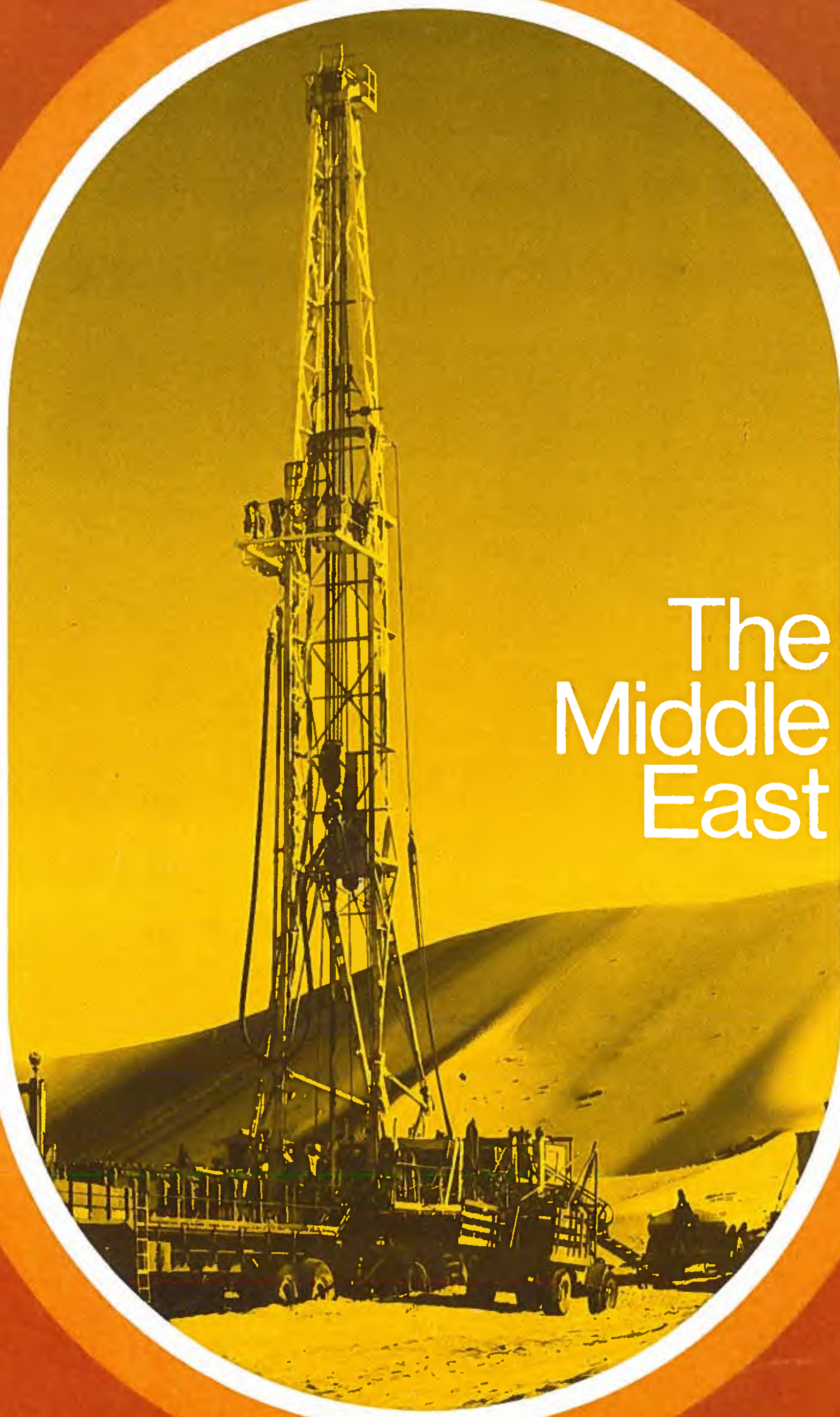
June 1973

Canada Commerce



It'll never be the same...

Fifty years ago a remarkable man forged a link between Bermuda and Canada of a kind that is probably unique in the world. The man is Sir Harry Butterfield, Honorary Commercial Agent for Canada.

Born in Bermuda 75 years ago, Sir Harry was sent to Montreal's McGill University in 1915. The following year he found himself a signals sergeant in the McGill Battery of heavy artillery headed for the fighting in Europe. He was awarded the Meritorius Service Medal for his part in the Passchendaele offensive of 1917.

Returning to Bermuda after military discharge in 1919, Sir Harry was named a Rhodes Scholar and went to Oxford to study law where he met two Canadians who became his friends for life — Roland Michener and Lester Pearson.

Sir Harry graduated with a degree in jurisprudence but joined the family bank of N.T. Butterfield and Son. He did not start at the top by any means; his early days with the bank were spent stamping letters, carrying drafts and "polishing the handle of the big front door".

But having spent so much time with Canadians, he wanted to see commercial activities between Bermuda and Canada encouraged. So, as Sir Harry puts it: "I announced myself to be Bermudian ambassador to Canada and to date no one has questioned it. I even went on the air in Ottawa during a Bermuda Trade Development Board promotion and said the same thing without incident."

As the years passed, Sir Harry's career advanced in banking, political and sporting circles and he became an even more valuable friend of Canadians. At the end of World War Two, the then Canadian Minister of Trade and Commerce, C.D. Howe, asked Sir Harry to become the Department's representative in Bermuda for a fee, but "I wrote and told him that I had been doing this job since 1923 for nothing and that I had done a damn good job. I agreed to go on doing it under the same conditions and he wisely accepted what must have been a difficult situation for him."

And so Sir Harry continued to do what he had been doing for more than 20 years — answering inquiries from Canadian businessmen, vetting petitioners, assisting with all kinds of commercial undertakings between the two countries, and co-operating with the New York office of the Department, through which he operates.

Now Sir Harry is retiring as Canada's "ambassador" to Bermuda and as Bermuda's "ambassador" to Canada. In April the Hon. Alastair Gillespie flew down to Bermuda and presented Sir Harry with a quilt made in Lunenburg County, Nova Scotia, with a special Bluenose motif.

Canada Commerce

Vol. 137 No. 6 June 1973

In This Issue

Perhaps English never was such an exact language as some people would like to think it was — or is. Perhaps there have always been woolly words, and phrases like the Third World (what country is not a developing country?). What, for instance, do the two words Middle East define in exact geographical boundaries? No matter what they define at other times, however, in the context of this issue they define only those countries that are covered from the Trade Commissioner's office in Beirut — twelve in all, if you include all the countries within the United Arab Emirates as one country.

Oil, of course, is the main source of income for this territory, but revenue from oil can buy a lot of other things, even consumer goods, imports of which have risen sharply in recent years. But the Middle East articles in this issue describe in more detail what each country needs and how you should go about selling your product.

Exports are usually thought of as tangible products — consumer goods, equipment, machinery, ore, even the results of surveys generally end up as maps or plans. Few people think of music as an export, yet it is export business that brings in vast sums of dollars. Ritchie Yorke, an Australian and the subject of our lead article, is probably as up to date as anyone on what gives in modern Canadian music circles — rock music, that is. Not being purists on this subject, we shall not define just what rock music is or isn't.

Canadian music is still in somewhat the same position as the home prophet, still largely without honour or recognition. But it is on its way, already worth about $100 million a year. One Canadian group alone is reported to be grossing around $4 million a year. Modern music can be very big business: the Beatles did not get their decorations just for getting up on a stage and performing.

Articles

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Publié aussi en français.

maple music

Sweetening the Economy

DAVID MAGEE, Assistant Editor, *Canada Commerce*

There he was — standing in the hotel room doorway — a horrible, hairy hippy with long blonde hair and straggly moustache; coat stolen no doubt from one of Napoleon's men at Waterloo; black bellbottoms with dozens of silver studs running up and down the legs; big black boots with heels around a yard high. It was Ritchie Yorke himself, come to be interviewed.

That in itself is unusual because the shoe is more often on the other foot, with Mr. Yorke poising the pencil, for he is a rock music journalist extraordinaire — his byline appears regularly in many international music publications.

He is also something of an entrepreneur, having helped propel a number of musicians to stardom and having been one of the moving forces behind last year's successful Maple Music Junket (in which European media people were brought here to observe Canada's pop music scene). Ritchie has his friends and he certainly has his enemies but most people will agree he is extremely well-connected in pop music circles.

Naturally, Ritchie is up to date on all the fan magazine stuff — the names of all the records and who's doing what with who — but his appearance tends to belie the fact that he also possesses considerable savvy about the business end of rock 'n' roll which must rate as one of the weirdest yet most lucrative industries known to man.

A transplanted Australian, Ritchie was among the first people in this country to push for more Canadian content on our airwaves. He has been harshly critical of Canada's broadcasters and they have not been reticent about returning the barbs, but there are now regulations which say that a certain percentage of Canadian music must be played by the broadcasters.

The regulations have had great impact on the music industry. Recording facilities have proliferated and international-quality musicians have sprung out of the woodwork all across the country. Canadians now know they have home-grown talent just as good as the imported product.

But that's all been written about many times in the past year or so. What hasn't had as much attention is the potential of the music industry as a dollar earner. Which brings us around to why Ritchie Yorke was standing in my hotel room doorway not long ago.

He looked like someone who might pull out some pot or some stranger concoction; instead, it was a small disappointment to watch him light up a cigarillo as we settled down to the business of the interview. After he got in a few obligatory shots at the Establishment media ("They lack any real belief in what Canadian talent can do for this country"), we talked about what pop music can do for a country's economy.

"Financially, it's enormous," he said. "No British politician has ever come out and said in so many words — but it's pretty obvious it's true — that the Beatles, and the various things that have happened after the Beatles, actually saved Britain from economic ruin."

The Beatles' music, he said, set off a chain reaction. "The Beatles themselves brought hundreds of millions of dollars into Britain . . . and then Mary Quant with fashion . . . the Carnaby Street thing . . . London as a swinging tourist centre . . . all of the other rock groups . . . the films. All of these things blossomed after the Beatles had opened the door. It wasn't hip to be British until the Beatles came to town, then they opened the doors for a whole new contemporary culture."

Ritchie mentioned *Time* magazine's cover story on rock music, which estimated it is now a $3.3 billion-a-year industry — the biggest form of entertainment in history, surpassing by far movies and television.

"But," he said, "that figure, I think, is far too conservative. My estimation is that it's about $5 billion. But they *(Time)* probably aren't taking into account personal appearances and so on. I mean, the record side of it alone is $2 billion and music publishing has got to be worth another billion or more — and then there are all the gigs."

Other people close to the action echo Ritchie's comments. In a brief conversation recently, music magazine publisher Walt Grealis predicted something of an economic boom for Canada if our music industry ever really gets going and he pointed out that it's already worth about $100 million a year. However, virtually all the major record companies operating in Canada are subsidiaries and much of the money earned here is going out of the country.

Not to take anything away from Ritchie Yorke, but Walt Grealis was a Canadian music advocate before Ritchie was even quite sure where Canada was on the map. He was promoting our talent long before most of us realized it existed. He, like Ritchie, referred to the Beatles' incredible success and its effect on the British economy.

He predicted that if some Canadian group came on the scene with the same sort of impact as the Beatles, tremendous world-wide interest in other Canadian products would develop very quickly. He said this isn't as far out a possibility as it might seem. Many people, he claimed, are watching Canada because nothing really new musically is happening in Britain or the United States — and English is the international language of music. And where English isn't sung, French is popular, so Canada is in a good position from that point of view.

Stan Klees, who operates his own consulting firm for record companies and broadcasters and who was interviewed by telephone, also pointed to the Beatles' story and said: "There's no measuring the potential impact on the economy if the Canadian music industry becomes an international force."

It is not hard to find someone who will tell you what is needed to get the industry really moving. All kinds of people have good ideas in that regard but Ritchie Yorke suggested that more entrepreneurs are required. "We need people who will go in there and gamble . . . that spirit of adventure is what has made the English and the Americans so good in the music scene."

More than anything, Ritchie said, Canadian-owned record companies should be encouraged. But he admitted money is a problem. "It's a high-risk business and the banks won't touch it. We've probably got to establish some kind of government fund from which money would be available to be repaid over a period of time."

Walt Grealis went along with the idea of government loans and suggested provision might be made for these to be forgivable under certain circumstances. But he frowned on any thought of subsidies. "For one thing," he said, "the taxpayers would scream."

Hand in hand with music's high risks go some very heavy expenses. It is not unusual for an album to cost $20,000 before the master tape even goes out of the recording studio. Add to that the bills for pressing the records, and then distributing and promoting them.

But looking at it another way, distributing a record is a lot simpler and cheaper than distributing, say, a farm tractor. Master tapes are mailed all over the world and the records are pressed in the countries in which they will be sold. That is a fairly cheap proposition (at least the mailing is) and it means that music is potentially an excellent export commodity.

The Winnipeg rock group, the Guess Who, provides a good example of the kind of international success that is possible in music, even if Beatles-style impact isn't achieved. The group grosses, in round figures, $4 million a year. It has had one million-selling single after another and has sold millions of albums as well.

The Guess Who has put a lot of its money back into Canada in one way or another. First, by paying out huge amounts of income tax and second, by investing heavily — mainly in real estate in this country. Among the Guess Who's holdings are some Winnipeg apartments and a huge shopping plaza in Edmonton.

As Ritchie Yorke said: "The growth of Canadian music is like having a totally new industry — one that doesn't pollute the air or destroy our natural resources."

He admitted, with a wry grin, that some people might bemoan pollution of the airwaves. "But anyway," he said, "why should we pour millions of dollars into other countries through buying their records and attending their artists' performances . . . why not have some of it ourselves. Economically speaking, you just cannot argue against every encouragement of a Canadian music industry." □

Ritchie Yorke.

Ahead in their Fields

Two companies two ways to success

DAVID MAGEE, Assistant Editor, *Canada Commerce*

Advertising salesmen get absolutely nowhere at Roy W. Emery Limited but Gidon Industries Inc. attributes much of its success to advertising. The paradox is that both organizations are extremely successful in their fields.

Roy W. Emery Limited is a firm of consulting engineers. Gidon Industries Inc. makes automotive mufflers. They do not have a lot in common — except for a couple of points. They both work awfully hard at what they do and they are both completely Canadian-owned.

The head offices of Gidon Industries Inc. are in a big new warehouse in an industrial park near Toronto International Airport. The decorating obviously was done by a professional and president Don Kirsch's office features plenty of wood and warm, deep tones. There is an impressive desk but Mr. Kirsch claims to spend a lot of his time with his feet up on the window shelf watching the airplanes. The warehouse part of the building is, well, it is a warehouse.

The automotive after-market is a highly competitive place, with who-knows-how-many companies vying for a slice of the pie. Gidon sticks to one product area — mufflers — and does what it does so well that now it occupies a dominant position in Canada and the United States.

Gidon first entered the U.S. market about 10 years ago and Mr. Kirsch was asked if this wasn't a bit like the old refrigerators-to-Eskimos or coals-to-Newcastle routine. He replied: "We were

Don Kirsch

Roy Emery

attracted by the sheer size of the market compared to Canada and at that time our dollar was in a favourable position and the duties were too. It wasn't going to cost us too much to get into the market. Also, our production costs in Canada were more favourable than those in the U.S. and so we started out with our standard replacement product relatively evenly matched with our American competitors."

Mr. Kirsch said his company decided to make itself known as an innovator with a reliable product. "Normally, automotive parts were in drab, warehouse-type packaging," he said, "so we took a consumer approach to it. We gave our product a certain attractiveness that others didn't have. I mean, there's nothing very attractive about a muffler, but if a muffler can be attractive, then I guess ours is as attractive as any on the market."

There was something else that was basic to the company's success. A regular line of mufflers might require 375 types but Gidon engineers, according to Mr. Kirsch, were able to reduce this requirement considerably. As an example he mentioned the recently-introduced Mufflow line which consists of only 26 types and which enables a distributor to service the same market with a substantially reduced inventory.

Asked how his then-small company went about getting into the United States, Mr. Kirsch said that a real involvement in the target market is required. He said it is not an easy job for a small company because a lot of information about the market must be obtained.

"I guess you can run into a terrible snag," he said, "if you go into a market and you don't know the first thing about it. You can make a lot of mistakes. For example, you can pick the wrong people to represent you . . . you can get your pricing all wrong . . ."

Mr. Kirsch admitted that Gidon may have started with a bit of an edge on other small companies: "I had represented American companies in Canada and I gained an insight into how they went about the business of merchandising."

However, he said, Gidon was not able to hire marketing consultants and, in any event, probably could not have found anyone who could have pinpointed a market for it. Mr. Kirsch suggested that marketing consultants are of limited value to a small company such as Gidon because "I don't know if we ever would have had the money to do the things we would have been advised to do."

"In other words," said Mr. Kirsch, "you have to get out there and do it yourself."

He said that once it was decided to get into the U.S. market, he called on various sales people with whom he was acquainted to recruit them as representatives for Gidon. He said: "We found out what companies did the best job in the United States and we went after their representatives to work for us." But Gidon was careful not to get into any, as Mr. Kirsch called them, "conflict situations."

After that, said Mr. Kirsch, he started travelling. He went from Detroit south, working with the reps on selling trips. "I didn't miss a single working day," he said.

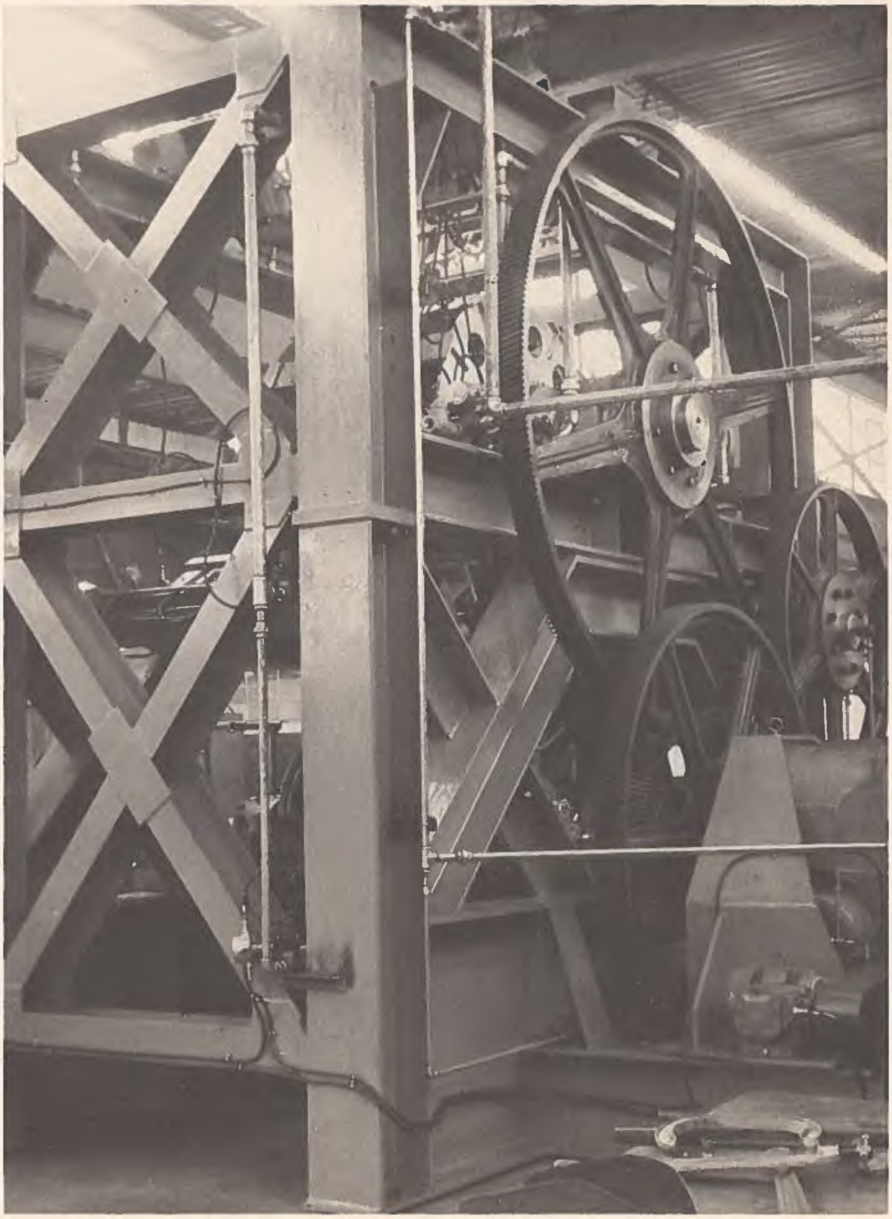
Mr. Kirsch admits business was far from spectacular in the beginning but "people were prepared to give us a shot at it. Our concept interested them and they bought."

That is an important point, said Mr. Kirsch. "Somewhere along the line you have to develop a concept of what your company is and what the product is . . . and stick with it. Presumably, one muffler is pretty much the same as another. You have to have an approach that interests people — and we did."

Next time you find yourself in a stoplight drag race, take a look at the souped-up car in the lane beside you. Chances are it has Thrush mufflers, one of Gidon's most popular lines in the United States and Canada. As far as Mr. Kirsch is concerned the hot-rod image has done the company no harm at all.

"We're considered innovative by our customers," he said, "and we want to appear that way. If people see we are

Emery-designed machine for mass production of caseless ammunition.



innovative in our performance products they will feel we are the same way in our standard lines."

It is worth mentioning that Gidon was first runnerup for automotive Product of the Year in 1970 and then won the top prize in 1971.

Roy W. Emery Limited is an award-winning company too — the 1970 Canadian Consulting Engineering Award of excellence — presented for the company's $1.5 million pulp moulding plant for Kymmene Aktiebolag of Kuusanniemi, Finland.

Roy Emery started out as an independent consultant 20 years ago after a successful career working for other people. He had only $5,000 cash but plenty of knowledge, experience and a rare combination of talents. He looks like a school teacher sitting at his cluttered desk in a well-used building but admits to being somewhat of an entrepreneur.

Mr. Emery is an engineer by profession but considers himself more of an economist. He has to be because his small firm not only designs and supervises building of equipment and plant, it also arranges financing and other paper work. That's part of why the company, which has never had more than 25 employees, has been so successful competing against much bigger firms. It stays with a project right from the first line on the drafting paper until everything is working properly.

In its first year of operation, the firm did $13,000 worth of business — last year it handled projects worth millions. One recent undertaking has resulted in the firm receiving more publicity than it usually gets and Mr. Emery, who says he is quite nationalistic, points to it as an example of what a small Canadian company can accomplish.

For years the United States military have tried to develop caseless ammunition, the idea being to get rid of conventional metal casings, primarily to reduce weight. Millions have been spent on developing caseless ammunition but Roy Emery's company made mass production techniques possible.

The whole thing was highly technical but it boiled down to finding a way to mold the nitrocellulose propellant so that the ammunition could withstand the rough treatment it would receive in military use. Emery's speciality is pulp moulding and everything that goes with it (egg cartons are usually a pulp-moulded product). He and his son John and the rest of the staff applied pulp moulding principles to making ammunition and came up with a Rube Goldberg-looking machine that will do the job.

But weird as some of them may look to the uninitiated, Roy Emery's machines are anything but Rube Goldbergian. Emery-designed equipment is noted for its efficiency and reliability.

Asked to provide some tips to people who might want to get into international consulting work, Roy Emery said: "First of all, be sure you know what the hell you're talking about."

He said too many people try to be consultants without sufficient background. Consultants, he said, have to be able to do more than "just design a beam or something."

"You have to direct your thoughts," he said, "to things others wouldn't think feasible and you have to follow through on what you're doing. It's also important not to mince your words when dealing with clients and you have to be prepared to take complete responsibility for the success of a project."

Mr. Emery said knowledge of languages, or employing someone who speaks several languages, is important too. Much of his company's work is done in Latin America and Mr. Emery speaks Spanish fluently in addition to French and German. He said good people are essential, that he has tried to hire the

Typical Gidon advertisement.

best in the business and make his firm an interesting and challenging place to work. Some of his employees have been with him ever since he incorporated back in 1956.

It was noted at the beginning of this article that Mr. Emery won't have anything to do with advertising. It is true that he does not advertise in the conventional sense but word of mouth can be very powerful when you are among the best in your field. And Mr. Emery spends a fair amount of time addressing meetings where he can spread the gospel about his firm. Also, enquiries are answered promptly with as much information as possible.

Roy W. Emery Limited does not possess its own manufacturing facilities but it is classed as a manufacturer because it supervises fabrication of all parts and machines it designs. In plants where production is controlled by computer, Emery personnel usually write the programming tapes.

Services include development and feasibility studies; design and development of special machinery and processes; management of purchases and contracts; inspection and resident supervision of construction and installation; assistance in hiring and initial operations; and, as noted before, financing.

The firm has been involved in projects in Canada, the United States, Mexico, Finland, Denmark, Lebanon, Portugal and other countries. There may be projects in Hungary, Bulgaria and the Soviet Union.

Typical projects have included a national pre-investment study of Greek forest resources and forest industries for the Food and Agriculture Organization of the United Nations; a number of complete pulp moulding plants; several pulp and paper mills; and a copper crushing plant and concentrator.

The firm has also designed and developed many types of special machinery: pulp moulding, drying, stacking, counting and hot press finishing machinery; a pressurized pulp stock refiner; an automatic coal stocker; and high speed shaft sinking and concreting equipment.

All that from a firm currently employing only 12 people sounds a bit much but the staff includes civil, mechanical and electrical engineers and Roy Emery grinned when he allowed that "we put in some pretty terrible hours." It is definitely not a 9-to-5 outfit. Judging by their enthusiasm and the success they are enjoying, probably nobody in the firm would have it any other way. □

Frankly Speaking

This commentary first appeared in the newsletter of the Canada/Japan Trade Council.

When he recently described Canadian manufacturers as "among the most arrogant and lazy businessmen on earth", Mr. Keith G. Dixon, executive vice-president of the Canadian Importers Association Inc., may have been too harsh. But his general charge that they were reluctant to seek overseas markets has received strong support from others.

Two of these supporting voices are a York University professor recently returned from a lecturing and advisory assignment in Southeast Asia and from a study of Canadian manufactures and the Japanese market commissioned by the Canada-Japan Trade Council.

Writing in the Globe and Mail of February 24, Professor Donald N. Thompson, described his first-hand experience with Japanese business initiative in Thailand. He gave as his opinion that Canadians, as businessmen, were missing a host of profitable opportunities in Asia. He noted Canada ranked behind Panama, Uruguay and Finland on Thailand's foreign ownership list.

In more fiery terms, Mr. Dixon said Canadian businessmen were "ill at ease, ineffective and reluctant to become involved . . . with foreigners". He accused them of, largely, ignoring the rich Japanese market.

Confirmation of some of this criticism is contained in the evidence given by a wide range of Canadian businessmen themselves. It was contained in answers they gave to in-depth questioning by the research team which carried out the study mentioned above. According to this recently published report, "many firms who did not export to Japan expressed the feeling there was no point in exploring the market". To take the necessary preliminary steps to study the market was "fruitless", they felt.

With virtually no information at hand, they had concluded that their high-quality products could not compete price-wise in Japan. "This highly static view of international trade is surprisingly widespread", according to the research team. Some Canadian producers, they found, were content with the domestic market or with confining export sales to the U.S.

The study did reveal excellent examples of Canadian marketing energy and salesmanship but a disheartening number who considered markets outside North America and Europe as "not worth the effort".

An export market estimated to reach more than $68 billion by 1985 should surely be worthy of some slight effort. Henry IV felt Paris worth a Mass. The Japanese market should be worth at least a few questions. □

The Dusit Thani hotel (foreground) and the modern office block were both built with the help of about 200 metric tons of aluminum extruded in Alcanthai's plant near Bangkok. The plant, which uses billets imported from Canada, is probably one of Canada's most important investments in Thailand.

Thailand is an Important Investment Market

K. R. HIGHAM, Commercial Secretary and Consul, Bangkok

Investment caution is a well known Canadian characteristic and nowhere is it more evident than in Southeast Asia. The number of direct Canadian investment projects in Thailand, for example, can be numbered on two mittened hands. For some reason we still cling to that comfortable old theory that "distance equals risk" and continue to look for places close to home to develop our business and trade ties. As we limit ourselves to "conservative" projects, more adventurous companies from more adventurous nations spread their contacts, their investment and their technology further afield developing new customers, new sources of supply, new opportunities for growth and investment and simultaneously make significant contributions to the development of emerging nations.

It is too late for Canada to become a major partner in the development of Thailand. The Japanese, the Americans and several European nations long ago recognized the potential of this robust economy, its ambitious and flexible people and the wide range of materials it can produce for world-wide consumption.

That is not to say there is no room left for us. In fact the Thai Government is very anxious to encourage closer trading and investment ties with small and middle-size economies as a method of combatting an over-dependence on too few and too large economic bedfellows.

Historically, Thailand can claim all the requisites a cautious investor demands. Political stability, a strong currency, a firm commitment to a capitalist style economy (but with growing safeguards to protect the populace from abuses), and an enviable record of never restricting the repatriation of profits earned by foreign companies or of nationalization. Thai government financial managers display an unusual obsession in today's world for protecting this record by maintaining tight reins over the balance of payments and foreign exchange reserve position of the country and at the same time getting maximum leverage from lines of credit for borrowing from abroad.

In spite of these important factors, Thailand has not until very recently been high on the list of preferred investment countries in this area. Many businessmen have felt that cumbersome legal requirements have dulled the gloss on an otherwise attractive situation. Furthermore, the whole question of foreign ownership has been receiving a great deal of attention in Thailand recently. Student demonstrations and a flood of government pronouncements on the subject, aimed primarily at the very large investors in Thailand, have climaxed with the passing of two new bills, the Alien Business Decree and the Alien Occupation Act. The most important features of the two Acts are that all companies must become 51 per cent Thai-owned and foreigners are excluded from engaging at all in certain professions (primarily service) and businesses. But, as if to prove that the Government does not want to discourage foreign investment here but only to guide where it goes, important changes have also been made at the Board of Investment, the government vehicle for encouraging and directing industrial development in Thailand. Through the Board of Investment the Government exercises its declared intention to solicit and encourage foreign investment by means of tax holidays, import duty "privileges" for required capital equipment and by an Industrial Development promotion program as slick as will be found in most Canadian cities or provinces.

Although firmly committed to a principle of allowing the business community to invest where profits will come easiest, the Government does expect the private sector to supplement its own efforts at development and has made it clear that foreign financed projects should contain some or all of the following characteristics: (1) provision of technology not presently available in Thailand; (2) support of the current program of expansion of export-oriented or import-substitution industries; (3) use of a high percentage of local inputs — labour and raw material.

With these principles in mind the Board of Investment issues a list of "promoted" industries — industries which qualify for some very attractive establishment incentives. Although this list is under constant review, current areas of concentration include selected industries in the following categories: agricultural products; service industries; minerals, metals and ceramics; chemicals and chemical products; mechanical and electrical equipment; construction materials, and textiles.

The Board of Investment incentives do not include the provision of equity or loan financing assistance but it does work closely with another quasi-government institution, the Industrial Finance Corporation of Thailand (IFCT). IFCT provides relatively low-cost loans for new industry expansion which matches the development interests of the country. Its own project appraisal system is in itself an incentive because of the thoroughness of the investigation to prove in advance the domestic and export market for the proposed project. Equity capital participation can be had through a rapidly developing commercial finance market in Thailand either by the participation of private industrialists or through the more than 200 finance and trust companies, the commercial banks and other forms of industrial development organizations, most of which have capable and well-backed principals looking for viable projects in which to put their money.

Besides these international incentives Thailand offers many natural advantages to an investor considering whether to establish in Southeast Asia. First of all the people: there are 40 million of them and, despite the extremely low wage rates by Canadian standards, the Thais are renowned for their ability and willingness to develop the skills necessary to respond to the demands of modern industry. The country already has an extensive and expanding technical and vocational education system to supplement the flow of graduates from the five universities in the country. English is taught from very early years and most new graduates and virtually all business people have a good command of it. Most new investors establish with an eye on the export market in evaluating the scale of plant required. In addition to Thailand's traditional Southeast Asian market, Europe and Japan offer immense opportunity.

Most of Thailand's industrialized trading partners have been under considerable pressure recently from the Government to purchase more Thai products to reduce their favourable balance of trade position. To prove their good will, these countries are actively shopping for Thai products to import and will provide assistance to Thai-based companies to establish in their home markets. Part of this increased export activity is coming from foreign-owned or -controlled firms who are already benefitting from the improved access to these rich markets.

What areas of the Thai economy match Canadian interests and expertise?

(1) Resource based industries. Mining is entering a new stage of development and the infant Thai industry which has up to now been limited almost exclusively to tin and fluorite mining is ready for a large influx of speculative exploration and development activity. The first Canadian interests have already been established and interest is spreading within the speculative mining communities of Canada, the United States and Britain. Petroleum concessions have now been let for offshore drilling in the Gulf of Siam and exploration activity is building up fast.

The forest industries are facing a very tight supply situation and the Government is anxious to develop a secondary wood products manufacturing capability. Furniture and furniture components of teak and the production of veneers and plywoods is looked upon as a necessary substitute for the export of rough sawn boards or logs. There is also a rapidly growing interest in establishing pulp production facilities using pine, rubber trees, bagasse or bamboo to make both kraft and newsprint pulp.

(2) Labour intensive industry. Many modern technology-based products require careful and time-consuming assembly operations and Thailand's dextrous women are fast becoming favourites for assembly work. Japanese companies are already exporting this kind of work to the country to take advantage of the lower wages and reliable workers.

(3) Food packing industry. Thai packers of canned pineapple, mushrooms, asparagus, lychees and other exotic fruits and vegetables are not able to keep up to their current export orders and many are expanding their new production facilities. Canadian firms with food industry technology, North American marketing facilities and finance would be welcome partners in these new projects.

The list of possible joint venture projects is only as short as our ingenuity but until Canadians decide to apply that ingenuity in this market we will remain a very low trading and business partner of Thailand and miss out on an opportunity which will never be repeated.

Look again at Thailand. "You may be as brave as you make believe you are!"□

Doing business in the Middle East

F. IAN WOOD, Commercial Counsellor, Beirut

Despite a continuing degree of political unrest in much of the area, the Arab Middle East* is attracting the increasing attention of businessmen intent on sharing in the current development boom which in some countries is reaching bonanza proportions. Revenue from petroleum sales is increasing rapidly and, by 1975, should collectively amount to $20 billion a year, and by 1980 $50 billion. The fact that the area is, generally speaking, underdeveloped and, outside the petroleum sphere at least, can never become entirely self-sufficient for most material needs, lends additional urgency to richly-funded infrastructure and industrial diversification programs. Imports of consumer goods have risen sharply, reflecting hefty increases in personal income and a desire to upgrade standards of living in the shortest time possible.

The Canadian exporter who is looking to the Middle East as a potential market and is seriously considering a visit to the area (or selected countries) will be able to form his own impressions and develop his sales approach accordingly. Newspaper and business articles on the Middle East and its economic potential can be biased and misleading. They run the gamut from unchecked enthusiasm to oversimplification. There is a tendency to highlight the "big deal" — and they are big — at the expense of practical advice to the smaller trader whose knowledge of the area, be it geographical, historical, political or commercial, may be vague in the extreme.

Before he sets off for the Middle East, the first-time visitor should satisfy himself that he has a competitively-priced product for which there is an identified demand and that his background market information is accurate and understood. To arrive in the area without some idea of the economic structure, the market, commercial practices, visa and travel procedures and holidays is to invite loss of valuable time, needless expense and possible disappointment. The Trade Commissioner in Beirut can offer useful guidance and advice.

Essential economic and market data is concisely reported in the *Hints to Businessmen Visiting* . . . series available from the British Board of Trade. *The Middle East and North Africa*, published by Europa Publications Ltd., London, England, is a very much more detailed source of background material, with historical and political aspects also included. Quarterly reportage of the economic, political and business scene is offered in the "Report" series published by the Economist Intelligence Unit. The *Arab Economist* produced in Beirut is probably the best local periodical and often features statistical and country supplements.

Visas are required by all countries covered in these reports. You can get visas for some countries on arrival at port of entry, for other countries they must (or should) be obtained before leaving for the country. These latter countries include Iraq, Kuwait, Saudi Arabia, Jordan, Sultanate of Oman, People's Democratic Republic of Yemen, and Yemen Arab Republic. Apart from Iraq, where you can get a visa from the Embassy of Iraq, 377 Stewart Street, Ottawa, requests for visas must be made through respective Consulates or Embassies in New York City or Washington or Permanent Missions to the UN. This can be time-consuming. An alternative is to apply for visas once you are in Beirut. But even then the visitor is hard-pressed to get more than one a day. Occasionally our office in Beirut can help out.

Get background market information that is accurate and understood

***The definition "Middle East" in this context includes only those countries covered by the Trade Commissioner office in Beirut. These are Lebanon, Syria, Jordan, Iraq, Kuwait, Qatar, Bahrain, Saudi Arabia, the United Arab Emirates (formerly Trucial States), the Sultanate of Oman (formerly Muscat and Oman), the People's Democratic Republic of Yemen (formerly Aden and the Protectorates) and the Yemen Arab Republic.**

A visa for Lebanon can be obtained from the Embassy of Lebanon, 640 Lyon Street, Ottawa; the Consulate General of Lebanon, 40 Cote St. Catherine, Montreal; Mr. J.K. Abraham, Honorary Consul of Lebanon, 17 Ridgewood Road, Toronto.

If you wait to get your visa in Beirut, you must make a personal application for each visa, taking with you your passport and travel documents, and you can't make any preliminary arrangements before arriving.

Valid smallpox and (invariably) cholera certificates are required. Advice regarding TABT and gamma globulin inoculations should also be sought from recognized medical sources.

Evidence suggests that, once beyond Beirut, Canadian travel agents are more often wrong than right in their choice of airline timetables and in their methods of confirming hotel reservations. Since businessmen's itineraries are closely linked to airline schedules and there are shortages of acceptable hotel space, the Beirut office is prepared to consult with and offer Canadian visitors advice on travel in the area and co-operate in arranging final tour itineraries.

This post's responsibility for 12 countries entails a great deal of absence on travel, consultation with local businessmen (over 900 visits in 1972) and briefing of Canadian visitors (850 last year). A notice of intention to visit the office should ensure readiness to receive and discuss the objectives prompting the trip. It also permits our office to prepare material or references and comments on other factors that may affect travel and business plans such as religious or national holidays, seasonal slowdowns, absence of key merchants or officials from the area, etc.

When To Come — As a rule, and with two major exceptions, business is best conducted from mid-September through mid-June. The July-August-September period is exceptionally hot (up to 130°F in Baghdad and Riyadh) and those businessmen and officials who can afford to, flee to cooler climes. The two other periods to avoid, if possible, are the month of Ramadan (when Muslims fast from sunup till sundown) and the Id al Adha religious holidays. Dates vary year to year. Known holidays are listed in the accompanying articles on each country.

The November-February period is usually fairly mild with light rainfall. The mountains of Lebanon and northern Iraq become snow-covered and frost conditions are not unusual in desert regions. March, April and May offer ideal conditions, though temperatures in the Gulf and the Arabian peninsulas are warming up considerably.

Most foreigners resident in the Middle East tend to wear lightweight suits the year round, although a Canadian spring weight can be worn in comfort on a winter evening. A lined trench coat is adequate protection during the winter months.

Establish contact first by letter

What To Bring — A valid passport, sufficient funds and a good supply of business cards are essential. Currency regulations permit the import of any amount of foreign currency, travellers cheques or other accepted means of payment. Syria, Iraq and the two Yemeni countries officially regulate the inflow and export of local currency and visitors should seek guidance on this point.

Travellers' samples should be declared at port of entry. Essential goods such as soap, toilet paper, razor blades and cigarettes are freely available in all countries. No alcoholic beverages can be imported by travellers to Qatar and Saudi Arabia. Camera fans would be wise to stock up on film at free-port prices before arriving in the area. Colour film is obtainable in many countries but can be high-priced. Laundry and dry cleaning are available at all leading hotels and are usually good.

Where to go, of course, is up to the businessman once he has analyzed and identified opportunities or the potential market of each country. Suffice to say that all business, manufacturing and government are located in urban areas serviced by recognized national airlines. As mentioned earlier, the traveller is best advised to consult a travel agent in Beirut (or whatever point of departure in the Middle East) before proceeding to an unknown centre.

How Much Will It Cost? — Getting there may be half the fun but it's also the major outlay. Your travel agent is the best source of advice. About 25 international air carriers link Beirut with the rest of the world. Travel within the Middle East can be done by national carrier or by car. Air service from Beirut to Middle East capitals is usually on a daily basis. Inter-capital arrangements are sometimes less frequent but reasonably satisfactory. Travellers should verify whether first or economy class service is offered, as one may be charged for a non-existing service.

Communications with Canada and Beirut are generally poor. Few countries have Telex. Cable service is variable and messages are subject to garbling. Airmail may take up to 20 days one way. Bulky envelopes and parcels to or from the Middle East are subjected to lengthy delays or fail to arrive at all. International telephone service is somewhat better than internal service, which is over-taxed.

Taxis abound. Journeys across town may cost as little as 8¢ in Beirut to $1.50 in Kuwait City. Business visitors with a heavy schedule are advised to book a taxi by the day at a cost of between $15 and $20. The chances of getting an English- or French-speaking driver are best in Lebanon, Jordan and Iraq, otherwise a combination of sign language and help from the hotel concierge is a must. Drive-yourself cars are advertised in several countries but visitors are cautioned against risking life and limb unless familiar with local driving habits which can reduce a grand prix racer to quivering jelly in a twinkling. Moreover, accidents to property and injuries to persons may be harshly dealt with.

Your Sales Approach — Whether dealing with state monopolies in Syria, Iraq or the People's Democratic Republic of Yemen, or the free economies elsewhere, the Canadian visitor will ideally have established contact by letter (or should have tried). The prospective customer will have received a batch of material illustrating product lines or describing services, proving competence and including, as appropriate, prices on an f.o.b. and, where possible, c.i.f. basis in accordance with local purchasing practice. The casual business visitor passing through on an exploratory trip should be able to produce similar material to make the desired impression.

Language is no serious problem. The Lebanese and, to a lesser degree the Syrians, are prepared to work in French or English. Communication in the other countries of the area is in English.

A number of people may have been contacted before your departure from Canada; companies or individuals based in the Middle East may have initiated inquiries. Whatever the approach, it is best to obtain a reading on a prospect from one's bank (the Bank of Nova Scotia and the Royal Bank of Canada maintain branches in Beirut) or from the Trade Commissioner. Banking legislation throughout the area tends to restrict commentary to a few meaningless phrases, and mercantile reports are virtually unknown. The Beirut office knows a great many business personalities in the area and can often supplement bank reports from personal or other reliable sources in trade and finance. Above all, be selective when preparing the final list of visits.

Making a Business Call — Allowing for slight variations from country to country, most business offices open at 8 a.m., close for lunch and siesta at 1 p.m. or 1:30, and re-open "in the afternoon" (4:30 - 7:00). Government offices, on the other hand, will usually work from 8 a.m. until 2 p.m. and then call it a day. Scheduled appointments with public sector officials are recommended. Where circumstances prevent this being arranged, the visitor is advised to adopt the traditional local habit of "dropping in". This is also the route to take when dealing with private business, particularly in Iraq, the Gulf, Saudi Arabia and Jordan. The Lebanese are slightly more formal in their attitude to appointments. They are also easier to reach by telephone.

Arriving at his destination the Canadian visitor may be stunned (impressed) by the shabby (luxurious) conditions of building and office occupied by his contact. He would do well to remember at this point that appearances are deceiving, and exceptionally so in the Middle East. After introductions, business cards are usually exchanged and the conversation begun over coffee or tea (except during Ramadan). In the Gulf and Saudi Arabia, the tea-coffee ceremony continues throughout the visit.

It is a rare occasion indeed when one is able to complete one's business without interruption by casual visitors, old friends, clerks and telephone calls. While this traffic can be frustratingly disturbing to the uninitiated, bear with it. The "open door" policy has its roots in tradition and is a modern reflection of the ancient tenet of desert hospitality.

Points To Remember — The Arab sets great store by personal impressions and appearances. He is also sensitive, proud and open to a great deal of flattery. Time is not an expensive commodity.

He probably knows very little about Canada, the firm, its international reputation, the product line, transportation arrangements, pricing and so on. Your explanations should be comprehensive, even pedantic. He is presumably well plugged in to local commercial activity but can only contribute to your final assessment and evaluation of the market if thoroughly briefed on your products or services.

If you are dealing through an interpreter, speak slowly, pause frequently for translation, watch the jokes — they may be misinterpreted — and avoid references to contentious political, social and religious subjects.

Don't expect too much from your first meeting — it should be regarded as a sizing-up operation by both sides. The local firm may have a number of competing firms to choose from in this buyer's market and a decision may not be made quickly.

Invitations to dine or entertainment will rarely be accepted by local businessmen in their own city or country but the gesture is appreciated. Arab hospitality on the other hand is generous and lavish and may include gifts of significant value. Common sense and discretion must be exercised in making the decision to accept or decline such presents.

It is important to follow up each promising visit . . .

Follow-up — It is important to follow up each promising visit by airletter or cable after returning to Canada, especially if additional data or material has been requested. It is also advisable to write at intervals — once a month or so, depending on circumstances — so that the local outlet is frequently reminded that interest continues at the Canadian end.

Most Middle East countries require foreign companies to appoint a local national as agent. Direct selling to government is largely confined to Syria and Iraq, where agents are less common. Choosing a representative will require considerable reflection and care. Interview notes should normally record pertinent information relating to size and type of operation, annual sales, territory, current representations, possible conflicts of interest and the like. This data, with whatever status reports the banks can produce, can be supplemented from the Trade Commissioner's files and confidential data card index. Canadian exporters should judge the most effective type of representation from among recognized national agents, Middle East representatives and "door-openers". Each offers certain advantages in any given situation.

Agreements in concluding an agency agreement may take the form of an exchange of letters or contracts or even be sealed by a handshake. They may offer exclusivity over a given period or simply promise a "best endeavours" effort.

Attention should be paid to the termination and renewal clauses. Lebanese law, for example, demands specific proof of incompetence or failure to perform before termination without compensation is granted. Renewal is usually automatic unless otherwise indicated by both parties before a stipulated date.

After Hours — The Middle East is rich in history, with a superb climate and offering many forms of diversion. Beirut is far and away the chief centre of entertainment, be it the fabulous floor show at the Casino du Liban or a meal at one of the many excellent restaurants. Beaches are nearby, several winter resorts offer good skiing, the golfer has a choice of courses and the shopper is sure to find unique local products.

Archeological sites abound. Visits to Baalbek in Lebanon, Damascus — where the "souk" or local market is a must — and Palmyra in Syria, Jarash and the hidden city of Petra in Jordan, not to mention Babylon and other sites of ancient Mesopotamia (Iraq) are easily arranged.

In the Gulf, apart from Bahrain and Dubai, nightlife is non-existent. Daytime activities may include drives through desert wastes and year-round swimming and sailing. Shopping in the "souks" can be particularly interesting in Saudi Arabia and the Sultanate of Oman.

Whatever or wherever the activity, the visitor will be greeted by the Arabic expression of welcome: "Ahlan wa Sahlan" — an abbreviated phrase for which the translation reads: "You have stepped onto your own plains and are among your own people". □

Lebanon
Gateway to the Middle East

Skiing is a popular sport in Lebanon from December to May and bears comparison to the best in Europe.

PAUL-ANDRÉ GAGNON, Assistant Commercial Secretary, Beirut

Lebanon might be described as a sort of permanent trade fair offering neighbouring Arab nations a preview of the latest products from all over the world. Canadian products which draw attention in Lebanon could well find acceptance in the other nations in the Middle East.

Lebanon is enjoying something of a mini-boom with a current five-year plan stressing industrialization. The economic justification for this is increased activity in the key sectors of tourism, construction and goods transit trade.

The Lebanese Government is actively promoting economic growth and offers foreign investors a number of incentives: fiscal and tariff concessions; banks with plentiful supplies of cash (on a relatively short-term basis); industrial parks, and surveys on manufacturing plants conducted by UNO experts. A Ministry of Industry and a National Development Bank are being established.

Lebanon provides a local market of about two and a half million and access to 50 million consumers in neighbouring Arab countries. More than 50 per cent of Lebanon's exports consist of manufactured or semi-processed products and officials hope this total will reach 60 per cent by 1975.

Although manufacturing is growing, 60 per cent of the working population is still engaged in agriculture, providing only 12 per cent of the net national product. The key to improved output is irrigation; FAO experts, the World Bank and many engineering consultants are working to develop water resources. A number of projects are under way and others are being studied.

The Government is involved in other projects too: roads, ports, schools, an electricity generating station, sewage processing and a nation-wide drainage system study. Lebanon traditionally has been the commercial preserve of a few European countries but it is becoming increasingly accessible to North Americans. Canadians are making a good showing, with involvement in several major projects.

Association with a local engineering or construction firm is essential in going after a survey or project. There are many Lebanese professionals, some of whom are active in other Middle East countries and Africa. The professional associations have a good deal of political influence and ensure that no foreign firm will benefit exclusively from projects in Lebanon.

Competition is fierce, mainly because Lebanon is the gateway to the Middle East. Just about everyone stops here when visiting the Arab world and many companies have permanent representation to keep an eye on the latest developments. For example, 83 international firms expressed serious interest in a survey of port facilities now under consideration by the Government.

On the other hand, the wheels of government do not always turn at a North American pace. Government employees have a total number of religious and national holidays that might be the envy of civil servants in other countries. The decision-making process may vary considerably and depend a great deal on the ability and personal connections of a local representative or associate. A preference for French as the second official language in the upper spheres of government gives firms able to communicate in French some advantage. But English is gaining ground at every other level of the public and private sectors.

Some Canadian firms have been able to break into the market, and the number of Canadian visitors doubled from 1971 to 1972. Lebanon's imports of Canadian goods rose from $5 million in 1971 to $12 million in 1972. There was an increase in the items Canada has traditionally sold to Lebanon (paper, industrial materials, electrical appliances) as well as the introduction of 20 new categories of products, including grains, canned goods, industrial machinery and medical equipment.

The most important recent development for Canada was the signing of a three-year wheat agreement. It stipulates purchase of at least 80,000 tons a year from 1973 to 1975, inclusive.

Canadians can expect stiff competition from Europe as the result of the recently signed agreement between Lebanon and the EEC, which is to be applied in stages over the next five years. More than 60 per cent of the products now offered by the EEC will benefit from an appreciable drop in tariffs. For its part, the Community agreed to protect developing Lebanese industry by granting tariff and quota concessions for Lebanese products (55 per cent tariff reduction on industrial products and 40 per cent on agricultural products) and by providing certain financial and technical assistance.

Despite this competition, however, there is a market for our products and services if Canadians continue the perseverance they have already shown here. Our office in Beirut has helped others: why not you? □

LEBANON

Religious and National Holidays, 1973

New Year's Day	Jan 1
Id Ali-Adha (four days)	Jan. 14-17
Feast of St. Maron	Feb. 9
Id Al-Hijra (Moslem New-Year)	Feb. 4
Ashoura	Feb. 13
Arab League Day	March 22
Good Friday (Western Church)	April 20
Easter Monday (Western Church)	April 23
Good Friday (Eastern Church)	April 27
Easter Monday (Eastern Church)	April 30
Id Al-Molad	April 14
Labour Day	May 1
Martyr's Day	May 6
Ascension Day (Western Church)	May 31
Ascension Day (Eastern Church)	June 7
Feast of the Assumption	Aug. 15
Id Al-Fitr (four days)	Oct. 27-30
All Saints' Day	Nov. 1
Independence Day	Nov. 22
Christmas Day	Dec. 25
Evacuation Day	Dec. 31

Downtown Beirut. Signs are in Arabic, English and French, bearing witness to the cosmopolitan outlook of Lebanon's capital city.

Iraq
Demand for Essential Goods Continues

The beautiful Kadhimiyah Mosque in Baghdad, with the faithful gathered for prayer.

F. IAN WOOD, Commercial Counsellor and JOHN MARROW, Commercial Officer, Beirut.

Iraq is one of the largest countries of the Middle East and, potentially, one of the wealthiest. The total population, half of whom live in urban centres, reached 9.75 million last year and is increasing at 3.2 per cent a year. The illiteracy ratio is high but determined efforts are being made to resolve this problem.

Revenues from oil in 1971 totalled about $950 million, representing 60 per cent of total government income and over 90 per cent of all foreign exchange earnings. Customs duties and fees rank second in importance as sources of revenue. Actual revenues in 1971 totalled $1,583 million. Prenationalization (June 1972) budget estimates, at $3 billion, for the current fiscal year were up 20 per cent over the previous year. Development plan allocations were put at $600 million.

The balance of payments picture is satisfactory — at the end of July 1972, total reserves reportedly stood at $646 million, a rise of $71 million from a year earlier. Reliance on external financing in the past has been modest and, under recent agreements, payback on some loans has been converted from cash to crude oil. Debt-service ratio is low and reliable sources suggest that Iraq is in a position to absorb additional obligations on conventional terms.

That the economy is dependent on oil is clear. Government policy is to lessen this dependance by reorienting development objectives to agriculture and manufacturing. Nevertheless, impressive allocations to Iraq's National Oil Development Program leave little doubt where the major thrust will be directed. With proven oil reserves of nearly 36 billion barrels, Iraq is in fourth position in the area, behind Saudi Arabia, Iran and Kuwait. Development plans for the industry announced before nationalization called for a total investment of about $1.5 billion between 1970 and 1981. Production at the end of that period is expected to reach nearly five million barrels a day compared to 1.7 million barrels a day now.

Agriculture is the second largest contributor to the gross domestic product and the only source of income for half the population. This sector of the economy is characterized by low productivity, partly because of a hastily implemented agrarian reform program without adequate provision for managerial and technological capability. Vagaries of climate, a largely illiterate and conservative farm community and arid saline soil conditions have aggravated the problem. Government policy under the development plan is to implement a number of irrigation and drainage projects to bring more land under cultivation and to introduce better agricultural methods and practices through farmer training or the establishment of co-operatives.

Manufacturing in Iraq, despite sizeable government investment, has been limited mostly to light resource-based and cottage industries. The focus on industrial development in the post-nationalization period is on building up import-substituting and resource industries. Priorities given by the Ministry of Planning are oil exploration, development and sales; refineries; downstream industries; foodstuffs and building materials.

The current development plan initiated in April 1970 anticipated an average annual growth of 6.8 per cent in GDP from the beginning of 1970 to the end of 1974. A total investment of $3.2 billion was originally projected but a cutback in project development may reduce this figure by 10 per cent or more.

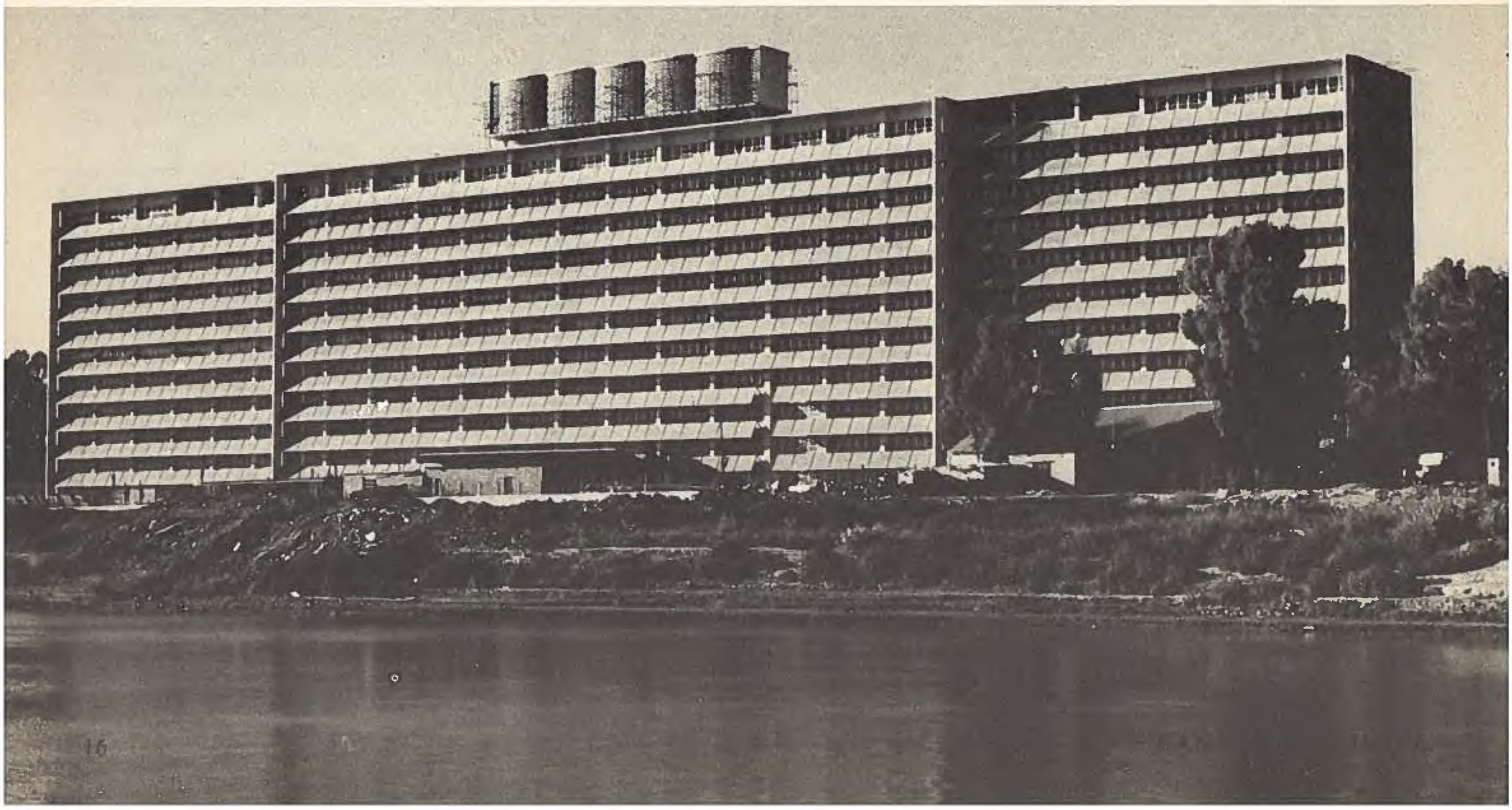
On May 17 last year, the governing Revolutionary Command Council announced the imposition of austerity measures to continue until further notice, because of reduced income from oil exports. These included cutbacks in government expenditure as high as 40 per cent of approved budget; a $30 million compulsory bond issue for all civil servants; cessation of activity on 1972/73 development plan projects not underway, except those otherwise authorized by the Planning Board; an almost total restriction on travel outside Iraq; total austerity on expenditure of Iraq's foreign exchange assets; and directives by the Ministeries of Finance & Planning to implement these provisions.

Following nationalization, the Ministry of Economy approved amendments to the 1972/73 import program which reduced appropriations from $960 million to $600 million. Additionally, a total prohibition was placed on imports of non-essential or luxury items and on goods available from domestic sources. To further reduce pressure on foreign exchange reserves, instructions were issued to all government importing agencies and organizations to encourage barter arrangements with foreign suppliers. As a result all government tenders now give preference to bidders who agree to accept Iraqi goods (crude oil, sulphur and dates are most often mentioned) in payment for goods or services offered. Many traditional and potential traders have refused on principle to operate on this basis. Others, particularly consumer and durable goods suppliers, have found barter a completely impractical method of settling accounts, considering the relatively small volume of each order and the complexities of barter contracts. It follows that outside the field of large capital projects and developments, Iraqi purchasers are continuing to pay by irrevocable letter of credit or against medium- and long-term credits.

The Government owns and operates all public transport services, electric power and water utilities, telephone and telecommunications facilities, oil and gas distribution networks and most education and health services. All banks, insurance companies, major industries and large trading organizations are state-owned and controlled. Under the centralized purchasing system now in place only authorized government purchasing agencies are permitted to import most of Iraq's offshore needs. These include foodstuffs (grains, tea, milk, coffee, sugar, poultry products, seeds), pharmaceuticals, medical, surgical and scientific instruments, automotive vehicles and parts, tires and batteries, agricultural and road-building machinery, equipment and spares, chemicals, lumber, iron, steel and other building materials and household appliances, to name a few. Most other goods and services are subject to state purchasing requirements. All exports, too, come under central direction. To put it briefly, the State is responsible for about 90 per cent of all Iraq's overseas purchasing by value and monopolizes its export trade.

Requirements of the private and public sector are compiled in an annual import program that serves as a framework for import activity for a given fiscal year. Specific requirements of an end user are channeled to the appropriate industry or consumer parent organization and then passed to the state trading organization where the requirement is translated into a public call for bids and announced in the local newspapers. Tender documents are usually circulated to commercial attaches and sometimes to pre-qualified foreign suppliers. Generally speaking, the lowest bid is accepted, although negotiating is not excluded on larger deals. Offers must be received on, or before, the closing date. Bidders must conform strictly with the terms and conditions stipulated in the tender although deviation from technical specifications is permitted and even recommended if it represents economy to the purchaser. A refundable bank guarantee (5 per cent of value of offer)

Baghdad's new medical building.



must accompany the bid. Prices must be quoted c.i.f. Baghdad (US dollars or pounds sterling) and insurance must be arranged in Iraq through the state National Insurance Company. Payment is usually made by letter of credit on arrival or final acceptance of goods.

Military supplies, imports for nationalized commercial companies and the Iraq National Oil Company are usually bought direct from foreign suppliers known to these agencies. Since nationalization, a significant amount of such business as well as development project activity has been shifted to those countries which have concluded barter arrangements with Iraq.

An import licence is required for all commercial imports. This is issued by the Directorate General of Imports and Exports and should be obtained before the order is placed. Goods arriving in Iraq without a licence are subject to confiscation. Licences are not granted for the import of non-essential commodities or commodities already being produced in Iraq in sufficient quantities.

Shipping Documents — All shipments to Iraq must be covered by a shipper's commercial invoice with a certificate of origin (the invoice must show freight charges separately from the value of merchandise); a bill of lading indicating the nationality of the vessel and issued in six copies (one original copy, legalized by the regional Chamber of Commerce and the Embassy of the Republic of Iraq, Ottawa, plus five additional non-legalized copies must be sent to the consignee or authorized Iraqi bank); a certificate of origin, one copy of which, when requested by the importer, to be certified by a regional Chamber of Commerce in Canada; Black List certificate stating the vessel is not on Iraq's Arab boycott list; and analysis certificates when required by the importer. If it is consigned by air, three copies of the air cargo shipment document are needed.

Canadian firms are engaged in a variety of projects and marketing efforts in Iraq. One company is almost ready to participate in a $60 million large-scale grain storage design, construction and management program. A 1,000-bed turnkey hospital contract brought a Canadian team to Baghdad early this year, and railway authorities in Iraq are preparing to welcome a group to discuss a consulting/turnkey contract for a new railway line to extend to the Syrian frontier. Offers will shortly be submitted for oil tankers and a drydock; locomotive and tank car requirements are being studied and a west coast company recently landed a $600,000 kraft paper contract against stiff competition.

A number of Canadian consultants are investigating leads developed by the Beirut Embassy in irrigation, drainage, water supply, oil and gas field development and telecommunications projects. Several companies have been invited to submit offers for a cable manufacturing plant, and a steel mill requirement may be actively pursued.

As implementation of the economic plan moves ahead, the demand for goods and services associated with infrastructure, industrial and agricultural development will rise proportionately. Canadian exporters will also find opportunities for the sale of pulp, kraft paper and linerboard, asbestos fibres, newsprint, chemicals and drugs, scientific, educational and hospital equipment, powdered milk, cheese, peas, steel mill products and telecommunication and power cable. Canadian consultants have received a warm welcome in Iraq but have only scratched the surface of the market. Specialists in irrigation, drainage, municipal works (water supply, distribution and sewerage), industry and telecommunications should also find projects worth investigating.

WHAT IRAQ BOUGHT IN 1969-1971

	1969	1970	1971
		$ million	
Manufactured goods	151.5	187.9	193.8
Machinery and vehicles	149.4	165.6	200.1
Foodstuffs	72.7	75.1	192.4
Chemicals and drugs	43.5	49.6	66.5
Raw materials	18.7	22.2	22.5
Vegetable oils	10.9	19.6	27.1
Beverages and tobacco	3.2	2.1	1.3

WHAT CANADA SOLD TO IRAQ IN 1970, 1971

	1970	1971
	$	
Wheat	1,804,837	22,018,388
Barley	–	9,428,602
Asbestos milled fibres	139,118	21,496
Man-made fibre	–	107,810
Convertor equipment and parts	–	159,381
Metal end products	8,984	101,541
Wrapping paper	–	223,257
Milk, evaporative	751,000	–
Cheese	96,513	–
Peas, dried	199,971	–
Infant and junior foods	139,118	32,384
Copper wire and tubing	546,742	8,364
Electrical equipment	455,919	–
Total (including all others)	**4,184,363**	**32,459,385**

Source: Statistics Canada

IRAQ

Religious and National Holidays, 1973

New Year's Day	Jan. 1
Army Day	Jan. 6
Id Al-Adha	Jan. 14-17
Id Al-Hijra	Feb. 5
14th Ramadhan Revolution	Feb. 8
Ashoura	Feb. 14
Nowroos Day	March 21
Prophet's Birthday	April 15
Labour Day	May 1
Republic Day	July 14
Revolution Day	July 17
Id Al-Fitr	Oct. 27-29

Who Buys What in Iraq

Major State Importing Companies and Their Commodities and Departments

African Iraqi Trading Company
Post Box No: 17
Baghdad

Direct purchase. Correspondence should be addressed to the Director General. Exclusive importers of refrigerators, freezers, washing machines, water coolers, air conditioners, radios, TV sets, radio consoles, tape recorders, sewing machines, heating and cooking stoves, water heaters and boilers, dry batteries, electric lamps, lanterns and air compressors, wire and power cable.

Iraq Stores Company (Orosdi-Back)
Post Box No: 26
Baghdad

Direct purchase. Correspondence should be addressed to the Director General. Exclusive importers of canned foodstuffs, alcoholic beverages, milk, toilet preparations, cosmetics, cigarettes and cigars, apparel and textiles, toys, glassware, printed matter, furniture, household utensils, camping coolers, department store merchandise.

General Construction Materials Import Company (GECIMCO)
Post Box No: 5720
Opposite Khayyam Cinema
Baghdad

Direct purchase and by public tender. Correspondence should be addressed to the Director General. Exclusive importers of lumber, iron and steel products and all other building materials.

State Company for the Import of Precision Instruments
Khullani Square
Baghdad

Direct purchase and by public tender. Buyers of dental supplies and equipment, X-ray equipment and films, office machinery, watches and clocks, engineering equipment, photostatic and carbon paper, office stationery, photographic equipment and supplies, survey equipment, eye glasses and scales.

General Drugs Establishment
Baghdad International Fair Road

Direct purchase from authorized scientific centres in Iraq. Imports antibiotics, tonics, vitamins and all other pharmaceutical products. Names and addresses of scientific centres (agents) available from Commercial Division, Canadian Embassy, on request.

State Machinery Import Company
Saadun Street
Baghdad

Direct purchase and by public tender. Correspondence together with catalogs in six copies should be addressed to the Director General. Exclusive importers of construction and agricultural equipment and earth-moving machinery and all spares.

Chemicals Importation & Distribution Co.
Khullani Square
Baghdad

Direct purchase. Correspondence to be addressed to the Director General. Imports all chemicals and agricultural seed.

Grain Board
North Gate
Baghdad

Headed by a Director General. Exclusive importers of wheat, barley and other grains.

Government Purchasing Board
Post Box No: 548
Baghdad

Direct purchase by public tenders, sugar, tea, coffee, white beans, chick peas and tomato paste.

General Automobile Company
South Gate
Baghdad

Direct purchase and by public tender. All correspondence to be addressed to the Director General. Exclusive importers of trucks and all types of vehicles, spare parts, garage equipment and allied products.

Directorate of Contracts & Purchases
Ministry of Defence

Purchase direct and by public tender.

State Organization for Construction Industries (Purchasing Dept.)
Saadun Street
Baghdad

Headed by a president. Purchase by public tender of asbestos fibres, kraft paper for the cement industry, fire bricks, explosives and grinding equipment.

Purchasing Committee
Ministry of Economics
Baghdad

Purchase by public tender, all requirements of the Ministry of Health (drugs and equipment) and Ministry of Finance (paper).

Iraq National Oil Company
Khullani Square
Baghdad

Purchase direct and by tender, oilfield and gas equipment.

Administration of Distribution of Oil Products
Post Box 302

Purchase by tender of equipment and requirements, including tank trucks and gas station equipment, for distributing refined petroleum products.

Oil Refineries Administration
Ministry of Oil & Minerals

Purchase by public tender. Industrial chemicals and other oil supplies, equipment and services for use in refinery operation.

Iraq Republican Railways Service
Near Old Airport
Baghdad

Purchase by public tender. Locomotives, railroad cars of all types, spares, rails, railway ties and other supplies and maintenance equipment. All inquiries to the Director General.

National Electricity Administration
Jumhouriya Street

Purchase by public tender. Import cables and all other power generation and transmission equipment. □

Drilling operations in the desert, this time for water.

Jordan
Need for Technical Aid

F. IAN WOOD, Commercial Counsellor, Beirut.

A recently introduced three-year plan to reactivate economic and development conditions and restore the momentum of pre-war days marks Jordan's latest and most ambitious bid for self-sustained growth. The plan is unique in that it is a homegrown product conceived and prepared in Jordan by Jordanians. It seeks to break with the traditional "hat-in-hand" policy of securing foreign financial aid, and instead project abroad Jordan's image as a partner based on merit.

The June 1967 war disrupted the Jordanian economy. The loss of the economically vital West Bank, the influx of several hundred thousand refugees, disruption of markets and communications routes, the decline in tourism and sharply increased military expenditures were among the immediate effects. These conditions were further aggravated by an aftermath of internal conflict and disputes over land and air routes with the country's Arab neighbours. When Jordanian authorities finally succeeded in restoring security and stability in 1971, immediate initiatives were required to reactivate social and economic development and thus stave off further deterioration of an already sizeable deficit.

The result is the Three Year Plan for Economic Development 1973-75 which was introduced by King Hussein at a November 1972 conference before several hundred representatives of foreign governments and international agencies. Priority is given to the development of the productive sectors of the economy. Achievement of objectives is linked to availability of foreign loans and technical assistance and considerable private sector involvement. The realities of the current political situation are reflected in the absence of even a contingency plan for the West Bank. The Jordan Planning Council (successor to the Jordan Development Board) prepared the plan and, with the help of a monitoring office known familiarly as POSIC (Project Operations Status Information Centre), oversees its implementation. POSIC, part of Jordan's new Royal Scientific Society, will be able to supply computerized situation reports on all projects at whatever stage of implementation on short notice.

Attainment of the objectives is of course linked to continuing peace, order and stability, and to enthusiastic participation by the private sector and the uninterrupted flow of cash and technical help from friendly countries and international organizations.

The Plan aims at a growth rate of 8 per cent and forecasts capital expenditures of more than $500 million. Of this, $280 million is designated as the public sector's contribution from which a whopping $225 million must be found in the form of foreign loans, grants and economic and technical assistance. The importance attached to contributions from abroad underscores the unavoidable fact that about half Jordan's annual expenditures are now being met by foreign budgetary support payments and the like (which permits Jordan to maintain a healthy foreign exchange reserve position and a strong currency).

The private sector is expected to cough up $220 million, only 10 per cent of which should originate abroad and will probably take the form of joint venture investments.

Development assistance is directed to manufacturing and mining ($72 million); irrigation projects ($41 million); municipal and rural affairs ($41 million); agriculture ($36 million); electricity ($28 million); tourism ($20 million); telecommunications ($18.7 million) and road construction ($18 million), to name the major sectoral recipients. Priority will be given those projects now in the implementation stage and the completion of which will make a significant contribution to productivity, use of indigenous materials, employment or foreign exchange earnings.

Several hundred individual projects are identified and variously described in a reference publication called *Investment Conditions and Opportunities in Jordan*, available free of charge from the Jordan Investment Promotion Office (JIPO), Ministry of National Economy, Amman. The projects vary in size and scope from a small $140,000 study on maize to an oil exploration venture involving obligations by a Canadian company to spend $6.5 million over the Plan period; from a $780,000 aerial photographic survey to $11.6 million to be allocated to the preliminary stages of an international airport scheme. There are in addition large telecommunications, electricity, road-building, housing, tourism, mining, irrigation, and municipal schemes in the pipeline. Nearly $110 million is budgeted for 1973 — the first year of the Plan. A U.S. consulting firm is conducting a survey to assess and evaluate Jordan's industrial potential.

Last year was not a bad one for Jordan despite the economic consequences of the border closure with Syria (reopened December 1). Much of the volume of trade traditionally received through Mediterranean ports has been increasingly routed through the rapidly developed and improved Red Sea port of Aqaba. Inventories were healthy, prices under control and consumer demand was strongest since 1966. Increased economic activity led to a rise in government revenues over 1971 and a respectable 4.7 per cent per capita growth rate. Confidence in the business community is soberly optimistic.

Demand for Canadian products is strong but our spectrum of merchandise sales remains restricted. The limited market, distance from Canada, lack of direct shipping and heavy transportation costs are obvious obstacles to any significant increase in our exports to Jordan. Consulting engineering or project participation would seem to offer the best avenue for a major Canadian thrust. Given Jordan's chronic need for financial aid, however, any Canadian initiatives will have to be supported by credits or made within the framework of programs by international lending institutions. □

JORDAN

Religious and National Holidays, 1973

Prophet's birthday	April 15
Independence Day	May 25
King Hussein's Accession	Aug. 11
Al-Maaraj	Aug. 26
Id Al-Fitr	Oct. 27
King Hussein's birthday	Nov. 14

WHAT JORDAN BOUGHT IN 1971

	$ million
Transportation equipment & parts	33
Textile yarns, textile fabrics	16
Machinery (electric & non-electric)	15
Crude oil	12
Fruits and vegetables	12
Wheat and flour	11
Dairy products and eggs	7
Rice, sugar, coffee, tea	16
Pharmaceuticals	6
Clothing & footwear	5
Paper & paperboard	4
Scientific instruments	3
Tobacco	2
Lumber	1
Miscellaneous manufactured articles	8
Total Imports (including all others)	**230**

WHAT CANADA SOLD TO JORDAN

	$'000	
	1971	1972
Miscellaneous apparel	29	29
Washing machines	23	76
Hides & skins	17	–
Flour	15	120
Trucks & chassis	8	16
Nuts, bolts	7	10
Asbestos brake linings	6	1
Automotive parts	5	5
Canned meat	5	26
Dried whole peas	–	29
Newsprint	–	19
Locks & keys	–	7
Telephone apparatus	–	9
Total (including all others)	**144**	**404**

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 June 4	Value of Canadian dollar in foreign currency units
Algeria		
Dinar	.2380	4.20
Arab Republic of Egypt		
Pound (official)	2.5469	.39
Argentina		
Peso (financial)	.0999	10.01
(commercial)	.1993	5.02
Australia		
Dollar	1.4127	.71
Austria		
Schilling	.0515	19.42
Bahamas		
Dollar	.9966	1.00
Belgium and Luxembourg		
Franc	.0266	37.59
Bermuda		
Dollar	1.0397	.96
Bolivia		
Peso	.0498	20.08
Brazil		
Cruzeiro (official free)	.1639	6.10
Britain		
Pound	2.5759	.39
British Honduras		
Dollar	.6078	1.64
Burma		
Kyat	.2070	4.83
Chile		
Escudo (bank rate)		
(free)	N.A.[10]	
China, People's Republic of		
Yuan	.4188	2.39
Colombia		
Peso (fixed)	.0428	23.36
Costa Rica		
Colon	.1502	6.66
Cuba		
Peso	1.2130	.82
Czechoslovakia		
Koruna (fixed basic rate)	N.A.[10]	
Denmark		
Krone	.1693	5.91
Dominican Republic		
Peso	.9966	1.00
Ecuador		
Sucre (official)	.0399	25.06
El Salvador		
Colon	.3986	2.51
Fiji		
Dollar	1.3010	.77
Finland		
Markka	.2555	3.91
France, Monaco, etc.[1]		
Franc	.2372	4.22
French Pacific[2]		
Franc	.0131	76.34
Franco-African Republics[3]		
Franc	.0047	212.77
Germany		
D Mark	.3821	2.62
Ghana		
New Cedi	.8637	1.16
Greece		
Drachma	.0332	30.12
Guatemala		
Quetzal	.9966	1.00
Guyana		
Dollar	.4444	2.25
Haiti		
Gourde	.1993	5.02
Honduras		
Lempira	.4983	2.01
Hong Kong		
Dollar	.1960	5.10
Hungary		
Forint (official)	.0869	11.51
Iceland		
Krona (official)	.0107	93.46
India		
Rupee	.1323	7.56
Indonesia		
Rupiah	.0024	410.00
Iran		
Rial	.0134	74.63
Iraq		
Dinar	3.3663	.30
Ireland		
Pound	2.5759	.39

Country and Currency	Value of foreign currency unit in Canadian dollars at June 4	Value of Canadian dollar in foreign currency units	Country and Currency	Value of foreign currency unit in Canadian dollars at June 4	Value of Canadian dollar in foreign currency units
Israel Pound	.2372	4.22	**Philippines**[5] Peso (free)	.1465	6.83
Italy Lira	.0017	588.24	**Poland** Zloty (fixed basic rate)	.2577	3.88
Jamaica Dollar	1.0963	.91	**Portugal & Overseas Provinces**[6] Escudo	.0391	25.58
Japan Yen	.0038	263.16	**Saudi Arabia** Riyal	.2273	4.40
Kenya[4] Shilling	.1379	7.25	**Sierra Leone** Leone	1.2371	.81
Korea, Republic of Won	.0027	370.37	**Singapore** Dollar	.3358	2.98
Lebanon Pound (free)	N.A.[10]		**South Africa** Rand	1.4145	.71
Libya Dinar	2.777	.36	**Spain & Dependencies** Peseta	.0172	58.14
Malawi Kwatcha	1.2280	.81	**Sri Lanka**[7] Rupee	.1599	6.25
Malaysia Dollar	.3927	2.55	**Sweden** Krona	.2364	4.23
Mexico Peso	.0797	12.55	**Switzerland** Franc	.3287	3.04
Morocco Dirham	.2376	4.21	**Syria** Pound (free)	.2711	3.69
Netherlands Florin	.3632	2.75	**Thailand** Baht (free)	.0479	20.88
Netherlands Antilles Florin	.5568	1.80	**Trinidad & Tobago**[8] Dollar	.5366	1.86
New Zealand Dollar	1.3230	.76	**Tunisia** Dinar	2.2900	.44
Nicaragua Cordoba	.1424	7.02	**Turkey** Lira	.0712	14.04
Nigeria Naira	1.4700	.68	**United States** Dollar	.9966	1.00
Norway Krone	.1798	5.56	**Uruguay** Peso (free)	.0012	833.33
Pakistan Rupee	.1007	9.93	**Venezuela** Bolivar (official free)	.2320	4.31
Panama Balboa	.9966	1.00	**Yugoslavia** Dinar (official)	.0586	17.06
Paraguay Guarani (free)	.0080	125.00	**Zaire, Republic of**[9] Zaire	1.961	.51
Peru Sol (free)	N.A.[10]		**Zambia** Kwacha	1.3893	.72

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

2. New Caledonia, New Hebrides, French Polynesia.

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

4. Rate also applies to Tanzania and Uganda.

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

6. Approximately same for Portuguese territories in Africa.

7. Formerly Ceylon.

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

9. Formerly Congo (Kinshasa).

10. Rates not available at press time.

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.

Biolog.cal sewage treatment plant
Danish company offers under licence the Canadian manufacturing rights to its biological water purification system. This system is claimed to be easy to install and inexpensive to operate. The equipment consists of a basin and two drums filled with plastic spheres floating in the water. The drums are rotated slowly by a small engine. Inside the drums are fixed plastic containers which during the upstroke act as pumps pouring water over the plastic balls and on the downstroke as compressers that take air down into the water and release it. By every rotation about 50 gallons of water is oxidized. The high surface area per volume enables large population of bacterial slime to exist, thus providing high intensity of treatment. Literature available. **Item 2833**

Conveyor system
Danish firm offers under licence the Canadian manufacturing rights for its slat band conveyor system for bottles, jars, tins and milk cartons. The outstanding feature of this system is its use of standard galvanized and stainless steel elements which permit easy and quick construction and provide flexibility in both width and length. The use of standard module units makes possible an easy and fast expansion of existing conveyors by adding the required number of elements. The conveyor consists of a drive section, an idler section, and the desired number of middle sections. Literature available. **Item 2834**

Heat shield cream
Swedish firm is seeking a licensing arrangement with a Canadian company to produce an insulation cream for use in welding and soldering operations. This product prevents heat transmission thereby protecting inflammable parts and delicate materials from damage. The insulation cream finds use in electrical and mechanical workshops, plate works, shipyards, aircraft industries, steel works, jewellery repair shops, automotive repair shops, etc. Literature available. **Item 2835**

Gas concrete
Dutch firm offers for manufacture under licence in Canada its process for the fabrication of gas concrete building blocks and panels for use in constructing houses, industrial buildings, utility buildings, etc. Gas concrete is a lightweight building material with excellent thermal insulation properties, easy workability, and good fire and chemical resistance. It is fully inorganic and rotproof. Its specific weight is one third that of heavy concrete. Other products offered under licence include sand, lime, bricks, industrial flooring elements, and flooring elements with special reinforcement. Literature available. **Item 2836**

Product to create raceways in concrete
Canadian company offers under licence the Canadian manufacturing rights to its tube-like device designed to replace conventional piping installations used in communications, electrical, plumbing, heating, air conditioning and other related fields. The product consists of an entirely solid tube comprised of three components: an outer coating of plastic or ionized rubber depending on usage; an inner content of specially formulated material which burns without oxygen at 400°F; and a steel wire running through the centre which acts initially as a stabilizer and later as a fishtape or pullwire. During construction the tubing is attached to the reinforcing steel by stand-off brackets. When concreting is completed the material inside the tubing is ignited. The subsequent burning consumes this material and vulcanizes the outer coating to the concrete. The centre wire is then used as a fishtape for installing wiring, etc. The ash residue acts as a lubricant. This system is claimed to create openings and raceways in concrete or similar materials with savings in material and labour costs. Literature available. **Item 2837**

Household refuse collectors
A French firm offers manufacturing rights under licence to its hydraulic compression household refuse collector with stationary compactor for solid waste. Refuse is dumped into a semi-cylindrical hopper. In the axis of the hopper, a rudder-shaped rammer, actuated by two hydraulic cylinders, makes a half circle alternately in each direction forcing the refuse into the compression box. This unit features low pressure hydraulic operation, speedy loading, high compaction and low consumption of energy. Literature available. **Item 2838**

Single track overhead conveyor
French company offers the manufacturing rights under licence in Canada for its single track overhead conveyor. It is a trolley system adaptable to any conveyor chain whatever its construction type. Trolleys are carriers and are equipped with bolts which permit the loaded trolleys to be disengaged from the main conveyor at selected work stations without any danger of unhooking. This system offers real savings compared with conventional double track devices which require a load track on the whole length of the circuit. Literature available. **Item 2839**

Disinfecting and cleaning equipment
Swedish firm is offering the rights to manufacture under licence in Canada its disinfecting and cleaning equipment. The disinfecting machine airs and disinfects mattresses, blankets, pillows, etc. in a 30 minute program. Air saturated with formalin is first circulated in the machine followed by a fresh air cycle. The cleaning machine consists of a vibrating suction box contained in a tubular steel stand. When a mattress or carpet is placed across the box, a powerful air current passes through it while it is being vibrated. This equipment is recommended for hospitals, hotels, senior citizens homes, etc. Literature available. **Item 2840**

Job crane
A French company offers manufacturing rights under licence in Canada of its job crane system. This system comprises two elements — a main arm which is articulated on a post, and an auxiliary arm which is articulated on the main one. These two articulations allow a very flexible use. Reach changes are produced by varying the angle between the two arms. As the articulations remain in a vertical plane the load is always in perfect equilibrium. Literature available. **Item 2841**

Stroboscopes
A French company offers under licence the Canadian manufacturing rights for its two models of stroboscopes. One is a ministrobe with adjustable frequency and progressive adjustment from 5 Hz to 100 Hz (300 to 6000 RPM) and with a precision of ± 1%. It is designed for all standard stroboscopic applications: speed test, periodic phenomenon stoppage. The other model has a luminous

Detachable spout

British government agency offers for manufacture under licence in Canada a detachable spout for use with cans, tuning-fork with 3 fixed frequencies and stop 25-50-100 Hz for 50 Hz mains. It is used to measure the drift of asynchronous motors and transient phenomena of synchronous motors. Literature available. **Item 2842**

Dishwashing brush

Swedish firm is offering the rights for manufacturing under licence in Canada its dishwashing brush. The brush body is moulded of polypropylene, the bristles of nylon. The brush's special design provides a comfortable and effortless grip. It is unbreakable and resistant to boiling water, and is angled so that it gets into all corners. Literature available. **Item 2843**

Adjustable chair — stool

Canadian inventor offers for manufacture under licence in Canada his patented office type chair that adjusts to the user, giving support where required yet providing freedom of movement. A ball-point mechanism with cushion washer located in the chair's base allows the seat and stem assembly to tilt in any direction actuated by the user thereby improving sitting posture and comfort. Literature available. **Item 2844**

Method to preserve bread

Swiss inventor is seeking a licensing arrangement with a Canadian firm covering his method to preserve bread and pastry for periods up to two months. This process which includes use of special wrapping foil utilizes no preservatives or other chemicals. It is claimed that bread preserved by this method is free of mould, easy to cut and chew, tasty and without weight loss after two months. Products made by this process would be particularly attractive to campers, hunters and members of the armed forces. Literature available. **Item 2845**

Air conditioner

British inventor offers for manufacture under licence in Canada his portable air conditioner specifically designed for use in automobiles. This equipment is of simple design and may be used to provide either hot or cold air. Chief advantage claimed for this product is its low cost which should make it attractive in areas where the need for a full air conditioning system is marginal. Literature available. **Item 2846**

bottles or other small containers. The product is easily fabricated from flat flexible sheet such as plastic, and can be clipped into shape by the user. The main advantage of this product is that it permits pouring with little or no spilling. In view of its low cost it can be discarded after use. The spout is easily packaged for distribution and can be overprinted with advertising copy. Literature available. **Item 2847**

Yardage counter

British firm is offering for outright sale the rights to manufacture in Canada and distribute worldwide its yardage counter for measuring the length of paper or fabric before or after reeling. Using this device each revolution of the reel releases a series of electronic impulses which are counted by an electronic counter. The number of impulses can be varied to suit the diameter of the roll and the unit of measurement. This equipment is claimed to provide both accuracy and flexibility. Literature available. **Item 2848**

Retractable wheels for snowmobiles

Canadian inventor offers for manufacture under licence in Canada his attachment for snowmobiles which allows them to be transported by road without the use of a trailer. The kit of parts includes a pair of retractable or removable road wheels, mounting hardware for attaching to the sides of the snowmobile, suspension system which includes springs and shock absorbers, and a tow-bar by which the snowmobile can be hitched to a car. The kit can be easily assembled and the cost should be less than for a regular trailer. Literature available. **Item 2849**

Boot drying rack

Canadian inventor seeks the outright sale of the patent rights covering his boot drying rack. This device consists of a base frame and removable upright supports for supporting boots in an inverted position. Since the base frame is open this permits hot air from a register or radiator to flow upwards into the boots, thereby drying them in a short period of time. Collapsible when not in use, the rack can also be used to dry other items. Literature available. **Item 2850**

Pipe

French inventor offers the manufacturing rights under licence in Canada for a pipe designed to reduce tobacco toxicity by lowering the temperature of the inhaled smoke, decanting and filtering the smoke and then evacuating the liquid that forms during condensation. The main feature is to retain a fair quantity of tar and nicotine in the decantation chamber, while allowing the smoke to filter through the tobacco, so that it keeps all its aroma. Literature available. **Item 2851**

Fondue well and protector

Canadian inventor is seeking a licencing arrangement with a Canadian firm to manufacture a device consisting of a table leaf with an aperture or well into which the fuel and fondue pot are placed. The table leaf is intended to fit all extension tables. The fuel and pot are enclosed in a protective cage to prevent spilling and burning. This equipment can be slid on tracks under a table and locked in position below a cutout portion so that the fondue pot can be inserted from above. After insertion, the pot lies flush with the table top, thus preventing oil spillage. Literature available. **Item 2852**

Soviet licencing opportunities

The following products and processes are offered for manufacture under license from Licensintorg, the Soviet state licensing organization. Abstracts of the inventions are available from: Industrial and Trade Enquiries Division, Department of Industry, Trade and Commerce, Tower B, Place de Ville, Ottawa K1A 0H5.

A method for producing sulfate — resisting slag portland cement — V/O 25

Complex intensification and control of thermal processes in moulds for medium-size and large castings — V/O 26

Device for the erection of prefabricated tunnel facing — V/O 27

Metal alloy resistant to seizing at temperatures up to 600 C, and type IIH-12 electrode for facing same — V/O 28

Type BIIM-2-200 multiform shaper vulcanizer — V/O 29

Vibrorolling of machine parts — V/O 30

Welding wire for welding stainless steel with unshielded arc and method for facing metal with high-quality steels and alloys — V/O 31

Foreign Tariffs and Trade Regulations

Bahamas

Tariff increases on the following products became effective March 28, 1973: aerated mineral and distilled water; air conditioning machines; ammunition; boats; carpets; cinematograph films; electrical and mechanical apparatus and appliances; firearms, marine engines; microphones, loudspeakers and amplifiers, motor vehicles; motorcycles; musical instruments; pool tables; lawn mowers and edgers; record players; radiograms, records and tapes; alcoholic beverages; vending machines, and non-sparkling wines.

The Emergency Tax was raised from 7½ per cent to 12½ per cent ad valorem. Information regarding the rates of duty applicable on specific products is available from the Caribbean Division, Western Hemisphere Bureau, Dept. of Industry, Trade and Commerce, Ottawa K1A 0H5.

Bangladesh

The Government recently issued a Trade Marks Order 1973 which has the effect of cancelling, for Bangladesh, all trade marks registered in Pakistan before March 26, 1971. Applications filed for trademark registration in Pakistan now are deemed not to have applicability to Bangladesh. Trademark owners are advised to apply for new registrations in Bangladesh to the Registrar of Trademarks, Ministry of Commerce, Dacca.

Brazil

Resolution 1574 of February 28, 1973 establishes a duty-free quota of 33,341.7 tons, dry weight, on natural and synthetic rubber classified under tariff items 40.01.01.00, 40.01.02.00 and 40.02.00.00.

Resolution 1580 establishes duty-free import quotas for iron or steel coils for re-rolling and sheets and plates, hot or cold rolled (tariff items 73.08.00.00 and 73.13.00.00).

Resolution 1583 reduces the Reference Price from U.S. $325.00 to $255.00 a ton c.i.f. on maleic anhydride (tariff item 29.15.04.02).

Resolution 1584 of February 28, 1973 exempts from duty for a period of 180 days rayon viscose fibres falling under tariff headings 56.01.02.01, 56.02.02.01 and 56.04.02.01.

Resolution 1588 reduces the duty from 40 per cent to 15 per cent for a period of 180 days from March 9, 1973 on a quota of 300 tons of sorbitol (tariff item 29.04.35.00).

Resolution 1593 reduces the duty from 50 per cent to 10 per cent for a period of one year on styrene (tariff item 29.01.35.00).

Resolution 1595 of March 26, 1973 extends for a period of one year the exemption from duty established by Resolution 980 on neutral sodium carbonate (tariff heading 28.42.17.00).

Resolution 1601 of April 6, 1973 extends for a further year the exemption from duty established by Resolution 957 on dissolving or diluting naphtha when intended for the reconditioning of petroleum (tariff heading 27.10.99.03).

Resolution 1603 extends until November 23, 1973 the exemption from duty established by resolution 1475 for a quota of 50,000 tons of vinyl chloride monomer for use in the production of polyvinyl chloride (tariff heading 29.02.12.00).

Resolution 1606 of April 6, 1973 increases the duty from 25 per cent to 55 per cent for a period of 2 years on liquid polypropylene glycol (tariff heading 38.19.27.00).

Resolution 1608 extends for a further 180 days from April 6, 1973 the following duty reductions introduced by Resolutions 1294 and 1437. Dilute caustic soda (sodium hydroxide) from 30 per cent to 15 per cent (tariff heading 28.17.01.01). Fused caustic soda (sodium hydroxide) exempt from import duty (tariff heading 28.17.02.02). Caustic soda (sodium hydroxide) in flakes and ground flakes from 20 per cent to 10 per cent (tariff heading 28.19,01.03).

Resolution 1609 of April 4, 1973 reduces the duty from 55 per cent to 20 per cent for a period of 180 days on paper liner kraft, unbleached, to cover corrugated paperboard, weighing from 145 to 300 grams per square metre. (tariff heading 48.01.02.99).

Resolution 1612 of April 6, 1973 reduces the duty from 55 per cent to 5 per cent for a period of one year on polypropylene resin (tariff heading 39.02.02.12).

Resolution 1614 of April 6, 1973 reduces the duty from 45 per cent to 15 per cent for a period of six months on regenerated cellulose tubes for use in the manufacture of artificial sausage casings, (tariff heading 39.03.01.03).

Resolution 1617 reduces the duty from 55 per cent to 15 per cent for a period of one year on electronic microstructures (tariff heading 85.21.13.00).

Resolution 1618 reduces the duty from 30 per cent to 20 per cent for a period of 180 days on hexamethylenediamine and its salts (tariff heading 29.22.31.00).

Resolution 1619 of April 6, 1973 exempts from duty for a period of one year Marek disease vaccines with or without diluents (tariff heading 30.02.01.99).

Resolution 1620 of April 6, 1973 extends for a further year the duty exemption established by Resolution 1250 on various types of coal, coke and turf classified under tariff headings: 27.01.01.00, 27.02.02.00, 27.01.03.00, 27.01.04.00, 27.02.01.00, 27.02.02.00, 27.03.01.00, 27.03.02.00, 27.04.00.00, 27.05.02.00, 27.08.02.00, 27.14.01.00.

Resolution 1621 raises the duty from 15 per cent to 20 per cent on hydroxy propylmethyl cellulose (tariff heading 39.03.07.06) and reduces the duty from 30 per cent to 20 per cent on hydroxy ethyl cellulose (tariff heading 39.03.07.04) and hydroxyethyl methyl cellulose (tariff heading 39.03.07.99).

Resolution 1622 raises the duty from 9 per cent to 30 per cent on stereo-scopic microscopes (tariff heading 90.12.99.00).

Resolution 1623 established duty-fress quotas on iron or steel coils for re-rolling, angles, shapes and sections, sheets and plates classified under the following tariff headings: 73.08.00.00, 73.11.03.00, 73.11.05.00, 73.11.07.00, 73.11.09.00, 73.11.10.00, 73.13.04.01, 73.13.04.99, 73.13.07.03 and 73.13.07.04.

Resolution 1624 of April 13, 1973 extends for a further year the reduction in duty from 70 per cent to 15 per cent established by Resolution 1287 on regenerated cellulose (cellophane) (tariff headings 39.03.01.01 and 39.03.01.02). The rate of duty will be 40 per cent thereafter.

Resolution 1625 of April 26, 1973 exempts from duty for a period of one year Butanodiol -1,4 (tariff heading 29.04.99.00) triethyldiamine (tariff heading 29.22.99.00) and chemical products and/or preparations of organic isocyanates (tariff heading 38.19.99.00).

Resolution 1626 extends for one year as of May 22, 1973 the exemption from duty established by Resolution 1322 on cotton harvesters (tariff heading 84.25.01.01).

Resolution 1627 of April 26, 1973 reduces the duty from 45 per cent to 2 per cent for a period of six months on skim milk powder (tariff heading 04.02.02.05). Benefits may be withdrawn at any time if warranted by national production. LAFTA supply availability is to be taken into consideration.

Resolution 1628 of April 26, 1973 reduces the duty from 85 per cent to 15 per cent on tires of specified sizes for earthmoving equipment and agricultural machinery and tractors (tariff headings 40.11.01.03 and 40.11.01.04).

Resolution 1629 of April 26, 1973 reduces the duty from 30 per cent to 5 per cent for a period of nine months on unwrought lead. (Tariff headings 78.01.01.00 and 78.01.02.00).

France
The French Government has announced that by Regulation No. 72-1123, dated December 1972, the standard rate of value added tax, (taxe sur la valeur ajoutée), 23.44 per cent has been reduced to 20 per cent, and the reduced rate of 7.5 per cent, has been fixed at 7 per cent.

The new rates were effective January 1, 1973, and are a fiscal measure adopted by the Government to counter the rising cost of living. The reduced rate of 7 per cent is applicable to basic food products that have not been processed, books, fertilizers, etc.

As a further measure in the fight against the increasing cost of foodstuffs, the Government adopted a Decree No. 72-1125, dated December 20, 1972, exempting retail sales of cattle meat from the T.V.A., during the period January 1, 1972 — June 30, 1973 and fresh pastry which has been subject to the intermediate rate of 17.6 per cent, is now subject to the reduced rate of 7 per cent.

Italy
The value added tax has been introduced by the Italian Government commencing January 1, 1973, following the adoption by the Italian Parliament of the necessary legislation on July 24, 1972. Similar to the systems applied by its fellow members of the EEC, the Italian T.V.A. (taxe sur la valeur ajoutée), is based on three different rates, of 6, 12 and 18 per cent.

The reduced rate of 6 per cent applies to basic necessities, hotel services, fertilizers and plant protection agents. The major or highest rate applies to luxury products such as jewellery, fur apparel, paintings, works of art, antiques, playing cards, private aircraft, large horsepower automobiles, etc. The normal rate of 12 per cent applies to all goods not covered by the other rates of tax.

There are certain classes of goods subject to even lower rates of tax for indeterminate periods of time. For more detailed information, please contact the European Affairs Branch, Office of Area Relations.

Japan
Effective April 19, 1973, these two items are no longer subject to Import Quota restrictions: Ex 84.52-1: Electronic Digital, Calculating Machines; Ex 85.21-2: Diodes, Transistors, Similar Semi-Conductor Devices and Integrated Circuits (with elements of 100 or more but less than 200 in circuit).

Netherlands
The Dutch Government has announced that effective January 1, 1973, the normal rate of value added tax, (T.V.A.) was increased to 16 per cent.

With very few exceptions, the new rate applies to the same list of goods as the previous normal rate of T.V.A. Certain farm implements have been placed in the list of goods and services that remain subject to the reduced rate of 4 per cent. Further information is available from the Western Europe Division, European Affairs Branch, Office of Area Relations.

Nigeria
As of April 1, 1973, foreign exchange for the payment of imports is being released within 90 days of the date of shipment (i.e. date of bill of lading or airway bill) or date of arrival in Nigeria, whichever is later.

This new regulation replaces the former requirement that payment be delayed until 180 days from date of arrival. Applications for the release of foreign exchange must be accompanied by proof of clearance through Customs.

Payment regulations remain unchanged for goods previously payable on sight or for large capital goods payable over a one-to-four year period.

Peru
Decree Law No. 19574 of October 17, 1972, in effect until December 31, 1975, exempts from duty and additional taxes, equipment, machinery, materials, spare parts and other goods required exclusively for erection and/or expansion of petroleum refineries. When duly justified, goods which appear in the prohibited imports lists, can be included in any particular shipment. Each import operation has to be approved beforehand by the Industries Division of the Ministry of Industry and Commerce.

Payments abroad for these imports are likewise exonerated from the stamp tax. Interest payments resulting from any financing by international organizations are free from income and stamp taxes.

Surinam
A recent Government decree contains lists of goods which may not be imported or are limited or subject to special regulations. Information regarding specific products is available from the Caribbean Division, Western Hemisphere Affairs Branch.

West Germany
On December 16, 1971, the West German Government, enacted a law entitled *Ordinance on Consumer Packaging* . The law, however, did not go into effect until December 31, 1972, with a few exceptions for certain container sizes.

Under this regulation, consumer packaging containing liquid foods, dry foods, and paste foods, in bottles, cans, packages or boxes, prepared or otherwise, including meats, fruits, vegetables, dairy products, and cereals, are controlled as to size, contents, marking, labelling and product description.

In addition, other household products such as cleansers, polishing agents, paints, laquers, soaps, tonics, lotions, etc. come under the decree, and are regulated as to container size, weight or quantity contents. More information is available from the European Affairs Branch.

Zaire
Canadian businessmen who intend to travel to Zaire are advised to obtain the necessary visa from the Embassy of Zaire, in Ottawa, prior to their departure from Canada.

Previously visas were obtainable, with the assistance of the Canadian Embassy, from the Embassy of Zaire in Algiers but this practice will no longer be permitted.

Export Opportunities

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

Automotive

WEST GERMANY — Power window motors, headlight wiper water pumps: Gotz Kastenholz, 7532 Niefern, Schlossstr. 66.

Lubricant additives: K. Wenholt, 78 Freiburg i. Br., Reichsgrafenstr. 18.

Chemicals

BRAZIL — Electrolitic metalic cadmium (cd); industrial sodium nitrite ($NaNO_2$); barium chloride ($BaCl_2$) — anidro, barium chloride ($BaCl_2\ 2H_2O$) chrystalized; nitrobenzene sulfonic acid (powder) ($NO_2\ C_6H_4\ SO_3$); similar to eudigol (BASF); 2-butyn — 1,4 industrial chrystalized diol (OH-$C_4\ H_4$-OH); industrial phosphoric acid 85% syrupy ($H_3\ PO_4$); sodium cyanide 98/100% ($NaCN$): 1-3 benenedisulfonic sodium salt acid in powder for industrial use ($SO_3\ Na$-C_6H_4 — $SO_3\ Na$); Benzaldehyde orto-sulfonic sodium salt acid in powder for industrial use (Na-SO_3-C_6H_4-COH); Sociedad de Metais e Productos Quimicos "SOMEX" SA, Rua Senador Dantas 80, S/1805/06, Rio de Janeiro.

DOMINICAN REPUBLIC — Licensing arrangements for production of fertilizers, fungicides and insecticides: Acro Technocracia, C. por A., Box 1365, Santo Domingo, R.D.

Clothing

NORWAY — Hockey jackets, shirts and emblems: Olav Hansen, Oreliveien 7, Oslo 5.

Lumbermen's jackets: Brynje Trikotasjefabrikk A/S, Box 85, 3251 Larvik.

UNITED STATES — Menswear, primarily outerwear: Alfred Kort, 26 Croyden Avenue, Great Neck, New York.

Electrical and Electronics

NORWAY — Semiconductors and other electronic components: Kjell Bakke & Co., Kjellevreien 11, Lillestrom.

Equipment and Machinery

AUSTRIA — Laboratory instruments for textile industry, including tensile, chemical composition and colour testing: Commercial Counsellor, Commercial Division, Canadian Embassy, Dr. Karl Luegerring 10, 1010 Vienna.

BELGIUM — Supplies for medical analytical laboratories, including reactors and vessels, culture media and other equipment — also medical and surgical instruments and equipment: S.P.R.L. Bial Scientific, Rue de la Station 15, B-1610 Ruisbroek.

BRAZIL — Large-capacity collapsible drums and other large plastic and rubber containers for liquids and grains: Hely Nazaire de Silveira, H. Picchioni S.A., Av. Augusto de Lima 371, (30.000 Belo Horizonte, MG.

Literature and prices for sound recording equipment, magnetic tape and records: H.P. Beugger, President, Inds. Electricas e Musicais Fabrica Odeon S.A., Caixa Postal 208, Sao Bernardo do Campo, Sao Paulo.

DOMINICAN REPUBLIC — Water meters, small marine engines, LPG water heaters, conventional and specialized tools: Dinamica Dominicana, P.O. Box 236-2, Santo Domingo, R.D.

SWEDEN — PVC hot stamping foil machinery: Alf Tonnies, General Manager, A. Tonnies KB, Box 525, S-701 07 Orebro.

Office equipment and drafting materials: Anodia Export & Import AB, Kammakaregatan 46, S-111 60 Stockholm; Eric Rahmqvist AB, Box 3030, S-171 03 Solna; Esselte Obergs AB, Fack, S-104 60 Stockholm.

Machinery to remove refractory linings in iron and steel mills: Gunnar Dahlen, Holger Andreasen AB, Box 2100, S-700 02 Orebro.

Microfilm, Mail handling and word processing equipment: AB Carl Lamm, Box 3236, S-103 64 Stockholm.

SWITZERLAND — Office equipment: Allorgan AG, Im Baendli, 5043 Holziken; Robert Gubler AG, 104 Stauffacherstrasse, 8026 Zurich; Rene Faigle AG, 28, Seminarstrasse, 8057 Zurich; Baumann-Jeanneret SA, 8 Rue de Larquebuse, 1211 Geneva.

Non-electric house cleaning equipment, brushware, other household items: Buerstenfabrik Ebnat-Kappel AG, 9642 Ebnat-Kappel.

THAILAND — Industrialist establishing calcium carbide plant requires complete machinery as well as engineering services: Commercial Secretary and Consul, Canadian Embassy, Box 2090, Thai Farmers Bank Building, 7th Floor, 142 Silom Road, Bangkok.

UNITED STATES — Template hinges, type FF-H-116A: International Hardward Imports Limited, 7-11 Ludlow Street, New York, N.Y. 10002.

WEST GERMANY — Electro-cosmetic equipment, plethysmographical equipment: Deutsche Nemectron GmbH, 75 Karlsruhe, Durlacher Allee 45-57.

Parts and accessories for watches and clocks of all types; parts and accessories for all types of spectacles: Erwin Langbien, 753 Pforzheim, Belfortstr. 9.

Pulp and paper manufacturing equipment: Gockel & Co. GmbH, Muenchen 2, Gabelsbergerstr. 62.

Foodstuffs

HAITI — Hams and evaporated milk in 14 oz. tins: Elias Cassis, Rue du Quais, Port au Prince.

HONG KONG — Canned salmon: Faithful Trading Co. Ltd., Watson's Estate, C Block, 3/ Floor, Watson Road, North Point.

Canned Meat: Faithful Trading Co. Ltd.: Frederick Pordes & Co. Ltd., 209-210 Gloucester Bldg., Box 596.

Canned fruit: Faithful Trading Co. Ltd.

TRINIDAD — Bacon, frankfurters and cheeses: Arthur Evelyn, Managing Director, Evelyn Evelyn, Roach & Co. Ltd., Mason Hall Street, Box 191, Bridgetown, Barbados, W.I.

UNITED STATES — Frozen chickens in carload lots: Commercial Division, Canadian Consulate General, 412 Plaza 600, Sixth and Stewart, Seattle, Washington 98101.

Materials

BELGIUM — Wall and floor tile, including mosaics: Portimex SA, Jordaenskaai 13, B-2000 Antwerp.

All types of floor coverings, particularly carpets, vinyl asbestos and PVC tiles: Ets Vanderborght Freres SA, Rue de l'Ecuyer 52, B-1000 Brussels.

BRAZIL — Seamless galvanized black pipe, Schedule 40 — ½", ¾", 1", 1¼", 1½", 14", 16" and 18": Alfred Weiss, Relitom Comercio Industria Importacao Exportacao Ltda., Av. Rio Branco 120, 7th Floor S/706-734, (20.000) Rio de Janeiro.

International Projects

BRAZIL — POWER

The World Bank is lending $20 million to Light — Servicos de Electricidade (Light), a Brazilian private power company, to finance part of Light's 1972-74 expansion program.

The project consists of additional subtransmission and distribution facilities in Rio de Janeiro and Sao Paulo and surrounding areas. This expansion will permit Light to meet the expected load growth in its area of concession, and connect over half a million new residential consumers.

The total cost of the project has been estimated at $382.6 million, of which $34.7 million will be spent on imported materials.

Implementing Organization: Light-Servicos de Electrididade S.A. (Light), Avenida Presidente Vargas 642, Caixa Postal 4965 ZC-21, Rio de Janeiro, Brazil.

Procurement: Equipment and material contracts financed by the Bank to be awarded on the basis of international competitive bidding. Brazilian bidders will have a 15 per cent margin of preference.

Consultants: None

HONDURAS — HIGHWAYS

The World Bank has approved an $18.8 million loan to help finance a $25.8 million highway construction and improvement project in Honduras. The project is an important part of the Honduran Gouvernment's highway investment program for 1972-77. The program is aimed at, among other things, opening new lands to further agricultural and forestry development.

Implementing Organizations: Ministerio de Comunicaciones, Obras Publicas y Transporte, Tegucigalpa; Cable Address: MINICOMUNICACIONES; Telephone No. 22-8691, for all construction supervision and training elements of the project; Secretaria Tecnica del Consejo Superior de Planificacion Economica, Tegucigalpa; Cable Address: PLANIFICACION; Telephone No. 22-2261, for work in transport planning.

Procurement: International competitive bidding for the Tegucigalpa-Talanga road, the major component of the project. Competitive bidding with local advertising only for the construction of the Ulua river bridge, reconstruction of the secondary road Comayagua-La Libertad, and improvement of feeder roads; this procedure would not exclude participation of foreign firms in bidding.

Consultants: The Government intends to engage Howard Humphreys Keeble and Partners (UK) for the supervision of the Tegucigalpa-Talanga road, and qualified consultants for: the supervision of reconstruction of the secondary road Comayagua-La Libertad, improvement of feeder roads and construction of the Ulua river bridge; engineering for 28 miles of feeder roads to be constructed under the present project; feasibility studies and engineering studies for an additional 200 miles of feeder roads; and technical assistance in transport planning.

INDIA — WATER SEWERAGE

A $158 million project to expand and improve the water supply and sewerage system serving Bombay's six million people will be assisted by a credit of $55 million from the International Development Association.

The project, first operation for the World Bank Group in this sector in India, is part of a 10-year (1972-81) water supply and sewerage development program designed to improve living conditions in one of India's principal cities. Bombay is also the capital of the State of Maharashtra.

Implementing Organization: Water Supply and Sewerage Department, Bombay Municipal Corporation, Bombay, India.

Procurement: Equipment and material estimated to cost $35.3 million will be procured through international competitive bidding with domestic manufacturers accorded the normal preference margin. Equipment and material estimated to cost $7.6 million will be procured locally, for reasons of standardization, for the advantage of procuring certain items in small quantities throughout project execution, or for the disproportionately high transportation cost of large diameter pipes.

Consultants: Binnie & Partners (India) Ltd., Tata Consulting Engineers, Tata Management Consultants, India.

YUGOSLAVIA — AGRICULTURE

A project to modernize and expand agro-industrial production and processing facilities in Macedonia — one of the less-developed republics of Yugoslavia — will be assisted by a $31 million loan from the World Bank.

The loan is being made to Stopanska Banka, Skopje. Stopanska Banka will provide subloans to combinats and co-operatives for investments to increase both the quantity and quality of their products. Combinats are self-managed enterprises with integrated production, processing and marketing. The co-operatives vary widely, ranging from those completely collectivized to those with individual ownership.

The project will also assist the development of private farms directly by providing them credit through the combinats and co-operatives and by implementing several studies of the private farm sector. Indirectly, it supports the Government of Macedonia's efforts to speed up modernization of private farms and is expected to increase private farmers' incomes.

Implementing Organization: Agricultural and Forestry Loan Department, Stopanska Banka, Ulica "Boce Bocevski" 6, Skopje, Yugoslavia; Cable Address: STOPANSKA, Skopje.

Procurement: Plants for meat, wine and wine by-product processing to be procured (turnkey basis) through international competitive bidding; some livestock procurement through bidding with quotations from at least three countries; other goods and services to be procured through local competitive bidding for contract groupings of more than $20,000 equivalent.

Consultants: Consultants for technical studies to be selected.

SRI LANKA — POWER

Sri Lanka will expand its electric power transmission and distribution network with the help of a credit of $6 million from the International Development Association.

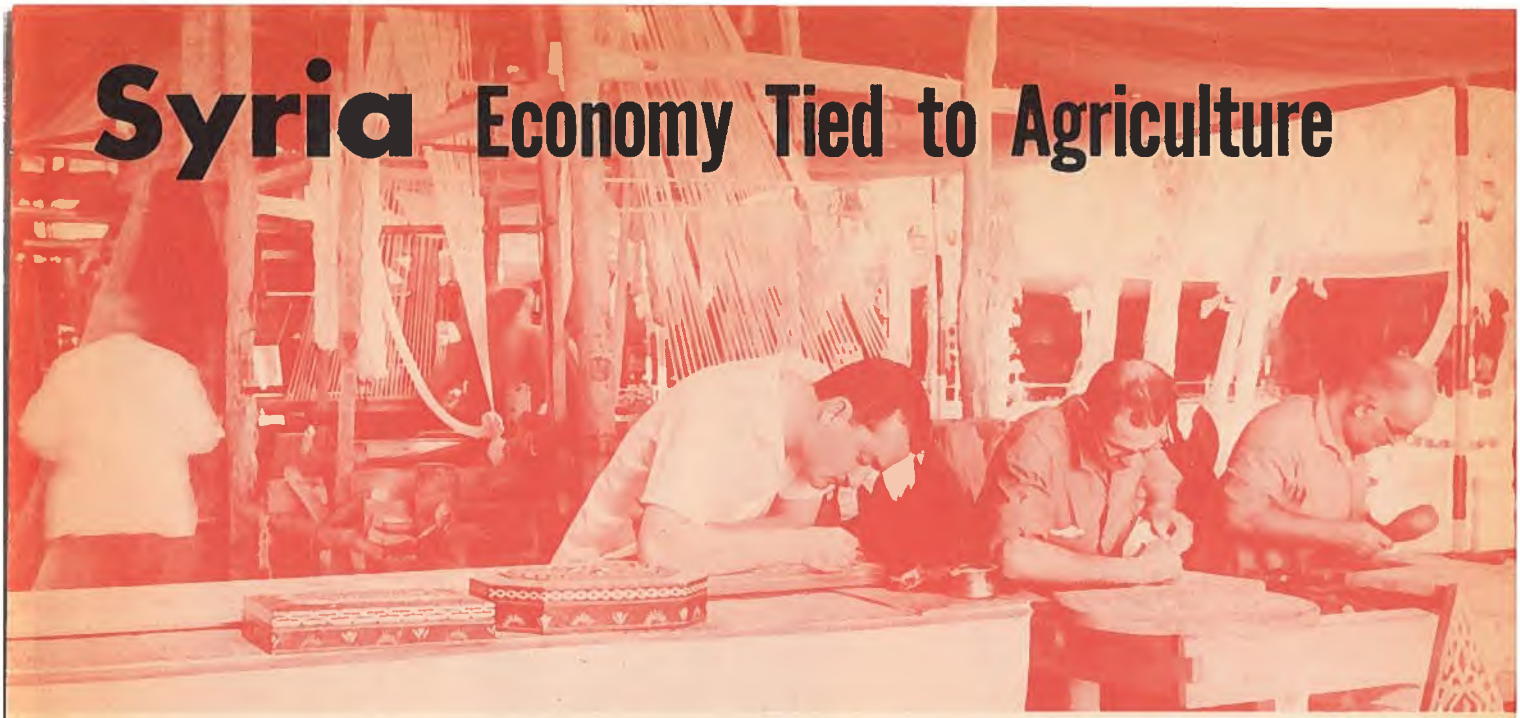
The project is part of Sri Lanka's program of developing of power generation and transmission facilities under the country's second Five-Year Plan (1972-76).

Implementing Organization: The Ceylon Electricity Board, Colombo, Sri Lanka.

Procurement: Imported equipment will be procured on the basis of international competitive bidding.

Consultants: None.

Syria Economy Tied to Agriculture



The famous wooden boxes and brassware of Syria are produced in small factories like this one, which also has ceiling-high looms to weave the famous silk brocades.

PAUL-ANDRÉ GAGNON, Assistant Commercial Secretary, Beirut

The Syrian economy is still based predominantly on agriculture, but there are strenuous efforts to diversify and to expand this sector and to stimulate manufacturing and light industry. The biggest and most far-reaching project in the current Five Year Plan is the Tabka Dam in the Euphrates delta. It is to be longer than the Aswan Dam with half the electricity output, but will irrigate a larger area — about 1.6 million acres over the next 20 years. The demand for farm machinery and equipment, irrigation systems and other associated equipment will be tremendous.

This year should also see the setting up of 13 model dairies and the purchase of cattle.

There is a chronic shortage of foreign currency and a bumper wheat harvest and exports of cotton last year failed to alleviate this problem to any appreciable extent, but U.N. agencies are making a considerable contribution. The Food and Agriculture Organization, for instance, is responsible for some of the surveys in the Euphrates delta and the World Health Organization will probably undertake a drainage survey project for the city of Damascus. The World Bank is financing the surveying and construction of a road network, including the buying of equipment, and is reorganizing the Roads and Bridges Directorate. It is also negotiating with Syrian authorities on the financing of a transmission line to bring electricity to about 250 villages. In all, there are about 100 experts in the country representing at least 12 agencies.

Because of the shortage of foreign currency, imports of consumer goods are limited to what is essential and emphasis is placed on increasing local production. But the country still needs raw or semi-processed materials for supplying its newly-formed industries in the field of plastics and rubber, chemical and pharmaceutical products, fertilizers and copper. There could well be opportunities in the electrical appliance field, especially in parts for local assembly. Parts for washing machines are worth investigating too.

The oil industry, of course, offers a potential, and one that is too often overlooked by Canadians. There is a firm belief here in the superiority of North American techniques and technology, and it is also a sector in which Syria has no objection to spending some of its sparse currency because oil helps to bring in foreign cash. But payment facilities are often required even here. Canadians may have an edge over their U.S. competitors.

Surveys not financed through an international agency or by a grant from a neighbouring country usually have to be incorporated with a turnkey project that includes both engineering and construction. Eastern European countries and the U.S.S.R. have granted development loans, and Japan, France and West Germany are considering long-term loans at quasi-commercial rates.

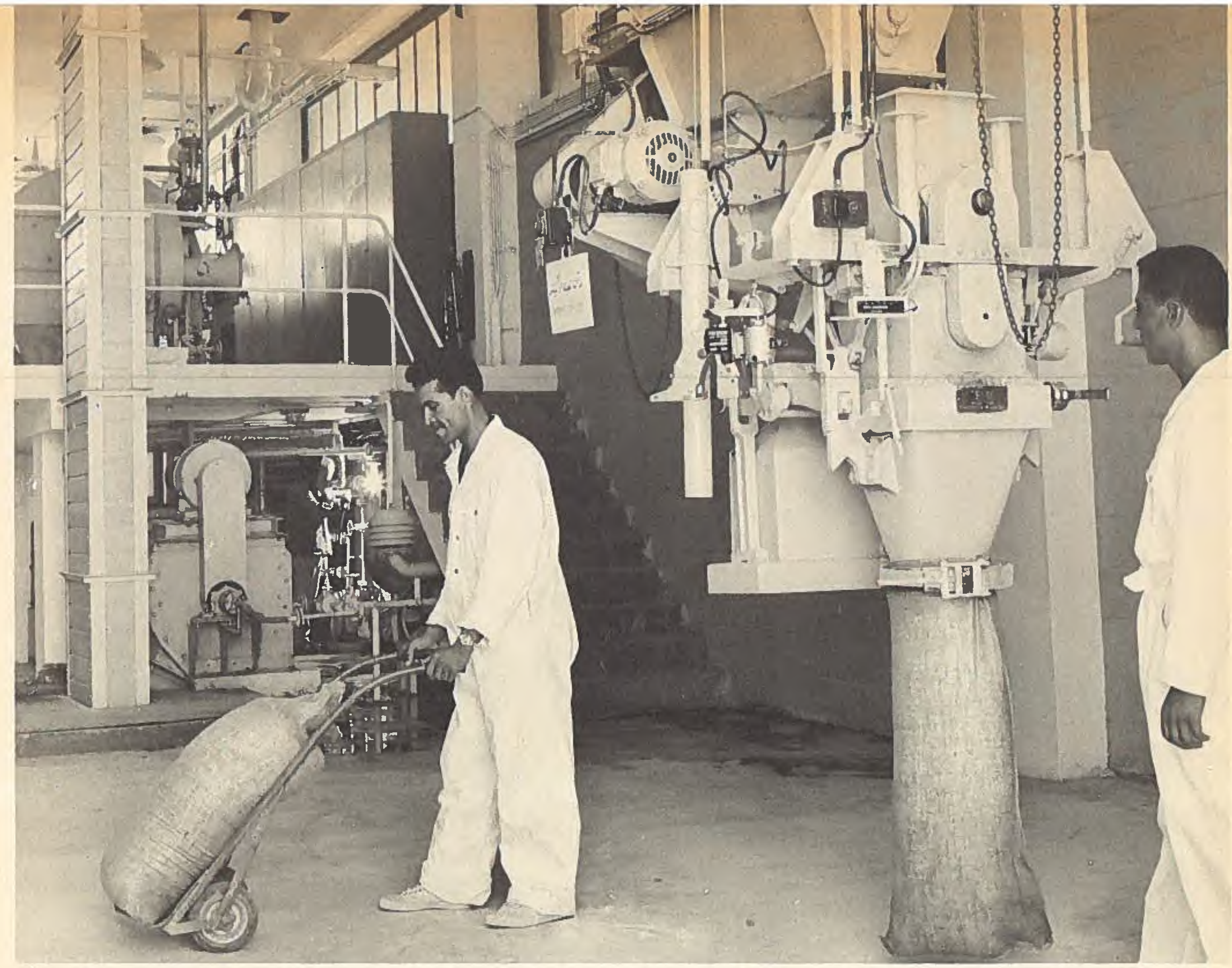
As in all countries with centralized economies, business deals may take longer than they do in North America. Little authority is delegated and most decisions have to be referred to the Minister of whatever department is responsible. This process takes time. Most purchases are made through government contracts according to specific terms and conditions of payment. Terms of 6 per cent over five years for equipment, for instance, are considered acceptable.

This may not be a big market, but there are opportunities and if your equipment or services are in demand it could be worth your time to investigate Syria. □

SYRIA

Religious and National Holidays, 1973

New Year's Day	Jan. 1
Id Al-Adha	Jan. 14-17
Moslem New Year	Feb. 4
Revolution Day	March 8
Arab League Day	March 22
Id Al-Molad	April 14
Easter (Western Church)	April 20-23
Easter (Eastern Church)	April 27-30
Al-Maaraj	Aug. 26
Id Al-Fitr	Oct. 27-30
Christmas	Dec. 25



Bagging up chemical fertilizer in a modern Kuwait plant.

Kuwait

Strong Demand for a Wide Product Range

EMILE MAKLOUF, Commercial Officer, Beirut.

Kuwait's crude oil production accounts for about 10 per cent of world output, outside the U.S.S.R. Oil revenues have surpassed the $1.5 billion mark and by 1975 should reach $3 billion a year. In terms of income per capita Kuwait has few rivals.

The Government has raised its contribution to programs designed to promote the economy. The effect of generous wage payments and the implementation of large-scale development projects has been an exceptionally sharp rise of some 40 per cent in public consumption during the last year or so to a total of $672 million. In the same period private sector spending amounted to a record $1.02 billion. At the end of November 1972 imports totalled $702 million compared with $648 million in the comparable period in 1971. This buoyancy is expected to continue.

As cash resources are growing so is Kuwait's external investment. The combined official and banking net foreign holdings are estimated at about $4 billion. Private investment abroad is also considerable, probably exceeding $150 million a year — some of it in Canada. Annual income from government, central bank and commercial bank assets and including loans by the Kuwait Fund for Arab Economic Development (KFAED) is at least $140 million. In 10 years of operation the KFAED has granted loans amounting to $288 million distributed among 36 projects in 12 Arab countries from Algeria to Bahrain. Budgetary support commitments to Arab states, in addition to low interest loans, amount to over $200 million each year.

As are other oil-rich states, Kuwait is seeking long-term stability through planned industrial diversification and development. A 10-year development program (1971-80), originally calling for an expenditure of $3.6 billion, has been substituted by a less exuberant five-year scheme designed to dovetail with short-term revenues. Further measures to stimulate investment by Kuwaitis in their own country include a liberal fiscal policy, tax exemptions, duty-free import of "development" materials and removal of the ceiling on commercial bank lending rates, formerly fixed at 7 per cent. This last measure was adopted to encourage repatriation of capital invested abroad and promote private sector participation in domestic industrial enterprises and services.

Although Kuwait has one-fifth of the world's proved reserves of oil it is among the poorest in supplies of fresh water. Nature's ironic twist of fate will cost Kuwait a $300 million expenditure on water resources projects over the next five years. Provision has been made for water distribution and research, the construction of new desalination plants, a pipeline to bring water from Iraq, and a centre for research into desalination and sources of ground water. In the telecommunications field, Kuwait has a satellite ground station linked to the INTELSAT network. A second installation is scheduled to open soon making possible extensive improvements in telephone and telex communications.

Also in the pipeline are a vocational and management training centre and plants for the manufacture of detergents and car batteries. A cement plant with a capacity of 250,000 metric tons a year is now in operation. Proposals have been received for study on factories for steel fabricating, plastic laminates, air conditioners, pharmaceuticals, vegetable oils and for processing poultry.

Through a locally established prefabricated building industry, the Government is now providing extensive low-cost housing. New social welfare schemes include two new hospitals and extensions to existing hospitals, all providing free medical service. Other areas of interest to foreign firms include: building and equipping the new Kuwait International Airport Terminal; a radio-television centre and a master plan of urban development for Kuwait City. Collectively these projects entail an estimated investment in the order of $600 million. These undertakings, together with other major projects such as power generation, telephone and road networks, hold out promising prospects for Canadian firms. Spending on development projects is coordinated with plan commitments by a centralized development agency in cooperation with appropriate Ministries. Enquiries about all aspects of development planning in Kuwait should be addressed to the Planning Board, P.O. Box 15, Kuwait City, Kuwait.

Joint ventures are welcomed by Kuwait. As the prime mover (and financier) of industrial diversification and development, the Government, while appreciating the value of Western technology and knowhow, is continually seeking to gain greater effectiveness from foreign support through equity participation either in the form of monetary or equipment supply or through technical training arrangements. Outstanding examples in this respect are Shuaiba Refinery of the Kuwait National Petroleum Company, the Petrochemical Industries Company, and the Kuwait Chemical Fertilizer Company. Concentrated efforts are also being made to encourage private investment in light industries through offers of free land and industrial gas, low-cost loans and tariff protection. The cement clinker grinding plant and a new marine paint plant have benefitted from these incentives and some nine projects ranging from confectionary to electric cable are in the planning stage.

An Industrial Development and Consulting Bureau has now been created under the auspices of the United Nations Development Program to assist and advise the Government in all phases of industrial development, including training of local people. The major Kuwaiti executive body is the Ministry of Commerce and Industry, Kuwait City.

Stimulated by economic activity, merchandise imports continue to record new highs (as they have for more than a decade). In 1971 imports totalled $669 million; 1972 witnessed a further expansion of about 10 per cent. Kuwait's principal suppliers are the United States, Japan, Britain, Federal Republic of Germany, France and Italy. No licence or exchange control formalities are required for imports into Kuwait, with the exception of alcoholic liquor, ethyl alcohol, products containing ethyl alcohol and imports of second-hand automobiles which are very strictly controlled. Importers and agents must be Kuwaiti nationals and hold a general import licence from the Ministry of Commerce and Industry.

A good market exists for a wide range of products. There is a strong demand for plant and machinery, transport equipment and building materials. Consumer goods, mainly foodstuffs, are a major commodity item enjoying strong demand along with durables such as home appliances. The trade in these latter articles is extremely competitive and becoming more and more of a Japanese preserve.

The scope for consulting engineering and contracting is well worth a look. One Canadian firm designed and supervised construction of the Kuwaiti seaside "corniche". This led to a design-supervision contract for the construction of a $20 million project to include sea clubs (marinas), dhow harbours and ferry terminals. Another Canadian company is registered with the Central Tenders Committee as a qualified contractor and will participate in tenders for the construction of a radio-TV building ($27 million) and the new Kuwait International Airport terminal ($60 million). Others from Canada are prequalified to supply equipment and services to important projects.

It is most important that consultants register their credentials with the Kuwait Fund, the head office of which is in Kuwait City. Several Canadian consultants are presently engaged in KFAED-financed projects and have built a solid reputation for competence and efficiency, but we should witness more Canadian activity within the Fund's project framework.

It is well to remember that this "cash-and-carry" market attracts the world's manufacturing, merchandising and consulting talent to its sandy shores. Competition is the name of the game and business visitors will soon be made aware that great wealth has not diminished the legendary bargaining ability of the Kuwaiti merchant-trader. □

KUWAIT

Religious and National Holidays, 1973

New Year's Day	Jan. 1
Id Al-Adha (four days)	Jan. 14-17
Id Al-Hijra	Feb. 5
Kuwait National Day	Feb. 25
Prophet's Birthday	April 15
Easter	April 20-23
Ascension of the Prophet	Aug. 25
Id Al-Fitr	Oct. 27-29
Christmas	Dec. 25

WHAT KUWAIT BOUGHT IN 1971-72

	$ million
Machinery (non-electric)	90
Transport equipment	84
Electric machinery, apparatus & appliances	76
Foodstuffs	75
Textile fabrics	56
Clothing	42
Chemicals & pharmaceuticals	35
Iron & steel	28
Fruits, vegetables	25
Total imports (including all others)	**700**

WHAT CANADA SOLD TO KUWAIT

	$'000 1971	1972
Automobiles	421	1,485
Trucks	115	238
Washing machines	–	402
Asbestos	–	117
Welding equipment	–	89
Card punch computers & parts	6	66
Packaged foods	39	45
Automotive parts	25	35
Asbestos brake linings	1	37
Aircraft parts	16	38
Tobacco & cigarettes	19	25
Welding wire rods, electrodes, etc.	6	31
Insultated wire & cable	4	16
Valves	47	15
Pharmaceuticals & biological products	20	37
Total (including all others)	**1,139**	**2,682**

A night-time scene at the Port of Ahmadi, Kuwait.

Saudi Arabia Oil Sparks Development

J. PIERRE LEFEBVRE, Commercial Secretary, Beirut

Saudi Arabia discarded its Lawrence of Arabia image some time ago. Ownership of the world's largest oil reserves and spiralling financial resources have sparked a development surge that is causing an unprecedented influx of businessmen. Canadians are travelling to this market in increasing numbers but too many remain doubtful that export opportunities exist or that they can cope with the complexities of an Islamic country on the march to development. This article attempts to show that these doubts are groundless and to answer some of the more frequently expressed reservations and questions asked of the Beirut office.

The country's foreign exchange earnings are estimated at $250 million a month for 1972/73. This year's planned disbursements should allow reserves to accumulate at a rate of $50 million per month but it is more than likely that this figure is conservative. Two projections are interesting to consider: the government share of an estimated daily production of 20 million barrels of oil in 1983 will conservatively amount to more than $14 billion a year; by 1983 about $20 billion will be available for investment. Needless to say, all goods and services for the Government, oil company and contractors are purchased on a letter of credit basis. The same applies to private merchandise trade.

A record budget of $2.7 billion was set for 1972/73 (up 22 per cent from the previous year) but planned allocations cannot in every case be spent because of major administrative and bureaucratic bottlenecks. There is still a critical shortage of professionals and skilled personnel and those who are available often have to wear several hats. Agriculture continues to be the major employer and even the demand for unskilled manpower exceeds domestic availability. Thousands of labourers have been recruited from neighbouring Yemen Arab Republic and white collar jobs are being filled increasingly by people from other Arab countries (25,000 teachers from Egypt alone), Pakistan, Britain and the United States.

At the current rate of exploitation, the country's oil reserves should last at least a century. Saudi Arabia possesses the largest inland and the largest offshore oil fields in the world. Reserves today stand at about 150 billion barrels. Saudi Arabia will shortly take a 25 per cent equity position in the Arabian American Oil Company, the only current producer, and by 1982 controlling interest of all producing companies will be in Saudi hands.

Mineral surveys and exploration have located deposits of copper, gold, lead and zinc, iron, phosphate, magnesium and asbestos. An airborne

Dammam Harbour, where a major expansion program is taking place.

uranium survey is about to begin, with a Canadian company at the helm, and projects for molybdenum and tungsten have already started. A revised mining code offers many attractions to foreign firms but land remains the most important resource and enormous sums are being put into agricultural and irrigation projects in a drive for self-sufficiency. The Saudi Arabian Government, as of this year, intends to participate in all phases of oil and mineral industry, including downstream development. PETROMIN (the General Petroleum and Minerals Organization) will direct the immense task of planning, coordinating, supervising and, if necessary, taking a financial interest in all commercial and industrial activity connected in any way with oil or minerals.

PETROMIN is a multi-faceted entity which, on its own or through participation with private companies, explores, produces and markets. It controls a lubricating oil company, two refineries, a fertilizer plant, a sulphur company, a sulphuric acid plant, and a steel rolling mill. PETROMIN owns a tanker and mineral shipping company and operates a marine petroleum construction company, a geophysical and surveying company and a drilling company. It also participates with five different international groups in oil and mineral exploitation and concessions development. PETROMIN, in other words, is the axis of major industrial development activities in Saudi Arabia.

Light industry is minimal and so far is restricted to paper converters, soap and detergent manufacturers, a corrugated box factory, and the like. The Ministry of Commerce and Industry is encouraging industrial initiatives to meet the country's requirements. Liberal incentive legislation was introduced last year and joint ventures are promoted under the Foreign Investment Code. Participation can be in equity, goods, services or knowhow. The Industrial Studies and Development Centre at the Ministry of Commerce and Industry has commissioned a number of pre-feasibility studies on industrial fields of activity in which foreign participation is invited.

Imports for the government account over the last three years totalled \$230 million, \$238 million and \$185 million respectively. In the same period, non-government imports came to \$749 million, \$731 million and \$854 million. It should be remembered that a large part of infrastructure work employs local material, labour and machinery. On the other hand, oil company requirements, which may have exceeded \$350 million last year, and demand for consumer goods were extremely strong.

Government purchases are made by public tender, with few exceptions. Foreign bidders must, by law, appoint a local Saudi agent to represent them in such business. This is a practical necessity as well. The agent should be aware of announcements, purchase and despatch tender documents to his principal and be able to submit offers with stipulated bid bonds or bank guarantees. This procedure is generally applicable to all government purchasing departments and agencies. The bidder must be prepared to fix his prices for a given period and frequently wait several weeks before an award is announced.

There are hordes of agents but few active ones. Most are collectors of companies and it is the exceptional agent who is prepared or is physically able to give an account his exclusive attention. Commercial representation agreements should always include an escape clause (minimum volume or time clause) to enable termination if warranted. The same agent can and often does handle both government and private sectors. Furthermore, there's no reason why he shouldn't. But in special circumstances it may be necessary, and wise, to recruit an influential person to advance your interests, whether or not he has a commercial background. Another point: make sure your prospective representative is well introduced or placed in the three major marketing regions of Saudi Arabia. The country is big (equivalent in area to Quebec, Ontario and the three Maritime provinces) and the three main centres are remote from one another. Riyadh, the centrally-located capital, is roughly equidistant from Jeddah, 500 miles to the west on the Red Sea, and Dammam on the Gulf.

Most leading merchants in foodstuffs, construction materials and consumer products in general, have headquarters in Jeddah, which is also the location of all Embassies and most of Saudi Arabia's foreign community. Riyadh is the government and administrative centre and the headquarters of PETROMIN. The port of Dammam is the easternmost apex of the Dammam/Alkhobar/Dhahran triangle — three towns within a radius of 15 miles located at the centre of the oil activity and other industries (sulphuric acid, fertilizer,

One of the main streets in Riyadh, capital of Saudi Arabia. In the background is a water tower designed by Scandinavians.

drilling mud, cement). The giant ARAMCO complex is centred on the Dhahran-Ras Tanura deep sea terminal. Because the oil company maintains a policy of buying, where possible through local merchants, representation is important.

There is a regular ocean service between Vancouver and Dammam on the Gulf, and a charter service between Vancouver and Jeddah on the Red Sea. Shipping to other ports is by inducement. Service from Eastern Canada is either by charter or via New York. Shipments to ARAMCO from the U.S. East Coast are entitled to a reduced conference rate. The Commercial Section of the Canadian Embassy in Beirut maintains a shipping guide to the Middle East and is in touch with chartering companies.

International cosmetics firms have concluded that Saudi Arabia is one of their top customers for soaps, cosmetics, perfumes and other toiletteries. The billboards of the three major centres advertise packaged foodstuffs, optical goods, transistor radios, household appliances, automobiles, cigarettes, air-conditioners, television sets and many other consumer goods. The total consumer expenditure bill is enormous and still increasing as the money supply in major centres continues to climb. Marginal duties and taxes discourage repair of many products, which accounts for a large replacement market.

The Saudi customer pays close attention to quality, price and delivery. Immense wealth has not dulled native business acumen and competition is tough. Manufacturers from the United States, Britain and the EEC countries have taught the Saudi importers to appreciate these criteria.

Five years ago the spectrum of Canadian commodity exports to Saudi Arabia included 81 different categories valued at $3.65 million. Last year, with a similar product mix, Canada was exporting goods worth $6.6 million. Eleven categories exceeded values of $100,000 each, for a total of $4.4 million. The balance of exports was distributed among 75 categories as varied as sleepwear, spark plugs, baby food and clocks.

The 1972/73 Saudi Arabia budget forecasts substantial expenditure on telecommunications ($92 million) and roads ($263 million). Among those identified with demonstrated Canadian capability in mind are: 1,200 kms of road (feasibility studies and design); 2,000 kms of road (construction); major harbour works (expansion); two earth satellite stations (construction); 6,300 kms microwave relays (study); 3,000 kms coaxial cable (execution); 281 kms submarine cable (study and execution); one or two radio broadcasting stations on the west coast; two major TV stations (design and execution); a colour TV network (design and execution), and exchanges for small towns valued at $24 million (supply and installation).

For information on how and from whom to obtain additional data on these projects, contact the Commercial Division of the Canadian Embassy, Box 2300, Beirut, Lebanon.

When coming to terms, the irrevocable letter of credit is still advisable if only to prevent a complicated problem of settling any claims that may arise. Communications with Saudi Arabia (postal service, telegraph, telephone) are difficult and unreliable; collection agencies are non-existent. But on the whole, Canadian firms have had little problem when sticking to L/C terms.

An entry visa is required. This can be had from the Saudi Arabian Embassy in Washington or at its New York Consulate General. When the business trip is exploratory only, there is no need for local sponsorship. In special cases the Commercial Section of the Canadian Embassy in Beirut can assist in obtaining visas and confirming travel arrangements. If you have any other questions before your visit, do not hesitate to write to us. □

SAUDI ARABIA

Religious and National Holidays, 1973

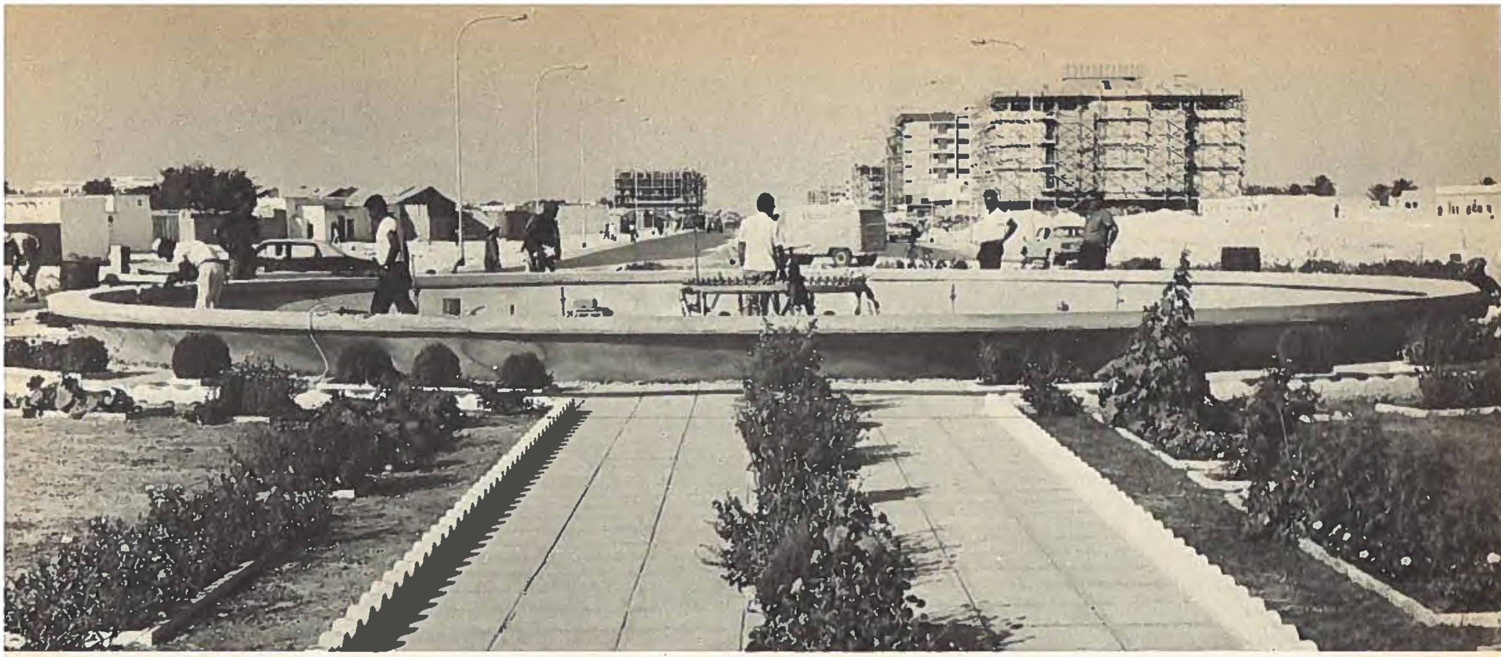
Id Al-Adha	Jan. 14-19
Id Al-Fitr	Oct. 27-Nov. 3

WHAT SAUDI ARABIA IMPORTED, 1970

	$ million
Automobiles & trucks	79
Machinery (non-electric)	75
Machinery (electric)	56
Grains	54
Iron & steel	53
Live animals	23
Cigarettes	22
Dairy products, eggs	21
Jewellery	20
Coffee, tea, spices	20
Pharmaceuticals	16
Flour	15
Aircraft	14
Lumber	14
Rubber products	13
Vegetable preparations	10
Total imports (including all others)	**890**

WHAT CANADA SOLD TO SAUDI ARABIA

	$'000 1971	$'000 Jan.-Oct. 1972
Wheat	1,335	699
Automobiles & trucks	862	1,358
Paper	780	170
Flour	560	399
Pharmaceuticals	240	240
Metal bearing ores	226	–
Aircraft assemblies equipment & parts	222	185
Tires	170	165
Linerboard	139	–
Engines, turbines & parts	138	264
Washing machines	66	185
Aluminum & alloy fabricated materials	5	228
Welding apparatus & equipment	–	98
Telephone apparatus, equipment & parts	30	126



Part of the modern city of Abu Dhabi.

United Arab Emirates
Annual Imports of $400 Million

JOHN MARROW, Commercial Officer, Beirut

The United Arab Emirates (UAE), which include the former Trucial States of Abu Dhabi, Dubai, Sharja, Ras al-Khaimah, Umm al-Qaiwan, Ajman and Fujeira, became a member of the United Nations soon after the termination of Britain's treaty with the Gulf States late in 1971. The UAE also became a member of the Arab League. Abu Dhabi and Dubai, through their oil industries, are the wealthiest and most populous states of the Union and have been traditionally close economic and political competitors.

Aub Dhabi, for example, vies with Kuwait for the distinction of having the world's highest per capita income. Distribution of income in the area is nevertheless disparate, and without large government aid in the form of infrastructure and industrial development expenditures supplemented by substantial offshore purchasing, few of these states can support the standard of living that Abu Dhabi and Dubai have.

A joint budget of $43.5 million was announced shortly after formation of the union. Abu Dhabi is, not surprisingly, the main contributor ($36.3 million). Major budgetary items are defence ($9.7 million), foreign affairs ($4.4 million), interior affairs ($3.9 million) and development ($4.4 million). The old Trucial States Development Council, formerly charged with planning, co-ordinating and implementing health, education, fisheries, agriculture and public works projects throughout the area, was dissolved and its sectoral responsibilities distributed among appropriate UAE ministries. The UAE has recently become a member of the World Bank (IBRD) and the International Monetary Fund. Its quota in the Fund is equal to $115 million and its subscription to the Bank amounts to $12.8 million.

The old Trucial States Development Council did yeoman service to help the smaller states complete projects essential to their well-being (water and electricity supply, schools and clinics, housing and roads) but was hampered by fluctuations in income and inter-state rivalries. But it is the area of heavy capital expenditure in which co-operation seems most lacking. Examples include the construction of four major international airports in the Gulf (with a possible fifth), three expensive seaports within a radius of 125 miles of each other, plus cement plants (either constructed or planned), petrochemical complexes and other developments.

There are few government controls on imports, and customs duties are generally low. Imports of beverages, narcotics and arms require import permits. All other products require no licence or exchange permit. International manufacturers and suppliers are competing for a share of the $400 million in annual UAE imports. In 1971, a Canadian company was able to sell three gas turbines valued at almost $3 million to a Dubai-based oil company.

Canadian firms should consider appointing separate agents in Abu Dhabi, and in Dubai (for Dubai and the other five Emirates). Commercial agencies in Abu Dhabi may be held only by Abu Dhabi nationals, but in Dubai foreigners are permitted to represent foreign suppliers. There are export opportunities in these sectors: oil and gas equipment; air conditioners; refrigerators and washing machines; canned foodstuffs and cigars; nuts and bolts; drugs; cosmetics; pleasure boats; calculating machines, and lumber.

ABU DHABI

This country, about the size of New Brunswick and with a population of around 100,000, has proven oil reserves estimated at 30 billion barrels. The first onshore concessions were let in 1939 but crude oil exports only began in 1962. Revenues were carefully tucked away until 1966 when the Government changed hands. A strict austerity program was imposed at the end of 1969 and managed so well that the financial situation today can be described as very healthy: an annual income of more than $600 million that is expected to nearly double by 1975, when the present oil output of nearly a million barrels a day should double. A national oil company was formed in 1971 to take up equity in the operations of foreign oil companies and to implement several major petrochemical projects including an oil refinery, a sulphur plant and a natural gas plant.

Through the newly-established Abu Dhabi Economic Development Fund for Arab States, a total of $110 million is available for financing approved development projects in Arab countries. A Development Board and a Ministry of Development co-ordinate and implement the $650 million economic development component of the current Five Year Plan (a new Plan is under preparation). A long-range industrial development study has been completed by an international consultant. Among the short-term priorities suggested are: a sulphur recovery plant, LNG and LPG plants, a trawler fleet and cold storage facilities, a cement plant, and a broiler and layer poultry breeding installation with slaughter house, packing and storage facilities.

The implementation of the various development projects has generated an active import market. Demand for luxury consumer goods is rising rapidly (imports of cigarettes and spirits alone are valued at $170,000 a month). Imports in 1971, totalling $113 million, registered an increase of 33 per cent over the previous year. Signs pointed to a $135 million figure in 1972. The traditional suppliers are Britain, the United States, Dubai, Japan and West Germany, who together accounted for more than 70 per cent of the State's total requirements in 1971.

There are export opportunities for oil and gas equipment, air conditioners, refrigerators, drugs and cosmetics, lumber, canned foodstuffs, cigars, and selected opportunities are available for consulting engineering and construction companies. Although consultants are chosen on the basis of qualifications and not cost, in practice fees become a very important factor. Much of the work being planned in Abu Dhabi is not advertised outside the state. It is important, therefore, to have an agent or representative in place to look out for one's interests. One Canadian company successfully competed on contracts for the airport terminal, a bridge and sewerage projects against competition from European and British consultants.

DUBAI

What Dubai lacks in territory it makes up for in commercial and, increasingly, industrial activity. It is the main entrepot trade centre of the Gulf and supports a population of 60,000 in an arid area equivalent in size to half of Anticosti Island. Whereas most Gulf states have developed only since the discovery of oil, Dubai has long prospered on a strong trading and banking foundation. Dubai traders shared in the Abu Dhabi development boom. Oil in commercial quantities was discovered shortly after. This port city-state, divided by a small bay or creek, is a miniature Hong Kong harbouring deceptively fast Arab dhows, modern hotels, banks and a thriving business area. Oil revenues in 1972 were expected to be in the neighbourhood of $100 million.

Under the tutelage of the Ruler and with the energetic co-operation of the inhabitants, good roads, an excellent telephone system, adequate water supply and an ultra-modern airport were built some time ago. With the advent of oil revenues, more ambitious and costlier projects have been initiated, among them the newly-completed Port Rashid, designed to accommodate 15 ocean cargo ships of 30 ft. draft; a seafront development; an underwater tunnel joining the divided city of Dubai; and plans for a $126 million drydock capable of receiving ships of up to a million dwt. A $79 million program is under way to construct and submerge two massive underwater crude oil storage tanks similar in concept but larger in size to a prototype reservoir now lying 60 miles offshore. A $13.7 million 400-bed hospital has recently been completed and an official Department of Health and Medical Services established. Plans for the construction of a cement plant and a new hotel are under consideration by private investors.

There are almost no restrictions on the establishment of business firms and agencies, although the personal consent of the Ruler is sometimes required for the establishment of important companies. Imports are free from any restrictions and the customs duties are very low. Imports in 1971 amounted to $232.9 million (1970: $161.9 million). The major suppliers were Britain ($40.9 million), Japan ($40.1 million), the United States ($27.9 million), Switzerland ($20.7 million) and India ($10.3 million). □

UNITED ARAB EMIRATES

Religious and National Holidays, 1973

New Year's Day	Jan. 1
Id Al-Adha	Jan. 14-17
Moslem New Year	Feb. 5
Ashoura	Feb. 14
Prophet's Birthday	April 17
The Prophet's Ascension Day	Aug. 25
Id Al-Fitr	Oct. 27-29
Ruler's Accession (Abu Dhabi)	Dec. 2
Christmas	Dec. 25

WHAT ABU DHABI BOUGHT IN 1971

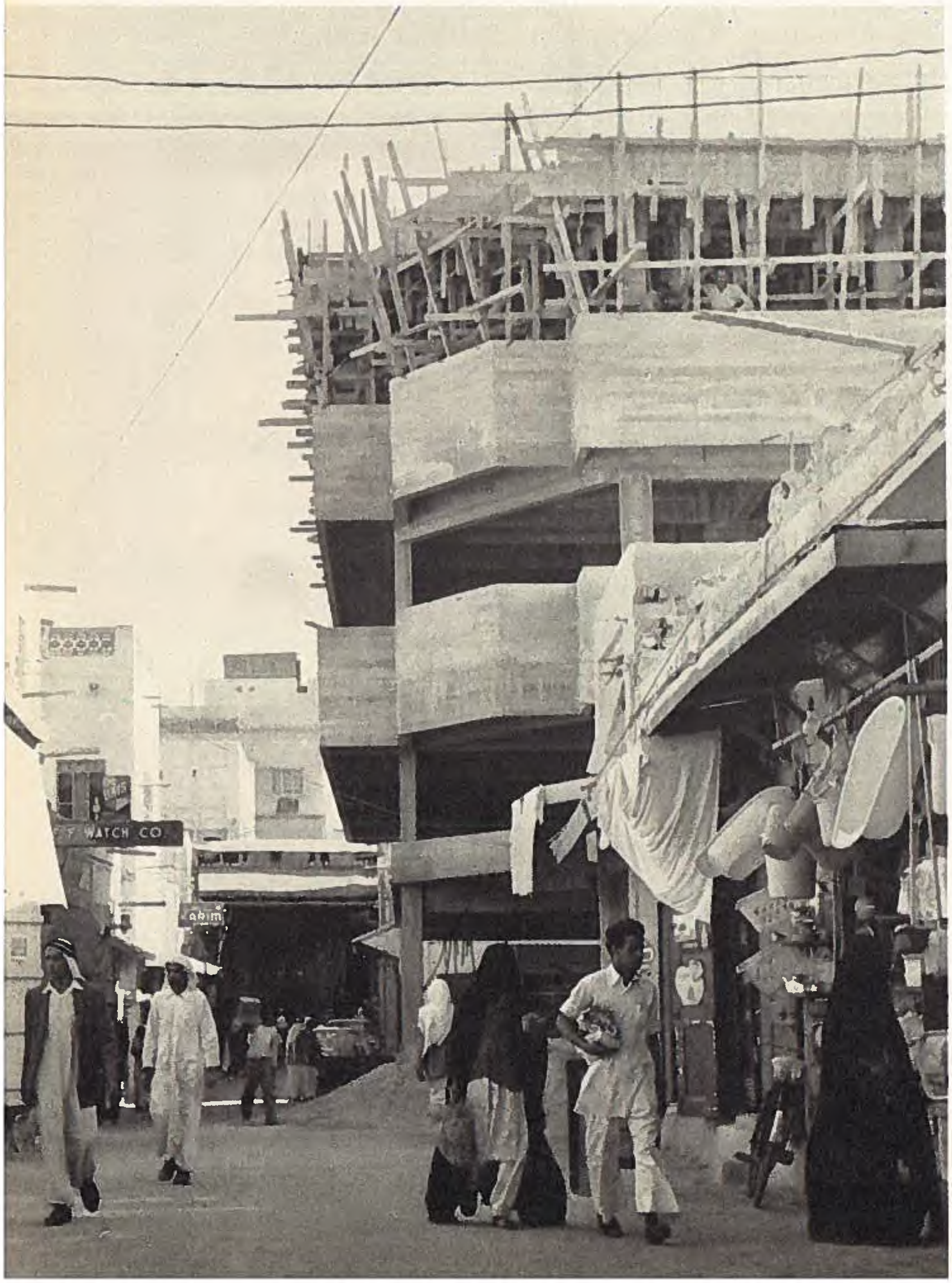
	$ million
Oil equipment	18.5
Machinery	11.9
Foodstuffs	10.8
Automotive vehicles	9.2
Spare parts	7.3
Building materials	5.1

WHAT DUBAI BOUGHT IN 1971

	$ million
Household appliances	44.0
Foodstuffs	33.0
Wearing apparel and textiles	28.5
Machinery	41.8
Building materials	30.8
Oilfield equipment	21.8

Bahrain
A Leading Commercial Centre

The old and the new in a souk in Bahrain.



JOHN MARROW, Commercial Officer, Beirut

Bahrain, a 231-square-mile pencil point on the world map, is a member of the United Nations and a commercial and industrial leader among its neighbours on the Lower Gulf. The roots of Bahrain's economic development date back to the 1930's when oil in commercial quantities was first produced by the Canadian-registered Bahrain Petroleum Company (BAPCO).

Political, social, cultural and commercial advances have kept pace with oil output. The latest trend to industrial and tourist development is in keeping with the country's desire to establish a firm base for the future when oil resources are depleted. Concentration on gas-based industry is a government priority.

Bahrain has a sound administration, a high level of education, good medical services, free trade, the best communication facilities in the Middle East (via a satellite station completed in 1971) and a generally sophisticated and relaxed atmosphere. Income tax is non-existent and customs duties are as low as 5 per cent on foodstuffs and necessities, 10 per cent on non-essential goods, 15 per cent on tobacco, rising to 50 per cent on alcohol.

Bahrain was the first Gulf state to have struck oil in commercial quantities. This discovery in 1932 was followed by exploration in Saudi Arabia and the Gulf Emirates. Production today at 75,000 barrels a day (27 million barrels a year) amounts to less than 3 per cent of any of the neighbouring states (Kuwait, Iraq, Saudi Arabia and Iran) although additional income is derived from offshore production and concession sales. Other sources of income include customs revenues ($6.8 million in 1971); transit trade ($62.5 million in 1971); tourism; banking, and servicing of aircraft (13,239 in 1971) and cargo ships (597 in 1971). BAPCO is constructing a $60 million desulphurization plant in Bahrain with a capacity of 50,000 barrels a day of low-sulphur fuel destined for Japan. The budget for 1972 was balanced at $57.2 million, $4.4 million more than 1971. Revenues from oil are estimated at $22.5 million ($20.2 million in 1971).

Until 1963, the country had only a few resource-based and light industries (bricks, tiles, furniture, etc.). The founding of the Bahrain Ship Repairing and Engineering Company marked the beginning of medium to heavy industrial development. An aluminum smelter with a capacity of 120,000 metric tons a year went on stream in May 1971 and is the biggest and most significant development to date. The Bahrain Government has a sizeable stake in it and is encouraging the establishment of ancillary industry (a $2.5 million 3,000 metric-ton-capacity aluminum extrusion plant will open soon), and production of aluminum paint and powder. Other industries are the Bahrain Fishing Company, the newly-opened Bahrain Flour Mill with a capacity of 100 mt a day and a rolling mill producing flat and reinforcing bars from scrap.

The decision of the Organisation of Arab Petroleum Exporting Countries (OAPEC) to make Bahrain the site of its $60 million drydock is the most important investment news of late. The 350,000-dwt-capacity dock will be built and operated by Japanese and Portugese companies. Work on a new $13.2 million hospital has begun. A $40 million power station and desalination plant will give Bahrain an extra 50 Mw of power and five million gallons of distilled water daily.

A newly-formed company, RTV Bahrain, has signed a 20-year agreement with the Government for the construction, operation and management of commercial radio and colour television stations. A Canadian company, Comstock International Limited, has signed a $6 million contract for the construction of a Bahrain Hilton Hotel. A private firm is in contact with international contractors for the construction of a 150-room hotel.

The Directorate of Planning at the Ministry of Development and Engineering Services is responsible for the planning, co-ordination and implementation of development projects. There is no formal plan framework and each project proposal is assessed on its merits. No new projects have been announced for 1973.

For centuries Bahrain has been recognized as a leading regional commercial centre. This was first based on strategic location and on the quantity and quality of pearls found in surrounding waters. Oil and gas have long since displaced pearls as the major sectoral contributor, but import trade, despite a low tariff, generates a third of total government revenues. British consultants, contractors and suppliers dominate the capital projects field, but British dominance is now threatened by Americans, French and Japanese, all of whom have made significant inroads.

Imports in 1971 totalled $231 million, an increase of $59 million over 1970. The major suppliers were Britain (31 per cent), Japan (12 per cent), U.S. (12 per cent), the Peoples Republic of China (5 per cent), West Germany (4 per cent) and the Netherlands (5 per cent). Re-exports totalled $62.5 million and went mainly to Saudi Arabia (50 per cent), Kuwait (13 per cent) and other Gulf states. Canadian exports totalled $152,998 compared with $75,611 in 1970 and consisted mainly of pipe fittings, nuts and bolts and chemicals.

Canadian suppliers are invited to sound out identified outlets for the following products: oil and gas equipment; canned foodstuffs, pickles, cigarettes and cigars; iron and steel pipe fittings; nuts and bolts; furniture; paints; safety equipment; tissue paper; room-type air conditioners; tiles; wallpaper; hotel and hospital equipment, and drugs and cosmetics.

All offers should be submitted through the Commercial Division in Beirut, and should be quoted in pounds sterling or U.S. dollars on a c.i.f. basis and be accompanied by at least half a dozen brochures. □

BAHRAIN AND QATAR

Religious and National Holidays, 1973

New Year's Day	Jan. 1
Id Al-Adha	Jan. 14-17
Moslem New Year	Feb. 5
Ashoura (Bahrain only)	Feb. 14-15
Prophet's Birthday	April 15
Leilat Al Meiraj	Aug. 25
Independence Day (Qatar)	Sept. 3
1st day of Ramadan	Sept. 27
Id Al-Adha	Oct. 27-29
Ruler's Accession Day (Bahrain)	Dec. 16
Christmas Day	Dec. 25

WHAT BAHRAIN BOUGHT IN 1971

	$ million
Machinery	39.8
Electrical machinery	20.7
Textiles	23.8
Ready-made clothing and footwear	12.5
Automotive vehicles and parts	12.7
Chemicals and drugs	10.6
Iron and steel products	9.4
Flour and wheat	8.4
Fruits and vegetables	6.4
Cosmetics	3.3

WHAT BAHRAIN BOUGHT FROM CANADA IN 1971

	$'000
Pipe fittings, iron and steel	70.1
Foodstuffs	12.6
Chemicals	8.0
Nuts and bolts	11.8
Magnesium	7.3
Cars	5.4
Tobacco, manufactured	4.4
Household appliances	4.2

Qatar Seeks Economic Diversity

JOHN MARROW

Qatar, an arid saline peninsula sticking out into the Gulf, is about twice the size of Prince Edward Island and has a population of about 120,000. Before the discovery of oil in the late 1930's, its chief source of income was pearling and fishing. Soon after independence in September 1971 it joined first the Arab League and then the United Nations. Last year it joined the World Bank with a total subscription of $17.1 million.

Its chief source of income now, of course, is oil. The first crude shipment was made in 1949 by the Qatar Petroleum Company (an affiliate of the Iraq Petroleum Company) which exploits the onshore concession. In 1971, the output reached 430,000 barrels a day (153 million bbls/yr), up 20 per cent from the previous year. Revenues from crude oil sales reached nearly $200 million, up $70 million over 1970. The Qatar National Petroleum Company was established in April 1971 to participate in all phases of the Qatari petroleum industry including exploration, production, refining, storage, transport, distribution and export of crude oil and downstream products.

Qatar has embarked on a program of economic diversification. An investment board has been set up to prepare an annual development program and a long-term policy for the profitable investment of state financial reserves. Project development began in the mid-sixties with the establishment of a 350,000 metric-ton-a-year cement plant. Capacity will be doubled when a current expansion program is completed. A $62 million fertilizer plant built by Powergas Corporation of Britain went into operation recently and will produce annually 330,000 tons of urea and 100,000 tons of ammonia at capacity. A 100 mt/day flour mill is now operational. McDermott International (U.S.A.) has been awarded a $7 million contract to build a 6,000 bbl/d refinery for domestic requirements. Powergas has won a $40 million contract to build a 800,000 mt natural gas processing plant and feeder pipeline system.

Among the major projects now under review are an aluminum smelter capable of producing 100,000 metric tons a year (preliminary study made by Gibb Ewbank of Britain), a steel rolling mill and a glass manufacturing plant. On-going road building projects will eventually connect outlying districts and neighbouring Saudi Arabia to the capital by a modern highway network.

Remarkable progress has been achieved in vegetable and fruit farming. Fifteen years ago no crops were grown in Qatar, but today's production of over 20,000 metric tons of vegetables allows a surplus for export. A fishing company began shrimp processing about five years ago.

The 1972 budget totals $53 million, up from about $40 million the year before. Community services, in particular housing, water and electricity, account for about $23 million of the total expenditure. Transport and communications — road improvements and expansion of the port and airport at Doha will cost $7.8 million. Social services — schools, hospitals and a new TV and radio station — have been allotted about $5 million. A first-class hotel is scheduled to open early in 1973.

Qatar's trade, apart from a few exceptions, is virtually free of restrictions. Customs duties are low, a uniform rate of 2.5 per cent ad valorem applying to nearly all imported goods. Imports of narcotics and alcoholic drinks (with some exceptions) are prohibited. New business establishments must be Qatari-owned and all agencies of foreign companies are restricted to Qatari nationals.

Imports in 1971 spiralled to $113.3 million from $69.3 million in 1970, largely stimulated by the influx of capital goods for major development projects such as the fertilizer plant and the flour mill. The major suppliers (with percentages in brackets) were Britain (37.5), Japan (10.5), U.S.A. (9.7), Lebanon (5.5), West Germany (4.6), Italy (3.5), and India (2.9). Canadian exports totalled $189,526 compared with $80,672 in 1970 and consisted mainly of air conditioning units, nuts and bolts, and auto parts and accessories.

There are identified outlets here for the following Canadian products: oil and gas equipment; drugs; nuts and bolts; auto parts; air conditioners; washing machines; refrigerators; hardware, and foodstuffs. All offers should be submitted through the Commercial Division in Beirut, and should be quoted in pounds sterling or U.S. dollars on a c.i.f. basis and be accompanied by at least six brochures. □

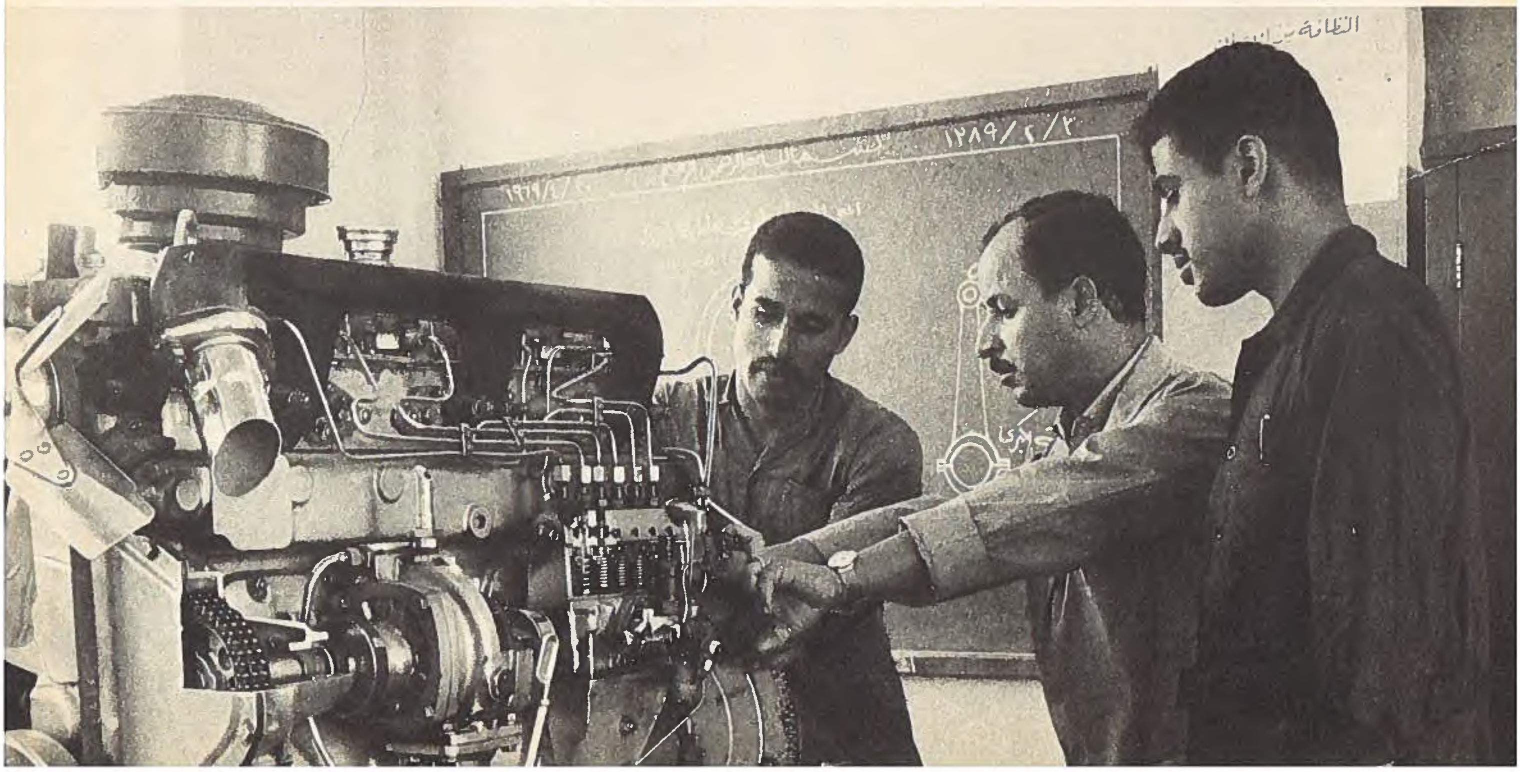
What Qatar Bought in 1971

	$ million
Industrial machinery	21.8
Automotive vehicles and parts	10.3
Iron and steel products	8.3
Household appliances	8.2
Fresh fruits and vegetables	5.2
Drugs	3.1
Ready-made clothing	3.1
Electrical cables and wire	2.4

What Qatar Bought From Canada in 1971

	$'000
Air conditioners	34.9
Refrigerators and freezers	6.3
Automotive vehicles and parts	99.8
Tobacco — manufactured	7.3
Foodstuffs	4.2
Bolts and nuts	7.3
Drugs	10.6

Budding mechanics at the Dohar Industrial School in Qatar.



Neatly terraced hillsides attest to the care given agriculture in the Yemen Arabic Republic, which has some of the best agricultural land in the Arabian Peninsula.

Yemen Arab Republic
Canadians Spearhead Development

F. IAN WOOD, Commercial Counsellor, Beirut

Tucked away on the south-west side of the Arabian Peninsula, the Yemen Arab Republic is struggling to emerge from centuries of neglect and isolation. Mountainous but with a rich agricultural potential, this small country is among the more densely populated Arab countries with an estimated six million inhabitants. But government revenues are limited ($24 million last year) and development funds must be sourced abroad. The illiteracy rate is high (four secondary schools and only 7 per cent of the children attending school). Installed electrical generating capacity is only 33 Mw, and 400 miles of paved road services a land area almost twice that of Newfoundland.

Immediate infrastructure priorities include a World Bank-financed highways development project and a UNDP-supported water supply and sewerage system program of work for Sana'a, the capital, and Hodeidah, a port city and major commercial centre. Projects financed by Britain, West Germany and the United States are either being planned or about to start up.

Canadian firms have played a pioneer role in helping the Republic to develop its economic potential. Spearheaded by a consortium of consulting engineers from Vancouver, member firms were able to secure against international competition two developments, one of which — the Salif salt project — will become a major source of foreign revenue. This $5 million venture calls for exploiting, handling, bulk-loading and marketing rock salt, and is backed by the Kuwait Fund for Arab Economic Development. In addition to contracts for the geological work, design, construction supervision and management, a Canadian firm was successful in competing for steel structuring worth $1.8 million to be used in mechanical handling and port construction. The second project in which Canadians are involved is an oil storage and distribution network for the Yemen Petroleum Company.

The volume of trade with Canada is modest but acceptance of Canadian goods has been encouraging. Efforts to promote grains, lumber, paper products, construction materials and heavy equipment have been backed significantly by initiatives from Canada's West Coast which have seen charters sailing from Vancouver to Red Sea ports with increasing frequency.

Per capita income is less than $100 per year, so the Yemen Arab Republic offers a limited short-term potential for most Canadian products. But its free enterprise economy promotes merchant activity and a number of these are prepared to do a creditable job on selected merchandise. □

P.D.R. Yemen

Emphasis on Agriculture, Light Industry

F. IAN WOOD

Severely hit by the closure of the Suez Canal in 1967 and the nationalization of all foreign assets in 1969, the People's Democratic Republic of Yemen has faced mounting financial problems and today is dependent largely on foreign finance and technical aid to transform a one-time service economy into one based on agriculture and manufacturing. Development priorities include roads, increased agricultural production and resource-based light industries. Short-term opportunities for Canadian goods and services will probably be confined to the internationally-financed goods and services sector.

Since independence five years ago, the People's Democratic Republic of Yemen has suffered serious financial reverses. The country (consisting of the former British colony of Aden and the Eastern and Western Aden Protectorates) at one time enjoyed relative prosperity as a midway bunkering point and tourist freeport on the route from India and the Far East to Europe via the Suez Canal. The British military presence, the construction of a refinery, and British aid and military expenditures combined to close the merchandise trade deficit. Following the British withdrawal, independence and then nationalization in 1969, the PDRY lost much of its revenue-producing capacity and had little choice but to seek aid from other socialist countries.

The Soviet Union, the German Democratic Republic, the People's Republic of China and North Korea have all offered either financial aid or trade and technical assistance package deals involving construction of telephone facilities, establishment of light industries and road building. Bulgaria, Poland, Hungary and Rumania have promised aid to speed industrialization. Algeria, Libya, other Arab nations and Kuwait's Fund for Arab Economic Development are participating in various projects.

A three-year Plan for 1971-74 emphasizes above all the need for developing a national network of roads. The Chinese have been joined in this field by the UNDP/IBRD in committing about $2 million to feasibility studies (covering 500 miles of road), detailed engineering work (150 miles) and purchase of spare parts for out-of-service construction equipment.

Agriculture and fisheries are next on the list of priorities. Only a quarter of the PDRY's cultivable land is used at present. Resources are insufficient to finance agricultural schemes throughout the country so efforts are being concentrated on cotton, wheat, feed grains and vegetable production. Cotton is a cash export crop but the country's needs for wheat and certain vegetables must be supplemented from abroad.

The fisheries potential is promising and the Soviet Union is providing technical and material assistance. A Canadian company is completing a study on a fish meal plant financed by the Kuwait Fund, and the UNDP will revive a three-year fisheries survey interrupted in 1967.

Industrial development will be agro-oriented and will include textiles, fruit and vegetable processing and canning, fish processing and a tanning enterprise. Flour, biscuit and vegetable oil factories are also envisaged. The refinery in Aden, which has not been nationalized, continues to account for more than 80 per cent of the country's total industrial output. Little is known of the PDRY's mineral wealth but Algeria was scheduled to spend $2.5 million on oil exploration in the Hadramut (western) region in 1971/72.

Persistent belt-tightening has reduced the import account to just over half what it was 10 years ago. Transit trade to the Yemen Arab Republic to the north has dwindled to a trickle and removal of Aden's freeport status seriously decreased the volume of traffic and commercial activity of earlier years as merchants left the country. Exports have not risen markedly and (excluding petroleum products) are confined to cotton, hides and skins, dried fish, rice and coffee. The chief imports (excluding petroleum) are textile goods, foodstuffs, livestock, construction equipment, automobiles and other vehicles, and construction materials. Britain remains the PDRY's best customer, with Japan in second place.

Canadian opportunities in the PDRY are limited and, in the short-term at least, will be restricted chiefly to participation in development projects financed from international lending institutions and, possibly, sales of wheat or wheat flour. □

Oman Climbs into the Present

F. IAN WOOD

At the beginning of this decade Muscat and Oman had for centuries been living almost a mediaeval existence, cut off from the world and presumably content to remain so. The world still knows little about this fascinating country, but it is clear that since July 1970, when the present Sultan came to power, the Sultanate of Oman (as it is now known) is embarked on a courageous bid to develop its economy and re-establish links with the rest of the world. It has the oil revenues to pursue the first line of attack and has become a member of the Arab League, the United Nations, the International Monetary Fund and the International Bank for Reconstruction and Development to achieve the second objective.

The Sultanate is a rugged country about the size of Labrador, surrounded by water on three sides and the forbidding "Empty Quarter" to the west. The four major centres of population (collectively numbering 41,000 people) are separated by shark-tooth mountains and huge expanses of stony desert. Total population is put at between five and six hundred thousand. The climate is harsh and rainfall inadequate. Until last year, Oman had few schools, one nursing hospital, no roads worth mentioning and around 100 privately-owned vehicles. Building new houses or renovating the old was forbidden. As recently as 1960, state income from all sources amounted to $5 million, collected from customs duties and taxes on produce.

Since 1967, however, petroleum exports have contributed significantly to the financing of economic development projects. Oil revenues accounted for 95 per cent of total government receipts in 1971 and 98 per cent of foreign exchange earned by the State ($120 million). Notwithstanding, Oman's future prosperity is inextricably linked to the long-term development of agriculture and fisheries and, to a lesser degree, mineral resources. These sectors together today account for only 12 per cent of gross domestic product (65 per cent from petroleum) but employ more than 80 per cent of the population. The fact that known reserves of oil will be exhausted in 20 years or so lends impetus to achieving maximum self-sufficiency in agriculture.

Other major employers in Oman include the Armed Forces (6,000), construction companies (6,000), the Government (4,000) and the oil company (3,000).

The mineral potential of the country is as yet unknown. Deposits of manganese, copper, asbestos, chromites and magnesite have been identified. Consultants are being retained to carry out further studies.

There is no manufacturing and only primitive crafts industry at present. It seems plausible that light industry to serve the domestic market will be encouraged.

The history of oil exploration in Oman dates back to the first concession award in 1925. However, it was only after World War II and a costly struggle by the sole concessionarie, the Petroleum Development (Oman) Limited, that volume of proven reserves warranted development. Exports began in 1967 via a fully automated 156-mile pipeline to the Gulf of Oman. Recoverable reserves are put at two billion barrels. At the present rate of extraction, these will be depleted in a generation. Complicated geology, expensive recovery techniques, the small size of oil pockets and mountainous terrain all combine to make oil exploration and development a costly activity. Offshore concessions have been let to Wintershall A.G. of West Germany and a U.S. group. Their potential has yet to be established.

A vigorous trading nation whose origins date back to 4,000 B.C. when

Omani ships ranged from Mesopotamia to the southern tip of Africa and India, Oman today is reduced to traditional exports of agricultural produce and dried fish. Exports of limes ($860,000), dates, tobacco, fresh fruits and vegetables and fish in 1971 were valued at something over $1 million.

Inconsistency in statistical data makes import comparisons difficult. No record is kept of non-dutiable goods (capital or "developmental" goods purchased by the Government or by contractors) which today represent the bulk of imports. In 1966, imports were recorded at about $10 million. An all-inclusive guesstimate for 1971 (outside the oil sector) would suggest a rise to something around $75 million. This figure could reasonably double when 1972 returns are in.

As far as global imports are concerned, Britain is the leading supplier in terms of recorded imports, followed by the Gulf States (entrepot trade), Burma (rice), India (mainly foodstuffs and textiles), Australia (wheat and wheat flour), Japan (vehicles, electric and electronic goods), Iran and the Netherlands (dairy products). Canada was lately in 44th position (machinery spares valued at $3,300).

Oman's new era opened in 1970 with a crash program to satisfy urgent social requirements and to meet pressing infrastructure needs. A $240 million four-year (1971-74) capital expenditure program was drawn up in conjunction with the budget. Health and education projects were begun immediately and are continuing at a total implementation cost of $12 million. Projected expenditures in the education field, in particular, are high. In two years, primary school enrolment leapt from literally zero to 30,000 and is still climbing sharply.

Infrastructure development claims the largest chunk of public investment program allocations, of which $85 million is for road-building, $70 million for a deep-sea port and an international airport, $40 million for power projects and about $35 million for other projects, including much-needed housing construction.

Principal schemes now in the construction stage include: roads (a $25 million 232 km road between Muttrah and Sohar) with surveys and studies proceeding on other networks; an international airport ($12.5 million, 10,000 foot runway and terminal building); six regional hospital / school / electricity complexes ($10 million); and Ruwi Valley development (master plan completed and construction begun for a new town of 25,000.) Several surveys have been completed (economic survey of Oman; government administration; municipality of Muttrah/Muscat) and two fishery and hydrological ones are under way.

Major projects are implemented by the Department of Planning and Development; those budgeted under $600,000 are handled by individual ministries (eg. Education, Health) and departments. Programs in Dhofar Province are the responsibility of the Dhofar Development Department and the Defence Department.

Actual project expenditures in 1971 reached $50 million. The outlay in 1972 (including spillover from 1971) may exceed $90 million. With costs fast outpacing income, it seems probable that annual development expenditures in 1973 and future years will be reduced to a more modest level. Moreover, there are indications that the Sultanate will relax its present policy and favourably consider offers of contractor financing, suppliers credits and international aid such as offered by the World Bank. Apart from a small revolving suppliers credit Oman now has no foreign debt.

A Supreme Council for Economic Planning and Development has been established under the Sultan and will be expected to draw up a blueprint for development covering the 1973-78 period. This follows a recommendation by a World Bank Mission which visited Oman in March and April last year. Development strategy will probably emphasize the diversion of current and future oil revenues to the non-oil sectors and guard against overspending on infrastructure development.

There is a pressing need to know more about economical potential. Mineral, water resource and population surveys are essential to planning; the establishment and development of an institutional framework and training of a skilled labour force are essential to maintain the pace of development and assure the achievement and enjoyment of objectives.

It is clear that Oman has good development prospects. Oil revenues will probably increase over the next five years although no predictions for a Gulf-style bonanza are being made. With efficient budgeting and no further escalation of military expenditures, development expenditures could continue at from $50-60 million annually without overheating the economy. □

WHAT OMAN IMPORTED IN 1971 (DUTIABLE GOODS ONLY)

	$ million
Motor vehicles	4.1
Rice	3.9
Coffee	2.4
Fuel, oil, etc.	1.9
Machinery spares, cables, batteries, etc.	1.7
Dairy products	1.6
Processed foods	1.5
Wheat and wheat flour	1.35
Textiles	1.2
Tobacco products	.28

SULTANATE OF OMAN

Religious and National Holidays, 1973

Id Al-Adha	Jan. 14-17
Moslem New Year	Feb. 5
Prophet's Birthday	April 15
Accession of Sultan	July 23-25
Id Al-Fitr	Oct. 27-29
Sultan's Birthday	Nov. 24

Shipping Services to the Middle East

SECTION A

To	From Canadian Pacific Coast Ports	From Eastern Canadian Ports
IRAN (Khorramshahr)	National Shipping Corporation of Pakistan[1] *Keel Shipping & Trading Ltd., (Vancouver, Montreal)* Showa Line[2] *Kingsley Navigation Co. Ltd., (Vancouver)* *Clarke Transportation Canada Ltd., (Montreal, Toronto)*	No direct service (see Section B)
IRAQ (Basrah)	Nedlloyd & Hoegh Lines[1] *Transpacific Transportation Co., (Vancouver)* National Shipping Corporation of Pakistan[1] Showa Line[2] North Pacific Shipping Co. Ltd., (Vancouver)[3]	Federal Commerce & Navigation Co. Ltd.,[3] *(Montreal)* (see Section B)
JORDAN (Aqaba)	National Shipping Corporation of Pakistan[1]	No direct service (see Section B)
KUWAIT (Kuwait)	Nedlloyd & Hoegh Lines National Shipping Corporation of Pakistan[1] Showa Line[2] North Pacific Shipping Company Ltd.[3]	Federal Commerce and Navigation Co. Ltd.,[3] (see Section B)
LEBANON (Beirut)	United Yugoslav Lines *B.W. Greer & Co. Ltd., (Vancouver)*	Black Sea-Canada Line *March Shipping Ltd., (Montreal, Toronto, Hamilton)* Yugoslav Great Lakes Line[1] *The Robert Reford Co. Ltd., (Montreal, Toronto)*
OMAN, SULTANATE OF (Muscat)	National Shipping Corporation of Pakistan[1] Showa Line[2]	No direct service (see Section B)
QATAR (Doha)	National Shipping Corporation of Pakistan[1]	No direct service (see Section B)
SAUDI ARABIA (Dammam)	Nedlloyd & Hoegh Lines National Shipping Corporation of Pakistan[1] North Pacific Shipping Company Limited[3]	Federal Commerce & Navigation Co. Ltd.[3] (see Section B)
SYRIA (Lattakia)	United Yugoslav Lines[1]	Yugoslav Great Lakes Line[1]
UNION OF ARAB EMIRATES (Dubai and Abu Dhabi)	Nedlloyd & Hoegh Lines National Shipping Corporation of Pakistan[1] Showa Line[2]	Federal Commerce & Navigation Co. Ltd.[3] (see Section B)
YEMEN ARAB REPUBLIC (Hodeida)	National Shipping Corporation of Pakistan[1] North Pacific Shipping Company Ltd.[3]	Federal Commerce & Navigation Co. Ltd.[3]
YEMEN, P.D.R. (Aden)	National Shipping Corporation of Pakistan[1] North Pacific Shipping Company Ltd.[3]	Federal Commerce & Navigation Co. Ltd.[3]

[1]On cargo inducement only.
[2]Container service to Japan where cargo is transshipped to conventional vessels for furtherance to Persian Gulf ports. Transit time about 40 days from Pacific Coast to Persian Gulf ports.
[3]Irregular sailings — charter and part cargo charter.

SECTION B

To	From New York	New York Agents	Canadian Agents
IRAN **(Khorramshahr)**	Kuwait Shipping	Kerr Steamship Co. Inc.	Kerr Steamship (Canada) Ltd., (Montreal, Toronto)
	Iran Lines	Jan C. Uiterwyk Co. Inc.	—
	Arya National Shipping Lines	Norton Lilly & Co. Inc.	—
	Hansa Lines	F.W. Hartmann & Co. Inc.	Shipping Ltd., (Montreal, Toronto)
	Concordia Lines	Boise Griffin Steamship Co. Inc.	B & K Shipping Agency Ltd.
	Hellenic Lines	Hellenic Lines Ltd.	Furness Withy & Co. Ltd.
	Barber Lines	Barber Steamship Lines Inc.	Hurum Shipping & Trading Ltd., (Montreal, Toronto)
	Waterman Lines	Waterman Steamship Corp.	—
IRAQ **(Basrah)**	Concordia Lines	Boise Griffin Steamship Co. Inc.	B & K Shipping Agency Ltd.
	Nedlloyd Lines	Nedlloyd Inc.	Montreal Shipping Co. Ltd., (Montreal, Toronto)
JORDAN **(Aqaba)**	Hellenic Lines	Hellenic Lines Ltd.	Furness Withy & Co. Ltd.
	Waterman Lines	Waterman Steamship Corp.	—
KUWAIT **(Kuwait)**	Kuwait Shipping	Kerr Steamship Co. Inc.	Kerr Steamship (Canada) Ltd.
	Iran Lines	Jan C. Uiterwyk Co. Inc.	—
	Arya National Shipping Lines	Norton Lilly & Co. Inc.	—
	Hansa Lines	F.W. Hartmann & Co. Inc.	Shipping Ltd.
	Concordia Lines	Boise Griffin Steamship Co. Inc.	B & K Shipping Agency Ltd.
	Nedlloyd Lines	Nedlloyd Inc.	Montreal Shipping Co. Ltd.
	Hellenic Lines	Hellenic Lines Ltd.	Furness Withy & Co. Ltd.
	Barber Lines	Barber Steamship Lines Inc.	Hurum Shipping & Trading Ltd.
LEBANON **(Beirut)**	American Export Lines	American Export Lines	Shipping Ltd., (Halifax)
	Concordia Lines	Boise Griffin Steamship Co. Inc.	B & K Shipping Agency Ltd., (Montreal, Toronto)
	Torm Lines	Torm Lines	—
	Turkish Cargo Lines	Turkish Cargo Lines	F.K. Warren Ltd., (Halifax)
	Constellation Lines	Constellation Navigation Inc.	—
	Hellenic Lines	Hellenic Lines Ltd.	Furness Withy & Co. Ltd., (Montreal, Toronto)
OMAN, **(Muscat)**	Nedlloyd Lines	Nedlloyd Inc.	Montreal Shipping Co. Ltd.
QATAR **(Doha)**	Hansa Lines	F.W. Hartmann & Co. Inc.	Shipping Ltd.
	Barber Lines	Barber Steamship Lines Inc.	Hurum Shipping & Trading Ltd.
SAUDI ARABIA **(Dammam)**	Iran Lines	Jan C. Uiterwyk Co. Inc.	—
	Kuwait Shipping	Kerr Steamship Co. Inc.	Kerr Steamships (Canada) Ltd.
	Arya National Shipping Ltd.	Norton Lilly & Co. Inc.	—
	Hansa Lines	F.W. Hartmann & Co. Inc.	Shipping Ltd.
	Concordia Lines	Boise Griffin Steamship Co. Inc.	B & K Shipping Agency Ltd.
	Hellenic Lines	Hellenic Lines Ltd.	Furness Withy & Co. Ltd.
	Nedlloyd Lines	Nedlloyd Inc.	Montreal Shipping Co. Ltd.
	Barber Lines	Barber Steamship Lines Inc.	Hurum Shipping & Trading Ltd.
SYRIA **(Lattakia)**	Concordia Lines	Boise Griffin Steamship Co. Inc.	B & K Shipping Agency Ltd.
	Turkish Cargo Lines	Turkish Cargo Lines	F.K. Warren Ltd.
	Constellation Lines	Constellation Navigation Inc.	—
UNION OF ARAB EMIRATES **(Dubai and Abu Dhabi)**	Kuwait Shipping	Kerr Steamship Co. Inc.	Kerr Steamships (Canada) Ltd.
	Iran Lines	Jan C. Uiterwyk Co. Inc.	—
	Arya National Shipping Lines	Norton Lilly & Co. Inc.	—
	Hansa Lines	F.W. Hartmann & Co. Inc.	Shipping Ltd.
	Concordia Lines	Boise Griffin Steamship Co. Inc.	B & K Shipping Agency Ltd.
	Hellenic Lines	Hellenic Lines Ltd.	Furness Withy & Co. Ltd.
	Nedlloyd Lines	Nedlloyd Inc.	Montreal Shipping Co. Ltd.
	Barber Lines	Barber Steamship Lines Inc.	Hurum Shipping & Trading Ltd.
YEMEN ARAB REPUBLIC **(Hodeida)**	—	—	—
YEMEN, P.D.R. **(Aden)**	—	—	—

The Ocean Freight Market

Average freight rates during the first quarter continued the upward trend started in mid-1972. The momentum of the rate advance had slowed during a short period in early February, but the pressure for shipping space subsequently boosted rate levels.

Increases in current and near future shipping demand emerged from a number of quarters. Japan's imports of scrap, coking coal and ore will probably be significantly higher than earlier forecasts. The Japanese steel industry produced 97 million tons in 1972, and the 1973 target has been set at 110 million tons, reflecting improved steel demand. There has been considerable activity in replenishing coal and ore stockpiles. Coal rates from Hampton Roads to Japan increased in line with demand, rising from an average US$5.92 a ton during the fourth quarter of 1972 to an average $7.46 during this year's first quarter. In this trade, fixtures for consecutive voyages outnumbered those for single voyages by more than 2 to 1, notably to take advantage of the lower (an average 23 per cent) rates quoted for consecutive voyage charters. Increased Japanese coal demand was apparent in a Japanese agreement to increase supply under existing contracts with Australian producers by 100,000 tons per month.

In January, the Japanese food agency announced its intent to import 10 per cent more wheat in the 1973/74 fiscal year than in the preceding year. It is reported that China and India are considering further grain imports to supplement domestic production. Canada sold and shipped 400,000 tons of wheat to India during the first quarter; rates in this trade from British Columbia rose from an average $14.32 in the fourth quarter of 1973 to an average $17.43 during the first three months of this year. Rates on other important Canadian grain shipping routes similarly increased. For example, heavy grain from the St. Lawrence ports to Britain advanced from an average $8.12 in the fourth quarter of 1972 to $10.19 during he opening months of 1973.

The increased demand on certain key trade routes, such as Japan, affects the general level of ocean charter rates. Several first quarter rates were markedly higher than the preceding quarter as evidenced in those for oilseed meals from the Great Lakes to Belgium/Holland/Germany which rose from $10.57 per ton to $18.41. While a number of forecasts indicate that higher rate levels are likely to continue through this year, it should be noted that revalued world currencies might dampen economic growth in some countries and their external trade. Additionally, there are 11.5 million tons deadweight in bulk carriers scheduled for delivery in 1973. This expanded shipping capacity may soften rates even during a period of peak demand.

Time chartering activity has been relatively active compared with a year ago. Average rates have been increasing in line with voyage charter rates. For example, general trading fixtures of 4 to 12 months for vessels of 20,000 to 30,000 tons deadweight rose from an average US$3.64 per ton during the fourth quarter of 1972 to an average $4.74 during the opening quarter of this year. Tanker rates were similarly at higher levels through the first quarter, largely as a result of unexpectedly high oil consumption in the United States. Canadian trades were affected by the increased U.S. demand, with crude oil from Venezuela to Eastern Canada increasing from an average $3.05 per ton during the last quarter of 1972,

CHARTER RATES — FIRST QUARTER 1973

The rates shown in column A are in sterling or U.S. dollars with the Canadian dollar equivalent in column B calculated at Pounds = 2.397 and U.S.$ = 0.995. For comparison, the rates for the previous quarter are shown in column C with the Canadian dollar equivalent in column D calculated at Pounds = 2.388 and U.S.$ = 0.983. The rate schedule does not necessarily represent all charter movements to or from Canadian ports since details of certain fixtures are not published.

TIME CHARTERS—The classes of motor ships indicated have been selected as representative for the purpose of illustrating time charter rates. Average rates per deadweight ton per month for the first quarter of the year were as follows:

	First Quarter 1973		Fourth Quarter 1972	
	A £ or US$	B Cdn. $	C £ or US$	D Cdn. $
General Trading (approximately 4 to 12 months)				
11,000-15,000 dwt. 13-16 knots	£2.13	5.11	4.24	4.17
15,000-20,000 dwt. 13-16 knots	5.36	5.33	4.18	4.11
20-000-30,000 dwt. 13-16 knots	4.74	4.72	3.64	3.58
30,000-40,000 dwt. 13-16 knots	4.55	4.53	3.39	3.33

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

	A	B	C	D
Heavy Grain (Per long ton)				
St. Lawrence to Britain	*£4.25	10.19	£3.40	8.12
St. Lawrence to Dominican Republic	*11.68	11.62	—	—
Saint John/Halifax to Britain	*7.50	7.46	£3.31	7.90
Saint John/Halifax to Belgium/Holland/Germany	*7.00	6.96	5.50	5.41
Saint John/Halifax to Nigeria	15.58	15.50	—	—
Great Lakes to Britain	*£6.38	15.29	13.04	12.82
Completing St. Lawrence	*£3.88	9.30	6.58	6.47
Great Lakes to Belgium/Holland/Germany	12.31	12.25	11.12	10.93
Completing St. Lawrence	7.06	7.02	5.45	5.36
Great Lakes to Norway	*14.00	13.93	—	—
Completing St. Lawrence	*9.00	8.95	—	—

	First Quarter 1973 A £ or US$	B Cdn. $	Fourth Quarter 1972 C £ or US$	D Cdn. $
Great Lakes to North Africa	*22.75	22.63	13.88	13.64
Completing St. Lawrence	*17.00	16.91	—	—
British Columbia/North Pacific to India	17.52	17.43	14.57	14.32
British Columbia/North Pacific to Japan	*14.00	13.93	10.13	9.96
British Columbia/North Pacific to Philippines	*17.00	16.91	12.50	12.29
British Columbia/North Pacific to People's Republic of China (Northern ports)	£5.75	13.78	9.90	9.73
British Columbia/Northern Pacific to North Korea	*£6.90	16.54	—	—
British Columbia/North Pacific to South Korea	14.85	14.77	11.18	10.99
British Columbia/North Pacific to Chile	16.63	16.55	—	—
Coal (Per long ton)				
Hampton Roads to Japan	7.46	7.42	5.92	5.82
British Columbia to Japan	4.38	4.36	—	—
Petroleum Coke (Per long ton)				
California to Japan	*7.50	7.46	—	—
British Columbia to Japan	*8.40	8.36	—	—
Oilseeds (Per long ton)				
British Columbia to Japan	11.91	11.85	—	—
Oilseed Meals (Per long ton)				
Great Lakes to Belgium/Holland/Germany	*18.50	18.41	*10.75	10.57
Sulphur (Per long ton)				
British Columbia to Belgium/Holland/Germany	*10.00	9.95	—	—
British Columbia to Italy	*14.80	14.72	—	—
British Columbia to Australia	£5.38	12.90	*£4.05	9.67
British Columbia to New Zealand	*£5.50	13.18	*£3.80	9.07
Potash (Per long ton)				
British Columbia to Belgium/Holland/Germany	*10.25	10.20	9.25	9.09
British Columbia to France (Mediterranean)	*11.00	10.94	—	—
British Columbia to India	*18.25	18.16	—	—
Iron Ore (Per long ton)				
St. Lawrence to Britain	7.40	7.36	4.48	4.40
St. Lawrence to Belgium/Holland/Germany	*5.00	4.97	3.50	3.44
St. Lawrence to Spain (Atlantic)	6.75	6.72	—	—
St. Lawrence to Spain (Mediterranean)	*7.40	7.36	—	—
Zinc Concentrate (Per long ton)				
New Brunswick to Belgium/Holland/Germany	*9.75	9.70	—	—
Scrap Iron and Steel (Per long ton)				
California to Japan	*9.55	9.50	9.23	9.07
U.S. Atlantic to Japan	15.70	15.62	10.44	10.26
Great Lakes to Britain	*20.00	19.90	—	—
Great Lakes to Spain (Atlantic)	19.75	19.65	*14.00	13.76
Oil Black (Per long ton)				
Venezuela to East Coast of Canada	3.59	3.57	3.10	3.05
Venezuela to Portland, Maine	3.32	3.30	2.61	2.57
Persian Gulf to Portland, Maine	13.14	13.07	9.34	9.18
Mediterranean to Portland, Maine	5.81	5.78	4.35	4.28

*One fixture reported only.

As part of the continuing co-operation engendered by the technology agreement between Canada and the U.S.S.R., a group of Soviet specialists visited Canada recently for a week to study farm machinery, specifically machinery used for grain production, and to discuss such matters as plant genetics, animal husbandry, cereal and oil seed production and farm mechanization systems.

The group was led by the Russian Deputy Minister of Agriculture, I.N. Kuznetsov, seen in these pictures at the Massey-Ferguson combine testing plant at Toronto and showing undivided attention to some of the mechanisms used in one of the company's newest combines being manufactured at Brantford, Ontario.

The group visited four provinces and came as a follow-up to the Canadian exhibits last September at the agricultural show in Moscow, which alerted Soviet technicians to our expertise in agriculture.

The Agreement on Co-operation in the Industrial Application of Science and Technology was signed in Moscow in January 1971, and many exchanges have taken place since then between Soviet and Canadian experts. Eight working groups have been set up to cover various sectors of industry and to provide links between scientific and technological co-operation and trade.

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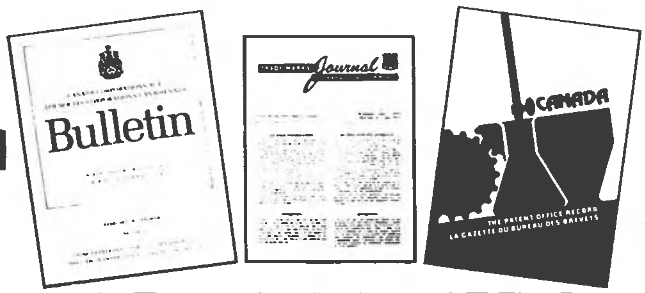

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