you plan, with a copy, to have his Deputy Minister not merely informed but involved. Federal Cabinet Ministers are extremely busy not only representing the constituents who elected them, answering questions in the House, running their Department and attending Cabinet meetings, but in the present administration they have the additional burden of having to vote at any given moment to assure that they remain Cabinet Ministers during the present Parliament.

Making Contact With China

R.F. ANDRIGO,
Second Secretary
(Commercial), Peking

China is essentially an agricultural society in which self-reliance is a national credo. But its industrial sector is expanding and requirements for equipment and raw materials, as well as for basic foodstuffs, make China a worthwhile market for Canadian suppliers.

This increasingly important market is fiercely competitive, requiring methods unfamiliar to most Canadians. But the climate for business with China has never been better.

The Ministry of Foreign Trade operates a network of nine state trading corporations organized by commodities and it has exclusive responsibility in this area. All external relations in China's planned economy are undertaken by the State and this is the first point to remember in doing business with China.

Each trading corporation has a head office in Peking with branch offices in various industrial centres and each corporation is totally responsible for the import and export of its particular commodity requirements. Import procurements are based entirely on specific needs voiced through the branch offices by the end users.

In China, end users are the individual manufacturing concerns throughout the country. They are usually consulted before offers are acknowledged and this can mean delays in getting answers. On the other hand, replies are often quite speedy — it depends on the individual situation.

In addition to the nine trading corporations, there are four organizations providing support services: the China National Chartering Corporation, the China National Foreign Trade Transportation Corporation, the People's Insurance Company of China and the Bank of China. The first two organizations are responsible for shipping services, the last two for insurance and banking arrangements. Both the China National Chartering Corporation and the People's Insurance Company have representatives in Canada.

The Bank of China handles all banking arrangements and has offices in such commercial centres as London and Hong Kong. It also maintains working relations with all of Canada's major banks. The Bank is well-informed and capable of handling any commercial dealings with Canadian importers and exporters but foreign traders can make their own arrangements, of course, and these are negotiated in accordance with normal Chinese practices.

Your first step in making business contacts in China is to select the trading corporation handling your particular product (see box) and make a formal proposal. If in doubt about anything, consult the Canadian Commercial Counsellor in Peking. Remember that decisions on import and export procurement, unless specifically delegated to a branch office, are made by the head office of the corporation in question — so initial proposals should be directed to the head office.

Obviously, your first contact will have a great bearing on future relations, therefore it should be as comprehensive as possible, giving the Chinese all the information they need to evaluate the pos-

sibility of doing business with you. You cannot provide enough information about your firm and its product.

You should make at least 10 sets of product literature available for distribution among industrial experts and end users. You should also express a willingness to provide additional information and to negotiate personally. Your first emphasis should be on providing information, not on making a sales pitch.

Always bear in mind that the Chinese emphasize the importance of developing trade on the basis of "equality and mutual benefit." It would be wise for Canadian exporters to consider China as a source and incorporate this in representations to the Chinese trading organizations. You should provide quotations only after the initial contact has been made and an interest has been expressed in doing business with you.

It is easy to see that, with nine central trading corporations handling all import/export trade with more than 100 countries and simultaneously co-ordinating import demands and export programs of hundreds of producers, all inquiries require some time to be processed. Indeed some inquiries are never answered.

But long delays or no answer at all are not reasons for pessimism. The Chinese may be evaluating your commitment to their market or it may be that what you have to sell just is not needed at the time. Persistence often pays off and you should try to keep the Chinese informed of the latest developments in your company's products.

The Canadian Commercial Office in Peking is often able to provide advice about some of the replies that may be received from the Chinese. At any rate, you should keep the Office posted on how your relations with the trading corporations are developing. Commercial Officers meet regularly in Peking and Kwangchow (better known to Canadians by its old name of Canton) with officials of the corporations and are able to hold discussions on your behalf.

Once the Chinese show a real interest in your firm, communications become easier and the negotiation process begins. Negotiations usually are conducted by mail. At this point the corporation will ask for a price quotation which should be either in Canadian dollars or pounds sterling. Sometimes procurement and sales of certain commodities are delegated to a branch office.

China has a large fleet of charter vessels and a growing domestic fleet and in most cases will arrange its own shipping. Therefore, quotations should be f.o.b. a Canadian port. When c.i.f. quotations are requested, Shanghai is usually given as the port of destination.

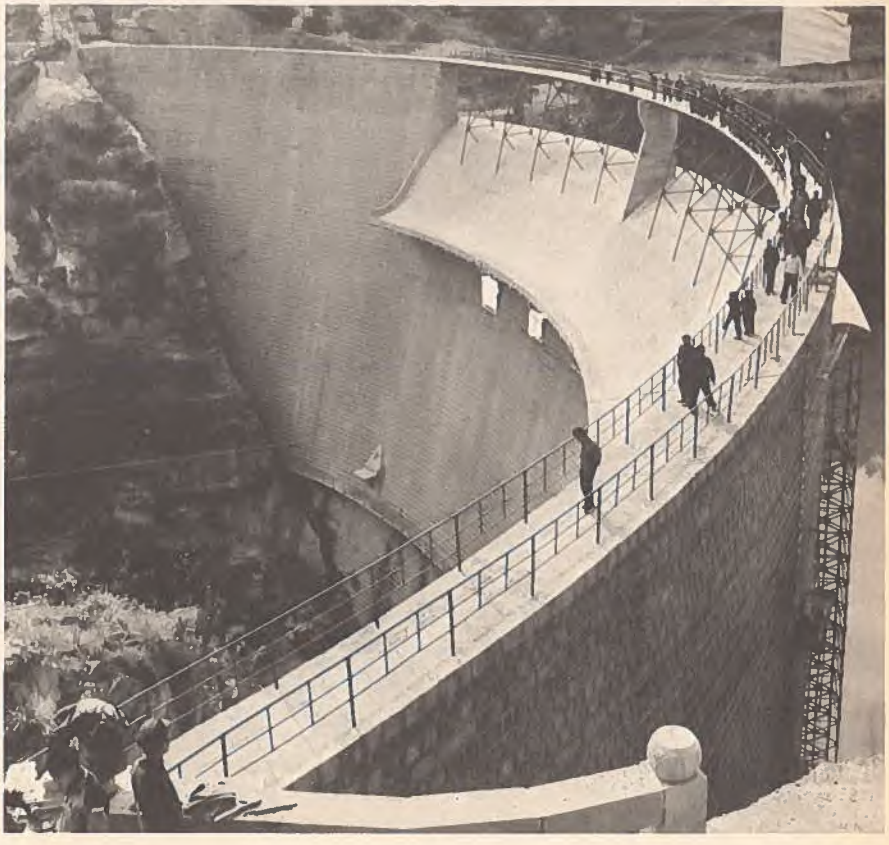
Visits to China for face-to-face negotiations are initiated by the trading corporation and generally focus on the twice-yearly Kwangchow Trade Fair (it is estimated at least 40 per cent of China's foreign trade is conducted at this fair) but there is an increasing trend to discussions in Peking both between and during the fairs. You stand a better chance of concluding a deal if you express willingness to visit China but whether you will be given the opportunity to do so depends upon an invitation from the trading corporation.

Unless the discussions are high-level, the Chinese do not usually accept invitations to travel to other countries, preferring instead to negotiate by mail or in their own country. But there are indications the Chinese will increase the number of their technical and commercial delegations in parallel with their increased foreign trade. What is expected to continue is the Chinese proclivity for driving a hard bargain and extracting the best possible terms from any prospective buyer or seller.

Contracts are important in trading with China and because the Chinese insist on using their own standard form, you can expect that the terms contained therein will give maximum protection to the trading corporation. Pay close attention to the fine print because strict adherence will be required. However, Chinese import and export contracts usually conform to normal business practice and are acceptable to most Western businessmen. Alterations or addition of new terms usually can be negotiated.

Payment for exports to China is made by an irrevocable letter of credit opened by the buyers or their principals through the Bank of China, in China, in favour of the seller, advised through a Canadian bank and payable on presentation of documents at the issuing bank.

Under normal conditions it is not possible to obtain a confirmed letter of credit because China does not follow the accepted international practice of having its credits confirmed by a bank in the seller's country. But the Bank of China has established a reputation for scrupu-



This new dam in Szechwan Province will hold back about eight billion gallons of water for irrigation projects. It took four years to complete and is 173 feet high.

lously honouring its commitments. Documents are usually negotiated in China by the exporter's Canadian bank.

For imports from China, the terms usually specify payment by confirmed irrevocable letter of credit without recourse, with payment in a western currency, usually pounds sterling or Swiss francs. The letter of credit may be negotiated through the Bank of China, in China, against presentation of documents. In some cases, the Chinese trading corporations will accept payment by confirmed letter of credit through the Bank of China in London or Hong Kong.

China's reputation for meeting its financial obligations is among the highest in the world. It claims to be the only country free of external and internal public debt and, while it has expressed willingness to consider the use of credit, it has, to date, not negotiated any long-term credit arrangements. Contracts are usually negotiated in Chinese currency and all major Canadian chartered banks have made arrangements with the Bank of China to handle renminbi accounts.

The Chinese prefer claims to be settled, if possible, by consultation and agreement between the parties to a contract. If the dispute cannot be resolved through consultation, the contract usually calls for it to be referred to arbitration conducted by the Foreign Trade Arbitration Committee of the China Council for the Promotion of International Trade.

Under certain conditions, the trading corporations will accept arbitration in the country of the defendant or in a third country. Past experience shows the Chinese are fair with claims, which can usually be negotiated.

Although direct contact with the trading corporations is preferable, some companies may feel that they lack time, resources or expertise to fully explore the market alone. They may look to intermediaries with proven commercial relationships with the Chinese corporations. Agency arrangements in China are not possible so companies must seek assistance from commercial houses, most of which are located in Hong Kong, which are in regular contact with agents of the corporations in Hong Kong. These commercial houses also send representatives to the Kwangchow fairs, to Peking and the corporation branches in China.

Recently China has been expanding its program of technical and commercial exchanges and missions, particularly with the more technologically-advanced countries. There were three missions to Canada in 1972 which investigated mining and metallurgy, petroleum and electric power generation capabilities. More such missions are expected in the future and it is self-evident that future Chinese procurement decisions will be significantly influenced by what these missions see. Reciprocal Canadian missions will also affect future business relations.

Terraced fields in Shensi Province show that even mountain slopes can be farmed.

As already indicated, the twice-yearly Chinese Trade Fair at Kwangchow plays a central role in China's foreign trade. The fair runs from April 15 to May 15 and from October 15 to November 15.

It is, ostensibly, a showplace for Chinese agricultural and industrial achievements but actually it is an international market place bringing together buyers and sellers from all corners of the world to compete for Chinese business. It presents a unique opportunity to meet in person representatives of the Chinese trading corporations and engage in practical business discussions.

Attendance at the fair is usually only by invitation from a trading corporation. Owing to the great increase in the number of requests for invitations, it may be expected that, increasingly, invitations will go only to firms with which the trading corporations either have working relationships or consider the development of relationships to be a distinct possibility.

The Canadian businessman who wishes to attend the Kwangchow Trade Fair should inform the trading corporation by letter of his desire to do so. The Chinese prefer to deal with firms with which they are familiar so Canadians who have had no previous contacts with China are advised to begin by making a routine business approach to the appropriate trading corporation, which should indicate willingness to visit China at the corporation's convenience, specifically to attend the Kwangchow Trade Fair.

Prospective visitors are warned that the trading corporations rarely issue invitations earlier than one month before the opening of the fair. Although it is true invitations are seldom sent to those who have no prior contacts with the Chinese, sometimes invitations may be obtained by writing directly to the Chinese Export Commodities Fair, Pearl River Square, Kwangchow, People's Republic of China. But this usually happens only if the product is of particular interest to the Chinese. Any presentation relating to proposed discussions in Kwangchow should be as descriptive as possible.

When an invitation has been received, the prospective visitor must request the necessary applications for entry and exit visas and send these, together with passport, three passport photographs and a copy of the invitation, to the Embassy of the People's Republic of China in Ottawa.

There are several ways of reaching Kwangchow. Pakistan International Airlines operates two flights a week from Karachi to Kwangchow and Air France operates two flights a week from Paris to Shanghai, from where connections can be made by domestic service to Kwangchow. But the most popular route is to go first to Hong Kong and then make the journey from Hong Kong to Kwangchow by train. Arrangements for the Hong Kong-Kwangchow segment of the journey are usually made in Hong Kong through the China Travel Service, whose representatives will also meet the travellers in Kwangchow and guide them to their hotels.

At the fair, you will probably be assisted by one of our Trade Commissioners from Peking or Hong Kong in contacting the corporation you want to negotiate with and in making appointments with appropriate officials.

Negotiations take place around tables on the exhibition floors or in private rooms available at the discretion of the Chinese. The trading corporation will be represented by one or more officials who may have come to Kwangchow from different branches or factories throughout China. An interpreter is always present and the general atmosphere is informal. Since the corporation people are very busy, it is advisable for businessmen to be well briefed for meetings, and copies of previous correspondence should be brought along.

Appointments cannot be made in advance from outside China and it is advisable to visit the fair as soon as you arrive in Kwangchow to arrange a meeting for the following day. Newcomers will inevitably be asked to wait longer for their initial meetings but this should not discourage them because an invitation is usually indicative of Chinese interest in negotiating with you.

Competition among the various foreign exporters is generally very keen and with experienced delegations from leading Western European and Japanese companies present, astute bargaining skill is required to obtain a contract. Following the trade exhibitions held in China and Canada in 1972, the number of Canadian business visitors to Kwangchow is expected to increase. Hopefully, Canada's share in the growing China market will soon show a commensurate advance.

Top left
A surface coal mine in the foothills of the Holan mountains in northwest China.

Bottom left
New housing along the Likiang river in Kweilin, in the southwest.

China's Foreign Trade Corporations

Their Principal Exports and Imports

China National Cereals, Oils and Foodstuffs Import and Export Corporation

82 Tung An Men Street, Peking

Cable: CEROILFOOD PEKING

Cereals, vegetable oils both edible and industrial, oil seeds, seeds, oil cakes and feeding stuffs, salt, livestock and poultry, meats and meat products, animal fats, eggs and egg products, fresh fruits and fruit products, fresh and dried and deep frozen vegetables, salted and preserved vegetables, aquatic and marine products, canned goods, sugar and sweets, wines, spirits, beverages, dairy products, rice products, condiments, etc.

China National Native Produce and Animal By-Products Import and Export Corporation

82 Tung An Men Street, Peking

Cable: CHINATUHSU PEKING

Tea, coffee, cocoa, tobacco, bast fibre, timber, resin, feeding stuffs, forest produce, spices, essential oils, nuts and dried vegetables, patent medicines and medicinal herbs and other native produce, bristles, tail-hairs, castings, hides, leathers, furmatress, fur products, bristle brushes, carpets, wool, goat hair, goat-wool, camelwool, rabbit hair, feather and feather products and other animal by-products, animals for breeding purposes.

China National Textiles Import and Export Corporation

82 Tung An Men Street, Peking

Cable: CHINATEX PEKING

Raw cotton, cotton yarn, raw silk, tussah silk, wool, man-made fibres, grey sheetings, bleached sheetings, dyed goods, printed and yarn-dyed fabrics, various kinds of blended fabrics of polyester and other materials, worsted and woollen goods, plush, interlining woollens, silk piece goods, rayon piece goods, mixed silk-rayon piece goods, tussah silk piece goods, synthetic fibre piece goods, spun rayon piece goods, garments for men and women and children, suits, overcoats, shirts, overalls, embroidered blouses, pyjamas, morning gowns, woollen sweaters, vests, cotton interlock singlets and trousers, cotton sweaters and trousers, swim suits, socks, bath towels, bed-sheets, woollen blankets, cotton blankets, kerchiefs, woollen knitting yarns, various kinds of sewing thread, drawn-work and embroidered table cloths, pillowcases, handkerchiefs, gloves, table towels, woollen needlepoint tapestry, etc.

China National Light Industrial Products Import and Export Corporation

82 Tung An Men Street, Peking

Cable: INDUSTRY PEKING

General merchandise, paper and paper boards, building materials, electrical appliances, radio and TV sets, photographic and cinematographic equipment and supplies, stationery, musical instruments, sport goods, toys, leather shoes and other leather goods, pottery and porcelain, human hair, pearls, precious stones and jewellery, ivory and jade carvings, lacquer ware, cloisonne, plaited articles, furniture, artistic and other handicrafts for daily use.

China National Chemicals Import and Export Corporation

Erh Li Kou, Hsi Chiao, Peking

Cable: SINOCHEM PEKING

Chemicals, rubber, rubber tires and other rubber products, petroleum and petroleum products, chemical fertilizers, agricultural chemicals and insecticides, pharmaceuticals and medicines, chemical reagents, medical instruments and supplies, surgical dressings, dyestuffs, pigments, paints, printing inks, etc.

China National Machinery Import and Export Corporation

Erh Li Kou, Hsi Chiao, Peking

Cable: MACHIMPEX PEKING

Mechanical processing equipment, metallurgical machinery, mining equipment, transportation equipment, building machinery, agricultural machinery and implements, hoisting equipment, tools, ball and roller bearings, machinery for light industry, electric equipment and materials, telecommunication equipment and devices, various kinds of measuring and testing instruments and meters and other industrial equipment and supplies.

China National Metals and Minerals Import and Export Corporation

Erh Li Kou, Hsi Chiao, Peking

Cable: MINMETALS PEKING

Tungsten ore, antimony regulus, antimony sulphide (crude antimony), antimony trioxide (antimony white), antimony ore, tin, mercury, pig iron, steel products, cement, anthracite coal, bituminous coal, borax, non-ferrous metals, precious rare metals, ferrous and non-ferrous mineral ores, hardware, etc.

China National Complete Plant Export Corporation

An Ting Men Wai, Peking

Cable: COMPLANT PEKING

Export of complete plants and construction projects.

China National Technical Import Corporation

Erh Li Kou, Hsi Chiao, Peking

Cable: TECHIMPORT PEKING

Import of complete industrial plants and technical know-how; organization of technical exchanges.

Foreign Exchange Rates

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

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

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

Country and Currency	Value of foreign currency unit in Canadian dollars at April 4	Canadian dollar in foreign currency units
Algeria Dinar	.2380	4.20
Arab Republic of Egypt Pound (official)	2.5530	.39
Argentina Peso (free)	.1998	5.01
Australia Dollar	1.4161	.71
Austria Schilling	.0483	20.70
Bahamas Dollar	.9990	1.00
Belgium and Luxembourg Franc	.0250	40.00
Bermuda Dollar	1.0397	.96
Bolivia Peso	.0499	20.04
Brazil Cruzeiro (official free)	.1668	6.00
Britain Pound	2.4792	.40
British Honduras Dollar	.6078	1.64
Burma Kyat	.2075	4.82
Ceylon (see Sri Lanka)		
Chile Escudo (bank rate)		N.A.
(free)		
China, People's Republic of Yuan	.4188	2.39
Colombia Peso (fixed)	.0430	23.26
Costa Rica Colon	.1506	.66
Cuba Peso	.9150	1.09
Czechoslovakia Koruna (fixed basic rate)		N.A.
Denmark Krone	.1611	6.21
Dominican Republic Peso	.9990	1.00
Ecuador Sucre (official)	.0399	25.06
El Salvador Colon	.3996	2.50
Fiji Dollar	1.2521	.80
Finland Markka	.2562	3.90
France, Monaco, etc.[1] Franc	.2203	4.54
French Pacific[2] Franc	.0121	82.64
Franco-African Republics[3] Franc	.0044	227.27
Germany D Mark	.3526	2.84
Ghana New Cedi	.8657	1.16
Greece Drachma	.0333	30.03
Guatemala Quetzal	.9990	1.00
Guyana Dollar	.4444	2.25
Haiti Gourde	.1998	5.01
Honduras Lempira	.4995	2.00
Hong Kong Dollar	.1965	5.09
Hungary Forint (official)	.0869	11.51
Iceland Krona (official)	.0101	99.01
India Rupee	.1311	7.63
Indonesia Rupiah	.0024	410.00
Iran Rial	.0134	74.63
Iraq Dinar	3.3744	.30
Ireland Pound	2.4792	.40

Country and Currency	Value of foreign currency unit in Canadian dollars at April 4	Canadian dollar in foreign currency units
Israel Pound	.2379	4.20
Italy Lira	.0017	588.24
Jamaica Dollar	1.0989	.91
Japan Yen	.0038	263.16
Kenya[4] Shilling	.1379	7.25
Korea, Republic of Won	.0027	370.37
Lebanon Pound (free)	N.A.	
Libya Dinar	2.777	.36
Malawi Kwatcha	1.2280	.81
Malaysia Dollar	.3937	2.54
Mexico Peso	.0799	12.52
Morocco Dirham	.2382	4.20
Netherlands Florin	.3299	3.03
Netherlands Antilles Florin	.5581	1.79
New Zealand Dollar	1.3249	.75
Nicaragua Cordoba	.1427	7.01
Nigeria Naira	1.4700	.68
Norway Krone	.1692	5.91
Pakistan Rupee	.1009	9.91
Panama Balboa	.9990	1.00
Paraguay Guarani (free)	.0080	125.00
Peru Sol (free)	N.A.	
Philippines[5] Peso (free)	.1469	6.81
Poland Zloty (fixed basic rate)	.2577	3.88
Portugal & Overseas Provinces[6] Escudo	.0391	25.58
Saudi Arabia Riyal	.2273	4.40
Sierra Leone Leone	1.2371	.81
Singapore Dollar	.3358	2.98
South Africa Rand	1.4179	.71
Spain & Dependencies Peseta	.0172	58.14
Sri Lanka[7] Rupee	.1578	6.34
Sweden Krona	.2220	4.50
Switzerland Franc	.3086	3.24
Syria Pound (free)	.2711	3.69
Thailand Baht (free)	.0480	20.83
Trinidad & Tobago[8] Dollar	.5165	1.94
Tunisia Dinar	2.2955	.44
Turkey Lira	.0713	14.03
United States Dollar	.9990	1.00
Uruguay Peso (free)	.0012	833.33
Venezuela Bolivar (official free)	.2320	4.31
Yugoslavia Dinar (official)	.0587	17.04
Zaire, Republic of[9] Zaire	1.961	.51
Zambia Kwacha	1.3893	.72

Due to the unsettled conditions of the market at time of going to press, rates for certain countries were not available and are indicated NA.

1. Franc is also used in French Guiana, Guadeloupe and Martinique.
2. New Caledonia, New Hebrides, French Polynesia.
3. Chad, Central African Republic, Congo (Brazzaville), Dahomey, Gabon, Ivory Coast, Islamic Republic of Mauretania, Niger, Senegal, Upper Volta, Cameroon, Togoland, and Malagasy. Also Reunion, Comoro Islands, St. Pierre and Miquelon.
4. Rate also applies to Tanzania and Uganda.
5. Exchange rate in Philippines on floating basis with daily quotations by banks.
6. Approximately same for Portuguese territories in Africa.
7. Formerly Ceylon.
8. E. C. dollar, at same rate, used in Barbados and Leeward and Windward Islands.
9. Formerly Congo (Kinshasa).

Foreign Tariffs and Trade Regulations

Brazil

The Brazilian Customs Policy Council has announced the following Customs Tariff changes:

Resolution 1562 of January 26, 1973 extends for a further 150 days the exemption from duty established by Resolution 1496 of December 1, 1972, in force for a period of 60 days on rice (tariff item 10.06.00.00).

Resolution 1563 of January 31, 1973 exempts from duty, in accordance with the zone quota system, for a period of one year, effective January 28, 1973, urea with nitrogen content of more than 45 per cent in the dry state (tariff item 29.25.15.00).

Resolution 1564 in force January 28, 1973 exempts from duty for a period of one year, superphosphate with P205 content of more than 22 per cent (tariff item 31.03.05.00); ammonium phosphate with a content of 6 mg or more of arsenic per kilogram (tariff item 31.05.01.00); and reduces the duty from 15 per cent to 10 per cent on potassium nitrophosphate (tariff item 31.05.03.00) and compound fertilizers, granulated or not, containing nitrogen, phosphorus and potassium in the formula (tariff item 31.05.06.00).

Resolution 1565 of February 1, 1973 exempts from duty for a period of one year, raw sheep hides with wool (tariff item 41.01.08.00) and hides of swine, salted, dry-salted, or dried, dehaired or not (tariff item 41.01.10.01). A certificate of origin and type is required.

Resolution 1566 of February 6, 1973 establishes duty-free quotas on iron or steel angles, shapes, sections sheets and plates falling within the following tariff classifications: 73.11.03.00, 73.11.05.00, 73.11.07.00, 73.11.09.00, 73.11.10.00, 73.13.01.00, 73.13.02.00, 73.13.03.00, 73.13.04.01, 73.13.04.99, 73.13.07.03, and 73.13.07.04.

Resolution 1567 of February 6, 1973 exempts from duty a quota of 400,000 tons for the year 1973 and 400,000 tons for the year 1974 on ingots, slabs, blooms, square bars and billets of common steel included in the following subheadings: 73.06.01.00, 73.07.01.00 and 73.07.02.00.

Britain

On April 1, 1973 the British value added tax (VAT) became effective. The new tax, which replaces the British purchase tax and selective employment tax, is chargeable at the rate of 10 per cent on the duty paid value, on virtually all imported goods except foods and children's clothes and footwear. VAT is applied to both domestically produced and imported goods.

In addition, cars are subject to a new 10 per cent car tax which, together with the 10 per cent VAT, will amount to a total tax charge of slightly more than 20 per cent compared to the 25 per cent purchase tax previously charged on automobiles.

Venezuela

The Venezuelan Government has announced a revaluation of the bolivar by 2.3 per cent. In terms of the U.S. dollar, the new rate of exchange is bolivars 4.30 to U.S. $1.

Wanted: Manufacturers

This information is intended to promote additional manufacturing in Canada. Further material on items listed is for prospective Canadian manufacturers only. No responsibility is assumed for claims or statements made. Address inquiries, quoting item numbers, to: Industrial and Trade Enquiries Division, Department of Industry, Trade and Commerce, Ottawa K1A OH5.

Environmental control equipment

German firm is seeking a licensing or joint venture arrangement with a Canadian firm for planning, designing and manufacturing environmental control equipment. A wide range of equipment is offered, including machinery for refuse drying, incineration and composting; gas purification; potable water production; industrial waste water treatment; dust extraction from air and waste gasses, etc. Literature available. **Item 2798.**

Environmental control products and systems

Swedish firm offers under licence the Canadian manufacturing rights to two pollution control systems. The first system encompasses methods, techniques and products for counteracting oil, acid and other forms of pollution. It consists of non-toxic oil-binders, oil absorbers and special neutralization chemicals, technical equipment and systems for use in decontamination of oil spills, and the design and installation of oil alarm stations. This system is designed for use against pollution within industry, in harbours and for fire brigade use. The second system consists of new methods, chemical products and equipment for the treatment and disposal of oil wastes and of industrial and municipal sewage water that has been contaminated by oil, emulsions, phosphates and heavy metals. Literature available. **Item 2799.**

Plastic disposable cutlery

Swedish firm offers under licence the Canadian manufacturing rights for its unique disposable plastic cutlery and cups. Advantages claimed include light weight combined with strength, attractive design, and high speed of production with consequent cost savings. Literature available. **Item 2800.**

Plastic processing machinery

American company offers under licence the Canadian manufacturing rights for its plastic processing machinery. This machinery consists of extruders with screw diameters from one to eight inches; a complete sheet and film extrusion line; a blown film line; a monofilament and slit film line; a wire covering line; and a pipe and profile extrusion line. Literature available. **Item 2801.**

Transmission line safety equipment

Japanese company offers under licence or joint venture the Canadian manufacturing rights to its protective equipment and accessories for use with distribution, transmission and communication lines. This equipment includes polyethylene signs for hydro poles, guy wire guards, polyethylene safety

piping, insulating safety clothing, hot line by-pass hooks, earth hooks, fusing joint covers, adhesive joint tape, ladders, etc. Literature available. **Item 2802.**

Electronic adjustable speed drives

American company is offering the rights to manufacture under licence its electronic adjustable speed drives from 1/4 to 300 hp. These drives are used to control the speed of machine tools, welding positioners, conveyors, textile equipment, printing presses, paper machines, extruders, packaging equipment, hoists, cranes, lift trucks, and in many other applications. Literature available. **Item 2803.**

Building components

Swiss firm offers the rights to manufacture its building components under licence in Canada. These components consist of massive, prestressed, gypsum-type facing panels which withstand shocks, provide excellent insulation and form a vapour barrier. The panels have a core made of expanded clay corpuscles and hard organic foam. They are especially suitable for high-rise buildings, apartments, schools and administrative, industrial, commercial and other buildings. Literature available. **Item 2804.**

Universal drilling jigs

Swiss firm is offering the rights for manufacturing under licence in Canada its universal drilling jigs. These devices are designed for accurate drilling of cylindrical, square, rectangular, polygonal, spherical or flat workpieces, for holes in line or off-centre. They are quickly adaptable to all requirements, using unskilled labour, for one-offs or repetition work. Claimed advantages include substantial savings in manhours, materials, storage and time. Literature available. **Item 2805.**

Disposable fibre-drum

Swedish inventor offers for manufacture under licence in Canada his disposable fibre drum with plastic end walls. The design of the end walls allows the drums to be flexible. The end wall incorporates a peripheral flange for securing the end wall to the drum. The drum can be used for transportation of products, usually transported by steel drums, e.g. oil, chemicals, molasses, paint, etc. The advantages claimed include lower cost of production, light weight, and lower transportation and handling costs. Literature available. **Item 2806.**

Crimped Polyacrylonitrile fibres

Polish state trading agency offers for manufacture under licence in Canada its device for manufacturing bicomponent or multicomponent crimped fibres with spinnerets having 40,000 orifices and more. The device comprises a divider consisting of several ring chambers to which suitable spinning solutions are introduced alternatively, thereby ensuring the introduction of up to several thousands of uniformly distributed streams of spinning solutions. By this method it is possible to produce highly crimped fibres with 4 to 6 tri-dimensional crimps per cm. Claimed advantages of this process include improved fluffiness, wool-like feel, good shape stability and high resilience. Literature available. **Item 2807.**

Table system

British firm is offering the rights for manufacturing under licence in Canada its unique table system designed for use in hotels, motels, public buildings and catering operations. The system consists of one size circular tables from which continuous, uninterrupted lengths of table surface can be assembled by the addition of interspaced leaves. The system permits various shapes and layouts according to requirements. Literature available. **Item 2808.**

International Projects

INDIA — POWER AND AGRICULTURE

The International Development Association has provided two credits totaling $93 million to assist key sectors of the Indian economy — electric power and agriculture.

A credit of $85 million will help finance a $151 million project for the expansion of power transmission facilities in Assam, Delhi, Haryana, Kerala, Madhya Pradesh, Maharashtra, Mysore, Orissa, Punjab, Rajasthan and Tamil Nadu. The project is part of a $622 million program of investments in transmission systems during 1972-77.

The other credit of $8 million will be devoted to the development of agricultural wholesale markets in the State of Mysore. Among those benefitting from the project will be 700,000 small farmers in the state.

IRAN — TELECOMMUNICATIONS

The World Bank has loaned $82 million to assist Iran in expanding the country's telecommunications facilities. Development of telecommunications in Iran has not kept pace with progress in other sectors of the economy. Although telephone subscribers are required to pay a large deposit, there is a waiting list of 90,000 applicants in Tehran, the capital, and more than 54,000 in other centres. The existing facilities are overloaded. Estimates are that the total demand will increase by 15 per cent annually, reaching 1,100,000 in March 1978 compared with the demand of 500,000 at present.

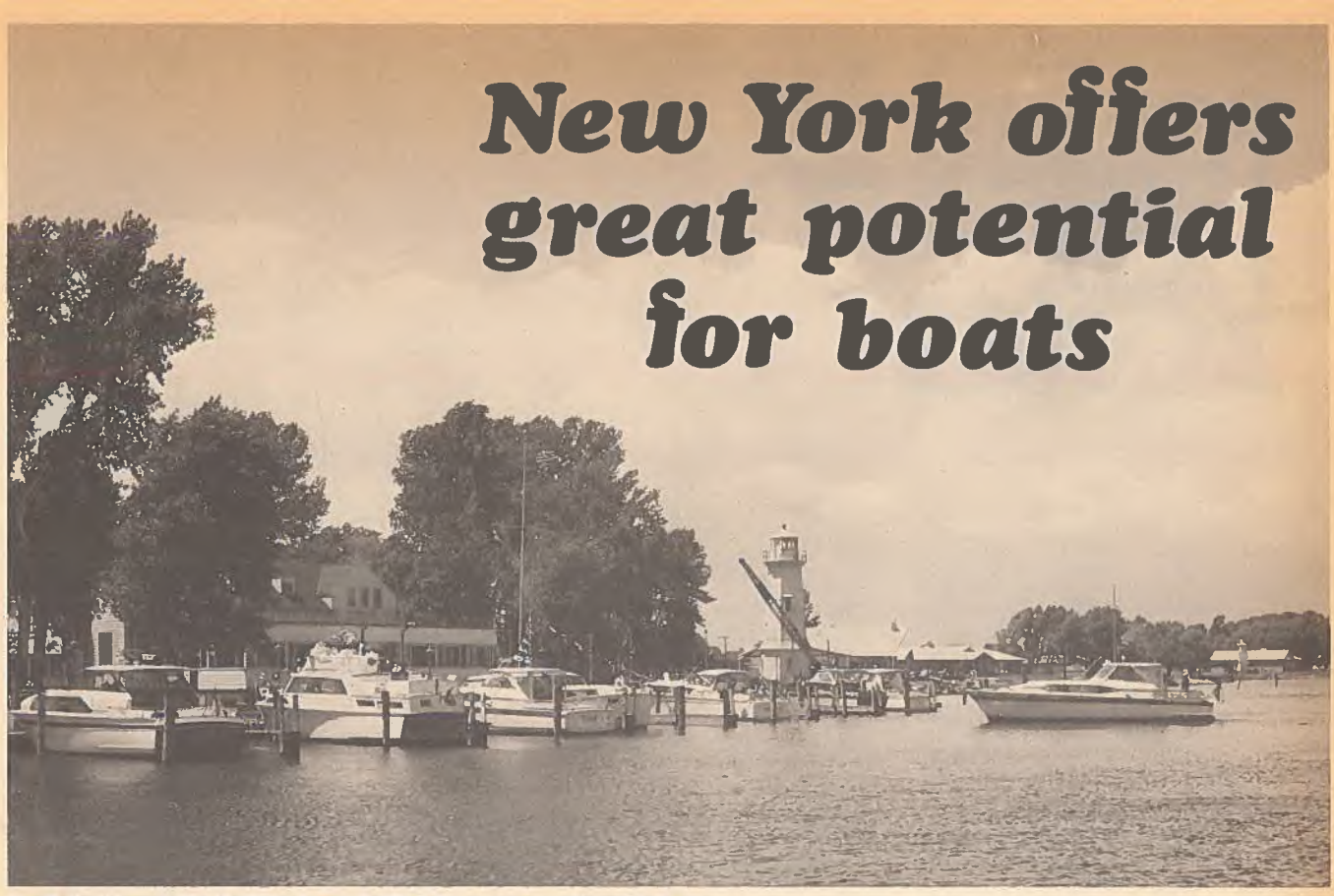
In order to meet the rising needs of a growing economy, Iran is embarking on a telecommunications expansion program involving an investment of about $502 million equivalent under the country's Fifth Plan (1973-78).

Implementing Organization: Telecommunications Company of Iran (TCI), Tehran, Iran.

Procurement: By international competitive bidding.

Consultants: Preparation of switching systems specifications; evaluation of tenders; and verification of system performance will be carried out by consultants to be appointed. Consultants now employed in connection with the ongoing expansion program will be appointed as necessary to supervise expansion of the long distance network. Consultants for training advisory assistance have not been selected.

New York offers great potential for boats



Craft docking at the Buffalo Launch Club for a stay on Grand Island.

JOHN QUIGLEY, Senior Commercial Officer, Buffalo

The Canadian Consulate in Buffalo covers a territory that is a natural haven for boaters and one of the focal points of the boating industry in the New York State region.

Besides Erie and Ontario, the upstate lakes are legion — covering more than 3,500,000 acres and include such large inland lakes as Chatauqua and those in the Finger Lakes region. Smaller lakes are scattered throughout the state, particularly in the Adirondack region in the north, and there are some 70,000 miles of streams for the small boaters and fishermen. As well, there are more than 800 miles of connecting canals and rivers which provide owners of larger craft with an opportunity for extensive cruising. The Niagara River is particularly attractive to boaters because it is protected most of the time from inclement weather.

Natural resources aside, the territory can also boast of an impressive number of marinas, boat yards, launching ramp sites and boat clubs, many of which are owned and maintained for public use by the state or the county. In the stretch of shoreline between Dunkirk, N.Y. and the Thousand Islands alone, there are more than 170 marinas. In the Chatauqua and Finger Lakes regions, there are 65 more.

Needless to say, the market potential for boat manufacturers is great. Although figures on local sales are not available, the territory unquestionably represents a substantial market as more than 300,000 boats are owned by residents of the 39 counties. The heaviest concentration of sales has been in Jefferson and Monroe counties (on Lake Ontario), Erie County (on Lake Erie) and Onondaga and Oneida counties (central New York State).

When considering selling in this territory, a Canadian manufacturer should think of using a manufacturer's representative. By employing such a person, a manufacturer knows exactly what the end cost will be — a fixed percentage of sales in direct proportion to volume. Representatives also provide a vital link between the manufacturer and the distributor or dealer. Apart from making sales and taking orders, an agent can perform a host of other services. Ideally, he is a service man, a troubleshooter and a source of ready, accurate information. He is well known, and can easily introduce new lines of merchandise because of his familiarity with both the company's product and the customer.

Marine distributors are every boat manufacturer's dream, but they are few and far between, at least in this territory. Also, they may carry a conflicting line and be hesitant to take on new ones unless on a consignment basis. Therefore, manufacturers' "reps" usually are a better bet, especially since their coverage is likely to be more extensive than that of a distributor whose area is often determined by the factories with which he is dealing and is thus somewhat restricted.

Locally, boat shows are one of the most successful ways of introducing a new line; the large turnout at these events provides excellent exposure. There are three major boat exhibitions annually within the territory: in Buffalo, Rochester and Syracuse.

The Canadian Consulate in Buffalo is enthusiastic about the market for boats in the area and heartily welcomes all enquiries from interested Canadian firms.

The address is: J.H. Bailey
Consul and Trade Commissioner
Canadian Consulate
1400 Main Place
396 Main Street
Buffalo, New York
14202

MEXICO'S FREE ZONES

GEORGE E. BELANGER, Commercial Officer, Mexico City.

Forty years ago the Mexican Government created Free Zones — border areas where residents isolated by distance and inadequate transportation could obtain their requirements by importing foreign goods without payment of duty. The primary condition was that the imports be consumed exclusively within the designated areas or be re-exported.

Over the years the Free Zones have been valuable sources of foreign exchange for Mexico. Tourism alone accounts for revenues of $575 million a year.

The Free Zones are located at extreme ends of Mexico. One zone in southeastern Yucatan covers the territory of Quintana Roo. The other, most important, zone is in northwestern Mexico and takes in the State of Baja California, the Territory of Baja California Sur and a long, narrow strip of land running parallel to the Mexico-United States border in the State of Sonora. Isolated Free Zone perimeters enclose several towns adjacent to the international border, including Agua Prieta and Nogales in Sonora.

In recent years the Mexican Government has encouraged establishment of border assembly plants in the northwestern Free Zone. Most of these plants are controlled by United States interests and are permitted to import parts, machinery and accessories duty-free to be assembled for re-shipment out of Mexico. Similar assembly operations have existed in the Far East for years but U.S. manufacturers have turned increasingly to Mexico because low-cost, easily-trained labor is readily available and the political situation is stable.

A number of cities in the northwestern Free Zone — Mexicali Tijuana, Ensenada and La Paz — may be of special interest to Canadian exporters.

Mexicali, capital of the State of Baja California, is the sixth largest city in Mexico with a population of 390,000. It is located in an important agricultural area which is a continuation of the lush California Imperial Valley. One-fourth of Mexico's cotton is produced in the area and other products include wheat, alfalfa, barley, vegetables and fruit. Tourism is important but the Mexican government is aiming at greater industrialization.

Tijuana is the principal tourist centre along the Mexico-United States border, with about 12 million tourists visiting the area each year. Local industries include cement, beer, wine, cigarettes, coffee, flour, canned vegetables and lumber. Electronics and other border assembly plants are a substantial source of income in the Tijuana area.

Ensenada is the main port of the State of Baja California and cotton is its principal export commodity. Commercial and sport fishing are big revenue producers and these are supported by boat building yards and repair facilities.

Tecate, fourth largest city in the State, was for many years a small, one-industry border town — its economy depending on a large brewery. However, several in-bond border assembly plants were established there in 1964 and the population has risen from 5,000 to 16,000 in less than nine years. Electronics components and link chain assembly plants, and clay tile factories are the big employers among the new industries.

The vast, sparsely-populated Territory of Baja California Sur lies south of the State of Baja California. The capital, La Paz, has a population of about 48,000. Almost complete lack of transportation and communications facilities has impeded development of the Territory to statehood. A highway to link Tijuana with La Paz has been planned for more than 15 years but construction began only recently. It may be completed next year.

The economy of the Territory is concentrated in mining, commercial fishing and agriculture. There are few factories — one seed oil extraction plant, two cotton gins and several canning and fishpacking plants.

Free Zone imports amounted to almost $349 million in 1971, an increase of about $14 million over 1970. Principal suppliers were the United States, Japan, Panama, Hong Kong, Taiwan, Britain, West Germany, France and Switzerland. According to Mexican statistics, Canadian sales totalled a modest $500,000 in 1970 but that was well up from the 1967 total of $70,000.

There is every reason to believe Canadians can substantially increase sales in the Mexican Free Zones. Opportunities exist for sales of automotive parts, industrial machinery, hardware, lumber and marine plywood, marine supplies, paper and paper products, electrical and electronics products, carpeting, synthetic textiles, clothing and even fur garments.

Canadian exporters interested in the Free Zones should be prepared to supply in small lots because most wholesalers and distributors prefer to order for only about one month at a time from San Diego and other nearby U.S. centres. Quotations should be in U.S. dollars, San Ysidro, California, for Tijuana and Ensenada, and f.o.b. Calexico, California, for Mexicali.

The Commercial Division for the Canadian Embassy in Mexico City has prepared a comprehensive booklet on Mexico's northwestern Free Zone. The booklet includes information about market opportunities, in-bond assembly plant operations and lists of agents and importers interested in receiving offers from Canadian manufacturers. It is available to Canadian exporters by writing to the Commercial Division, Canadian Embassy, Apartado 5364, Mexico 5, D.F.

Italian Chain Stores Gear for Expansion

A tighter distribution system and increasing foreign competition could mean greater opportunities for Canadians.

M.C. SPENCER, Consul and Trade Commissioner, Milan

Though England was once characterized as a "nation of shopkeepers", no country in Europe, perhaps anywhere in the world, has so many stores per person as Italy. While this might seem desirable from the consumer's point of view, it is actually a system that has resulted in high markups and this has contributed towards inflationary pressures in Italy.

Statistics show that at the beginning of 1972, the approximately 55 million Italians had a choice of no less than 898,000 retail outlets — one for every 60 inhabitants! By contrast, West Germany and France (with populations of approximately 61 million and 43 million) had 597,000 and 581,000 retail outlets respectively. There are also more than 300,000 licensed street vendors whose carts, stalls and stands can be found in any Italian city or town. In fact, the Italian housewife on her daily shopping trip can purchase almost all her basic needs from these sidewalk salesmen — often at a saving, if she is a skilled negotiator, as prices are seldom marked.

Most shops are small and highly specialized. Normally family-operated concerns, they rarely occupy more than about 20 square metres (216 square feet). Brand names are comparatively unknown and the Italian shopper bases purchasing decisions largely on knowledge of the store and on price, generally associating a higher price tag with better quality.

Given Italy's profusion of stores it is not surprising that chain outlets, which represent only .01 per cent of all stores, have comparatively little impact. In 1971 chain operations in West Germany and France represented respectively 28 per cent and 23 per cent of total sales; in Italy they took 4.7 per cent. Only two Italian chain organizations, Standa and La Rinascente-Upim, made the list of Europe's 50 largest retailers in 1971. Standa placed 23rd with sales worth $585 million and Rinascente was 27th with sales worth $495 million. Italy's total chain store sales in 1971 were $1.82 billion, and total retail sales in Italy in 1971 were $38.4 billion.

A high percentage of the chain stores are concentrated in the major cities of the north of Italy, the industrial heart of the nation. Milan, the north's commerical hub, ranks as one of the wealthiest cities in Europe with prices rivalled only by Paris. Other major centres in the north include Turin, Bologna, Genoa, Brescia, Bergamo, Verona, Vicenza, Padua, Venice and Trieste, and it is these cities which are the prime targets of chain store operations.

The major chain operations generally are divided into supermarkets and department stores. The latter are nearly all limited to soft goods and can be compared somewhere between the variety stores and discount houses in Canada. In Italy, any store offering a variety of merchandise and occupying as little as 200 square metres (2,160 square feet) is considered a department store.

There is no clear-cut distinction between department and variety stores. There are, perhaps, 100 department store outlets, some of which offer a range of 50,000 different items. Variety stores number about 600 and are geared to quick turnover, stocking perhaps 5,000 high volume items.

In the past, most Italians would have considered the Rinascente and Coin organizations as department stores, with an associated prestige value, while Standa, Upim and Gamma fitted the variety store category. However, the situation has changed rapidly with the opening of many new stores which frequently overlap these former categories, plus the

One of the new Standa stores in a Milan suburb. Note rooftop parking.

development of new discount-plus-food shopping complexes combining the elements of department store, variety store, and supermarket operations. Consequently, there is no attempt in this article to categorize; the term chain is used to describe any major retailing operation with a number of outlets or, as in the case of foreign firms, with plans to establish such a network.

Shopping in Italy is different in several ways from shopping in Canada. Stores are generally open to the public from 9 a.m. to 12:30 and from 3 or 4 p.m. to 7:30 p.m., though there are both regional and seasonal variations. They are closed on Sundays and holidays and often on Monday mornings as well. The hours correspond with regular business hours which provide a long lunch break so workers can return home, a practice favoured by operators of small shops who have the dominant voice in fixing official hours.

Space is at premium in the very heavy traffic in city centres so most chain stores can afford to offer little or no parking for their customers. The newest chain outlets on the fringe areas of the cities are starting to provide parking, but it is often inadequate.

Foreign firms wishing to penetrate this market are faced with a difficult problem of distribution. No agent or distributor could hope to visit even a fraction of the nearly 900,000 retail

Free samples in one of the modern Rinascente-Upim stores, opened last September near Brescia, about 60 miles from Milan.

outlets (of which about 45 per cent handle non-food items). Major Italian firms would have to employ huge sales forces to attempt to reach the countless stores and, in many cases, have preferred to establish their own retail outlets.

It is not surprising, in view of all this, that a number of foreign chain operations have recently started operations here in an effort to reach the middle-income consumer. It has been estimated that chain operations could win between 20 per cent and 30 per cent of all retail sales by 1980.

Among foreign firms starting up here have been Metro from Germany and Carrefour from France, but the most aggressive is J.C. Penney from the United States, which set up an Italian subsidiary in 1969. Its initial venture was a store in the heart of Milan, which has the highest per capita income and perhaps the country's most sophisticated consumer. This store was opened in March 1971 and grossed about $3 million the first year. It has since opened three other outlets in the Milan suburbs.

Penney has concentrated its activities exclusively on the clothing and textile trade and is aiming mainly at the middle and lower-middle income consumer. The store layouts closely resemble American operations with men's, women's and children's wear sections. This was quite an innovation because stores here tend to be industry- rather than consumer-oriented. One buyer handles the full range of any commodity item since it is more convenient for the industry. Following Penney's lead, several of the major Italian chains are now rearranging their layouts.

The Carrefour organization owns half of "Ital-mare", formed in 1961 to develop chain store operations in Italy. Its first department store opened in September 1972 near Milan and several others are planned.

Metro is owned by a group from Duesseldorf which operates 18 large supermarkets in Germany. Its first outlet in Italy was opened in April in 1972 close to one of the new Penney stores in a booming Milan suburb.

La Rinascente is one of Italy's most prominent chain operations and was founded in 1917 in northern Italy. Activities were later extended to all of Italy's major centres and a merger was made in 1934 with UPIM. The group also controls the SMA Supermercati food chain, with 60 outlets. Rinascente's main store in the heart of Milan is the only retail outlet in the country that Canadians would class as a department store. Rinascente now has eight outlets with a ninth scheduled to open in Turin this year and UPIM has about 160 stores. The group has about 12,000 employees in all. Net profits in 1971 were $3.1 million, down from the $5.7 million of 1970.

Rinascente, determined to double sales by 1975 is turning to the self-service system, to reduce personnel and increase efficiency.

Italy's largest chain, Standa, was founded in 1931 and is now owned by the chemical conglomerate Montecatini Edison. Based in Milan, Standa has 223 outlets throughout Italy with more than 23,000 employees. About two thirds of these outlets are supermarkets, while the department stores closely resemble the Kresge or Woolworth stores.

Despite a general slowdown in 1971, Standa is expanding and hopes to achieve a $900 million turnover by 1975. To reach this target it is building large suburban shopping centres combining both food and softgoods. The first such "Maxi Standa" opened last summer at Castellanza near Milan, and 13 other such stores near major metropolitan areas are scheduled to be launched by 1975.

Standa also plans to open a number of small outlets (500 to 800 square metres) in Italy's towns and is considering providing capital or licensing its know-how under some sort of affiliation with existing individual stores. It believes it will thus be able to win the support of smaller shop-owners whose earnings, despite a 4.9 per cent increase in retail prices in 1971, dropped over-all by five per cent.

Such support is essential because these small shopkeepers have until recently been able to limit through local commercial committees the growth of the major chains by delaying or preventing the issuing of licences to open new outlets. In 1971 a new law, No. 426, was passed which was designed to give responsibility for granting licences to the newly constituted regional authorities, who are likely to be in favour of the new chain operations.

Two other notable Italian chain operations are Coin and Gama. Coin, founded in 1903, has its headquarters in Mestre, the industrial complex near Venice. The chain now has 30 outlets and about 2,700 employees; annual sales in 1971 were approximately $50 million. Coin is considered among the most fashionable of the chain stores and is aimed chiefly at the upper middle income bracket. Gamma was founded in 1966 and has 54 stores with head offices in Milan and a total staff of 1,600. Sales in 1971 approached $30 million.

From an examination of the expansion plans of both the established chains and the newcomers, it is obvious there are certain common trends.

(1) Future focus will be almost exclusively on the middle-income consumer.

(2) Product lines will be sharply limited with special emphasis on clothing and textiles where Italy's turnover growth rate far exceeds that in most other countries and where rational retailing should have a rapid impact on raising profits.

(3) Many of the major new stores will be of the combined discount-with-food type, offering comprehensive one-stop shopping.

(4) Most new stores will be located in the north where Italy's wealth is concentrated, but competition and government efforts at decentralization are certain to bring some into southern Italy as well.

There is quite a difference in the promotional techniques used by the older Italian chains and their foreign competitors. Rinascente, for instance, believes that the Italian shopper is more discriminating than his North American counterpart because he has to be more careful of his pennies. He will, therefore, want to see and handle prospective purchases rather than look at pictures of them in a catalogue. Rinascente, therefore, prefers to promote sales by projecting an over-all image of the store or chain rather than promoting individual items. Penny, on the other hand, thinks the Italian consumer can be won in much the same way as the North American and the store's advertising is patterned on U.S. methods.

Street posters and magazines are the usual advertising media, plus some radio and direct mail campaigns. There are 114 daily newspapers in Italy with a combined circulation of about seven million, but most of them are regional rather than national and advertising costs in them are high. Television is not used much because it is still in its infancy here and the only two channels, both government-owned, are national rather than local and operate for only part of the day.

Trade fairs can help the businessman break into the Italian market. Italy is very fair conscious; last year more than 160 were staged, including nine general and 73 specialized international ones. A list of those of particular interest to Canadians that are held each year in northern Italy is shown in the accompanying box.

Between 75 and 80 per cent of the goods on sale are manufactured in Italy. Most of the remaining supplies are from Italy's EEC partners with a maximum of 10 per cent from outside Europe. Much of the buying is done on an industrial basis directly from manufacturers, often on quota contracts. A few of the chains have their own manufacturing facilities for some items.

The chains also send buyers to the major trade fairs in Italy and abroad and on regular visits to other markets. Some maintain their own permanent representatives abroad or have a buying connection with foreign chains or distributors.

What then are the opportunities for Canadian exporters? Partly because of the difficult distribution system, few

Canadian firms have ever really had much success in this potentially large market. Trying to deal with all the small shops is virtually impossible and past sales have been through the chain outlets. With these chains becoming a major factor in the retail market, Canada's chances could be considerably enhanced.

Several Italian manufacturers maintain their own wholesale operations to cater to the needs of the small stores for limited quantity purchasing. A tie-in here could be doubly advantageous for Canadian firms as it would provide access to both the chain operations and the "corner store" merchants.

Canadian companies interested in exploring the new opportunities presented by the major expansions of the Italian chains should contact our Canadian Consulate General in Milan (Via Vittor Pisani 19, 20124 Milan) giving complete product information and prices c.i.f., and we will approach the major chains on your behalf to determine their interest.

Areas which appear to hold some potential for Canada in the consumer market include winterwear and sportswear, children's sleepwear, sporting goods and fur garments. Because the market is very competitive, the items should be unique or at least distinctive and prices must be competitive.

Selected Italian Trade Fairs

Milan International (general)	Milan	April
"Mipel" (furs)	Milan	January
"Macef" (housewares, giftware)	Milan	February, September
"Mias" (sporting goods)	Milan	March, September
International Mountaineering and Winter Sports (sporting goods)	Turin	September
"Samia" (clothing)	Turin	February, September
International Camping	Genoa	March
International Toy	Milan	January

Join Jamaica's Furniture Industry

JENNIFER EUSTACE, Commercial Officer, Kingston

Over the past 10 years the furniture industry in Jamaica has developed from a few small workshops, each employing a handful of men, into a major industry, employing many thousands and contributing to the economy with a gross annual turnover in excess of $8 million.

This growth can be attributed in part to government incentives aimed at encouraging local industry. Today, a wide range of furniture is produced, from utility institutional furniture to handcrafted antique reproductions.

Because the industry began on a small scale without the benefit of modern machinery, emphasis was on craftsmanship. This trend continued as the industry developed and today there is still much hand carving, resulting in a low-volume output of high-quality furniture. It is this feature of Jamaican production which will lead to rapid expansion of exports to North America. Some firms have already taken up the challenge and entered the field, but capital and management expertise is often lacking. We see an excellent opportunity for joint ventures, melding the production line efficiencies and modern techniques of the Canadian furniture industry with the craftsmanship of the Jamaican worker.

The Jamaican Government, through the Jamaica Industrial Development Corporation, offers various incentives to foreign companies setting up operations here, including a 10-year income tax exemption and relief from customs duties and tonnage tax on machinery and equipment.

So far, licensing agreements and joint ventures have been concluded only

in the office equipment field. Many well-known makes of desks, chairs, filing cabinets and furniture systems are manufactured locally under licence. This arrangement has allowed the foreign firm to supply much of the raw material which is imported for this type of furniture. Manufacturers of office equipment are constantly seeking new sources of components and are most receptive to the idea of an alignment with a Canadian firm which will supply the necessary technical assistance to enable the local production of new lines.

Jamaica, although a well-wooded country, cannot rely on its own resources to provide the raw materials for this industry. Native hardwoods, mahoe (an attractive green-grey wood), cedar and mahogany are used to some extent, but the majority of lumber is imported. Mahogany from Central America is the principal wood used, with smaller quantities of plywood, pine and spruce for seats and frames.

Upholstery fabric of all types is used extensively and Canada enjoys an increasing share of this market. Brightly-coloured vinyls are popular and upholster most wrought iron furniture for pool and patio use.

The other major imported item is hardware which, with the exception of nails, is now all imported. Canadian suppliers appear to have overlooked this market to some extent and there are many opportunities which have not been exploited. Price is invariably the major consideration and Canada has a 10 per cent duty advantage over non-Commonwealth countries.

All but the largest manufacturers purchase their requirements through local distributors or agents. Canadian firms interested in supplying the requirements of this rapidly expanding industry should contact the Commercial Division, Canadian High Commission, P.O. Box 1500, Kingston 10, Jamaica for a list of the major distributors supplying this industry.

Canada's Trade Fair Program, 1973-74

The following is a revised list of trade fairs for the remainder of this fiscal year at which the Department of Industry, Trade and Commerce will sponsor exhibits. This list supersedes the one published in the November 1972 issue of *Canada Commerce*. Canadian manufacturers interested in participating, under government auspices, in any of these fairs should contact the Fairs and Missions Branch, Department of Industry, Trade and Commerce, Ottawa K1A 0H5.

1973

JUNE — Paris Air Show, May 24-June 3, Paris.

(Southern pine) Forest Products Machinery and Equipment Exposition, June 1-4, Atlanta.

World Gas Exhibition, June 3-8, Nice.

American Book Sellers Association Exhibition, Los Angeles.

U.S.A. International Book Exhibition, Las Vegas.

Women's Apparel Show (Solo), June 13-16, Los Angeles.

JULY — Retail Jewellers' of America Convention and International Jewellery Trade Fair, July 29-Aug. 1, New York.

AUGUST — Izmir International Trade Fair, Aug. 20-Sept. 20, Izmir.

International Trade Fair, Aug. 31-Sept. 16, Algiers.

SEPTEMBER — International Exhibition of Machinery, Equipment and Instruments for the Timber and Woodworking Industry (Lesdrevmash), September 5-19, Moscow.

Frankfurt Book Fair, Frankfurt.

Japanese Meat Promotion, Tokyo, Osaka.

International Trade Fair, Algiers.

OCTOBER — Tel Aviv International Trade Fair, Oct.23-31, Tel Aviv.

NCWA Junior Fashion Fair, London.

Women's Wear Show (Solo), London.

International Book Production Exhibition, London.

Commonwealth Book Fair, London.

Japanese International Aerospace Show, Oct. 5-11, Tokyo.

Hickory Furniture Mart, Oct. 19-26, Hickory, N.C.

U.S. Sailboat Show, Annapolis.

Japanese Auto Industry and Parts Show, Tokyo.

NOVEMBER — 30th Interstoff (International Clothing & Textiles), Frankfurt.

Inter-Ocean 73, Nov. 13-18, Duesseldorf.

Industrialized Building Exposition and Congress (INBEX). Nov. 27-29, Chicago.

Woman's Apparel Show (Solo), New York.

1974

JANUARY — Hotelympia '74 Jan. 10-18, London.

International Record and Music Publishing Market (MIDEM), Cannes.

National Association of Home Builders Show, Dallas (Institutional only).

Annual Fisheries Promotion, Boston.

FEBRUARY — Men's Wear Show (Solo), London.

MARCH — International Brussels Book Fair, Brussels.

American Association of School Administrators Convention, San Francisco.

PUTTING THE MARKET INTO TECHNOLOGY TO GET TECHNOLOGY INTO THE MARKET

This article reports some of the results of a research study begun by the authors in 1971 which had the objectives of (1) understanding the "state of the art" in Canadian industry with respect to market assessment and (2) determining relationships between market assessment practices and the firm's over-all new product process. Interviews were conducted with management personnel in 152 industrial products manufacturing firms in Ontario and Quebec.

Confidentiality of individual company data was promised and upheld throughout the study. With this assurance, only a few companies felt it necessary to withhold certain information.

Since this article first appeared, in the Summer 1972 issue of *The Business Quarterly*, the study has been extended to include an examination of how new product ideas are generated and how they are first evaluated by firms in Canada.

BLAIR LITTLE, ROBERT G. COOPER and ROGER A. MORE, School of Business Administration, University of Western Ontario.

For a long time, the most common cure for a lack of sufficient product innovation in a firm has been to administer a dose of technology development. In firms with products of high technical content, the common treatment sounds reasonable — more new technology should result in more new products. But in management, as in medicine, treating one element in isolation of the whole system seldom effects the desired cure and frequently produces undesirable side effects. There is evidence that in many firms, increased R&D expenditures amount simply to a prescription administered in isolation with questionable effect on the firm's new product output.

Strength In All Areas — The evidence that more effort in technology development is insufficient therapy for a firm's new product record lies in three recent research studies: an in-depth study of 12 European firms by Hubert Heyvaert and Francois Martou (Innovation, Strategie, Politique de Produit: Universite de Louvain); a study by Professor Isaac A. Litvak and Dr. Christopher J. Maule of entrepreneurs in 47 firms in Canada; and a study conducted by the authors in 152 industrial goods firms in Ontario and Quebec that were believed to be engaged actively in developing new products. Heyvaert and Martou make the point that for profitable product innovation, it is necessary not only to invest in R&D but also to have the ability to manufacture and market the products. The most successful firms in their study were those with a product policy oriented toward the market, and those with "equilibre des ressources", a balance of strength in the functions of Marketing, Production, Research, and Management. R&D expenditures were not sufficient vehicle for innovation success.

The entrepreneurs of the Litvak and Maule study were technically oriented and generally provided their firms with technical capabilities of a "satisfactory calibre". But the "lack of general management sophistication, especially in such areas as finance and marketing", was a serious handicap. Again, strong technology was not enough.

One particular group of firms in our study reported projects with much higher than average technology input — development costs were higher, more new technical skills had to be applied, and the projects tended to be seen as more significant and more risky than average — but the outcomes of the projects were not commensurate with the extra technology input.

The firms were generally not taken into new markets by their projects to any great extent, annual sales levels of the

projects tended to be no greater than for projects reported to have lower technology, and the long-run market potential of their products tended to be much lower than for the lower technology projects of other firms. In this group of firms, the reasonable relationship — more technology begets more new products — failed once more to appear, and once more the reason apparently was a lack of strength in other functional areas. The managers of the higher technology projects tended to perceive their firms to be equivalent to competitors in technical strength, but they tended to feel they were slightly weaker than competitors in manufacturing strength and much weaker in marketing and financial strength.

Marketing Most Neglected — Perhaps the most neglected of management functions in the technically oriented firms is marketing. If there is a weak finance function, management may turn to accountants and bankers for assistance, but there is seldom available a parallel set of easily identified outside marketing services to help in the new product process. More significantly, the technical manager often seems oblivious to the need for marketing help. Litvak and Maule note this phenomenon, and in our discussions with managers in our study we encountered time and again the view that marketing would be a minor problem once the product's technology was developed.

Our discussions with managers focused on the market assessment practices of their firms. These activities are a crucial part of the marketing function in that they can provide the justification for embarking on a new product project, the guidance for developing product features, and the base upon which other elements of the marketing program can be built. Yet the striking feature of many projects we examined was the lack of any careful, explicit assessment of market factors.

In this article, we report the market assessment practices of the firms in our study, the extent of assessment and the kind of information sources used for on-going marketing decisions and for specific new product project decisions. Then we outline some reasons why more and better market assessment isn't carried out and offer some suggestions for improving present practice.

Marketing Information — Managers faced with new product decisions may assess market factors in such decisions by analysing secondary data, that is, historical data accumulated over time in their company records or gathered from governments, trade associations, trade journals and so on. Or they may order special studies aimed at gaining primary data, that is, current first-hand data directly from the market. They may also obtain primary data by calling on the store of market experience that salesmen and others in the firm accumulate informally in the course of their day-to-day activities. Market information for new product decisions may be derived from on-going market assessment activities — activities that could be also feed information into other marketing problem areas such as sales territory analysis, pricing structures, distribution channel analysis, and so on. On the other hand, market information may be gathered specifically for a new product project. Our research attempted to determine the extent and nature of both on-going and new product project market assessment.

The study revealed most clearly that market assessment activities enjoy a relatively minor role in the operations of these Canadian industrial goods manufacturers. Of the 152 companies studied, only 34 employed at least one person who was actively involved full time in market analysis and assessment. Of the 34 firms who did employ such persons, 20 employed three or fewer. Not surprisingly, larger companies more often had full-time market assessment employees than smaller companies, but what was surprising was the large number of very large companies that did not have any full-time market assessment employees.

Those employed full-time in market assessment were for the most part in marketing research or other marketing staff positions. Twenty-two of the firms had established market research departments (including one-man departments), but other positions were also involved full time in market assessment, including planning staffs, sales management, technical staff and, in one case, general management.

In nearly all companies studied, a large number of employees in a variety of positions were considered to make contributions to the market assessment task on a part-time basis, very often on an informal basis. In 125 companies, for example, sales personnel were the source of market assessment data. Sales management was involved part time in market assessment in 119 companies, general management was involved in 69 companies, technical staff in 57 companies, distributors' representatives in 16 companies, and so on.

The most widespread market assessment activity in companies with full-time market assessment employees was the study and analysis of published data. Over three quarters of these companies utilized Statistics Canada statistics; three quarters also used trade journal information; one third used trade association data and two thirds used other literature sources and internal records. Although their employment of full-time personnel indicates at least some recognition of the importance of market assessment, these firms are virtually no use of special market research techniques such as surveys, test markets, prototype tests, etc., and limited use of special studies of customers. They preferred to rely on the routine calls of salesmen and they leaned heavily on published secondary data.

Those engaged part-time in market assessment turned much more to customers as information sources and much less to published data. But in these firms, customer information was generally gathered informally by salesmen, incidentally during sales calls, and there were few firms that handled such data systematically. In total very few firms were actively engaged in generating original market data through specialized marketing research techniques.

Market Assessment for New Products — Of all the times spent on market assessment by the firms studied, on both a full-time and part-time basis, about 25 per cent was spent gathering and analysing market data, both primary and secondary for new product decisions. The median manpower expenditure on market assessment was about 225 man-hours per new product project. When we compared the time spent on market assessment with the dollars spent on R&D we found half the companies invested less than three and a half hours in market assessment for each $1,000 of project development cost. (We suspect this figure of three and a half hours is slightly inflated above normal levels because our questions likely encouraged some interviewees to overstate their time estimates).

As might be expected, the amount of market assessment effort for any specific project was related to the amount of money at stake in the project — the cost in the event of failure and the potential

sales and profits in the event of success. The more at stake, the more market assessment conducted. The uncertainty managers felt about market factors also influenced the amount of market information sought. When the new product involved the firm in new markets, and when there were potentially a large number of different kinds of customers, more market assessment was conducted.

Companies differed in their preferences for primary and secondary data. Companies that had a greater dependence on new products (a high proportion of their current sales were from recently developed products), and companies that were more active and experienced in new produced development (had developed a large number of new products recently) made much greater use of primary market information sources when working on a new product project than did companies less oriented toward new products. The new product oriented company also expended a greater effort gathering their regular ongoing market data from primary sources. When new products involved markets that were new to the firms, there was more tendency to utilize primary data, and the same was true when products involved newer technology.

There is no simple standard against which to judge whether the firms in this study, as a whole, conduct the "right" amount of market assessment. Clearly, a considerable number were seriously deficient. We had related to us many cases where even a moderate amount of attention to market factors would have saved thousands of dollars. There were many other cases where a considerable effort was devoted to assessing the new product market, but even in these cases it was apparent that much more market information of great value to the new product process could have been obtained with just a little more effort. Our over-all impression is that most industrial goods firms would profit immensely by developing a more active and more skilled market assessment function.

The Roots of Reluctance — A lack of market orientation in the firm was the chief reason for minimal market assessment. In the firms where managers revealed a reluctance to undertake market studies, there seemed to be an indifference toward market considerations which bordered on aversion. Such attitudes among managers were frequently coupled with a strong technical orientation. In firms where marketing is neglected, product developers may be blinded by their new technology and fail to see their product's disadvantages. In one such firm a clever designer combined two separate functions in one piece of equipment, stocked dealer inventories and waited expectantly for the flood of orders. After six months, a trickle of sales and $300,000 of development costs, the designer for the first time called on some contractors and dealers to find out what the potential buyers had missed. A modest pre-development market assessment study would have told him what he had missed, and told him what features were needed to make the product successful. Instead, like many technical people, he felt if the product performed better technically the world would beat a path . . . and who needs market assessment?

In many firms, managers were conscious of the need for market information but lacked the necessary expertise to determine the kind of market study needed to determine the amount of money worth spending on a study, or even to determine where to turn for outside help. In these firms, the good intentions, even though tempered by acknowledged amateur approaches, generally resulted in reasonable strides being made toward gathering required data. It was in these firms that good future progress could be anticipated, that a modest additional effort would pay good dividends.

There are, of course, certain barriers to market assessment that even good intentions and marketing expertise would find formidable. Some kinds of market data that would be useful to the new product decision are extremely hard to come by. Industrial goods buyers are often very difficult to assess and their actions are frequently difficult to predict. Further, it is becoming more and more necessary to assess the customers of your customers. The task is complex and time-consuming.

No less complex and perhaps more slippery is the question of how much market assessment spending is enough. Mathematical solutions are so far not very meaningful for the manager and rules of thumb are hard to devise that will work in a succession of different project situations. With expenditures hard to justify, it is easier to decide to underspend than to overspend. This barrier will be difficult to beat. (As part of our over-all research program, we are attempting to develop a system that surmounts this barrier, but at best we hope for some useful guidelines rather than a definitive solution.)

Another barrier is the problem of assessing the market for a new product without revealing prematurely the features of the product, or even the fact that a new product is being planned. Especially in industries where product advances are evolutionary and competitors can match advances quickly, secrecy is crucial. Curiously, we usually found that the firms with least to hide in the way of product advances were most concerned about secrecy. (Perhaps with little to hide they needed every edge they could find.) Some firms, however, have ingenious ways to circumvent the secrecy problem; others rely on speed of development to reduce the secrecy threat.

Paths to Improvement — A useful first step along the path to improving market assessment practices is to size up where such practices stand on the firm's scale of importance. Is market assessment a sometime thing to be indulged in on a whim, or is it a deliberately planned, continuing activity that stands as a vital input to marketing planning? In new product projects, is market assessment a reaction to difficulties or is it an integral and crucial element of the new product process? It is considered to be a luxury the company can't afford, or is it a necessity that cannot be avoided? Answers to these questions will help establish whether there is a supportive atmosphere where market assessment activity might flourish.

It might also help the market assessment "audit" to use the descriptions of company practices presented in this article as benchmarks of sorts to set against the individual firm's experience. A number of questions might arise. Are specific primary data studies conducted frequently — ever? Has anyone attempted a careful comparison of the cost of a market assessment study against the potential loss (or added gain) in the event assumptions about the market are incorrect? Can market data be utilized in new product decisions without suffering the distortion of an excessive orientation of technology development? These and other "audit" questions suggested by a benchmark comparison will help to detect shortages and imbalances, and indicate the over-all strength and position of the market assessment function.

If the decision is made that the firm's market assessment function is to be

bolstered, management will have to judge whether the manpower and expertise to be added should reside within the firm or should be called in from the outside. For most purposes, an internal addition promises more in the way of introducing a market orientation to all aspects of the firm's operations, and more familiarity with the firm's unique practices and problems. The danger is that unless the full support of management is extended and frequently reinforced, the added expertise may be swamped by the waves of precedent.

Marketing research firms and consultants may not have the intimate knowledge of the firm that would seem desirable but they are likely to bring to bear a useful perspective on the firm's market assessment practices in general and an outsider's objectivity to specific issues. They may also be useful in overcoming some of the secrecy barriers. Perhaps additions to the market assessment function should include a measure of both internal and external expertise, depending upon the deficiency that is being remedied.

The Balance — Lest anyone take this discussion to mean that technology development is unimportant in new industrial products, or that technologists, after all, are more a hindrance than a help, it should be clearly stated that without new technology there would not, by definition, be new products. The statement that is being made here, though, is that technology is not enough, and that, according to our research findings, market assessment is probably what needs most to be added to the new product success formula. It is not an overstatement to say, as one industrial goods executive did, "The critical factor in the success or failure of new product development today is making sure your research people are marketing oriented." But even the tonic of more and better market assessment isn't the full cure. Successful new products are the output of a system which is treated as a whole, where a vigorous market assessment function is a prominent part of an integrated new product process.

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Robert G. Cooper and Roger A. More are doctoral candidates at the school of Business Administration, U.W.O. Mr. Cooper holds Bachelor's and Master's degrees from McGill University and an M.B.A. from U.W.O. He will take up the position of Assistant Professor at McGill University this summer. Mr. More, an engineering graduate from the University of Alberta, holds an M.B.A. from U.W.O. and will shortly become Assistant Professor there.

Their research was supported in part by a grant from the Department of Industry, Trade and Commerce to the Associates' Research Fund of the School of Business Administration. U.W.O.

Try a Bash at Buzkashi

Some Canadians are finding there is more to Afghanistan than mountains and a primitive life — opportunities under UN auspices, for instance.

PHILIP STUCHEN, Department of Industry, Trade and Commerce

People don't usually welcome a combination of snow and wet weather, but that is what the people of Afghanistan — foreigners as well as locals — have done the last two falls and winters. The explanation is simple: the country had gone through extreme drought conditions for two successive years — 1970 and 1971 — resulting in untold loss of animal and human lives; and heavy snows during the winter of 1971-72 (and again this winter) brought smiles and relief to millions.

Nobody really knows, however, exactly how many Afghans these are. There has never been a national population census and, for official purposes, the figure of 16 to 17 million is used. A scientific sample survey is, however, being undertaken under US-AID auspices — a country-wide census as we understand it is, for several reasons, almost out of the question: inaccessability of several mountainous regions; a nomad population numbering perhaps two million; misunderstandings caused through language, religious and illiteracy difficulties, and apprehension of the census takers by the rural population because of tax levying, the military call-up and other local reasons. Early forecasts of the sampling trends were beginning to reveal considerably less than the maximum 17 million — possibly 10-12 million.

But while the Afghans may not know their exact numbers, most outsiders — Canadians included — are not exactly clear even where Afghanistan is. To say that it is next door to Iran, or south of Russian-Tashkent, or adjoining Pakistan does not quickly conjure up this landlocked area that varies from the harsh Hindu Kush mountain range in the north to fertile valleys and desert regions in the south-west. In size it is about the equivalent of Saskatchewan (251,000 square miles) and at a guess about 15

A de Havilland Twin Otter with Bakhtar Afghan Airlines on the gravel strip at Bamiyan, one of Afghanistan's major tourist centres.

times that province's population. Kabul, the capital, with half a million inhabitants, is the largest of only six centres in the country claiming more than 100,000 population. Situated 6,500 feet above sea level along the meandering Kabul River and in a mountainous setting, the city leaves visitors with the feeling of being on top of the world — and the old world at that!

It is necessary to speak of Afghanistan's location, climate and population since it is with such basic data that strangers become immediately and directly involved. For instance, Canada's current aid program has been food contributions made available because of the two years of drought and the severe hardships that have followed and still prevail in many parts of the country. An allocation of $700,000 of wheat was supplied in 1970-71; a further $1,000,000 in 1971-72 and another $1,000,000 wheat contribution which is being distributed there in 1972-73. It is intended that Canada will provide food aid until the effects of the drought have been overcome. A shortage of animal feed resulted in the early slaughter and starvation of a large number of sheep, which means that revenues from the exports of karakul, wool, skins, casings and carpets — normally constituting over 50 per cent of the annual total exports of $85 million — will be seriously reduced. Afghanistan is classified by the UN as being among the world's 25 poorest developing countries, measured by the yardstick of $100 or less per capita income; some experts would go so far as to include it within the first 10.

Another Canadian involvement has been a development loan expenditure of $1.275 million for the purchase of two Twin Otter aircraft which were delivered in October, 1971. Two Twin Otters had been commercially purchased in 1968 and had initiated the operation of the internal air service — Baktar Afghan Airlines — separate and apart from the international airline (Ariana Afghan Airlines) which serves Delhi, Beirut, Teheran, Moscow, Paris and Frankfurt. The Twin Otters, supplemented by small versions of the Russian Ilyushin aircraft, offer reasonable transportation to Afghans and visitors travelling to and from several centres — Kandahar, Herat, Kunduz, Mazare-Sharif, Maimana, Jalalabad; and tourist flights to Bamiyan and Bande Amir, scenic sites starting to attract European and American visitors. (Since most roads and, particularly, accommodation are still less than satisfactory, air travel from Kabul offered on daily runs of less

than one hour is still the normal and recommended routine.) In this connection, the supply of hotel and tourist accommodation could well be considered as potential Canadian investment possibilities.

Less than a year ago an Ontario firm won a WHO contract to do an engineering study on water supply for the city of Kabul. This feasibility study, which will take two years and cost half a million dollars, will prepare long-range plans for the development of water, sewage and drainage systems. With about a dozen or more Canadians on hand to do this survey — some with their families — the Canadian population in Afghanistan has almost doubled. The other Canadians are also mostly on UN assignments. This contract was awarded in an international competition and indicates that Canadian technical talent and engineering abilities are not being overlooked.

Since Afghanistan has one of the heaviest rosters of UN personnel and experts serving any developing country, it follows that Canadian technicians are to be found there under the auspices of FAO, ICAO, WHO, ADB (Asian Development Bank), and UNCTAD—GATT ITC (International Trade Centre). About 35 to 40 Canadians, including men, women and children, managed to celebrate Canada Day in Afghanistan last year.

It is worth noting the contribution being made by the UNCTAD—GATT International Trade Centre. The centre — which has involved two Canadians in Afghanistan, to date — is attempting to broaden Afghan's export base and to build up the indigenous personnel within the Afghan Ministry of Commerce. Training officials in the newly established Export Promotion Branch of the Ministry means getting down to the basics of teaching English, ordinary office procedure (which we take for granted), export promotional techniques, and fostering a greater awareness of production methods and potential export products. Eventually the more promising trainees are sent to trade promotion seminars in Geneva and to those target countries where their goods are marketable — both in Europe and the Middle East. Display and selling missions are invited to attend well-known trade fairs in Europe.

New ground was broken in May, 1972, for example, when a well-organized mission, during its tour of Sweden, actually showed goods for the first time at the Gothenborg International Trade Fair. Substantial business was done in products varying from antique guns to dried apricot kernels. In turn, buying missions from EEC countries were to be invited to Afghanistan.

The country's total exports are worth less than $100 million — more in the range of $80 to $85 million in recent years — with imports a third more at approximately $120 million. By 1975 it is anticipated that total exports could reach $115 million. A wide variety of traditional agricultural exports have been, over the years, reaching immediate neighbours. Karakul furs, wool, raw cotton, fresh fruits, dried fruits and nuts, medicinal herbs, animal casings, oilseeds, natural gas, rugs and carpets constitute the entire list. Fresh and dried fruits and nuts normally make up about a third of total exports; karakul sales through the fur auctions in London make up the chief hard-currency earner, as well as carpets purchased mainly by British, Swiss and West German buyers.

Most of the country's exports of wool go to the U.S.S.R.; nearly all the raw cotton goes to Czechoslovakia and the U.S.S.R.; fresh fruits are shipped to a traditional Indian market and dried fruits and nuts have been sold almost entirely to the U.S.S.R., Pakistan, India and the People's Republic of China, although more recently European countries are also buying. Since 1967, natural gas has been pipe-lined to the U.S.S.R. and now accounts for about 15 to 20 per cent of the total value of exports. Canada is a very minimal recipient of Afghan goods with posteens (made-up fur apparel) accounting for most of the $110,000 and $152,000 imports listed for 1970 and 1971 respectively.

Although there is some noticeable beginning of private manufacturing and commercial investments, most of the country's requirements are imported and foreign project aid finances the bulk of capital goods. Recent statistics show the U.S.S.R., India and Japan as the three largest suppliers, — together accounting for half the total commercial imports. It should be noted that trade negotiations (imports as well as exports) are maintained by bilateral trade and payment agreements — barter arrangements — with the U.S.S.R., the People's Republic of China and Eastern European countries; controlled currency trade agreements with Pakistan and India; and the multilateral area trade led by Japan and followed by Britain, the United States and West Germany. Again, Canadian exports have been limited to specific aid or loan contributions involving wheat, wheat flour, aircraft and spare parts; files and rasps from time to time and, recently, used men's and women's clothing, which lends a colourful sight when combined with the local dress — this last item, by the way, ranks as the U.S.'s largest export to Afghanistan, worth about $2 million. It is sold in the popular used-clothing bazaars in Kabul and elsewhere in the country.

Canadians as UN aid technicians and experts, engineering and consulting firms are finding their way to Afghanistan, but Canadian commodities are much less known to Afghans (aircraft being about the most frequently identified). Even Canadian hippies — along with hundreds from other countries, chiefly European — have sought refuge in the Afghan primitive life. Afghans visiting Canada are represented by about 26 students who have studied in Canadian universities and institutions, under Colombo Plan auspices. But there is a growing awareness on both sides which should certainly favour more Canadian exposure to Afghanistan.

And, as a final suggestion, businessmen should time their trip to Afghanistan to take in the finals of the national game of buzkashi, a sort of football on horseback with a stuffed calf skin as the ball. The finals usually take place in early October in Kabul and are as exciting as the Grey Cup.

Mr. Stuchen, a member of the Department of Industry, Trade and Commerce, recently returned from Afghanistan where he spent 14 months on secondment to UNCTAD/GATT International Trade Centre in Kabul.

DAVID MAGEE, Assistant Editor, *Canada Commerce*

Paperwork is not the most popular of subjects, and in the case of export transactions, documentation can become a burden of nightmare proportions. But now there is a new way to turn the situation to advantage.

A Canadian Trade Document Alignment System (CTDAS), incorporating many trade documents used in Canada and required by foreign import regulations, is being introduced this month. Sponsored by the Canadian Organization for Simplification of Trade Procedures (COSTPRO), a recently formed organization joining a variety of concerned industry and government interests, the CTDAS will permit substantial reductions in the cost of producing and processing trade documentation.

Trade document alignment is a proven technique affording substantial cost savings. It makes possible for the first time "one-run" reproduction of domestic and company-generated forms compatible with a wide variety of trade documents designed outside Canada over which Canadians have little direct influence. Experience in other countries using similar systems shows savings of up to 70 per cent and even higher may be achieved in the cost of preparing and processing documents. The disproportionately high cost of handling export paperwork can therefore be reduced by the CTDAS to a level more in accord with domestic business and provide a useful fillip to export competitiveness.

The CTDAS has many advantages. While it is possible to use an aligned series of documents without the added benefit of one-run reproduction methods, this will not do much to reduce the amount of typing required to produce a full set of export documents but it does offer certain advantages: forms used are all the same size, making easier typing, filing and storage; uniform position of information makes transcription easier and facilitates document checking, and a standard position for names and addresses allows use of window envelopes, reducing over-all typing requirements. It is also easier to familiarize new personnel with document processing requirements.

However, the most important economies are realized when an aligned series of forms is combined with a master form and an office duplicating machine. There are further advantages: only one document, the master, to be typed; only one document, the master, to be checked; only one document to be corrected; only one document to be referred to in search for details; only one typing of repetitive information, regardless of number of copies needed.

These factors all add up to tangible and substantial savings; reduction in requirement for skilled clerical staff; reduction in time required to produce documents; increased accuracy; increased legibility; increased ability to control export order processing due to simplified document processing.

The Trade Document Alignment System does not remove the need for paperwork but it does reduce drastically the burden of preparing export documents and the attendant costly delays. As use of the system becomes general, it is quite possible standard alignment commercial documents will replace many of the special forms now required. The system should also pave the way for increased use of electronic data transmission and elimination of much of today's paperwork.

Until aligned systems based on an internationally-accepted layout were introduced, export documentation had not even begun to keep pace with modern handling and transporting techniques. All too often, paperwork piled up, halting goods movements and increasing costs.

Over the years, requirements for export documents came from different sources and for different reasons and exporters had little influence over layouts and formats. Forms were produced in a bewildering variety of shapes and sizes and it was not uncommon for 12 or more different sets of papers to be typed in as many separate operations for just one export shipment.

To add to the misery, there were many instances in which so many copies of a single document were required that it had to be typed twice. To make sure the information was accurate, each typing had to be carefully checked but the typist was usually under pressure of a deadline so errors were made. These required correction, which meant more work and time. The process was slow, costly and irritating. Indeed, the grief involved in paperwork has been one reason some companies have, in the past, shied away from exporting.

The only factor common to these numerous sets of documents was the repetitive entry of much of the information required in each set. When means were found to make internally and externally generated documents the same size and the forms were redesigned so that the same information appeared in the same area on each document, a fully aligned series of documents was created.

Then, when a key or master form was drawn up that could contain all the repetitive information needed on all of the forms, it became possible to reproduce all the sets and copies needed from a single typing of the master. Using the Canadian Trade Document Alignment System, it is possible to type one master

Simpler Export Documentation

which can be used, with the aid of a relatively simple office duplicating machine, to duplicate all the documents needed to process an export shipment. Information not required on any given document is easily omitted by means of a simple masking device attached to the master and any unique inputs required for individual forms can be added later.

Aligned export systems are not new and development of aligned one-run methods has taken place in many countries over a period of time. Individual exporters and forwarding agents in Canada have been making partial use of alignment principles for some years.

The general approach was to align as many internal forms as possible with the most commonly used external document. There were a number of instances in which exporters coupled this limited alignment with one-run procedures to achieve interesting results both in costs and time. However, the lack of national or international standardization severely curtailed the scope of these individual efforts.

The first successful national standardization attempt was made in Sweden in 1956 with adoption of common standards for certain commercial and official documents. The other Scandinavian countries followed suit. When these standards were incorporated in users' documentation systems, considerable cost savings were realized.

Then the subject of alignment was taken up with the United Nations Economic Commission for Europe (ECE). A committee was organized and by 1963 international standards had been established for layout and paper size. In co-operation with the International Chamber of Shipping, the design of an ocean bill of lading was aligned with the new international standard master, which by then had become known as the ECE layout key. The way had been opened for wide-spread adoption of an alignment system based on the ECE key.

Since that time the number of countries creating national systems based on the ECE master key has steadily increased. Actually, the point has been reached where a list of countries using, or in the process of establishing, ECE-based national documentation systems would match a roster of the world's major trading nations.

Along the way, there have been developments of significance to Canadian exporters. In 1965 Britain introduced a standard series of documents based on the ECE master key. Other Commonwealth members have followed suit and, at this time, the United Nations Conference on Trade and Development (UNCTAD) is helping to introduce the system to developing countries.

As a result of work done by the Commonwealth Economic Committee, 26 nations have accepted aligned versions of their certificates of value and origin, and more recently the Customs Co-operation Council has recommended that customs regimes accept aligned certificates of origin. Extremely important is the fact that there are now more than 300 shipping lines using a compatible standard bill-of-lading format recommended by the international chamber of shipping.

The approach taken to alignment in the United States has been of particular relevance from a Canadian standpoint. Before 1970 a great deal of work on document standardization had been carried out by the U.S. Department of Transportation in co-operation with the National Committee on International Trade Documentation and an aligned series of documents had been put into effect.

Although there were close similarities between the ECE key and the U.S. master document, there were some important differences in layout. But at a meeting in Geneva of the Group of Experts on the Simplification and Standardization of External Trade Documents the differences were resolved to the point where the two approaches were considered compatible.

This development cleared the way for work on Canadian standard trade documents. The Canadian Export Association began preliminary drafts for a compatible Canadian alignment system and several drafts were prepared, first under the aegis of the Canadian Export Association; later the Canadian Shippers' Council became involved.

The drafts were circulated to different elements in Canada's trading community and government and were modified many times until finally approved. When the Canadian Organization for the Simplification of Trade Procedures was formed, it was logical that it should take a direct interest in the CTDS. A committee was formed to publish a handbook on the alignment system and release is set for this month.

Exporters, international carriers, bankers, trade forwarders, marine insurers, government agencies and others involved in filling out, specifying and processing trade documents, should give the CTDAS serious consideration. Copies of a detailed handbook describing the system, with the help of illustrations, are available from the Canadian Government Specifications Board, c/o the Department of Supply and Services, 88 Metcalfe Street, Ottawa K1A 0S5.

Market Facts for Decision Makers

Analyses of Canadian imports of a variety of products are available, free, from the Import Analysis Division, Department of Industry, Trade and Commerce, Ottawa K1A 0H5. The following list details those prepared in 1972. If you would like the Branch to prepare an analysis for you, write to its Chief or to the Industry Sector Division that handles the product you are interested in.

Report No.	Subject and Period covered
1-72	Steel bars, stainless and alloy, April to June 1971
2-72	Inorganic esters and salts, April to July 1971.
3-72	Gasoline engines, January to July 1971
4-72	Prosthetic devices, October to December 1970
5-72	Polystyrene resins, June and July 1971
6-72	Tapered roller bearings, April to June 1971
7-72	Window shades and blinds, July to September 1971
8-72	Phenol-formaldehyde resins, July to September 1971
9-72	Water testing products — chlorine level, April to September 1971
10-72	Rubber coated fabrics, July to September 1971
11-72	Carbon steel bars, August to October 1971
12-72	Monoacids and derivatives, July to September 1971
13-72	Household refrigerators, July to September 1971
14-72	Isocyanates, February, June, September and November 1971
15-72	Hardware, July to September 1971
16-72	Tank heads, September to November 1971
17-72	Photographic enlargers, July to September 1971
18-72	Oxygen function acids and derivatives, July to October 1971
19-72	Glass forming machinery parts, June to November 1971
20-72	Electrical insulators, May to October 1971
21-72	Chronometers, July to October 1971
22-72	Printing, writing and reproduction paper, January to June 1971
23-72	Tufted carpets, June to November 1971
24-72	Outerwear, two months 1971
25-72	Air and gas compressors, September to December 1971
26-72	Alloy tool steel bars, October to December 1971
27-72	Surface active agents, January, April, July and October 1971
28-72	Telegraph apparatus, October to December 1971
29-72	Paper bags and multiwall sacks, September to November 1971
30-72	Polyurethane foam, October to December 1971
31-72	Dairy and milk products plant machinery, April to June 1971
32-72	X-ray and related equipment, October to December 1971
33-72	Methane derivatives, April, May, June, July, October, November, December, 1971 and January and March 1972
34-72	X-ray film, unexposed, October to December 1971
35-72	Polyester yarn, December 1971 and January and February 1972
36-72	Motor homes, February to April 1972
37-72	Chain saw parts, September to November 1971
38-72	Phenols and phenol-alcohols and derivatives, October to December 1971
39-72	Plastics materials, not shaped, October to December 1971
40-72	Grinders and grinding machinery, January to March 1972
41-72	Sphygmomanometers, January to March 1972
42-72	Life rafts, inflatable, January to March 1972
43-72	Derivatives of hydrocarbons, October to December 1971
44-72	Rayon broad woven fabrics, February to November 1971
45-72	Bending and straightening machines, metal working, January to March 1972
46-72	Distributors and assemblies, January to June 1972
47-72	Knitted fabrics, February and October 1971
48-72	Sensitized photocopy paper, October to December 1971
49-72	Air conditioning units, April to June 1972
50-72	Fungicides, March to May 1972
51-72	Plastic containers, January and February 1972
52-72	Diesel marine engines, April to June 1972
53-72	Air conditioning and refrigeration equipment, April to June 1972
54-72	Aerosol value assemblies, January to March 1972
55-72	Polypropylene film and sheet, April to June 1972
56-72	Knitted pants, May 1971 to April 1972
57-72	Halogen and sulphur compounds, January to March 1972
58-72	Thermocouple wire and cable, April to June 1972
59-72	Pipe fittings, September to November 1971
60-72	Cellulose plastics, October to December 1971
61-72	Generator sets, April to June 1972
62-72	Rubber weatherstripping, April to June 1972
63-72	Pulleys/sheaves, April to June 1972
64-72	Golf carts, April to June 1972
65-72	Photographic film, plates and cloth, October to December 1971.

Explore the Czech Market: There's Business There

D.S. BAKER, Commercial Secretary, Prague

Czechoslovakia, with a population of more than 14.3 million, is a highly industrialized country which carries on about 70 per cent of its trade with other Socialist countries. In 1971, it had imports totalling some $3,900 million of which $1,160 million came from non-Socialist countries. About half of these latter imports were supplied by only nine European countries and mainly by Czechoslovakia's four major European trading partners: the German Federal Republic, Austria, France and Italy.

During the same year, imports from Canada were valued at less than $7 million, although Czechoslovak exports to Canada exceeded $30 million. This spread in the balance of trade is one of the better indications that there's plenty of room for Canadians to expand sales in the country.

Czechoslovakia's fifth five-year plan, from 1971 to 1975, emphasizes modernization of industry, increased productivity, industrial rationalization and concentration of investment in selected areas; the chemical and engineering industries, for example, have been given high priority. Though the major share of foreign trade will be maintained with Socialist countries, Czechoslovakia hopes to expand trade with other countries and Canada has a definite place in its plans. In fact, much of the machinery, equipment and technology needed to ensure the completion of projects under the current five-year plan must come from Western countries and Canada should be able to accommodate some of these requirements.

All import and export transactions in Czechoslovakia are handled by foreign trade corporations, each specializing in a particular branch of trade. The appropriate foreign trade corporation is the normal first contact for a visiting Canadian businessman. In addition, and usually in conjunction with a visit to the foreign trade corporation, a visiting businessman will want to see the actual users of his product or service. In the case of industrial products, this might entail a visit to one of the industrial trusts responsible for a branch of industrial production.

It might also be useful to call on the appropriate government ministries, research institutes or other organizations directly involved in a particular field of interest. A number of different organizations are generally involved in any substantial purchase decision so it is important to ensure that a product is well known by all of them. The business visitor will probably be asked to leave price quotations on his products.

Czechoslovak foreign trade corporations do not act as agents of a foreign corporation and will not undertake the costs of such selling activities as advertising, translating promotional and technical literature and arranging informational seminars. The businessman, therefore, must have some arrangement in mind to build sales in the market and prices should, as in Canada, be structured to cover the cost of servicing, advertising, public relations or an agent's commission.

Language differences should not present a problem as an English or French-speaking interpretor will be supplied by the foreign trade corporation providing the appropriate official does not already speak one of these languages. It should be remembered that Czechoslovak standards are metric and the electrical system is 220 volts, 50 cycles. The representative of a Canadian company should be able to give technical specifications in the metric system even if his company literature does not yet show it. Basically, Czechoslovakia follows general European technical standards.

One or two visits to Czechoslovakia will make it easier for a businessman to assess the market potential and make plans for further promotion. Marketing strategy will depend, of course, on the product. However, it will eventually be necessary to consider the various ways and means of promotion available within the country. For example, advertising in technical journals is possible and trade show participation should be considered.

As in other markets, it is important to know the potential customers in the Czechoslovak market and to be persistent. Before visiting Czechoslovakia, a businessman should make an appointment with the appropriate foreign trade corporation. Advice and assistance in making appointments is offered willingly by the commercial division of the Canadian Embassy in Prague. After setting up an appointment, the businessman should make hotel reservations well in advance as rooms are difficult to obtain most of the time. Several sets of literature should be brought as the foreign trade corporation official will need them to bring the products to the attention of the major possible users. At least four or five sets are recommended.

The number of organizations involved and the need to plan most imports causes a cycle of purchasing which may seem slow to a newcomer. However, this is normal. There is a trend to more home representation by the 11 domestic agencies which are licensed to represent foreign manufacturers. Generally speaking, Czechoslovak interest is high in sophisticated, technologically advanced products and the Canadian business visitor will be well received. For further details about this market write to the Commercial Secretary, Commercial Division, Canadian Embassy, Mickiewiczova 6, Prague 6.

A letter from Buffalo
To: The Canadian Business Community

Gentlemen,

The conclusion I came to, after an initial five-day swing through New York State on a familiarization tour, is that we are missing substantial opportunities in our own back yard. This "tour of territory" as it is known in the trade is standard practice but especially important when a trade officer first arrives at a post because it enables him to become familiar with his domain and develop an over-all sense of perspective about it as a market area. In our case the territory covered by the Canadian Consulate in Buffalo consists of New York State, with the exception of the vertical New York City — Albany area. It has a population of over five million.

So, I doffed the mantle of civil servant in favour of the cloak of a manufacturer's rep. and headed south of Buffalo towards a number of centres between Jamestown and Binghamton all linked from west to east by Route 17 along the Pennsylvania border. What I discovered in those five days in this southern part of the territory was as surprising as it was enlightening and I very much look forward to a repeat experience when I visit the northern part of the state, including Plattsburgh, Malone and the import market areas around Rochester and Syracuse.

Perhaps one of the things which most impressed me during my trip was the omnipresence of industry, its diversity, the size of many of the individual companies and the number of medium to large-sized enterprises located throughout the state. Every town seems to have a number of manufacturing plants. A small community such as Wellsville can boast of the Turbine Division of the Worthington Corporation (1,000 employees), and the Air Preheater Company (700 employees), which is a subsidiary of Combustion Engineering manufacturing heat exchangers and industrial fans. Painted Post, (population 3,000) houses two Ingersoll Rand companies, one producing large compressors and the other gasoline engines. Next door to Painted Post the "suburb" of Corning is headquarters for the famous glass manufacturer of the same name whose sales last year were in excess of $700 million.

The diversity of New York's industry is equally broad. Many towns have a surprisingly wide industrial base. The town of Endicott, for example, has two companies founded locally by a pair of mutual friends back in the 1930's — the multi-billion dollar IBM Corporation and the relatively small Endicott - Johnson shoe company whose sales last year were $160 million. The state as a whole contains a cross-section of technology in virtually every economic sector, from consumer goods to heavy industrial plant and equipment.

The number of individual manufacturers of substantial size in New York State is staggering. It is common to find towns with several firms employing 200 or more workers: Jamestown for example, where 23 companies fall into this category. The Binghamton area alone numbers approximately 10 manufacturers who each employ more than 500 people.

During my trip I called on many of these firms and was well received. Their relationship to Canada ranged from none at all, through purchasing ties to subsidiaries. I listened passively at one point while the purchasing director of a large firm in Wellsville said that he often receives representatives of European and Japanese firms but "never sees a Canadian". His company purchases castings worth $2 million annually, plus large volumes of other items. The purchasing director of Corning Glass, who has 10 full-time buyers under him, sources certain basic chemicals in Canada but he is also in the market for other items such as machinery, refractory bricks, castings and pollution control equipment. Your reps should be calling on his organization.

Footwear manufacturers might be interested to know that the Endicott-Johnson Corporation, which is primarily a footwear manufacturing company, also owns 800 retail chain stores for which they import shoes and boots worth about $3 million annually.

Similarly, one of the larger Jamestown furniture producers, who brings his chair frames all the way up from Virginia, would welcome offers from Canada.

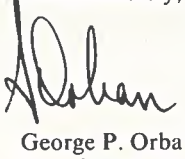
In other areas you might be surprised to learn that there are 35 independent utilities in New York State, any of which could be customers for our treated poles, line hardware, transformers and other items of electrical equipment. The story repeats itself . . . property developers to whom we could sell precast concrete for new buildings, an automobile company which will be installing a new differential manufacturing facility in Syracuse, a Dallas manufacturer of potato chips who will be setting up a plant near Binghamton — a natural customer for food processing equipment.

What struck me, apart from the opportunities for Canadian suppliers to expand in the market, was how little the Americans appeared to know about Canadian industry and what a great psychological barrier the boarder is to many in terms of fulfilling their requirements. They were "afraid of the documents", or were used to dealing with a U.S. supplier, or thought deliveries would take longer from Canada, and a multitude of other misconceptions. I tried to break this barrier down but your aggressive presence would certainly help.

Lastly, after talking with individuals in commerce, manufacturing, and public service organizations I came away very impressed by the degree of optimism about the economy. In spite of general grumbles about high taxation and labor union problems, many firms are preparing to expand their production and enlarge their facilities.

If you are interested in tackling our market area, please contact the Canadian Consulate in Buffalo and be prepared to quote laid-down, duty-paid prices. With the assistance of the U.S. Division of the Office of Area Relations, Department of Industry, Trade and Commerce or your customs broker or freight forwarder, this should provide no problem and it will enable us to help you get into New York State. If your salesmen or reps are already travelling east-west in Canada they might get even more business if they include the centres of population in our territory. These may appear unobtrusive on a map, but they represent one of America's largest market areas, right in your own back yard.

Yours sincerely,



George P. Orban
Vice Consul (Trade)

Mexico Still Needs Hospital, Medical Equipment

GEORGE BELANGER, Commercial Officer, Mexico City.

Social reform in Mexico had its genesis in the Revolution and was provided for in the country's new Constitution of 1917. Since then Mexico has developed large-scale programs of social security and has established medical-aid organizations to protect the health of workers and their families. The three most important are The Ministry of Health and Welfare, The Mexican Social Security Institute and The State Employee Security and Social Services Institute.

Familiarization with these organizations, how they operate, their scope of responsibility and buying practices — is important for Canadians wanting to sell hospital and related equipment to Mexico.

Ministry of Health and Welfare — This Government Department provides its services on a nation-wide basis and, over the years, has undertaken many successful campaigns against disease and epidemics. Among the more successful are the battles it has waged against malaria, poliomyelitis, tropical skin ailments, tuberculosis, whooping cough and diphtheria. The fight against poliomyelitis has been particularly successful and the disease has been almost totally eradicated.

The Government operates some 450 medical centres throughout the country including national institutes for nutritional diseases, cardiology, respiratory diseases, cancer, mother-child care, the Children's Hospital and the General and Juarez Hospitals. More than 20 million people benefit each year from these services and another 2.5 million benefit from the cultural, vocational guidance, dietary advice and family counselling provided through agencies of the Ministry.

The Mexican Social Security Institute — In early 1944, this organization began operations and was made an obligatory public service for workers and their families. At the outset, it maintained only 32 small centres providing 1,400 services and covering 355,500 worker members. In 1971, however, the Institute covered 10.5 million people, or 20 per cent of the population. Today the Institute has more than 950 medical centres and gives upward of 35 million consultations a year. There are 115 medical centres now being constructed and 106 additional units were to have started early this year. By 1974, the Institute is expected to increase its hospital bed capacity to 24,700 and clinical dispensaries to 5,700 from the 4,400 which existed in 1970.

The Mexican Social Security Institute is by far the largest builder of hospitals and clinics in the country. To carry out its construction program, the Institute maintains a large staff of architects and a co-ordination planning division using the latest systems and innovations of modern technology. Local construction materials are invariably used in the Institute's building program and accordingly opportunities for consultative work are small and would be limited to highly sophisticated designs or techniques.

The State Employees Security and Social Services Institute — Created in 1960, this organization provides government employees with social services. It runs 170 clinics and hospitals for 1.5 million members and as of June 1970, it had performed 52,000 surgical operations, made 37,000 deliveries and given more than 8 million consultations.

Though socialized medicine in Mexico has made substantial advances, primarily benefitting the low-income workers, numerous excellent private hospitals and clinics are operating in the country. Both in the public and private sector, however, there is a need for more doctors. Currently, there are only about 30,000 physicians for 50 million people or one doctor to every 1,500 inhabitants. The Canadian ratio is one doctor for every 717 persons.

In 1971 Mexican imports of optical, photographic, measuring, checking, precision, medical and surgical equipment totalled $59.2 million compared with $66.8 million in 1970. While these imports dropped off, furniture, bedding and similar articles rose in 1971 and reached $1.6 million compared with $1.2 million for 1970. Pharmaceutical purchases abroad in 1971 reached $7.6 million, compared with $5.3 million a year earlier.

The largest buyer of medical equipment is the Mexican Social Security Institute. Last year its budget was $903 million, or 47.5 per cent of the nation's total expenditures for health, welfare and social services. The Institute annually buys $900 million worth of equipment, instruments, drugs and other supplies. Of this, $4.8 to $6.4 million is imported and comprises mainly specialized electro-medical equipment and instruments. The bulk of domestic purchases are for drugs, medication and basic hospital furnishings.

To sell to the Mexican Social Security Institute or a similar Government agency, manufacturers must register with the Ministry of National Patrimony. It is also recommended that they register with the purchasing department of Mexican Social Security Institute. An application for registration should show the name of the manufacturer, company officer, antecedents of the business and the product line, plus descriptive literature and prices. A list of past and present customers should be included as well as a statement of financial responsibility, which is useful for documentary background. For electro-medical equipment, availability of local servicing facilities will be an important factor in any sales.

Regardless of whether a local agent is appointed or not — and the use of one is recommended where volume sales are made with many customers — registration is a prerequisite for future sales to government agencies. If engaged, an agent will make the necessary arrangements for the registration of a firm and its product. Another advantage of hiring an agent is his familiarity with local marketing customs and his sales contacts, particularly with government agencies.

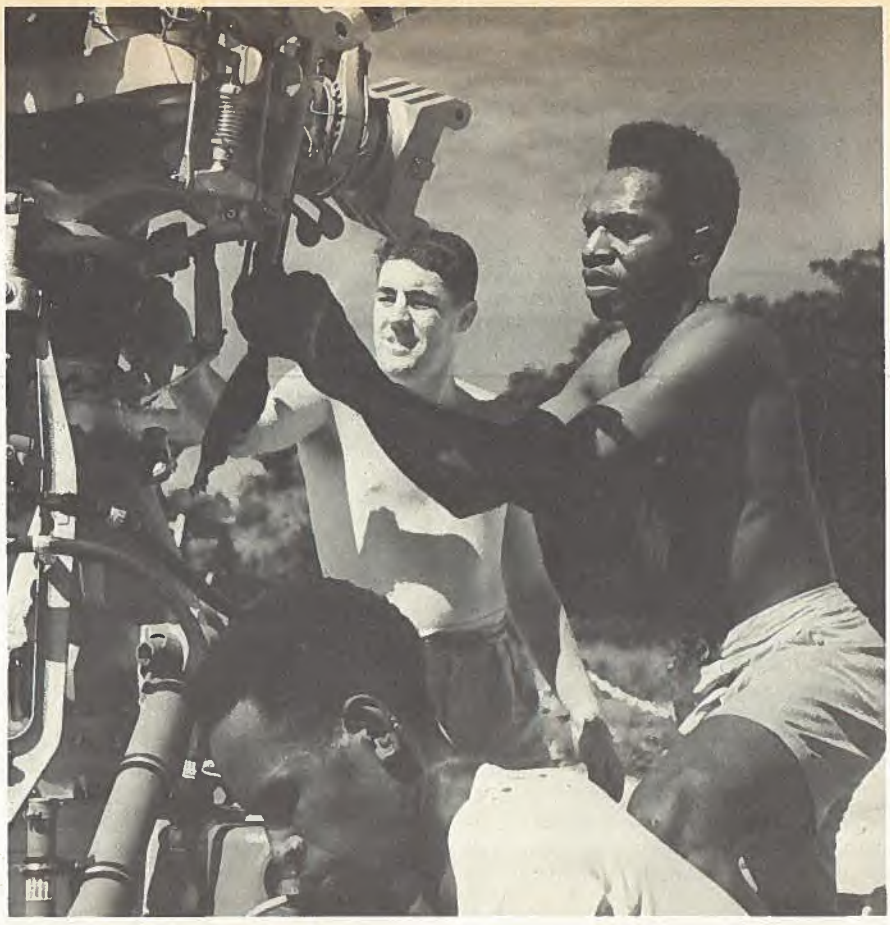
The best approach to this market, however, is a personal visit. A better appreciation of competition can be drawn and a more selective assessment of a potential agent made.

Canadian manufacturers of hospitals and medical equipment and related instrumentation who wish to explore the Mexican market are invited to write for a market booklet prepared by the Commercial Division of the Canadian Embassy, Apartado 5364, Mexico 5 D.F. The booklet is called Market for Hospital, Medical, Scientific Equipment, Instruments and Supplies in Mexico and lists the main imports and corresponding import duty rates, plus a comprehensive list of potential Mexican agents and importers.

There's More Than Waving Palms

in these Melanesian islands of the Pacific.

HARRY J. HORNE, Commercial Counsellor, Sydney



There's more than waving palms . . .

During the winter season particularly, even a listing of the various Pacific Islands that come under the territory of the Sydney office brings to mind the zephyr breezes and waving palm trees of the tropics. Trade between Canada and these islands — Papua New Guinea, British Solomons, New Hebrides, New Caledonia, Fiji — could be a lot better than it is. Our exports to these islands are less than $2 million. There are, of course, limiting factors such as the low purchasing power of the islands, the nearness of competing suppliers (particularly Australia), the lack of direct shipping connections and the high cost and delays in transhipments.

But market opportunities do exist here, and businessmen planning trips to the Pacific Rim countries will find calls at the islands rewarding in many ways. Goods from Canada that stand the best chance of success here include canned fish and meats, textiles, pressure lamps and stoves, outboard motors, logging and mining machinery, building materials and small aircraft.

Another way Canadian firms can benefit is in carrying out any of a wide range of feasibility studies which these developing countries require to justify aid and development programs in such fields as hydroelectric power, highways, airports, timber and mining projects and tourist related facilities. Some Canadian firms are already active in this area. Interested firms are invited to contact the Department of Industry, Trade and Commerce, Ottawa, or to write to the Canadian Government Trade Commissioner in Sydney.

Importers of tropical produce too are invited to explore the possibility of purchases from the area because, as incomes rise, so does the capacity to finance imports — some, hopefully, from Canada.

Papua New Guinea, now administered by Australia, is likely to become self governing by the end of this year, with independence to follow later. The "localization" of administration and, as far as possible, private business gathers speed.

The economy is at a low ebb due to depressed prices for exports of tropical goods and the effects of disastrous frosts that were followed by drought and famine in many highland areas. One bright spot is the Bougainville Copper project developed at a cost of $400 million.

Principal imports are metal manufacturs, machinery, foodstuffs, and transport equipment with Australia the main supplier. Canada sells canned foodstuffs, specialized machinery, grinding balls, and non-electric lamps and stoves.

British Solomons Islands Protectorate has an economy based on copra and log exports and is considered an undeveloped paradise. It also is moving towards self-government. Cyclone Ida in May 1972 caused widespread havoc and losses in the main forest areas. Australia is the principal supplier of the foodstuffs, building materials, clothing and chemicals, which are the chief imports.

The New Hebrides is governed by a French-British condominium and imports most of its goods from Australia. Recently the unrestrictive tax laws have attracted many international banks, finance and multi-national companies and the area might become the "South Pacific Bermuda".

New Caledonia is an overseas territory of the French Republic and has nickel as its basic resource with the one large producing company, "Le Nickel", being by far the largest employer. France is the main supplier, followed by Australia. Canada exports canned foods, timber and prefab houses. International Nickel and other mining companies are trying to set up mining and milling operations there.

Fiji, which became independent in 1970, is more developed than the other islands. Tourism is expanding rapidly and has recovered quickly from the severe damage caused by Hurricane Bebe late last year.

Fijian imports follow the usual pattern, with Australia again the main supplier. Canada imported raw sugar worth $7.7 million in 1971 from Fiji.

The languages used in Fiji include English, Fijian and Hindi.

Canadian transformer goes to Colombia

Montreal Harbor's floating crane, the Hercules, makes light of this 167,000-pound load. It's the first power transformer made for export at the new Quebec plant of ASEA Industries Ltd., and is being transshipped to a freighter for Colombia. Destined for the Alto Anchicaya Power Station on the Cauca river, it's one of three being made for Colombia's new 220-volt a.c. power network. The contract is valued at approximately $750,000 and represents some 25,000 man-hours of employment. The $12 million plant was opened at Varennes, near Montreal, employs more than 200, and is busy making transformers for Canadian power utilities and for export.

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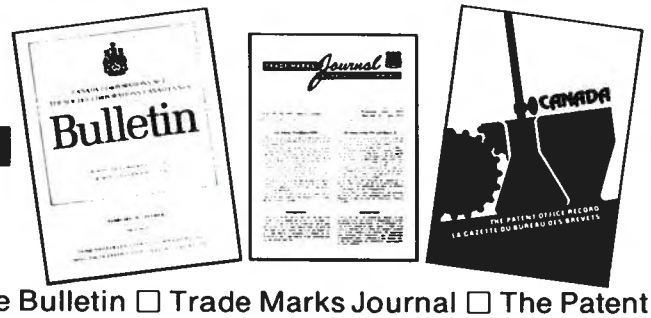

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