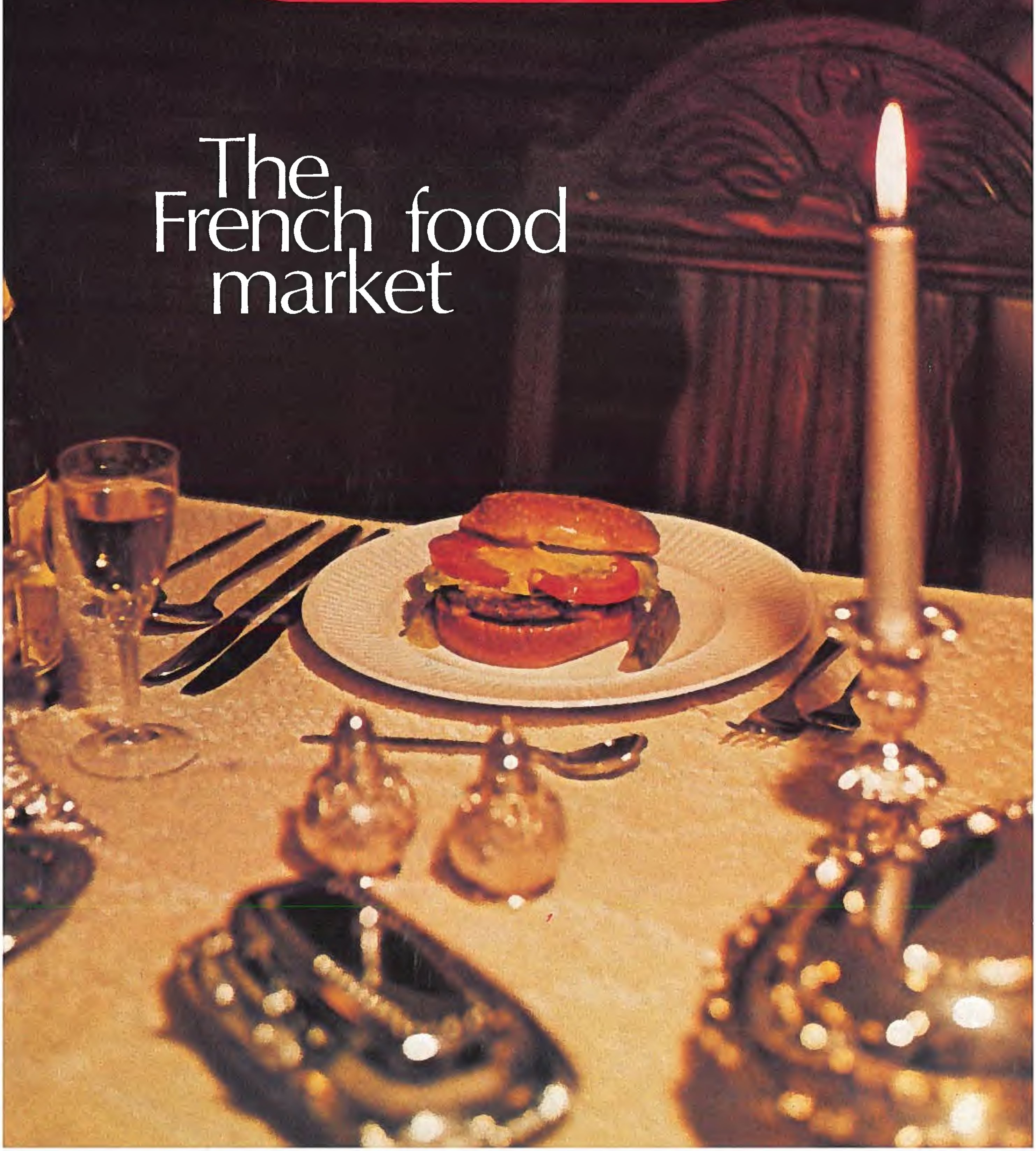
August

Canada Commerce

1973

The French food market



Costpro

Government and Industry cut red tape

ROBERT C. MILNE, Executive Director, Canadian Organization for the Simplification of Trade Procedures

COSTPRO is not the name of some new medication but it should cure some headaches for Canada's commerce. COSTPRO, in fact, stands for the Canadian Organization for the Simplification of Trade Procedures — an industry/government organization which is fighting the mountain of shipping documents and procedures which tie up the movement of goods in Canada's foreign trade.

COSTPRO has three main objectives: to reduce the cost of paper work involved in Canada's trade by seeking, in co-operation with the commercial and public authorities involved, the reduction, simplification and international harmonization of all trade documents used in this country's foreign trade; to ensure that the information flow relating to the distribution of goods makes Canada's industrial development and external trade growth easier, at the same time ensuring that Canada keeps pace with and derives full benefit from the increasingly fast and sophisticated methods of international transportation and communication; to seek improvements in trade procedures and elimination of all national and international requirements that cause delay or are uneconomical in international transactions.

COSTPRO's approach to its objectives can best be described by quoting from the organization's bylaws: "to study and, where appropriate, co-ordinate and initiate action through the proper channels for the solution of data flow problems; to act as a catalyst in the implementation of its recommendations, particularly where the speed of modern communication and demands for developing trade with nations require urgency in implementation to support effectively Canada's position with the international trade community; to avoid superseding or paralleling any work being carried out by other organizations while providing a focal point for co-ordination of the work of such organizations and to carry on work in areas not being covered; to maximize its resources by seeking from appropriate sources views on relevant facilitation issues and by keeping all interested parties informed of developments; to use the experience of members and others to undertake specific tasks requiring special knowledge and skills as appropriate; to co-operate with inter-governmental organizations whose interests and activities are related to its purposes; to make suitable arrangements for consultation and co-operation with other private and/or public organizations whose interests and activities are related to its objectives; to provide representation at international meetings."

COSTPRO's short-term projects included the development of the Canadian Trade Document Alignment System. It is conducting a survey of the data requirements and the procedures used for gathering that data within government and private industry with the objective of determining the most lucrative areas for further simplification. The promotion by COSTPRO of universal coding systems for commodities will aid in its longer term objectives of creating a "paperless goods distribution system". For instance, COSTPRO has created a working group on automatic data processing (ADP) which is looking into the types of freight intelligence systems required for speedier distribution of goods.

These government departments and industry associations are members of COSTPRO: Air Transport Association of Canada; The Canadian Bankers' Association; Canadian Chamber of Commerce; Canadian Port and Harbour Association; Canadian Shippers' Council; Canadian Trucking Association; Department of Industry, Trade and Commerce; Department of National Revenue, Customs and Excise; Department of Supply and Services; Ministry of Transport; Statistics Canada; The Railway Association of Canada and Dominion Chartered Customs House Brokers.

For further information contact the executive director of COSTPRO at 2085 Union Street, Montreal III, Quebec, tel. (514) 283-4091.

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In This Issue

According to Michel Nadeau, head of the France-Canada Chamber of Commerce in Paris, there is "a fantastic market" in France for frozen food products that Canada could supply. And according to our Paris post, this opportunity applies to a far wider range of food products than just the frozen kind. French housewives, apparently, are buying items they never even looked at before — in fact, sometimes never even saw before. As our lead article points out, there's a revolution going on in French eating habits and the Canadian supplier who misses out now may find he has missed out permanently on an exciting piece of the action. For good measure, we also have an article on Sweden's growing appreciation for seafoods, particularly for those items the country's fishermen cannot supply.

Foreign markets are often contingent on international loans, and Canada's record in getting procurement under these loans has not been spectacular. Part of this lack of success, no doubt, has been ignorance of how the various development banks operate. In order to put the businessman in the picture, we are continuing our series on the lending policies of these banks with an article this month on the Asian Development Bank. Because of the growing importance of this area of the world in terms of international trade, this should be interesting reading for those who have not yet established contacts there. We also have an article in how to get business under agricultural loans from the World Bank. The Department is planning to reproduce all these international financing articles later in booklet form.

It is not our usual practice to reprint articles that have appeared in other publications, but the one on Making Publicity Work we found so interesting that we thought our readers would also like to see it. Any comments on it, or on any of the others, would be appreciated.

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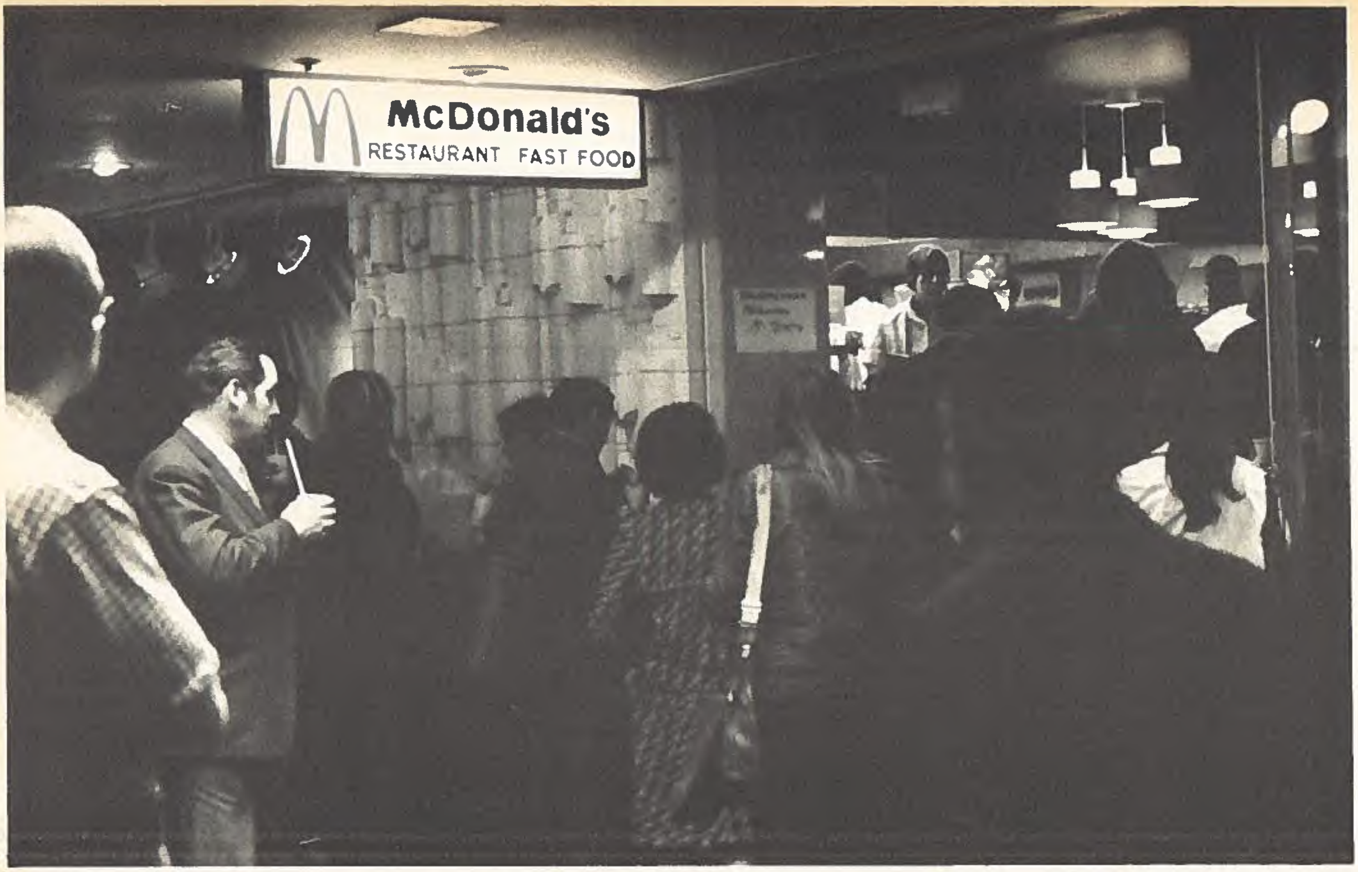


This could be a McDonald's hamburger stand anywhere in Canada but the location is actually Paris, France.

It's the revolution ....in French Food Habits

GERALD W. DOUCET, Commercial Secretary (Agriculture), Paris

If a Frenchman had a conversation with a Canadian food exporter, the Frenchman might be told something like this: "France? Yes, I've been there — nice place to visit. Well, now that you mention it, we don't really have any marketing objectives specifically covering France, or the rest of Europe, for that matter. No, no, it isn't that we consider France unimportant; it's just that we're a FOOD company, you see, and everybody knows the French don't like processed food — they're all gourmets over there — the natural bit and all that. It'll take a revolution to open up France to processed food products from Canada."

Our Frenchman might be forgiven for thinking the revolution had started when he looks out of the window of his new high-rise apartment just outside Paris and sees a newly-opened McDonald's Hamburger Drive-In across the street, crammed with Frenchmen who "don't like processed food."

The revolution has indeed come to the EEC, now Canada's second largest outlet for agriculture, fisheries and food products, but there is no country where this is more evident than in France, the gourmet centre of the world — France, the long-protected fortress against imported and synthetic foods.

Contrary to the generally held view, France has a large import bill, exceeding, for example, that of Japan, at almost $24 billion in 1971. Although Canada's share of this market is less than 1 per cent, with total agriculture, fisheries, and food exports valued at $38.5 million in 1972, France takes a higher proportion of its agricultural imports from Canada in the form of finished products (11.2 per cent) than any other country in Europe, where the average for the EEC is 4.5 per cent. France has the highest real level of growth of any European country, 6 per cent of GNP in 1972, expected to be the same in 1973. Expenditures on prepared foods have increased more rapidly in France (27 per cent at constant population) than in any other industrialized country in the last decade. Take the frozen food market as an example, now enjoying a boom in consumption of 40 per cent a year.

Within the broad sector, prepared foods are growing fastest: that is, foods with a maximum of value added or service built into them. For example, cooked fish dishes are moving faster than frozen fillets, although frozen fillets are in demand much more than the fresh or frozen fish itself. In fact, the demand for frozen prepared fish is the largest single growth factor (20 per cent), followed by frozen prepared vegetable dishes. By 1975 more than 100,000 tons of frozen fish dishes will be consumed in France. In 1970, 25,000 tons of frozen prepared vegetables, 4,000 tons of frozen prepared pasta dishes (pizza, ravioli, etc.), and more than 70,000 tons of frozen prepared dinners were consumed in France.

There has been a phenomenal growth of British investment in French food industries. In a coordinated effort, Britons have poured money into France in preparation for EEC enlargement, buying up, for example, large chocolate and brewing companies. The 91 takeovers in the French food sector in 1972 (valued at $115 million) were five times the average for the last 10 years. Foreign investment represents nearly 20 per cent of total investment in French food industries: milk, ice cream, margarine, condiments, prepared potatoes, instant coffees and soups are more than 50 per cent foreign-owned.

Canadian food companies already established in Britain have a potential springboard into the French and other European markets, in view of the changing ownership of French food companies and the formal entry of Britain into the EEC. Most of the British firms are familiar with Canadian products and already our Paris office has received requests for Canadian apples and inquiries about canned salmon and cheddar cheese.

Anyone who has ever visited Europe is intrigued by the countless number of little corner stores; anyone who has ever lived in Europe recognizes the quality of the products carried by these stores but mutters under his breath about their short inventories and the absence of deep freezers. But in the last 10 years there has been a tremendous decline in the number of these outlets and a significant rise of supermarkets. More than 200 new supermarkets and more than 30 "hypermarkets" (over 2,500 sq. metres) opened in France in 1971; 265 more supermarkets and 62 more "hypermarkets" opened in 1972 and these stores did business worth $8 billion in 1972. They advertise prominently their "foreign food corners" and the size of their frozen food bins.

Although large outlets now account for 34 per cent of food business in France, the revolution has only just begun because the small corner store outlets still number about 270,000, or 70 per cent of all outlets. Their role is now limited chiefly to perishable products, and the improvement of the distribution system to handle more sophisticated food products such as frozen fillets, frozen fruit and vegetables, freeze-dried products and so on, can only help Canadian food exporters. An example of what effect improvements in the distribution system have can be found in the meat sector.

The French meat industry is not highly developed, in the sense that very few meat packing firms exist and very little meat is pre-cut or pre-dressed for the market. This situation is changing rapidly, and knowledgeable Frenchmen speak of an industrial revolution in French meat production. In France, the first efforts to sell pre-dressed meats date back to 1950, but these were incidental and isolated experiments until the advent in 1965 of self-service stores. There are now well over 20,000 such stores in France, and, according to a recent study, 15 per cent of French meat sales are made in large supermarkets, and almost 70 per cent of this is pre-dressed meat, the remainder being sold in the traditional manner.

In 1972, prices in the EEC rose by 7 per cent and were accelerating in the final quarter. Food prices increased by 7.5 per cent in the same period. Thus, inflation has become the number one politico-economic problem. As long as food prices are considered the main culprit (rightly or wrongly), this encourages a more liberal treatment of cheaper imports within the Common Agricultural Policy of the EEC. Thus, for example, French tariffs on meat imports were cut in half and the levies were suspended last year.

If you add up all of these elements, you've got the makings of a revolution. What part has Canada played so far? Looking at the pattern of our trade with the Community, Canadian agricultural and fisheries exports fall into three categories: (1) 91 per cent are primary because they require at least some processing in the destination country before consumption: barley, wheat, durum wheat, flaxseed, frozen fish, for example; (2) about 4.2 per cent are semi-finished in the sense that the goods exported have been partly processed in Canada but will be further processed in the destination country: for example, dairy cattle, hides and skins, furs, skim milk powder; and (3) 4.5 per cent are finished in the sense that the goods exported have been fully processed in Canada: for example, horsemeat, offals, canned goods, whisky, fish fillets.

An examination of our performance in France shows that Canada's share of this $3.7 billion market for agriculture, fisheries and food imports was a mere 1 per cent, valued at $38 million in 1971.

Canadian food industries have not made heavy inroads in the EEC for several reasons. Capacity at home in some sectors is not adequate to permit continual exports. The wrong market approach has been used. Some members of the EEC offer more fertile ground for franchising, licensing, direct investment or exclusivity contracts than others. There are regulations preventing direct transshipment of goods imported by one country to another within the EEC unless some further value added is achieved in the importing country, but if the idea is to get a foot in the door, Canadian companies should plan their openings and concentrate their tactics and promotion in specific areas with a view to expanding. For example, France is obviously our easiest outlet for fresh fish and horsemeat; Germany is the long leader in honey, vegetables, and processed fish; and the Netherlands seems our best market for relishes and sauces.

Barriers to trade are still significant. The Common Agricultural Policy of the EEC has made it almost impossible for us to sell cheddar cheese or sugar-containing products. Moreover, although common policies cover more than 95 per cent of EEC agriculture and fisheries, a wide range of complicated, unintegrated national policies still affects trade in food products. For example, in France there are quantitative restrictions on 71 agricultural products not covered by the CAP. Our exports of frozen fruit and vegetables, preserves, jams, fruit juices and potato chips are inhibited by these restrictions, and the shipments of items we can get in are considered "folklore" items sold only in deluxe food centres. The multilateral trade negotiations, scheduled to get under way before the end of this year, will provide an opportunity to review the situation and, hopefully, to find a way leading to much improved access for agricultural products to EEC markets.

What products in France are now in strong demand and are not protected by import measures other than, perhaps, tariffs? The following fit into this group: salmon, pike, whitefish; canned crab and herring; beef and pork meat, including portion cuts and smoked beef for hotel, restaurant and institutional trade; Holstein cattle and semen; petfood; pulses, especially white beans, lentils, and yellow peas; whisky and beer; honey and maple syrup; prepared food dishes; dietetic fruit spreads; canned corn; freeze-dried foods; rapeseed meal. The Commercial Secretary in Paris can provide useful details on marketing strategy, contracts and prices.

These, then, are the items, as far as France is concerned, which should be produced in greater quantities so Canadian exporters can supply the French market on a continual, long-term, bulk basis. These are the products which Canadian food companies should exhibit at one of the world's largest food fairs, the Salon International des Produits Alimentaires, which takes place in November 1974. This fair is recognized by the 57,000 French and 13,000 foreign experts who visited it last November as one of the best in the world. Six hundred French and 700 foreign companies exhibited at the fair last November, and the rough gain on their investment was tenfold, in terms of sales within France alone, not to mention improved contracts among the 50 other countries participating. Information on the fair, cost of entry and so on, can be supplied on request, and as you know, the Department of Industry, Trade and Commerce in Ottawa has programs to finance the participation of Canadian companies in international fairs of this type, under certain conditions. □

Steinberg's of Canada has opened four supermarkets in the Paris area, calling them Montréal.

Sweden is a growing seafood market

MRS. ULLA HANSSON, Commercial Assistant, Stockholm.

Local fishing vessels in Lysekil harbour.

The Swedish food market, which in many respects reflects the trends in the North American food market, especially for deep-frozen foods, has witnessed a rapid increase in sales of frozen foods, including fish. The increase slowed down somewhat in 1971 and in the beginning of 1972, but an upswing has again been noted. The catering and institutional sector will probably need even more frozen prepared or semi-prepared food than in previous years. On the retail side, proucts are well presented and prices are relatively high and fairly stable. Only a few brands are available and competition has a tendency to concentrate on product development, advertising and other types of promotion.

There is a certain conservatism against new fish species and products. There are about 65 firms marketing deep-frozen products in Sweden, the 10 largest producers covering about 75 per cent of the market. In frozen seafoods the leading producers are Findus and KF (the Swedish co-op selling under its own "Winner" label) and the Norwegian company, Frionor. Private label marketing by the major retail chains is not used much yet but is coming shortly. The EPA chain of department stores is developing a brand of its own and is seeking suppliers of various items, including seafoods to be packed under its own label. This may result in reducing the role of smaller manufacturers to that of contract packers in the future.

In the retail sector deep-frozen seafood is the largest product group after broilers. Increased sales have been reported for frozen shellfish (cooked shell-on or shell-off shrimps, lobsters and freshwater crayfish) and prepared fish meals — an increase of about 30 per cent for the latter was reported in 1970. Findus, Sweden's largest producer of frozen fish fillets, fish sticks, burgers and fish meals, claims a tremendous rise in the demand for its range of frozen prepared fish meals, including a newly developed skinless/boneless cod in a choice of two sauces. This cod is ready to be boiled with the sauce in its original plastic bag. The demand for frozen fillets in the retail as well as the institutional sectors is predicted to grow rapidly.

The Swedish market for salted herring is fairly constant. Home marinating of salted herring has decreased somewhat but is compensated for by an increased consumption of industrially marinated herring products. Increased marinating of herring at retail store level has also been noticed. Salt-cured herring fillets ready for use and packed in retail cryovacs have also gained in popularity. Marinated "gaffelbitar" (cut whole or filleted herring) in cans are losing popularity, but various types of marinated herring in glass jars are gaining. Sales of Matjes herring in the last two years have increased through imports from Canada. About 90 per cent of herring products in cans or glass jars are produced locally. The leading canners are ABBA, a branch of KF (using predominantly the "Winner" brand and sold only in Swedish co-op retail shops), and CPC's Swedish subsidiary (using the "Winborg" label).

It is estimated that the wholesale value of retail packed herring products is about $24 million — for Matjes fillets alone the value is about $4 million.

The market for canned products like mussels, mackerel, sardines and tuna fish is fairly stable, although sales increases have been reported for tuna fish. Canned fishballs, all produced locally, are popular — the market value has been calculated at $3 million. Swedish-type caviar (cod roe, mostly imported) is highly prized, especially as a sandwich spread. The market value for this tube-packed caviar is about $8 million at wholesale level.

There is a growing import demand for cheaper fish products such as frozen skinless/boneless cod and haddock blocks and various kinds of frozen fish fillets for retail and institutional use. There are good prospects for Canadian packers and for those who are willing to pack under an importer's label. Similar opportunities also exist in frozen sole fillets, portion-packed sole and turbot, mackerel (whole or in fillets), in either retail or institutional packs.

Domestic buyers have established good contacts with Canadian producers of salt-cured, sugar-cured, spiced and vinegar-cured herring. But there is still room for expansion provided Canadian producers can fulfill quality requirements. These herring products, shipped in 100 kg barrels, are primarily for further processing by Swedish canners. There might also be an interest in buying herring in 15 kg, 8 kg and 4 kg open-lid metal or plastic pails for distribution to smaller catering establishments and retail shops.

The demand for lobsters, whether frozen, fresh or canned, has dropped somewhat, as it has for canned crabmeat, where sales of the more expensive Russian Chatka crab have dropped by 50 per cent. Sales of Canadian Queen crabmeat, being lower in price, rose, however, in 1971 and would have risen again last year if sufficient supplies had been available. There is still room for new suppliers of shrimp, especially in the IQF cooked shell-on or shell-off types. The leading supplier now is the United States — Maine and Alaskan shrimp have found an excellent market here.

There are good prospects for freshwater crayfish (Pacific *astacus leniusculus)*. Swedish imports have risen from 238 tons in 1970 to 420 tons in 1971 and about 900 tons in 1972. The leading suppliers in 1971 were Turkey (300 tons), U.S.S.R. (43 tons), Rumania (32 tons), U.S. (24 tions), Norway (16 tons), and Finland (13 tons).

The demand for eels depends on the size of the domestic catch. The Swedes want large eels, preferably three to five pounds, although one-and-a-half to three pounds will be accepted by some buyers. A couple of years ago there was a marked resistance against using frozen eels for smoking, but lack of supplies of fresh eels forced a change and buyers are now open for offers. There is no interest in buying smoked eels.

The large volume of Canadian salmon sales in Sweden consist primarily of frozen Silverbrights. Canadian prices have been very competitive and there is an established market for Canadian salmon. Sales of Canadian smoked salmon, however, have dropped because locally smoked products are preferred.

Salmon is popular all year, but there are peaks around Easter, Whitsun and Midsummer. Sales of canned seafood items usually go up in the summer, as do herring products. Frozen shellfish is popular all year, with an increased demand for lobsters at New Year. One product for which there is a very definite peak is the freshwater crayfish; this peak is in the first weeks of August when the Swedes enjoy their many crayfish parties.

Seafoods can be marketed through the usual channels, import agents or importers, or direct to the large retail chains and caterers. There is a concentration occurring within the food trade, leaving a few large concerns to dominate the market, especially at the retail end. In the wholesale sector, strong interest in the fish trade is reflected by the many mergers, and by purchases made by large companies in food trade or production of leading fish wholesale firms. ABBA (a wholly-owned subsidiary of the Pripps brewing group and the country's foremost fish cannery) recently purchased Stockholm's largest three fish wholesalers who have a total turnover of $6.25 million.

Gothenburg is the main import harbour, followed by Stockholm. Nearly all importers and agents cover the whole.country. Most of the main customers (retail and institutional) have central buying offices in either Stockholm or Gothenburg.

The free trade agreement between Sweden and the EEC does not include agricultural products, under which fish and fish products fall. Swedish fresh fish, frozen fillets and canned seafoods will thus be subject to import duties in Denmark and Britain. The EEC import duties are, however, suspended on herring, which is Sweden's most important item. In a special agreement Sweden has agreed to maintain the present exemption from customs duties on frozen fish fillets, canned fish and shellfish im-

Matjes herring fillets being trimmed before going into the cans.

ported from Denmark and Britain, and to extend these privileges to all EEC countries. These obligations are in force for as long as there is no radical change in the competitive situation within fisheries. (Such changes might be that the EEC cancels the present suspension of the import duty on Swedish herring or that Swedish fishermen's rights to land their catches in Denmark are abolished.)

A Food Act, in force since January 1, 1972, to some extent affects imported food items, especially prepackaged foods, for which new labelling requirements prevail as of July 1, 1973. In short these regulations are:

Prepackaged food which is offered for sale shall be clearly and unambiguously labelled with the following information (in Swedish or any internationally used language): (1) kind of food — no fancy names allowed; (2) composition — main raw materials and an indication in a descending scale of other ingredients (additives): sauce, juice, jelly and such things may be listed in a separate group; (3) the average net weight or net volume at the time of packing; also the average drained weight of products to which juice, sauce, jelly or similar products have been added — for whole fish or fish fillets the number of pieces can be stated instead (the words *approximate* or *about* in connection with weights must not be used); (4) storage instructions, if method of storage is important for durability of the food; (5) estimated length of durability, if limited; for prepared foods with a shelf life shorter than 30 days the date of packing must also be indicated; (6) packer's or producer's name and address.

Barrelled herring stocks in part of Foodia's cold-storage facilities.

There are numerous firms in Sweden interested in Canadian seafood — too many to be listed here. Get in touch with the Commercial Division of the Canadian Embassy in Stockholm (P.O. Box 16129, 103 23 Stockholm 16, Telex: 10687) and we will put you in touch with a selected number of local firms looking for the items you have available for export. But, if you are entering the market for the first time, a visit to Gothenburg is a must. □

Swedish Imports of Fish, Fish Products & Shellfish

	$'000 Jan.-Nov. 1972	1971	1970
Denmark	28,041	25,333	24,563
Norway	26,604	27,563	25,000
Canada	7,563	6,063	5,438
U.S.	7,396	7,042	8,542
Iceland	3,104	4,417	5,479
U.S.S.R.	1,521	1,646	3,417
Turkey	1,271	521	188
Britain	1,229	1,000	896
Chile	1,146	1,625	1,417
Peru	938	625	417
Japan	750	1,000	1,563
India	750	1,125	21
Poland	729	625	167
Netherlands	583	708	688
Portugal	500	1,000	896
Other countries	2,896	2,644	2,266
Total	**85,021**	**82,458**	**80,750**

Source: Swedish statistics based on countries of origin and c.i.f. prices

MARKET ACCESS

Customs Duties

All fresh, chilled and frozen fish and also salt, dried and smoked fish under Brussels Nomenclature 03.01 and 03.02 are duty free, with following exceptions:

	Krona per 100 kg.
sugar-cured fish in airtight retail containers	40
sprats and sardelles in packs, the net weight of which is less than 45 kg	25
fish roe, sugar-cured in packs having a net weight less than 45 kg	65

There is no duty on crustaceans and molluscs with or without shell, fresh (live or dead) chilled, frozen, salted or dried; crustaceans with shell, simply boiled in water (Brussels Nomenclature 03.03) — except for:

	Krona per 100 kg.
oysters	120

Of the items under 16.04 of the Brussels Nomenclature (fish, prepared or canned, including caviar or caviar substitutes), duties are imposed on the following items:

	Krona per 100 kg.
Products in airtight containers	
sardine, tuna	15
anchovy, jellied salmon	25
herring bits and other herring preserves, mackerel, smoked dyed pollock, fishballs, other preserved fish products n.e.s.	40
In non-airtight containers	
tuna	15
sprats and sardelles (in packs over 45 kg net weight), jellied salmon, anchovies	25
dyed smoked pollock, other fish products n.e.s., also frozen fish products such as breaded and fried fish fillets, fish sticks, fishballs	40
fish roe in packs, net weight less than 45 kg	65
sturgeon roe	750
Item No. 16.05 (Brussels Nomenclature) "crustaceans and molluscs, prepared or preserved, whether in airtight containers or not (excl. oysters)"	40
oysters	60

IMPORT LEVIES

Import levies, which vary with world market prices, are imposed on certain sea-fish in order to support domestic prices. Recently these variable levies were:

	Krona per 100 kg fish net weight
A. Fresh or chilled filleted cod, haddock, pollock, whiting and redfish	
1. If country of origin is an EFTA country: cod, haddock, pollock, whiting	25.00
redfish	no fee
2. If country of origin is Denmark, Faeroe Islands or Britain	25.00
3. Other countries of origin	45.00
B. Frozen filleted cod, haddock, pollock whiting and redfish	
1. If country of origin is an EFTA country or Denmark, Faeroe Islands or Britain	no fee
2. If country of origin is another country within the EEC other than Britain or Denmark: from April 1, 1973	36.00
3. Other countries of origin	45.00

Various domestic and imported fish are subject to "price regulation" fees, also imposed for price support purposes. The rates on imported fish are as follows and, for fresh, chilled or frozen fillets mentioned above, are in addition to the import levies:

Fresh and frozen saltwater fish	3% of purchase price
Herring, salted, sugar-cured or spiced	0.2% of purchase price

Licences

Licences are required for certain items, but are issued liberally and should not offer any trading obstacles.

Contaminated Fish

Mercury: Fish containing 1 mg of mercury per kg of fish is condemned for human consumption. Such fish must not be imported or sold.

DDT and Dieldrin: There are no fixed tolerances set for these two compounds, but fish containing exceptionally high levels of either run the risk of being confiscated.

Procurement under World Bank agricultural loans

DAVID BROWN, Trade Commissioner Service and International Financing Branch

The importance of agriculture in the economic development of low-income countries has achieved greater recognition in recent years. Accordingly, more World Bank funds have been allocated for agricultural development and during the fiscal year which ended on June 30, 1972, loans totalling $436.3 million were made for projects in this sector. This amount represented 14.6 per cent of total Bank lending for the year, while the cumulative amount of all Bank loans ever made for projects in the agricultural sector as of June 30, 1972 was $2,739.6 million or 12 per cent of the amount of all loans made in all sectors.

Of major importance to the growth of loans in the agricultural sector has been the Bank's effort, in co-operation with the United Nations Development Program (UNDP) and the United Nations Food and Agriculture Organization (FAO), to provide assistance to potential borrowers in identifying and preparing viable projects. Undertakings of this nature are generally quite complex and affect all sectors of the economy.

Projects in the agricultural sector cover a wide range of activities and include fishing, forestry, livestock, development, irrigation schemes, crop development, crop processing and storage, general rural development (land settlement), and general individual on-farm improvements through provision of agricultural credit.

Because of the multiplicity of activities in this sector, there are supply opportunities for many Canadian companies. These include technical and consulting firms, farm machinery manufacturers, chemical companies, contractors, livestock breeders and equipment suppliers. The equipment needs can range from weigh scales to pumps to farm tractors. Material suppliers can meet requirements for fencing, drainage pipes, seeds and fertilizers.

Between 1969 and 1972 the World Bank signed loans for 132 projects totalling more than $1,600 million, a large portion of which has not been disbursed. In addition to those projects already approved and in progress, there are also approximately 175 other potential projects.

Although it is difficult to generalize because of the number of projects and the variety of recipient countries involved, it is worth taking a close look at several actually in progress in different sub-sectors of agriculture to gain some perspective.

During 1972 the Bank loaned $143.7 million for irrigation and drainage, not only for the basic infrastructure but also for the on-farm investments required if effective use is to be made of available water.

For example, a loan has recently been signed for an irrigation rehabilitation and completion project to cost $36.6 million. The Bank loan is for $18 million and covers foreign exchange costs of the project, which includes the rehabilitation and improvement of existing irrigation and drainage systems and construction of new ones.

The civil works contracts alone account for about $3.5 million in foreign exchange and involve earth moving and land-levelling for the construction of irrigation and drainage canals. Equipment to be imported will cost about $6.1 million and will include motor graders, crawler excavators, crawler tractors, grade-alls, loaders, trailers, dump trucks, compressors, sprayers, water storage recorders, portable lubricating equipment, portable workshops and workshop supplies. In addition, approximately $1 million is allocated for contracting of consulting and technical services from abroad.

There is increasing diversity in livestock projects ($89.5 million in loans in 1972). Most of the early projects involved existing ranch operations in the temperate zones for beef, cattle and sheep. But more recent projects are being undertaken in tropical and semi-tropical zones for pigs and poultry raising for local consumption; for livestock operations as part of mixed farming operations, including smallholder participation, and for dairy operations producing for local consumption and secondary industries such as slaughterhouses and meat packing plants.

A World Bank loan was recently signed for a livestock development project, the cost of which is estimated at about $37 million. The loan is for $11 million, which will cover the estimated foreign exchange costs of the project. Equipment needed will include such things as fencing, watering facilities, buildings, stock handling facilities, machinery, livestock, technical and consulting services, fertilizer and pasture improvement material.

The demand for agriculture-related industries such as food processing, food storage and packing, and fertilizer production is growing. For smaller projects, the World Bank Group usually channels its funds through intermediate industrial financing institutions in the borrower's country. For larger projects, such as fertilizer plants, the Bank Group often makes industrial, rather than agricultural, loans. Certain types of agriculture-related industries, however, come into the context of general agricultural lending. Projects of this type include private and public sector grain-storage operations, provision of public wholesale grain markets and the expansion and improvement of grain and feed milling facilities including crop processing, especially as part of integrated schemes for production, processing and marketing. Projects in this sector vary greatly but a typical one involves the development of grain storage facilities. The total cost of this is estimated at $16 million, of which the foreign exchange component equals $3 million. The project consists of planning, designing, constructing and equipping 10 silos of 20,000 tons each and 10 godowns (flatstores) of 10,000 tons each, training silo personnel, and conducting a study on the country's foodgrain storage and distribution.

The foreign exchange cost for the 10 godowns is approximately $750,000 and includes $644,000 for buildings (site development, fences, building costs, offices) and $14,000 for weighbridges.

The foreign exchange cost for the silos is approximately $1.3 million, which includes $550,000 for civil engineering (railway siding, buildings, platforms and sheds, silos); $618,000 for mechanical equipment (weighbridges, receiving hoppers, lift trucks, conveyors, elevators, fumigation systems, temperature indicating systems, baggers); $162,000 for electrical equipment (primary switches, transformers and secondary panels and wiring, general lighting, passenger elevator, machinery), and $227,000 for consulting services for the country-wide storage study.

There are many more projects already in progress and others on the drawing board, in the sub-sectors mentioned as well as in several other sub-sectors such as forestry and fishery development. For further information about projects, contact the International Financing Branch of the Department of Industry, Trade and Commerce in Ottawa.

Reference has already been made to the diversification of the Bank's agricultural financing into support for on-farm investments and storage, marketing and processing, usually provided in terms of agricultural credit facilities. Ultimate borrowers have included individual farmers, groups of farmers, co-operatives and public-sector entities. As it is not feasible for the Bank itself to invest directly in a large number of small enterprises, Bank funds are usually channelled through intermediary institutions within the borrowing countries. These range from agricultural development banks (often closely associated with the borrowing country's government agriculture department) to those parts of the commercial banking system involved in extending medium and long-term credit facilities. If there are no suitable intermediaries, it is sometimes necessary to establish channels of credit for on-farm development within project authorities, often newly created and perhaps involved simultaneously in giving technical assistance to participating farmers and in building infrastructure.

Usually the project authority or executing agency would be responsible for contracting the technical and consulting services. These specialists would normally advise the individual borrowers on the kind of inputs required.

Most of the commodities required for these on-farm developments are obtained through existing commercial channels. International competitive bidding is sometimes impractical due to the small size of individual orders and the variety of needs from farm to farm.

One of the prerequisites for making sales under such credit programs (and this applies particularly to equipment suppliers) is the employment of a local agent who can help in the establishment of a dealer network, including service facilities. The agent can also help in the distribution of product literature to the individual borrower, who can then go directly to the lending institution knowing exactly what he wants to purchase.

International competitive bidding is invited for equipment requirements on projects where volume warrants it and where there is a limited number of purchasing authorities. Local manufacturers or suppliers are encouraged to bid on equipment or contracting requirements where a local capability exists, and normally would be given a 15 per cent margin on foreign bids or the amount of import duties, whichever is lower. But all bids are subject to World Bank approval.

The World Bank is increasingly supporting programs that develop selected sectors in specific recipient countries. Where it undertakes such program support, the Bank extends a series of loans over a number of years to finance a continuing development program as long as the recipient country maintains reasonable development policies. This means that instead of having to identify "one shot" project sales opportunities, interested Canadian exporters can evaluate a number of ongoing programs and select those markets where sales efforts may be undertaken with reasonable assurance of a continuing availability of financing. There are now more than 30 such programs either under way or planned in the agricultural sector. Firms wishing to explore these further should contact the Department of Industry, Trade and Commerce. The following are some of the programs which may offer potential for Canadian suppliers in the agricultural field.

Brazil — The World Bank is financing an ongoing program designed to improve several hundred ranches in Brazil. The funds will be used to procure, through normal commercial channels, breed stock, farm

World Bank Loans to June 30, 1972

	Eastern Africa	Western Africa	E. Asia, Pacific	South Asia	Europe M. East, N. Africa	Mexico C. America, Caribbean	South America	Total
				$ millions				
Agricultural credit	8.6	12.3	28.0	309.4	78.0	18.4	49.5	504.2
Area development	60.9	41.8	33.5	—	18.0	6.3	11.1	175.9
Food and non-food crops	44.6	55.2	59.0	—	25.0	—	—	183.8
Irrigation, flood control and drainage	74.4	14.3	311.2	477.2	189.3	79.1	44.3	1,196.8
Forestry and fishing	7.9	1.3	34.2	—	6.8	3.4	5.3	58.9
Crop processing and storage	6.3	—	14.3	38.2	3.9	.8	—	63.5
Livestock	19.3	6.4	14.5	—	45.5	189.8	195.9	471.4
Agricultural research	—	—	—	—	12.7	—	—	12.7
Other	5.6	—	7.5	34.3	2.3	7.7	—	72.4
Totals	**227.6**	**131.3**	**502.2**	**859.1**	**381.5**	**305.5**	**321.1**	**2,739.6**

machinery, fencing and other items.

Uruguay — The World Bank has an ongoing program in Uruguay which will provide technical and financial support to continue that country's national livestock development program. The World Bank loans will provide funds for a credit program to increase beef cattle production through loans for ranch development, imports of pasture seeds, phosphate fertilizers and equipment, and for technical services.

Originally, the program was expected to cover about 3,000 ranchers and to improve about 500,000 acres of pasture. Based on revised estimates, 3,400 ranchers are now likely to borrow under the program. These ranchers will improve about 925,000 acres, nearly double the area originally contemplated.

Ethiopia — The World Bank has undertaken a long-range dairy development program to develop 240 small and 110 medium-size dairy farms and six dairy cattle breeding ranches, to expand milk collecting, processing and marketing facilities, and to study future livestock development. The World Bank funds will be used to acquire breed stock, principally Friesian, of which about 3,900 will be imported; expansion of dairy plant; construction of collection and selling centres; refrigeration units, laboratory equipment, dairy processing and packaging equipment, milk trucks and other vehicles, and consultants for livestock development feasibility studies.

Zambia — Zambian farmers will be encouraged to enter commercial farming under a long-term project being assisted by the World Bank. By training Zambians and settling them on commercial farms, the project will further the Government's policy of increasing as rapidly as possible the number of Zambians engaged in production of cash crops, as well as expanding agricultural productivity. The project consists of training and settlement schemes to be carried out by the Tobacco Board of Zambia, a government agency under the Minister of Rural Development. The loans will be used principally for the purchase of farm machinery and equipment, vehicles and building materials, and for construction work.

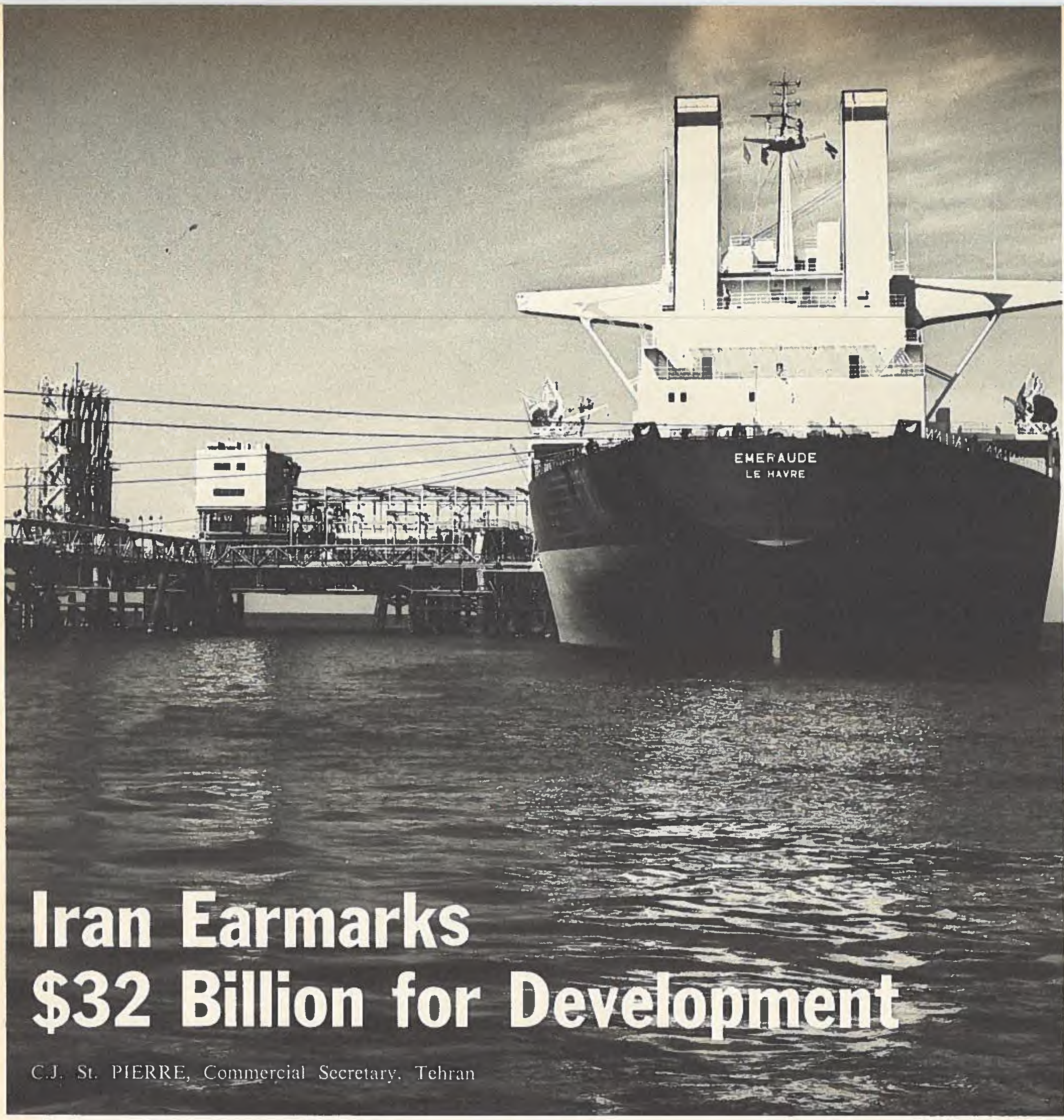
Nigeria — The World Bank is providing assistance for the expansion and improvement of cocoa production. This ongoing project will help to maintain Nigeria's share of the world market by providing inducements to the small farmer to increase production. This will be achieved through credits to participating farmers for the cost of improved varieties of seedlings, pesticides and fertilizers and through related extension services.

Israel — The World Bank has decided to support an ongoing agricultural credit program in Israel. This program is designed to increase the production and export of high-value crops — flowers, sub-tropical fruits and off-season vegetables. The lending program will be carried out by three banks engaged in agricultural credit: the Israel Bank of Agriculture Limited (IBA) the largest of the three and the borrower from the Bank; the YAAD Agricultural Development Bank Limited, and NIR Limited.

Iran — The Agricultural Development Fund of Iran (ADFI) is receiving World Bank assistance designed to help to finance ADFI's lending program for investments in commercial agriculture and the processing industry. The World Bank funds will be used to procure, through normal commercial channels, buildings, agricultural and processing machinery and equipment, irrigation facilities, livestock and planting materials and land preparation.

The World Bank has smaller agricultural programs in India — groundwater development, mechanization and land development; Philippines — rural credits for purchase of farm equipment; and for livestock development in Nigeria, Spain, Honduras, Argentina, Peru, Uruguay and Turkey.

Among the sources for this article, the first in a series on the World Bank's sectoral lending policies, was the World Bank's Sector Paper on Agriculture, of which the Department has a limited number of copies. To obtain one (one copy only per firm) write to: Chief, Aid Operations Division, Department of Industry, Trade and Commerce, Ottawa KIA 0H5. □



Iran Earmarks $32 Billion for Development

C.J. St. PIERRE, Commercial Secretary, Tehran

The tanker Emeraude loading at the inner berth of Sea Island.

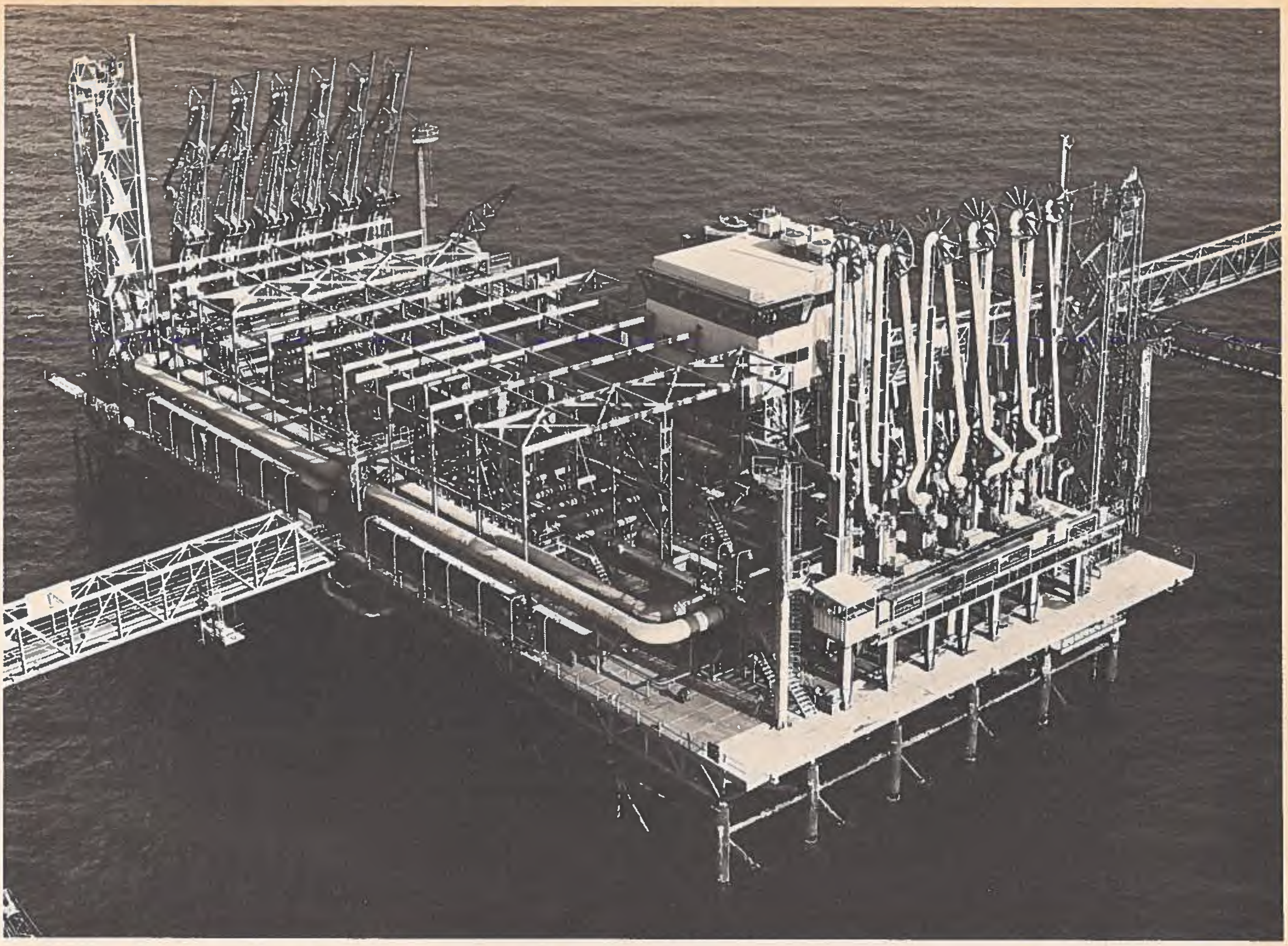
Iran launched its fifth and largest Development Plan on March 21 this year. According to His Imperial Majesty the Shahinshah, the Plan should ensure that Iran, in about 10 years, will approach or reach a standard of living and affluence comparable to the more advanced countries of Western Europe.

Because of Iran's stable political situation under the present Shah and rapidly increasing revenues from the oil industry, the economic outlook is very favourable. Total investment during the Plan period (March 1973-March 1978) of $32 billion will be about four times greater than that of the previous Plan, and more than the total of all the four previous development allocations.

The basic aims of the Plan in order of priority are: to raise the levels of education, health and welfare; to provide more welfare for lower income groups; to distribute national income more equitably; to maintain the rapid economic growth, stable prices and favourable balance of payments; to increase employment, and to increase productivity in the public and private sectors.

The Plan also aims to improve administration; strengthen defence; protect and improve the environment, and increase Iran's share of international trade.

The Plan provides for annual added growth rates of 5 per cent for agriculture, 11.8 per cent for oil, 15.3 per cent for industries and mines, 13 per cent for construction, 12 per cent for water, 22 per cent for power, and 11.5 per cent for the service sector. Based on past performances, it is expected that all objectives will be met, if not exceeded, except perhaps in agriculture. During the last Plan, for example, agri-



The Sea Island central platform off Kharg Island.

culture had for its objective an annual growth rate of 5 per cent but the actual rate was approximately 3 per cent. More than 50 per cent of the population is rural but contributes less than 20 per cent of the GNP. Iranian planners are determined to correct this situation.

Out of a total investment of $32.2 billion, $4.6 billion has been earmarked for agricultural, rural and water development projects. Other important sectors that are to benefit particularly are industry $6.7 billion; housing $5.4 billion; oil $4.4 billion, and education $1.7 billion.

To maintain a high degree of economic growth, the Government envisages a GNP growth rate of 11.4 per cent a year at constant prices. Thus Iran's GNP, at present around $16 billion, is expected to reach $27.6 billion by the end of the Plan period. In the same period, the per capita income derived from expansion of the GNP is expected to rise from the present $513 to something over $900 a year, which is generally considered to be the take-off point in a developing economy.

Most of the money to finance this huge program will come from crude oil and other related products such as liquid gas, petrochemicals and fertilizers. The Fifth Plan anticipates foreign exchange receipts of $27.7 billion which is more than twice the receipts under the previous plan. Out of this amount, nearly $22 billion, or about 70 per cent, would come from the oil sector; about $3.7 billion or 14 per cent from the export of non-oil goods, and the remainder from export of services. The income from sales of natural gas is expected to rise to $340 million; petrochemicals $104 million; copper $50 million and aluminum to about $42 million in the next five years.

In addition to an investment of $20 billion by the public sector, it is estimated that the private sector will achieve constant investments worth some $12 billion. The Government's economic policy is based on the principle that foreign investments should be channeled to industries which have a greater potential for expansion, and for which cheap and abundant raw materials are available in Iran. The country has a need for foreign exchange to finance its large industrial investment and, in view of this, all new agreements with foreign industrial investors contain a clear condition that the foreign partner will sell part of the joint venture product in his own country, or in other world markets.

Most government investments have been in capital-intensive industries and foreign investors have understandably chosen fields which assure them a quick return and substantial dividends, such as petrochemicals, rubber, pharmaceuticals and chemicals. Housing, which does not give a quick return, has been neglected, although there is an acute need.

Good returns should be realized from investments in the following industries: chemicals, rubber, automotive, electric and electronic, machine tools, shipbuilding, paper making, heavy engineering, wood products, textiles, liquid gas, aluminum, agriculture, fishing, tourism, precision tools and ship repairs. The Government is very careful in its selection of foreign investors and no foreign company can own more than 49 per cent of the shares of a local company. On the other hand, there are no restrictions on the repatriation of benefits and capital. Iran no longer encourages either purely assembly operations or horizontal industrial expansion.

Telecommunications — Over the last 10 years $350 million has been spent building five microwave systems in Iran. Double this amount will be spent over the next few years to link 23,000 cities and villages to the microwave systems. The systems will be linked with the U.S.S.R., Afghanistan and Kuwait. A scatter tropospheric radio link with Bahrain will be established. Television services will be increased, with the setting up of 47 local transmission areas served by seven production studios. The national system will be controlled from a centre in Tehran via a nationwide television/microwave link network.

There will be an extension of the earth station for satellite communications via the satellite situated over the Indian ocean. A domestic satellite for telecommunications will be launched and a number of ground stations will be built. Sixty million dollars will be spent on electronic switching equipment, and local production as well as foreign purchase of telephone sets, switching boards and exchanges will begin. In addition, VHF radio systems will be set up.

Mining — During the Fifth Plan, the mining sector is expected to grow by 23.5 per cent a year. To achieve this rate, the necessary steps, including completion of a geological survey of the country and extensive research programs will be undertaken by the Government. Large deposits of iron as well as copper, lead, zinc, chrome and other non-ferrous metals have already been discovered by both the public and private sectors. Completion of the project to develop the copper resources of Sar Cheshmeh in Kerman will make Iran one of the world's largest producers of copper.

Agriculture and Forestry — The objective of the Fifth Plan is a 5 per cent annual increase in the agricultural production rate, representing total investments for agriculture 2.8 times greater than the comparative figure for the previous Plan. Most of the new funds allocated to farming development will be spent on creation of large-scale farming units.

Emphasis will also be placed on the expansion and diversification of cash crops; the extension of agro-industrial units, and the creation of large-scale sheep and cattle breeding enterprises in various parts of the country.

Under the Plan the total forest area being exploited will be increased to 660,000 hectares (about 2.5 million acres) and two pulp and paper mills are planned.

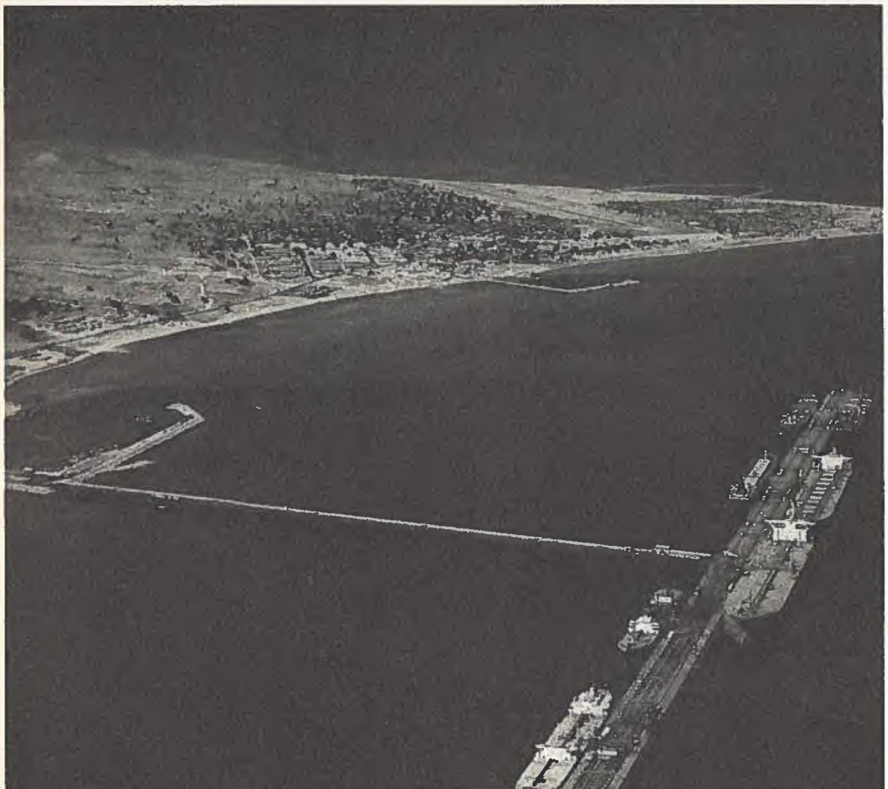
Power — Consumption of electric power, at present 9.1 million Kwh, will increase by 260 per cent to 23.8 Kwh per year by the end of the latest Plan. To meet this demand, $1.5 billion will be spent on extending and developing electric power capabilities. This expenditure will also include projects for connecting power grids in most parts of the country (power transmission lines will be increased by 6,700 Km). Despite abundant resources of oil, gas and coal, Iran will begin to build a nuclear power station.

Oil and Gas — It is expected that total oil production, now just over five million barrels a day, will reach eight million barrels a day in 1977. Iran possesses 11.3 per cent of total known world reserves of oil. Since nationalization of its oil industry in the early fifties, Iran has been able to acquire experience in oil production and sales and the National Iranian Oil Company (NIOC) has developed significantly.

Diversification of Iran's oil industry began in the late sixties when it became a partner in the construction of the Madras refinery in India. Two other joint projects, in South Africa and Greece, followed. In addition to refinery projects, Iran has also started to build a tanker fleet which will allow it to ship its own oil around the world. The present fleet tonnage of 183,500 tons will be expanded to about one million tons.

Natural gas plays a minimal part as a source of energy in Iran but it is believed that by the end of the Fifth Plan, it will account for about 25.5 per cent of all fuel used in Iran. Natural gas consumption should increase to about nine billion cubic metres a year. Reserves of gas are estimated at 200 trillion cubic feet. Iran is already exporting gas to the U.S.S.R. through a direct pipeline from the southern oilfields and, in view of the big demand for gas in the northern part of Iran, a second pipeline is planned to the large cities in that part of the country. This will take about three years to construct and is expected to become operational in 1979.

In addition to exporting gas to the U.S.S.R., Iran has signed agreements with Japan and the United States to export liquefied natural gas. To meet



The 10-berth, T-head jetty of the Kharg Crude Oil Export Terminal.

the U.S. requirements, a total of $750 million in investments is expected. By 1978, exports of gas to the U.S.S.R. will amount to 10 billion cubic metres and exports of liquid gas will reach approximately 18 million tons.

Ten years ago Iran started building a petrochemical industry. Cumulative investment by the National Petrochemical Company between 1965 and 1978 will run at $1,298 billion, the bulk of which will take place in the next five years. The value of petrochemical production in 1972 amounted to $68.4 million, but by 1978 it is expected to be worth about $500 million a year. The Petrochemical Company of Iran now produces, among other things, sulphur, sulphuric acid, ammoniac, urea, phosphoric acid, ammonium phosphate, triple super-phosphate, plastics, detergents, caustic soda, and ammonium nitrate. Other products to be manufactured within the next five years are olefine products, aromatics and polyethylene, and ethylene.

Transportation — A total of $2.5 billion will be spent over the next five years for development of transportation systems. Some of the projects in this field include the construction of more than 6,500 kms of feeder roads. The national railway network will be expanded by 602 kms. Existing airports will be renovated and will be provided with improved equipment. Isfahan and Tehran will have new international airports. A total of $200 million will be invested by the public and private sectors for the expansion of port facilities.

During the Fifth Plan, Iran will spend $30 billion on imports of goods and services. This reflects an increase of 2½ times over that of the Fourth Plan and Canada should be in a position to supply Iran with some of the services and equipment required. For more information on this growing market write to: Canadian Embassy, Commercial Division, P.O. Box 1610, Tehran, Iran. □

The Caribbean Common Market

DAVID J. McJANET, Caribbean Division, Western Hemisphere Bureau

Commonwealth Caribbean Heads of Government met last April in Georgetown, Guyana, and produced "The Georgetown Accord" — an historic series of understandings establishing the Caribbean Community. Its keystone is the Caribbean Common Market, but its success will depend in large measure upon a variety of other complementary arrangements and institutions.

As successor to the Caribbean Free Trade Association (Carifta), the Caribbean Common Market (CCM) came into effect on August 1, 1973, with Barbados, Guyana, Jamaica and Trinidad as founder members. Belize, Dominica, Grenada, St. Kitts, St. Lucia and St. Vincent have undertaken to become members of CCM on May 1, 1974. Meanwhile, trade relations between the latter and the former territories will continue to be governed by Carifta, to which all of these countries have, until now, belonged.

Carifta was established in 1968 and today represents the first successful initiative undertaken by Commonwealth Caribbean countries to coordinate their economic activities and to develop their trade relations with each other. Now, with a regional population of close to five million and a gross domestic product of about $2.5 billion, and having satisfied themselves that it is possible after all for some 12 politically separate developing countries to work together, the governments have agreed to establish the Caribbean Community to deepen the regional economic integration movement.

Emphasis is placed not only on intra-regional trade but also on fiscal and other measures fostering industrial development. Particular account is being taken of the need to provide special opportunities for the less-developed CCM members (the Leewards and Windwards, Belize and — in some respects — Barbados). Moreover, Caribbean governments hope to be able to achieve, through the Community, a greater measure of economic independence in their dealings with governments and organizations outside the region.

The Community is also expected to facilitate co-operation in such fields as shipping, air transport, health, education and labour administration. A number of existing organizations have been designated as Associate Institutions of the Community, including the University of the West Indies, the University of Guyana, and the Caribbean Development Bank (of which Canada is a non-regional member).

The Common Market Council, under the general authority of the Community Conference of Heads of Government, is the principal organ of CCM. It consists of one Minister of

Government designated by each member country. Its responsibility is mainly to ensure the efficient operation and development of CCM and to make proposals to the Conference for CCM's progressive development, including the establishment of closer economic and commercial links with other countries. The Community Secretariat, successor to the Commonwealth Caribbean Regional Secretariat, is responsible for the administration of CCM. Its headquarters are in Georgetown, Guyana. It comprises a Secretary-General, appointed by the Conference, plus supporting staff.

CCM's basic provision is the duty-free movement of goods of Common Market origin amongst member countries, generally subject to two conditions. First, goods must be consigned from one member country to another and, second, they must meet at least one of the following criteria: that they are produced wholly within CCM; that they fall within a description of goods listed in a Process List (still to be established by the CCM Council) and have been produced within CCM by the appropriate qualifying process described in that list; or that they have been produced within CCM, and the value of any materials used therein but imported from outside does not exceed, in the case of less developed member countries, 60 per cent of the export price of the goods, and in the case of other member countries, 50 per cent of the export price.

In addition, a Basic Materials List has been established, similar to that which was in effect under Carifta, designating imported materials which may be used in production in CCM countries but which are deemed to be of local origin for purposes of qualifying the finished product for CCM tariff treatment.

Caribbean countries usually impose quantitative import restrictions through import licensing but CCM countries undertake, in principle, not to apply any such restrictions on imports considered of CCM origin. However, a member country may introduce quantitative restrictions on CCM goods for the purpose of safeguarding its balance of payments, but is still required to satisfy the Council on the way in which these restrictions will be removed as the balance of payments situation improves. Moreover, restrictions may be imposed for temporary periods if increased imports from other CCM countries are causing difficulties for any industry in a particular member country.

Exceptions to the general rules of duty-free treatment and the absence of quantitative restrictions are allowed for the less-developed CCM countries, who may, upon application to the Council, be authorized temporarily to suspend CCM tariff treatment and to impose quantitative restrictions to protect a local industry.

For Canadian exporters, what will probably most distinguish CCM from its Carifta predecessor is its provision for a common external tariff system with preferential and non-preferential rates. This will be applied to all imports from non-CCM countries, including Canada, and will be introduced in stages beginning at the time each country joins CCM. In accordance with the Canada-West Indies Trade Agreement, Canadian exports are entitled to continued preferential tariff treatment and interested Canadian exporters should contact the Caribbean Division, Western Hemisphere Bureau, Department of Industry, Trade and Commerce, Ottawa, for specific tariff information. (See accompanying box on Caribbean—EEC trade relations.)

To support the benefits expected from the removal of duties and quantitative restrictions on intra-regional trade, each CCM member country undertakes to treat no less favourably than its own nationals those of other CCM member countries who may establish and operate economic enterprises in each such country, in terms of ownership of property and other matters affecting the investment activity.

Of interest to present and prospective Canadian investors in the region is the agreement of CCM countries to harmonize their fiscal incentives to industry, beginning June 1, 1973. The lesser developed countries may grant a greater maximum number of years of tax holiday than the more developed countries, who have agreed not to grant new or extended tax holidays to an agreed list of industries considered suitable for location in the less developed member countries.

On June 1, 1973, a Caribbean Investment Corporation was set up to promote and participate financially in the establishment, in less developed CCM countries, of industries identified in the list referred to previously (but without limiting activities to those industries). The Corporation's constitution provides for funding by both private and public sectors in the Caribbean.

In general, CCM countries hope, through co-ordinated industrial development policies, to exercise greater local control of investment in the region, reduce unemployment (now 15 per cent in the region as a whole), and to make greater use of local raw materials. They have also agreed to integrate production activities within CCM, and to promote increased volume and diversity of exports both within and outside the Common Market. A Regional Perspective Plan is to be formulated, with specific development targets for all CCM countries. □

CARIBBEAN — EEC TRADE RELATIONS

One of the major concerns of the Commonwealth Caribbean is to maintain access for its exports of basic materials to world markets. Britain's entry into the EEC raises important questions for the region with respect to its exports of agricultural items, particularly sugar.

The EEC has offered developing Commonwealth countries — in the Caribbean and elsewhere — a variety of forms of association or special trade agreements. It has also recognized Britain's contractual commitment to parties to the Commonwealth Sugar Agreement for the remainder of its current term.

Negotiations between the Commonwealth Caribbean and the EEC have just started, and any new arrangements which may be made will become effective early in 1975.

Commonwealth Caribbean association with the EEC would probably have extensive implications for the preferential access which the Caribbean now accords to imports from Canada. Under these circumstances, Caribbean Heads of Government at their meeting in Georgetown last April agreed that an early opportunity should be sought for discussions with Canada on the Canada-West Indies Trade Agreement. The Canadian Government has welcomed the opportunity to review bilateral trade relations.

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

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Territory:
Luxembourg

BRAZIL

Brasilia

Commercial Secretary
Canadian Embassy
Caixa Postal 07-0961
SDS-Edificio Venacio IV cobertura
70000 Brasilia DF, Brazil

W. L. Clarke
Commercial Secretary

Cable: CANADIAN
Phone: Brasilia 23 7515
Telex: 203

Rio de Janeiro

Consul and Trade Commissioner
Canadian Consulate
Caixa Postal 2164-ZC-00
Edificio Metropol
Avenida Presidente Wilson 165
Rio de Janeiro, Brazil

R. B. Blake
Consul and Trade Commissioner

W. J. Roberts
Vice Consul and
Assistant Trade Commissioner

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

Sao Paulo

Consul and Trade Commissioner
Canadian Consulate
Caixa Postal 6034*
Edificio Scarpa*
Avenida Paulista, 1765, 9 andar*
Sao Paulo, Brazil

B. F. Armishaw
Consul and Trade Commissioner

J. E. Graham
Vice Consul and
Assistant Trade Commissioner

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

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

BRITAIN

London

Minister (Commercial)
Canadian High Commission
One Grosvenor Square
London, WIX OAB, England

*J. H. Stone
Minister (Commercial)

J. R. Sharpe
Commercial Counsellor

W. K. Buck
Commercial Counsellor

D. S. McCracken
Commercial Counsellor

G. H. Musgrove
Commercial Secretary (Agriculture)

B. M. White
Commercial Secretary

W. D. Wardle
Commercial Secretary (Timber)

G. Bruneau
Commercial Secretary

Jean Roy
Assistant Commercial Secretary

H. G. Garland
Attaché (Fisheries)

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

Glasgow

Canadian Government
Trade Commissioner
Ashley House
195 West George Street
Glasgow G22HS, Scotland

A. B. Brodie
Trade Commissioner

Cable: CANTRACOM
Phone: 248-3026 (Area Code 041)
Telex: 778650 (CANTRACOM GLW)
Territory:
Northern Ireland, Scotland

CHILE

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

D. G. Adam
Commercial Secretary

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

CHINA, PEOPLE'S REPUBLIC OF

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

R. G. Godson
Commercial Counsellor

P. J. Higginbotham
Second Secretary (Commercial)

Phone: 521-648

COLOMBIA

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

F. M. Mulkern
Senior Commercial Secretary

C. R. Donley
Commercial Secretary

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

COSTA RICA

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

W. E. Magee
Commercial Secretary

Cable: DOMCAN SAN JOSE
Phone: 350588
Telex: CR 179 (DOMCAN)

Territory:
Canal Zone, Nicaragua, Panama

CUBA

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

S. B. McDowall
Commercial Secretary

G. M. Darychuk
Assistant Commercial Secretary

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

Cable: CANADIAN HAVANA
Phone: 2-6421

CZECHOSLOVAKIA

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

D. T. Wismer
Commercial Secretary

Cable: DOMCAN PRAGUE
Phone: 326941
Telex: 11061 (DOMCAN PHA)

DENMARK

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

D. A. B. Marshall
Commercial Counsellor

Cable: CANADIAN
Phone: 31 33 06
Telex: 27036 (DMCNC DK)
Territory:
Greenland

EUROPEAN COMMUNITIES*

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

R. B. Gourlay
First Secretary

R. Marceau
First Secretary

F. L. N. Villeneuve
Second Secretary

L. T. Dickenson
Second Secretary

Cable: CANADIAN
Phone: 13.79.40
Telex: 21613 (DOMCAN BRU)
Territory:
European Economic Community, European Atomic Energy Community, European Coal and Steel Community

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

FRANCE

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

F. I. Wood
Minister-Counsellor (Commercial)

J. P. Bell
Commercial Counsellor

G. W. Doucet
Commercial Secretary (Agriculture)

B. Dussault
Commercial Secretary

R. Goulet
Assistant Commercial Secretary

R. L. Kohler
Assistant Commercial Secretary

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

GERMANY

Bonn

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

Wm. Jones
Minister-Counsellor (Commercial)

G. C. M. Lambert
Commercial Secretary

M. J. Hladik
Assistant Commercial Secretary (Agriculture)

M. E. Perrault
Assistant Commercial Secretary

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

Duesseldorf

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

G. A. Browne
Consul General and
Senior Trade Commissioner

R. H. Dorrett
Consul and
Trade Commissioner

P. G. Campbell
Vice-Consul and
Assistant Trade Commissioner

P. R. Zalite
Vice Consul and
Assistant Trade Commissioner

Cable: CANADIAN
Phone: 353471
Telex: 8587144 (DMCN D)
Territory:
State of North Rhine-Westphalia

Hamburg

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

E. H. Maguire
Consul General

D. D. Van Beselaere
Consul and
Trade Commissioner

M. W. McQuinn
Vice Consul and Assistant Trade Commissioner

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

GREECE

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

B. A. Gagosz
Commercial Secretary

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

GUATEMALA

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

C. A. Carruthers
Commercial Secretary

M. C. Pelletier
Assistant Commercial Secretary

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

HONG KONG

Canadian Government
Trade Commissioner
Commission for Canada
14/15 Floors, Asian House
1 Hennessy Road
P.O. Box 20264
Hong Kong, Hong Kong

J. A. Langley
Trade Commissioner

D. P. McLennan
Assistant Trade Commissioner

Cable: CANADIAN
Phone: 5-282224, 5-282423
Telex: HX 3391 (DOMCAN HX 3391)
Territory:
Macao

HUNGARY

Commercial Secretary
Canadian Embassy
Budakeszi Utca 55/D
P.8 Budapest II, Hungary

J. R. Brocklebank
Commercial Secretary

Phone: 365-782, 365-738, 165-858
Telex: 22-4588 (Canada H)

INDIA

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

A. T. Eyton
Commercial Counsellor

R. Lockhead
Commercial Secretary

B. E. Baker
Assistant Commercial Secretary

Cable: CANADIAN
Phone: 61-9461
Telex: 2346 (DOMCAN NDI 2346)
Territory:
Bhutan, Nepal, Sikkim

INDONESIA

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

R. G. Sandor
Commercial Secretary

J. Pearce
Assistant Commercial Secretary

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

IRAN

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

C. J. St. Pierre
Commercial Secretary

D. F. Cooper
Assistant Commercial Secretary

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

IRELAND

Commercial Secretary
Canadian Embassy
65/68 St. Stephen's Green
Dublin 2, Ireland

A. D. McArthur
Commercial Secretary

Cable: CANADIAN
Phone: 781-988
Telex: 5488 (DMCN EI)

ISRAEL

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Canadian Embassy
84 Hahashmonaim Street
Tel Aviv, Israel

R. J. McGavin
Commercial Secretary

P. S. Dingledine
Assistant Commercial Secretary

Cable: CANADIAN
Phone: 287121
Territory:
Cyprus

ITALY

Rome

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Canadian Embassy
Via G.B. De Rossi 27
00161 Rome, Italy

W. J. Collett
Minister (Commercial)

H. E. Ryan
Commercial Counsellor (Agriculture)

F. Pillarella
Commercial Secretary

R. F. Andrigo
Assistant Commercial Secretary

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

Milan

Consul General and Senior Trade Commissioner
Canadian Consulate General
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20124 Milan, Italy

R. K. Thomson
Consul General and
Senior Trade Commissioner

N. W. Boyd
Consul and Trade Commissioner

M. C. Spencer
Consul and
Trade Commissioner

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

IVORY COAST

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

J. D. R. Roy
Commercial Secretary

P. H. Sutherland
Assistant Commercial Secretary

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

JAMAICA

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

R. W. Burchill
Commercial Secretary

W. D. Hutton
Assistant Commercial Secretary

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

JAPAN

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

J. M. T. Thomas
Minister (Commercial)

D. J. S. Winfield
Commercial Secretary

N. M. Switucha
Commercial Secretary (Metals and Minerals)

W. K. Robertson
Commercial Secretary

Y. R. J. Parent
Commercial Secretary

S. J. Kaufmann
Commercial Secretary

R. C. Lee
Assistant Commercial Secretary

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

KENYA

Commercial Secretary
Canadian High Commission
P.O. Box 43778
Industrial Promotion Services Building
Kimathi Street
Nairobi, Kenya

Z. W. Burianyk
Commercial Secretary

G. P. Scott
Assistant Commercial Secretary

Cable: DOMCAN NAIROBI
Phone: 34033
Telex: 22198 (DOMCAN NRB)
Territory:
Ethiopia, Malawi, Somali Republic, Tanzania, Uganda, Zambia

LEBANON

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

J. H. Bailey
Commercial Counsellor

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.

Note: The following rates were current at August 1. Because of unsettled market conditions exporters should consult their bankers for up-to-date quotations.

Country and Currency	foreign currency unit in Canadian dollars	Canadian dollar in foreign currency units
Algeria		
Dinar	.2380	4.20
Arab Republic of Egypt		
Pound (official)	2.5597	.39
Argentina		
Peso (financial)	.1004	9.96
(commercial)	.2003	4.99
Australia		
Dollar	1.4260	.70
Austria		
Schilling	.0586	17.06
Bahamas		
Dollar	1.0016	1.00
Belgium and Luxembourg		
Franc	.0283	35.34
Bermuda		
Dollar	1.0397	.96
Bolivia		
Peso	.0501	19.96
Brazil		
Cruzeiro (official free)	.1639	6.10
Britain		
Pound	2.5225	.40
British Honduras		
Dollar	.6078	1.64
Burma		
Kyat	.2080	4.81
Chile		
Escudo (bank rate)		
(free)	N.A.[10]	
China, People's Republic of		
Yuan	.4188	2.39
Colombia		
Peso (fixed)	.0436	22.94
Costa Rica		
Colon	.1510	6.62
Cuba		
Peso	N.A.[10]	
Czechoslovakia		
Koruna (fixed basic rate)	N.A.[10]	
Denmark		
Krone	.1825	5.48
Dominican Republic		
Peso	1.0016	1.00
Ecuador		
Sucre (official)	.0401	24.94
El Salvador		
Colon	.4006	2.50
Fiji		
Dollar	1.2740	.78
Finland		
Markka	.2677	3.74
France, Monaco, etc.[1]		
Franc	.2451	4.08
French Pacific[2]		
Franc	.0135	74.07
Franco-African Republics[3]		
Franc	.0049	204.08
Germany		
D Mark	.4282	2.34
Ghana		
New Cedi	.8680	1.15
Greece		
Drachma	.0334	29.94
Guatemala		
Quetzal	1.0016	1.00
Guyana		
Dollar	.4444	2.25
Haiti		
Gourde	.2003	4.99
Honduras		
Lempira	.5008	2.00
Hong Kong		
Dollar	.1970	5.08
Hungary		
Forint (official)	.0869	11.51
Iceland		
Krona (official)	.0112	89.29
India		
Rupee	.1347	7.42
Indonesia		
Rupiah	.0024	410.00
Iran		
Rial	.0134	74.63
Iraq		
Dinar	3.3832	.30
Ireland		
Pound	2.5225	.40

Country and Currency	foreign currency unit in Canadian dollars	Canadian dollar in foreign currency units
Israel Pound	.2385	4.19
Italy Lira	.0017	588.24
Jamaica Dollar	1.1018	.91
Japan Yen	.0038	263.16
Kenya[4] Shilling	.1379	7.25
Korea, Republic of Won	.0027	370.37
Lebanon Pound (free)	N.A.[10]	
Libya Dinar	2.777	.36
Malawi Kwatcha	1.2280	.81
Malaysia Dollar	.3947	2.53
Mexico Peso	.0801	12.48
Morocco Dirham	.2388	4.19
Netherlands Florin	.3994	2.50
Netherlands Antilles Florin	.5596	1.79
New Zealand Dollar	1.3547	.74
Nicaragua Cordoba	.1431	6.99
Nigeria Naira	1.4700	.68
Norway Krone	.1890	5.29
Pakistan Rupee	.1012	9.88
Panama Balboa	1.0016	1.00
Paraguay Guarani (free)	.0080	125.00
Peru Sol (free)	N.A.[10]	
Philippines[5] Peso (free)	.1482	6.75
Poland Zloty (fixed basic rate)	.2577	3.88
Portugal & Overseas Provinces[6] Escudo	.0393	25.45
Saudi Arabia Riyal	.2273	4.40
Sierra Leone Leone	1.2371	.81
Singapore Dollar	.3358	2.98
South Africa Rand	1.4924	.67
Spain & Dependencies Peseta	.0177	56.50
Sri Lanka[7] Rupee	.1617	6.18
Sweden Krona	.2488	4.02
Switzerland Franc	.3528	2.83
Syria Pound (free)	.2711	3.69
Thailand Baht (free)	.0501	19.96
Trinidad & Tobago[8] Dollar	.5255	1.90
Tunisia Dinar	2.3015	.43
Turkey Lira	.0715	13.99
United States Dollar	1.0016	1.00
Uruguay Peso (free)	.0011	909.09
Venezuela Bolivar (official free)	.2337	4.28
Yugoslavia Dinar (official)		N.A.[10]
Zaire, Republic of[9] Zaire	1.961	.51
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.

Export Opportunities

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

Chemicals

DENMARK — Danish company requires 75,000 metric tons of liquid sulphur (99.5 per cent pure) for delivery in 1975: T.W. Harboe, Commercial Officer, Canadian Embassy, Prinsesse Maries Allé 2, Copenhagen V.

Electrical and Electronic

BAHRAIN — Colour and black-and white television sets: Jasim M. Alshaikha, Green Salon, PO Box 557, Manama.

GREECE — Small household appliances such as heaters, electric irons, coffee urns, fans and clocks: Dimitrios P. Karamalakos, 12 Evripidou St., Athens.

TURKEY — September 28 tender for electrical and electronic systems for Yesilkoy Airport. Bid documents available from Commercial Division, Canadian Embassy, Ankara, quoting mondial ref. 5389.

Equipment and Machinery

BRAZIL — Nickel cathodes, 1 inch x 1 inch; electrolytic copper anodes, oval, for cyanide bath: Dr. Hildeu Reinert, President, Cromagen Taruma SA, Caixa Postal 2638, (8000) Curitiba, Parana.

CUBA — Complete equipment for three sugar shipping terminals: Marcelo Fernandez Font, Minister of Foreign Trade, Infanta 16 Vedado, Havana, with copies to Enrique Martinez Noa, Cuban Trade Commission, 615 Dorchester Blvd. W., Montreal.

JAMAICA — Medical instruments and pharmaceutical laboratory equipment: Chief pharmacist, Montego Bay Hospital, PO Box 900, Montego Bay 2.

NORWAY — All types marine products: A/S Scanac, Bydgoynesveien 11B, Oslo 2.

SPAIN — Military and civil communications equipment, educational equipment, meteorological equipment: Decoinsa SA, Av. Jose Antonio, 86, Edificio Espana, Madrid 13.

Fire extinguishers and other fire-fighting equipment: Defensa Contra Incendios SA, Antonio Vicent, 65, Madrid 19.

Valves and valve-work of all types, hydraulic, pneumatic and electrical telecontrol systems, fluid circuit components: Dennis Espanola SA. Rosario del Pino, 18, Madrid 20.

SWEDEN — Marine instruments, i.e.: tachometers, logs, compasses, etc.: Huzells i Stockholm AB, Krossgatan 26-28, S-162 26 Vallingby, attn: Bengt Nilsson, Manager.

TURKEY — September 28 tender for complete electronic and electrical systems for Yesilkoy Airport. Bid Documents available at $US110 from Commercial Division, Canadian Embassy, Ankara, quoting mondial ref. 5389.

UNITED STATES — Agricultural, road building, petroleum equipment and spare parts: Lerner International, Inc., 122 East 42nd Street, New York, N.Y.

Industrial, agricultural, road building equipment: Matko Sales Corporation, Westbrook Acres, R.D. 2 Walton, N.Y. 13856.

WEST GERMANY — Paper machinery; mix filtration and pump systems for paper and chemical production: Dr. Hansen & Sohn, 61 Darmstadt-Eberstadt, Im Biengarten 22.

Household Goods

GREECE — Pressed glassware, porcelain, earthen tableware, giftware, stainless steel cutlery, wooden cheese board sets, salt containers, spice sets, cake tin trays, tea strainers, etc.: Dimitrios P. Karamalakos, 12 Evripidou St., Athens.

Materials

ARGENTINA — Up to 1,000,000 F.B.M. Hemlock and/or Douglas fir; also 30,000 F.B.M. Sitka spruce: C. Hoic, Canadian Embassy, Casilla de Correo 3898, Suipacha 111, Buenos Aires.

BRAZIL — Non-ferrous metals for foundry use as well as other iron and steel foundry materials: Gert Kaufmann, President, Beta Industrial e Comercial SA, Caixa Postal 1989, (01000) Sao Paulo, S.P.

JAMAICA — One-inch dressed Douglas fir lumber in 500,000 board-feet quantities, random widths and lengths: K. Ellis, Leonard de Cordova Ltd., 693A Spanish Town Rd., Kingston 11.

Textiles

AUSTRALIA — Corduroy and velveteen: Commercial Counsellor for Canada, PO Box 3952, G.P.O., A.M.P. Building, 21st Floor, Circular Quay, Sydney.

NORWAY — Corduroy and sports poplin: Ove Jodal AS, Attn: Ove Jodal, PO Box 7073 H, Oslo 3.

SWITZERLAND — Corduroy, minimum width 60 inches: Dreyfus-Hauser & Cie., Brandschenkenstrasse 173, 8027 Zurich.

Cotton yarns, and fibres; viscose-rayon, nylon 6, nylon 66, polyacrylnitril and polyester yarns and fibres for technical use and for textiles: Aiuto Trading AG, 12 Beustweg, 8032 Zurich.

Artificial silk ribbons, ribbon acetate cut edge and decorative satin: Otto Fuchs AG, 7 Laendliweg, 5401 Baden.

Miscellaneous

PHILIPPINES — Drug store sundries, such as baby pacifiers and similar items, as well as veterinary and pharmaceutical products: Philusa Drug Distributors, Inc., Shaw Blvd., Cor. Pioneer St., Mandaluyong, Rizal.

WEST GERMANY — Separating walls and walls for sanitary installations in schools: Arthur B. Schafer, Industrievertreter CDH, 635 Bad Nauheim, Postfack 1648.

Leather and/or wood smoker's accessories: EGRA-Einkaufs-Ges. mbH, 3 Hannover, Waldstrs. 24; also Rudolph Walter CDH, 6028 Bad Schwalbach, Postfach 63.

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.

Sewage treatment apparatus
American company wishes to have its single family home aerobatic sewage treatment unit manufactured in Canada under licence. This unit uses the extended aeration biological process, and is particularly suited to areas where septic tanks are objectionable or central treatment not feasible. An electric motor forces compressed air, water and sewage together in a turbulent mixing process to assure bacteriological consumption of waste. It is claimed to be very efficient with low maintenance requirements. Literature available. **Item 2870**

Synthetic sports floors
Dutch firm offers under licence the Canadian manufacturing rights to its seamless, half-matt flexible flooring. The flooring compound is based on solvent-free polyurethanes and is resistant to water, oil and chemicals. Floors made of this compound are very resilient, and meet high standards of wear and crimp resistance and rigidity. They can be provided in any degree of hardness, and have non-shrink, non-slip qualities. Claimed to be ideal for both indoor and outdoor use. Literature available. **Item 2871**

Wall furniture system
British manufacturer seeks licensing arrangement with Canadian furniture manufacturer to produce a system of wooden and metal unit wall furniture for domestic and office use. The system includes over 200 interchangeable pieces, in a variety of finishes. It is versatile and easy to assemble. Literature Available. **Item 2872**

Prestressed concrete poles
United States company seeks Canadian licensee for its new technique for prestressing concrete poles or piles. The new method involves terminating the prestressing cables at intermediate points along the length of a tapered concrete member instead of the conventional method of applying a nonbonding agent at the point where the prestressing force must be decreased. The chief advantage is the saving of cable. Literature available. **Item 2873**

Aluminum asphalt roof coatings
American manufacturer of aluminum asphalt roof coating seeks to licence a Canadian manufacturer to produce its products for the entire Canadian market. There are two types of coatings offered, one with and one without asbestos fibres. These products combine the waterproofing qualities of asphalt with the permanence, lustre, and heat-reflecting features of aluminum. Literature available. **Item 2874**

Gasoline pump computer
British company offers under licence the Canadian manufacturing rights to its solid state electronic monitoring and costing system for gasoline vending outlets. The system replaces the conventional mechanical computer, and can be used for attended or self-service stations. Advantages claimed are high reliability, greater flexibility of pump design, and adaptability to other industrial processes for the blending of solids and liquids. The equipment accepts prepaying devices and credit cards. Literature available. **Item 2875**

Automatic sickbed
Austrian inventor is offering the rights to manufacture under licence in Canada his fully mechanized sickbed. Bedridden patients are able to take care of their toilet needs without assistance. The patient uses push button controls to remove a section of the bed and to position a lavatory pan. The lavatory pan is connected to the sewage system, and is fitted with nozzles for flushing and bidet-style cleaning. The claimed advantages are improved sanitation, greater patient comfort, and saving of institutional staff time. Literature available. **Item 2876**

Parking system
Swiss company is offering the rights to manufacture under licence in Canada its movable parking platforms. The system is said to increase the number of parking spaces in a garage by 30 to 70 per cent. It consists of low trays or platforms on which the cars are driven. These trays can be rotated or otherwise moved to allow cars to enter or exit. The extra parking spaces are created by parking cars closer together and in space otherwise needed for manoeuvring. Literature available. **Item 2877**

Rubber processing machinery
Swiss firm is seeking a licensing arrangement with a Canadian company to produce its rubber processing machinery. This equipment is for general rubber goods factories, as well as for tire companies. Some of the machines are cutters, transfer presses, stockblenders, extruders, extruder heads, and batchoff machines. They are claimed to be of high quality, easy to operate, and practically maintenance-free. Literature available. **Item 2878**

Oil and gas technology
French company specializing in scientific research and development offers under licence its technology to Canadian manufacturers of oil and gas equipment. Literature is available on the following products: water-in-oil emulsifier, liquid-liquid ejector for oil extraction, compact oil and gas separator, oil well extinguisher, automatic ignition device for burners, leak detector for LPG bottle filling stations, LPG burner, nozzle for condensate recovery, particle sampler. **Item 2879**

Light switch
British company offers under licence the Canadian manufacturing rights to a new domestic light switching system. The system consists of a special actuator on the wall which generates a small pulse of air which is conveyed to another actuator in the ceiling box through a small-bore plastic pipe. This eliminates the wiring between the ceiling light and wall switch. Manufacturer claims that this system is cheaper to make and install than existing system, with improved safety, no limitations on styling, and no reduction in reliability. Literature available. **Item 2880**

Wood fastener
Swiss company offers manufacturing rights for its metal fasteners for wood. This new joiner is like a short pipe which has been split lengthwise and having teeth formed on the two free edges. These teeth point downwards, and every second tooth is directed outwards as the teeth on a saw. When hammered into wood the teeth splay in different directions. It is alleged that the holding power exceeds that of nails, glue, or other fasteners. Other advantages claimed are no splitting of wood, savings on lavour and other construction costs, and joints are highly resistant to shocks and motion. Literature available. **Item 2881**

Traction device for vehicle tires
Swiss company offers exclusive rights to manufacture and sell its anti-slip device for vehicle drive wheels. The apparatus resembles a wheel spider. A central plate is attached to the wheel studs, and a number of retractable steel arms extend out and over the driving face of the tire. The device is adaptable to all makes of automobile. It is easy to install and can be extended or retracted in seconds by hand. Other advantages claimed are improved traction on snow, mud, or ice, no road damage, and long life of the unit. Literature available. **Item 2882**

Cartridge-type sleeve bearing
Canadian designer offers the rights for manufacturing under licence in Canada his sleeve-type pillow block. Developed for industrial and power transmission applications, this bearing may be used in virtually any situation. It is claimed to be capable of carrying any combination of radial and axial loads, is self-aligning, and is factory sealed so that bearing surfaces are never exposed to dirt. Literature available. **Item 2883**

Reinforced concrete pillars
Bulgarian government agency offers under licence the Canadian manufacturing rights to its new technology for the construction of concrete pillars for bridge, viaducts, trestles and other similar installations. The pillars are designed in the shape of a tuning fork, joined at the top and having an elastic connection with the superstructure. The result is a unified system of equalizing the stresses of the horizontal load. "Tuning fork" pillars are particularly useful in rough terrain. This system is claimed to require up to 30 per cent less concrete and other materials than conventional construction systems. Literature available. **Item 2884**

Spherical fender for ships and docks
Canadian inventor is offering under licence the Canadian manufacturing rights for his patented fender for boats and docks. The invention consists of imbedding spheres of hard rubber or plastic on a shock absorbing seat in a main base of wood, rubber, or other sturdy material. Adaptable to large ships or small pleasure craft, this fender may also be made in long strips to attach to docks or to the walls of locks or canals. As the spheres roll in any direction, it is claimed that this fender will reduce damage to vessels and eliminate frictional fires. Literature available. **Item 2885**

Candle maker
Canadian inventor is offering under licence or outright sale the Canadian manufacturing rights for his patented candle maker. The device consists of a threaded base to which moulds of any shape can be attached easily. The advantage is that candles of any form, length, or thickness can be made from one base. The entire assembly may be made from high-temperature-resistant plastics. It is claimed that this item will be attractive to hobbyists and the home market. Literature available. **Item 2886**

Pulverizing blender
Canadian inventor offers under licence the Canadian manufacturing rights to its blender. This unit is intended for crushing grains, fruits, and vegetables. It consists of a cylindrical container within which a system of interlocking bevelled gears rotate. The food is crushed between the teeth of the gears, in three operating stages, the first situated at the outermost periphery of the assembly and the final stage toward the centre where it is discharged through an opening. The device can be operated manually or electrically. Among the stated advantages are its simplicity, ease of operation, sanitary qualities and ability to handle a wide variety of materials. Literature available. **Item 2887**

Toy merry-go-round
Canadian inventor offers under licence or outright sale the Canadian manufacturing rights for his toy merry-go-round for indoor or outdoor use. This game consists of an attractively designed rotating platform mounted on a lightweight but sturdy stand. It may be made of plastic or wood, and is portable and easy to assemble. Literature available. **Item 2888**

Fruit peeler
Canadian inventor offers outright sale of patent or manufacturing rights under licence to his mechanical peeler for peaches and other soft skinned fruits. The skins are removed by counter-rotating flexible screws which are suspended over a conveyor belt. It is claimed that this machine reduces damage to fruit, is clean, compact, portable, and may be installed over existing conveyors. Literature available. **Item 2889**

Passenger propelled water craft
Canadian inventor offers the rights to manufacture under licence in Canada his water craft that is propelled by a person walking on an endless belt which drives a paddle-wheel. It is convertible to a sailing craft for longer distances, and the endless belt provides an exercise track in the off-season. Other suggested features are its light weight, safety, and low cost of production. Literature available. **Item 2890**

Hoop trundler with built-in illumination
Canadian inventor offers for manufacture under licence in Canada a children's rolling hoop trundler with built-in illumination. Distinctive features claimed are a device for propelling or rolling the hoop and battery-operated illumination as a safety measure to warn motorists. The device is of simple construction and can be easily produced from low-cost plastics. Literature available. **Item 2891**

Foreign Tariffs and Trade Regulations

Argentina

The recently installed govenment has presented to the Argentine Congress a number of *draft* laws on economic reforms. Of particular relevance are the proposed laws on foreign capital investment, industrial promotion and mining promotion.

Barbados

Effective June 1, 1973, tariffs on more than 300 commodities were substantially increased. This is partially related to Barbados' entry into the region's Economic Community August 1. Information on specific items may be obtained from the Caribbean Division, Western Hemisphere Bureau, Department of Industry, Trade and Commerc, Ottawa K1A 0H5.

Britain

In accordance with EEC regulations covering surveillance of certain imports, the British government has announced that all sound recorders and reproducers originating in any countries other than the enlarged EEC may now be imported into Britain only under an individual import licence.

Such licences will be issued freely to the British importer upon application to the Import Licensing Branch of the British Department of Trade and Industry, provided the importer supplies these details with the application: name and address of importer; description of goods, including tariff numbers and country of origin; c.i.f. price and quantity; intended date or dates of import. These licences normally will be valid for three months from date of issue.

Phillipines

Presidential Decree No. 215 exempts imports of ocean-going vessels from 10 per cent customs duty prescribed in the Tariff and Customs Code and the 7 per cent compensating tax.

Presidential Decree No. 218 offers incentives, including tax exemption privileges, to multi-national companies setting up regional or area headquarters in the Phillipines.

Singapore

The Controller and Registrar of Imports and Exports announces that the export of gold bullion is no longer subject to licensing.

Spain

Decree 1467/1973 established import duty reductions on a temporary and general basis until further notice. This includes a wide range of tariff items from 0101 A-2 to 98.16. It includes purebred cattle, poultry, etc. For details consult the International Customs Journal — Spain.

International Projects

BANGLADESH — HIGHWAYS

The International Development Association has approved a $25 million credit for a $40.4 million highways project in Bangladesh. It replaces an earlier credit of $22.5 million to Pakistan for a similar project. The project has been completed partially and $3.6 million of the credit will be used to repay amounts disbursed under the earlier credit. The new project is a modified version of the original and includes completion of construction of a bridge over the Sitalakhya river about five miles east of Dacca on the road to Chittagong, completion of construction of 20 miles of that road southeast of Feni and improvements to the damaged Surma river bridge in Sylhet in the northeast.

In addition, the project will assist the Bangladesh Roads and Highways Directorate through the construction of a headquarters building to replace scattered and unsuitable facilities; provision of space and tools for improving equipment maintenance; a feasibility study of a second bridge over the Surma river and prefeasibility studies of other high-priority river crossings; consulting services on ferry operations; equipment to improve ferry crossings on the Dacca-Chittagong road; and technical assistance and training.

Implementing Organization: Roads and Highways Directorate, Secretariat Building, Dacca, Bangladesh.

Procurement: Contract for Feni road being renegotiated with original contractors. Contract for completion of Sitalakhya bridge being negotiated. Contract for Surma river bridge work being negotiated with firm that built the bridge. Contract for headquarters building by local competitive bidding. Contracts for paving of Feni road and Sitalakhya bridge, procurement of equipment and spare parts by international competitive bidding.

Consultants: Project supervision has been carried out by Amman & Whitney, United States. Consultants for feasibility study and design of Surma river bridge, for river crossings feasibility studies, for ferry operations, and for design and construction of headquarters building — to be selected.

BRAZIL — R&D

The Inter-American Bank has approved two loans totaling $32 million to help strengthen nine leading technological research and development institutions in Brazil. The loans are the first approved by the Inter-American Bank for a science and technology program since it started operations in 1961.

They were extended to the Federal Republic of Brazil and will be used by Financiadora de Estudos e Projetos S.A. (FINEP) a public agency charged with executing the national science and technology program to purchase new equipment, construct new buildings, increase staff and provide technical cooperation to the nine research centres.

Implementing Organization: Financiadora de Estudos e Projetos S.A. (FINEP).

Procurement: The bulk of equipment will be procured by comparison of offers on the basis of technical suitability, delivery times, servicing facilities, etc. National public bidding on domestic purchases.

BURMA — TRANSPORTATION

Burma will update its rail and inland water transport systems with the assistance of two credits totaling $33 million from the International Development Association (IDA).

The inland waterways and the railways are the dominant modes of transport in Burma. They serve the key economic centres of the country and complement each other.

Railways

Implementing Organization: Burma Railways Corporation, Rangoon, Burma.

Procurement; On the basis of international competitive bidding, except for certain components and spare parts estimated to cost about $3.1 million required for replacements of locomo-

tives, railcars and rolling stock already in service.
Consultants: Expert services for study to assess need for doubling of track beyond Pyinmana and study to determine withdrawal of steam locomotives and the adequacy of facilities for the maintenance and overhaul of diesel locmotives.
Waterways
Implementing Organization: The Inland Water Transport Corporation, Rangoon, Burma.
Procurement: On the basis of intern-on the basis of international competitive bidding, except certain spare parts for various engines estimated to cost about $1.6 million.
Consultants: Expert services for the implementation of a management information system and for the introduction of modern welding techniques in the dockyards.

COLOMBIA — WATER

The Inter-American Bank is lending a total of $12.3 million to help improve and expand the potable water and sewage system of Medellin, Colombia. The borrower is the Empresas Públicas de Medellín (EPM), an autonomous municipal service agency which operates the city's principal public utilities.
Implementing Organization: Empresas Públicas de Medellín (EPM).
Procurement: International public bidding on imported goods and services covered by the resources of the ordinary capital loan and among member countries of the Bank on imported goods and services covered by resources of the Fund for Special Operations loan. National public bidding on domestic purchase.

EAST AFRICA — TELECOMMUNICATIONS

The World Bank has made its third loan for the expansion and improvement of telecommunications services in the East African Community of Kenya, Tanzania and Uganda. The loan will be made to the East African Posts and Telecommunications Corporation (EAPTC) and guaranteed by Kenya, Tanzania and Uganda.

EAPTC is one of four corporations which operate, respectively, the railway, ports, telecommunications services and an airline as common services for the three partner states of the East African Community. Entities of the Community previously have received eight loans totaling more than $197 million, of which $23.4 million was for telecommunications.
Implementing Organization: East African Posts and Telecommunications Corporation (EAPTC), P.O. Box 7107, Katipala, Uganda. Cable Address: POSTGEN, Katipala.
Procurement: All equipment subject to international competitive bidding with exception of extensions to existing exchanges, costing about $1.3 million which for reasons of standardization and equipment compatability will be procured by negotiating contracts with suppliers of original equipment. A preference margin of up to 15 per cent will be applied to bids from local manufacturers.
Consultants: None.

NIGERIA — EDUCATION

A World Bank loan of $54 million will improve and expand educational opportunities in the Northern States of Nigeria. This will be the third education project to be financed by the World Bank Group in Nigeria bringing the total lent for education in the country to $91.3 million. Common features of the projects have been the provision of new educational buildings in different areas of the country, and diversification of curriculum, particularly in secondary education, so that it will provide training better suited to the manpower requirements of the rapidly developing economy.
Implementing Organization: Project Director reporting to the Permanent Secretary, Federal Ministry of Education, Lagos, Nigeria, will supervise the implementation and financial control of the project and coordinate the work of six project units to be established in the Ministries of Education in each of the six states — Benue-Plateau, Kano, Kwara, North-Central, North-Eastern and North-Western, and that of responsible authorities at Ahmadu Bello University.
Procurement: Civil works contracts and procurement of equipment and furniture will be subject to international competitive bidding. A 15 per cent preference margin will be accorded to local manufacturers of furniture and equipment.
Consultants: A consultant firm with experienced architects, engineers, educators and equipment specialists will be engaged to survey the project schools, develop standardized design guides and prepare bid packages for construction, furniture and equipment.

UPPER VOLTA — TELECOMMUNICATIONS & EDUCATION

The International Development Association has approved two credits of $4.5 million and $2.85 million for the development of the telecommunications and education systems in the Republic of Upper Volta.

The $2.85 million credit will assist in construction and equipping science laboratories in 21 secondary schools, financing reconstruction and equipping of 40 Rural Education Centres (CERS), and equipping 80 other CERs out of about 350 now in operation. It will also provide financing for the creation and equipping 150 post school cooperative groups of 15 CER leavers each and for constructing and equipping three rural development training centres (Centre de Promotion Rurale — CPR) for further training of 60 CER graduates in each centre aimed at making them rural development agents.

The development of the telecommunications system in Upper Volta has been hampered by lack of funds and organizational system. In 1969, IDA made a first credit to assist the urgently needed rehabilitation program and expansion work of the Office des Postes et Telecommunications (OPT). The program is expected to be completed in November 1973.
Telecommunications
Implementing Organization: Office des Postes et Telecommunications de Haute Volta, Ouagadougou, Upper Volta.
Procurement: Technical equipment, furniture, building materials and miscellaneous items; consultants' services to cover the detailed engineering and construction supervision. All goods and services will be procured through international competitive bidding except for the construction of buildings and the two microwave links.
Consultants: To be selected.

Education
Implementing Organization: Project Unit in the Ministry of Agriculture, Ouagadougou, Upper Volta.
Procurement: Furniture and equipment will be procured through international competitive bidding, civil works subject to competitive bidding with local advertising only; draft animals will be procured locally.
Consultants: To be selected.

ZAMBIA — ELECTRIC POWER

A world Bank loan of $115 million will assist the Zambia Electricity Supply Corporation (ZESCO) in financing the second stage of a hydroelectric project on the Kafue River. The Kafue, a tributary of the Zambesi River, has great hydro-electric power potential and the first stage of development, consisting of a dam at Kafue Gorge with a 600-megawatt power station, was completed in April 1972. The second stage includes the addition of 300 MW of capacity at the Kafue power station, the construction of a storage dam 155 miles upstream, and transmission facilities.
Implementing Organization: Zambia Electricity Supply Corporation, Lusaka, Zambia.
Procurement: Procurement will be on the basis of international competitive bidding, except for items involving expenditures of less than $20,000. These exempted items will be procured on the basis of government tendering procedures. A 15 per cent preference margin will be accorded to local suppliers of equipment.
Consultants: The Swedish Consulting Group (SWECO), which assisted the Government and ZESCO in the preparation of the project, will supervise construction.

NEW EXPORT CONTROL LIST

A new Export Control List came into force on May 23, 1973. The list, established by Order in Council P.C. 1105 of May 8, 1973, is promulgated in Part II of the Canada Gazette of May 23, 1973. A copy of the list may be obtained from the Export and Import Permits Division, Department of Industry, Trade and Commerce, Ottawa or from any of the regional offices of the Department, upon request.

Under the authority of the Export and Import Permits Act the Export Control List establishes the control over the export of goods described therein. It serves also to guide industry in the knowledge of what materials and equipment are subject to particularly strict scrutiny and which, under certain circumstances, may be prohibited export.

The current revision corresponds generally with revisions of similar export control lists in Britain, the United States and other countries that co-ordinate basic controls in relation to the export of strategic goods. Modifications have been made also to the listing of atomic energy materials and equipment in Group 8 of the list in order to fulfill Canada's obligations under the Treaty on the Non-proliferation of Nuclear Weapons.

Certain items have been removed entirely, including pork and pork products; jig borers and fig grinders of high accuracy; tracer controlled machine tools of high accuracy; dendritic produced forms of semi-conductor material suitable for use in diodes or transistors; diethylene triamine of high purity; instruments or devices capable of measuring the speed of sound *in situ* in water; certain fluorinated hydrocarbons; mass spectographs and spectrometers, and particle accelerators capable of imparting energies of 500,000 electron volts or more.

Seventy-five items have been amended or combined, thereby, in most cases, reducing the extent of control. In a number of cases, amendments have been made or new items introduced to clarify control coverage. For example, the following commodities have been redefined or added as new items: (a) specially designed machinery and equipment for the manufacture of devices and assemblies thereof for materials composed of crystals and thin volume devices; (b) vibration testing equipment: (c) lasers; (d) coaxial cable with the outer conductor electroplated directly on the spirally-grooved cable dielectric; (e) gas discharge voltage regulator tubes; (f) praetersonic radio frequency signal processing devices, and (g) plant and equipment specially designed for the fabrication of fuel elements containing source (fertile) or fissionable materials.

Perhaps the most significant change is in Group 9. Control of goods in this group that originate outside Canada and that are not mentioned elsewhere in the list is now limited to those of United States origin. In other words, permits will no longer be required to re-export goods originating in countries other than the United States, provided such goods are not described elsewhere in the list. This change eliminates what has been a major non-tariff barrier to Canada's export trade.

While this current revision to the Export Control List results in a net increase of one item, in the aggregate, the scope of the export controls has been substantially reduced.

Trade Commissioners on Tour

In Territory

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

Canada

The following Trade Commissioners will be in Ottawa for temporary duty before reassignment. They may be contacted through the Trade Commissioner Service:

Name	From	To	In Ottawa
D.B. Browne	Canberra	Ottawa	Aug. 23-Sept. 4
J.S.A. Sotvedt	Detroit	Lusaka	Aug. 27-Sept. 7
H. Horne	Sydney	Atlanta	Aug. 29-Sept. 14
J.H. Treleaven	San Juan	San Juan	Aug. 29-31
D.S. Armour	San Jose	New York	Sept. 3-14
M.B. Blackwood	London	Minneapolis	Sept. 10-20
W. Jones	Bonn	Bonn	Sept. 5-7
C. Legge	Commercial Officer-	Sydney	Sept. 17-20
J.R. Brocklebank	Brasilia	Budapest	Sept. 24-Oct. 5
S. Doyon	Caraças	Caracas	Oct. 1-5
B. Baker	New Delhi	New Delhi	Oct. 1-5

J. P. Lefebvre
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Other countries: Angola, Botswana, Comoro Archipelago, Lesotho, Malagasy, Mauritius, Mozambique, Reunion, Swaziland

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Other countries: Equatorial Guinea, Morocco

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Lending policies of the Asian Development Bank

This is the fourth in a series of articles on the lending policies of regional development banks. The others appeared in the November 1972 issue (Inter-American Development Bank), January 1973 (Caribbean) and July (IABD).

R. V. DUMELIE, Canadian International Development Agency

Recent changes in the Asian Development Bank's lending policies and practices will affect the size and type of Bank loans as well as the allocation of these loans. These changes, in turn, will affect Canadian business interests in Bank financed projects.

The Asian Development Bank was conceived by the United Nations Economic Commission for Asia and the Far East (ECAFE) with Articles of Agreement patterned broadly after those of the World Bank and the other regional development Banks. The Bank fosters economic growth and co-operation in Asia and the Far East and contributes to economic development in regional developing member countries, individually and collectively.

To fulfill these purposes it (1) promotes investment in the region of public and private capital for development purposes; (2) utilizes the resources at its disposal for development financing, giving priority to those projects and programs that contribute most effectively to the economic growth of the region as a unit, and having special regard to the needs of the smaller and less developed member countries of the region; (3) encourages the orderly expansion of regional members' foreign trade, in particular intra-regional trade; and (4) provides technical assistance for the preparation, financing and execution of development projects and programs, including the formulation of specific project proposals.

To a large extent the Bank's lending policies are designed to match its financial resources These resources include Ordinary Capital Resources, comprised mainly of paid-in capital and borrowings against callable capital, and Special Funds contributed by donor countries and technical assistance grants.

Ordinary Capital Resources — A recent increase in the authorized capital of the Bank brought its total to $2.98 billion, of which more than $2 billion has been subscribed. Of the subscribed capital, approximately 35 per cent is in the form of "paid-in" capital, with the balance as "callable" capital which serves as a guarantee against which the Bank may borrow funds in the world's capital markets. Canada has subscribed to $37.5 million of the Bank's capital shares.

Special Funds — In the past the Bank accepted contributions on a voluntary basis. It administers these contributions on terms agreed upon with donors, as long as the purposes are consistent with the Bank's objectives and functions. Canada's contribution of $27 million to this Special Fund is tied to procurement in Canada.

Total contributions from all donor countries plus resources set aside from the Bank's Ordinary Capital brought Special Fund resources to $222 million at the end of 1972 of which $201 million had been committed to loan projects. Thus the amount of uncommitted resources was only $21 million dollars. In order to increase these resources the Bank has proposed a restructuring of Special Funds with an organized and fixed replenishment by contributions from developed member countries. The proposal calls for $525 million of contributions over the three-year period of 1973 to 1975.

Technical Assistance Grants — The Bank may also accept grants for technical assistance. Canada has contributed $200,000 to the total $8 million of technical assistance contributions. Technical assistance which the Bank extends may be either wholly or partially reimbursable or non-reimbursable. The operations of the Bank include: technical assistance in connection with specific loan projects, project identification, pre-investment studies, preparing projects on which the Bank can make loans, feasibility studies, the implementation of loan projects and in helping in the initial operating period of a loan project. The Bank also gives technical assistance not directly related to specific loan projects, such as overall planning of economic development and for educational operations.

General Conditions — The main activity of the Bank is financing specific projects, which are identified initially on the basis of their compatibility with priorities in a member country's national development plan. No one sector has been given special emphasis, but a country's development strategy may lead the Bank to emphasize a particular sector in that country in order to meet development goals. The Bank evaluates each project to determine whether it is technically and economically viable; it also evaluates the managerial, financial and organizational aspects of the project.

Projects financed from Special Funds and Ordinary Capital Resources are subject to the same evaluation. The economic situation of the developing member countries is the main allocation determinant, with Special Fund resources going to the smaller and less developed members at rates of interest between 1½ per cent and 3 per cent compared to the current 7½ per cent rate for ordinary loans.

The Bank does not have a standard repayment term for its loans. Factors taken into account in determining the amortization and grace periods include the project's nature, economic life and financial prospects, as well as the economic situation of the country concerned. The average term for ordinary resource loans at the end of 1972 was 18½ years, inclusive of 3.9 years of grace, and for Special Fund loans was 24½ years inclusive of 6.2 years of grace.

Technical assistance of an advisory nature is normally extended on a grant basis whereas technical assistance for project preparation and implementation is normally included as a part of the loan. In the event of a loan resulting from technical assistance extended on a grant basis, that portion of the grant over and above $100,000 is converted into the subsequent loan on the same terms as the loan. The total cost of design and engineering is always converted to the subsequent loan.

All procurement contracts, whether from Ordinary loans, Special Fund loans or technical assistance are awarded under international competitive conditions.

Lending Activity — As a result of the increase in ordinary resources and the expected increase in Special Fund contributions a number of significant changes have occurred in the Bank's lending activities. First, the volume of lending has greatly increased. Loans approved during 1972 totalled $316 million compared with $254 million in 1971. By the end of 1972 the Bank had made 117 loans of which 73 were from ordinary capital resources and 44 were from Special Fund resources for a total of $954 million. The Bank has projected that by 1975 Ordinary Resource loans and Special Fund loans combined will reach $600 million for the year. The Bank approved 14 technical assistance projects during 1972 at a cost of $1.8 million, bringing cumulative technical assistance projects to 74 at a cost of $11.3 million.

Second, with the increase in capital resources and the projected increase in Special Fund resources, the average size of Bank loans has been increasing and loans made in 1972 were on average about 10 per cent larger than those of the previous year. Last year Ordinary loans averaged $13.9 million and Special Fund loans averaged $5.9 million, whereas the average size of Ordinary and Special Fund loans over the Bank's five years of operations has been $10.3 million and $4.5 million respectively. (See Table 1.)

Third, a number of smaller and less developed countries are now receiving a larger share of financial assistance, mainly as a result of the Bank's active participation in project identification and preparation.

Fourth, with the expected large increase in Special Fund resources the least developed countries in the region will receive a greater share of the Bank's resources.

The Bank's lending activities will also change because of new members joining the Bank. In the last few years a number of relatively small countries from the South Pacific region have joined the Bank. New lending policies are now being developed to meet the special needs of this region.

Sectoral Lending Policy — The Bank does not give special emphasis to any specific economic sector. There are sectors such as industry, however, which are better suited to Ordinary Resource loans because of the financial return on projects; sectors such as education and agriculture are better suited to Special Fund loans. Substantial sectoral diversification of projects has occurred, both within particular countries and in the region as a whole (see Table 2); this diversification will probably continue as a result of increased Special Fund resources and loans.

Electric Power — This sector has been given the largest share of Bank loans. By the end of 1972 the Bank had made 25 loans totalling $273 million, or 28 per cent of total loans. Of this amount $227 million had been committed in 1971 and 1972. Loans totalling $105 million have been made to strengthen and expand generation, transmission and distribution facilities serving major urban centres of the region. The Bank has also financed some $80 million of geographic extensions of existing systems, mainly to bring electric energy to the smaller towns and rural areas. Another $30 million has been spent in the establishment, rehabilitation and initial expansion of smaller systems in the region.

Agriculture — Between 1967-1972, the Bank approved 13 loans totalling $125 million for the agricultural sector. This amounts to approximately 13 per cent of total Bank lending. Much of this was in the less developed member countries on concessional terms. Agriculture accounted for 40 per cent of Special Fund lending.

Close to half of Bank involvement in this sector has been related to water resources development, including the construction of dams, and irrigation, drainage and flood control systems. Approximately one quarter went to the development of the fisheries and livestock sub-sectors and the remaining quarter to such activities as agro-industries, industrial crops and farm mechanization. Much of the Bank's technical assistance went to the agricultural sector with about $5.6 million being spent on 33 projects.

Transport and Communications — The Bank has completed a comprehensive regional transport survey covering all modes of transport in the region. The survey recommends an investment program covering 118 infrastructure projects, nine institution projects and 14 vehicular projects over the next 20 years. Projects worth about $2.4 billion have been identified for the 1970's. Six recently approved by the Bank, covering port, airport and highway development and a sub-regional ferry service, have emerged as a result of the survey, which is expected to continue providing the framework for the Bank's activities in the transportation field in the future.

The Bank has a wide range of projects in the transport and communication sector including the development of new port and airport facilities; and the extension of telecommunication systems.

Industry — Much of the Bank's efforts in the industrial sector has been through loans to industrial development banks for relending to small and medium-scale industries. Sixteen such loans, totalling $164 million, had been made by the Bank by the end of 1972. The Bank has also made eight direct loans totalling $72 million for industrial projects. The industrial sector has been declining in the Bank's over-all lending activities, from 32 per cent at the end of 1971 to 24 per cent at the end of 1972. This declining share will probably continue as the Bank's Special Fund operations increase, although actual dollar amounts may increase.

Water Supply — The Bank has approved nine water supply projects for a cumulative amount of $110 million of which five, worth $62 million, have gone to Korea. The balance has gone to Malaysia, Hong Kong and Singapore.

Potential for Canadians — As of last May it was estimated that about $600 million in contracts for supplies and services had yet to be put to tender. Of this amount, $370 million was to come from the Bank's Ordinary Resources and $160 million from the Fund for Special Operations. A further $100 million was to be spent through relending loans extended to national development banks. These figures will expand as lending operations grow and should be taken as a broad indication of the total market generated by the ADB.

Generally, contracts for both consulting services and equipment are awarded under competitive international procurement procedures. Exceptions are small equipment sales where negotiated contracts are allowed. These competitive international procurement procedures also apply to Special Fund business, where Canada's $27 million Special Fund contribution is reserved to finance contracts for ADB Special Fund projects won under international competition by Canadian suppliers. For such Special Fund (but not Ordinary Capital) business, CIDA's normal Canadian content requirements apply.

Canadian firms wanting more information or advice on business opportunities under ADB financed projects should contact the International Financing Branch of the Department of Industry, Trade and Commerce in Ottawa. □

TABLE 1

LOAN COMMITMENTS AS OF DECEMBER 31, 1972

Country	Ordinary Capital	Special Funds
	$'000	
Afghanistan	—	5.150
Taiwan	92.656	—
Fiji	4.700	—
Hong Kong	21.500	—
Indonesia	—	69.640
Khmer Republic	—	1.670
Korea, Republic of	193.699	3.700
Laos	—	4.343
Malaysia	79.600	3.300
Nepal	2.000	35.710
Pakistan	53.650	18.200
Papua New Guineas	—	14.300
Philippines	101.750	3.500
Singapore	91.380	3.000
Sri Lanka	13.135	22.405
Thailand	70.500	—
Vietnam, Republic of	—	11.300
Western Samoa	—	5.330
Total	**724.570**	**201.548**

TABLE 2

LOAN APPROVALS BY SECTOR

	Cumulative	
	Amount ($ Million)	% of Total
Agriculture	124.73	13.1
Electric Power	272.79	28.6
Industry and Development Banks	236.17	24.7
Transport and Communications	203.96	21.4
Water Supply	110.20	11.5
Education	6.70	0.7
Total	**954.55**	**100.0**

FRANKLY SPEAKING...

a response to an editorial by R. L. Houston in the March issue of Canada Commerce. Opinions expressed are not necessarily those of the Department of Industry, Trade and Commerce. Comments on these or other articles in Canada Commerce are welcomed.

BRIAN THOMAS, Calkins & Burke Limited, Exporters and Importers, Vancouver

Before any of the "unaware, uninterested or disillusioned" Canadian businessmen reach for their telephones to contact one of the many Japanese trading companies, they might benefit themselves and their companies if they were to evaluate carefully the full implications of linking up with any one of these enterprises. Yet again, they might even prove their lack of gullibility by seeking out the services of a Canadian trading company. Possiblv unknown to some readers and the ivory towers of Ottawa, there are indeed such Canadian corporations engaged in trading internationally, resident in Canada — even staffed by Canadians.

Unlike its Canadian counterpart, the Japanese trading company holds a privileged position in its country — it acts as the "offensive unit" in terms of exports and is defensively employed when charged to handle imports, with MITI (the Japanese equivalent of the Department of Industry, Trade and Commerce) calling the plays from the sidelines. What better team could you hope to employ and how easy it all seems. Then one morning on the drive down to the office, it suddenly dawns on the poor trusting businessman that "by golly, that Japanese trading company is not selling my product it is just buying for their own distribution in Japan." The aura of worldwide market intelligence becomes somewhat of a myth when one naïvely inquires as to the reasons why sales and prices are below projections or "how come my competitor is selling Y P Z Company in Nagoya when we haven't even heard their name mentioned before."

The answer to these problems is that Japanese trading companies are infrastructured to the point of self-immunity which in layman terms means that each trading company is part of a self-contained commercial empire not only involved in importing and exporting but also is a small segment of a very much larger family of enterprises ranging from industrial plants, shipping, banking, insurance, etc. If the group sees a need for your product, then the trading arm of the empire initiates purchasing procedures under the simile of sales and distribution in the Japanese market. As a result, one's sales to Japan are automatically limited to the confines of that particular family enterprise of the respective trading company.

Unlike its Japanese counterpart, the Canadian trading company holds no privileged position with the Department of Industry, Trade and Commerce. It is not granted any special export interest rates nor preferred foreign exchange rates as accorded by MITI for exports from Japan. Invitations to participate in trade fairs and missions are seemingly an embarrassment to Ottawa when it comes to Canadian trading companies. Special dispensation has to be granted to Canadian trading companies for them to participate in CIDA business. Despite these handicaps and foibles on the part of the Department of Industry, Trade and Commerce, Canadian trading companies have over the years built up a substantial bilateral trade with many overseas countries; the important point to bear in mind when dealing with Japan is this special bilateral influence developed by many of the Canadian trading companies.

Japan is still acutely export-conscious and cannot afford to prejudice her export connections in Canada among which are included many of the Canadian trading companies. Hence, the special advantage the Canadian trading company holds over its opposite number in Japan is its ability to trade both imports and exports with all of the commercial empires in Japan without restriction, thereby giving it the freedom to select the best channels of distribution when considering exports to Japan. By channelling one's exports through a Canadian trading company, one's sales are accorded the breadth and depth that proper distribution deserves and most important of all is that the Canadian trading company knows the business methods and customs of both countries.

On the way home tonight, why don't you give this some thought.

Food for Thought

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Rising energy prices will have a major impact on farm production costs and food prices.

Globe and Mail.

The U.S. Geological Survey, in the first detailed report on U.S. mineral resources in 21 years, estimates that only a handful of raw materials — evaporite salts, gypsum, sulphur and molybdenum — are in abundant supply.

Globe and Mail.

A report presented to the EEC by a committee of the European Parliament predicts a growing role for coal by the year 2000, and states that by that time 87 per cent of the world's reserves of petroleum, and 73 per cent of those of natural gas, will have been depleted, but only 2 per cent of the reserves of coal will have been consumed.

Globe and Mail.

The CMA-
Building Exports and Serving Canadian Industry

W. D. FRECHETTE, Executive Vice-President and General Manager, Canadian Manufacturers' Association

The Canadian Manufacturers' Association is the only national trade association serving manufacturing companies of every size and kind in all 10 provinces of Canada.

The importance of CMA's operations is rooted in the fact that Canada today is first and foremost a manufacturing nation. Manufacturing is the leading industry in six of the provinces in terms of employment, value of output and taxes paid, and is a close second in three others.

Nationally, manufacturing employs nearly two million Canadians — about 20 per cent of the country's labour force. This is more than the combined total employed in farming, forestry, mining, construction, transportation, fishing and utilities.

With nearly 8,400 members accounting for 75 per cent of Canada's total manufacturing output, the CMA has a full-time permanent staff of more than 100.

Geographically the CMA is organized in six divisions across Canada, within which are 54 branches, for the purpose of handling matters at provincial, regional and municipal levels. In addition to the head office and Ontario division office in Toronto, it maintains division and branch offices in Moncton, Quebec, Montreal, Winnipeg, Edmonton and Vancouver.

Twelve departments operate from the head office and each provides its own specialized services. Each department is responsible for policy direction to an elected representative committee of members. The chairman of each of these standing committees serves on both the executive council and the executive committee of the Association.

Sustained solely by the fees of its members, the CMA has often been referred to — and in fact operates — as an "industrial democracy", its executive council corresponding to the Federal Parliament, and its executive committee to the Federal Cabinet. Altogether, more than 1,000 members of CMA serve on its various national, division and branch committees.

Supplementing these activities, CMA has 19 affiliate industrial associations or trade sections. They provide management and marketing services and are concerned with the particular interests of their own industries.

Promotion of export is a major CMA activity and its Export Department is one of the 12 at Head Office. The Department's activities are guided by three objectives: assisting manufacturers to become effective exporters; creating a better export climate; and selling the idea of export. To serve these objectives, the department's operation is channelled into three general streams of activity: direct services; representational services; and promotional activities.

For the newcomer to export, new skills are needed in the very first stage of selecting the appropriate markets, products, prices and marketing methods. This may be the expensive stage, requiring skills that may not at first be found in the company. But CMA provides a full range of export services covering the techniques and procedures of selling and shipping abroad. Its export department guides members towards their most likely markets and assists them to make customer contacts. It maintains a statistics and market intelligence library embracing most markets of the world.

It also provides information on such specialized subjects as export credits insurance and financing; trade fairs, exhibitions and missions; foreign assistance programs; export agreements; export pricing; trade terms and technical abbreviations.

An important feature of our export development activity is CMA's multilingual translation service. This enables exporting members to correspond and negotiate contracts in the many languages of their customers and provide sales literature in those languages.

Authentication of customs documents for shipments where the country of destination requires this procedure is similarly undertaken.

Other major export department responsibilities relate to the mechanics of exporting as far as foreign tariffs and documentation requirements of other countries are concerned. These include the basis of valuation for duty; anti-dumping legislation; export drawback; labelling and marking regulations; foreign exchange restrictions; prior import deposits; taxes; trade areas and agreements. This particular service covers the whole range of detailed data which even to a seasoned exporter can resemble a tangle of non-tariff barriers.

The U.S. Market — Of special importance to Canadian exporters is the United States market which takes about 70 per cent of all Canada's exports. Of necessity, CMA closely follows developments in Congress, the Tariff Commission, and the Bureau of Customs so that it can inform members quickly of any developments in that country which may affect their export trade.

These services are supplemented in a special way by CMA customs, taxation, transportation and legislation departments. The customs department provides information on the Canada-U.S. Automotive Agreement and other bilateral agreements, international trade agreements and conferences including the General Agreement on Tariffs and Trade (GATT) and the United Nations Conference on Trade and Development (UNCTAD). The taxation department deals with both sales and corporation taxes.

The CMA's transportation department advises member companies on freight rates and services of the air and surface carriers, rules and conditions of carriage, and port charges. Packaging, containerization, marine insurance, and the obligations of buyer and seller under the various terms of sale generally used in international trade are also within its domain.

The legislation department handles matters concerning commercial and foreign taxation, agency agreements, trade marks, industrial design, patents and copyrights.

The association's circular service, the keystone of its information services, informs members quickly about important developments of interest to them. More than 100 national circulars are mailed out across the country each year, in addition to the newsletters which specialize in matters of regional interest.

Foreign tariff, trade and documentation changes and similar matters of concern to exporters across Canada are published in CMA's twice-monthly bulletin *World Trade News.*

Supplementing these activities are a number of CMA publications that are distributed both at home and abroad, among them: *Export Methods and Services; Pricing for Export;* and *Review of Export Procedures.*

Another communication tool employed to build Canada's foreign sales is the provision of information about Canadian manufacturers and their products to overseas buyers of all kinds. Apart from the thousands of contacts made by correspondence each year, CMA welcomes business visitors from around the world for whom itineraries and business contacts are made.

The *Canadian Trade Index,* published annually by the CMA, gives details of Canadian-made products and the 13,000 companies that make them. The foreign distribution of this publication includes about 4,000 copies put in the hands of potential buyers abroad annually through Canada's Trade Commissioner Service.

Export encouragement and providing a continuing export education program have for 28 years been regarded as essential elements of service to members. A key component is the Export Forum organization which CMA operates in seven areas across Canada: Prince Edward Island, New Brunswick, Nova Scotia, Quebec, Ontario, Manitoba and British Columbia. Regular meetings of the forums are organized at which both new and established exporters can share their knowledge and experience and discuss common problems.

The CMA supports, both directly and indirectly, a variety of other export educational programs across the country, such as elementary and advanced courses in international marketing in Ontario and in the east and west coast provinces. It also developed its own course in export documentation three years ago in which nearly 750 members have participated.

The CMA maintains a two-way communications system with its membership and with government, with which, traditionally, it has enjoyed a close and co-operative relationship. The degree of that co-operation is such that many of the needs and views of manufacturing exporters are conveyed to the government through informal liaison without the need of written briefs. Matters of more general policy are dealt with through formal submissions.

Policy Development — The CMA's export policies come from the grass roots level through a number of specialized committees and subcommittees reporting to it, including those dealing with tariff and non-tariff barriers, export credits insurance and financing, export promotion, and export education. There is also the EEC study group. The committee as well is concerned with standards and metric conversion and works closely with the subcommittee on standards which reports to the association's commercial intelligence committee.

But all the marketing help in the world is not going to count for very much if the business climate is unfavourable and manufacturers cannot be competitive abroad in price and design. And so the association's head office departments try to integrate their approaches in the development of policy recommendations dealing with the industrial environment. As a matter of routine, all department managers meet once a week to discuss developments and to report on matters of current interest.

No review of CMA promotion and development of exports would be complete without reference to its international activities. International organizations in which the association plays a major role include the Canadian Business and Industry Advisory Committee (CBIAC) to the Organization for Economic Co-operation and Development (OECD); the Pacific Basin Economic Council (PBEC); the Canadian Council International Chamber of Comerce; the International Labour Organization and the International Organization of Employers.

Within these and the other international organizations with which it is associated, the association is constantly trying to reduce the obstacles and frictions which impede trade between the nations of the world. □

An African success story

ROGER G. BEARE, Africa Division, Pacific, Asia and Africa Bureau

Since independence in December 1963, Kenya has been a genuine, if modest, success story on the African Continent. Kenyan economic progress is not the result of great natural resources as in the case of Nigeria with its oil; rather, it is the result of a pragmatic approach combining moderate nationalism with a hospitable climate for foreign investment that has allowed Kenya to develop its manufacturing sector to a high degree. Particularly striking is the extent to which Kenya has been able to find markets in Africa for its exports. In 1970, more than 35 per cent of Kenyan exports went to African countries, with Tanzania and Uganda accounting for 28.9 per cent.

Over the three-year period 1968-70, GDP at constant prices increased at an average annual rate of 7.2 per cent. GDP totalled $1,447 million (at current prices) in 1970, representing about $130 per capita. The economy was buoyant in 1971 but a drought which hurt agricultural output caused the rate of growth to fall slightly to 5.7 per cent (at 1967 prices) compared with 6.5 per cent in 1970 (the planned average was 6.7 per cent).

Greater than expected advances in manufacturing and tourism went a long way towards cushioning the effect of the reduced agricultural output.

Further steady growth is expected in industry, tourism and construction and the GDP is likely to move ahead at a rate of about 8 per cent or 10 per cent. But agriculture continues to be the principal livelihood for the people of Kenya and a prime source of export earnings. In 1970, agriculture accounted for 34 per cent of GDP and 42 per cent of export earnings. Coffee is Kenya's largest export crop, accounting for 20.5 per cent of exports in 1970 while tea, with 11.7 per cent, took second place.

Kenya has a rapidly growing and diversified manufacturing industry. This sector is the third largest contributor to GDP next to agriculture and the Central Government and in rate of increase was exceeded only by the construction sector in the 1969-70 period. During the three-year period 1968-1970, the growth of manufacturing production averaged 9.2 per cent a year, slightly higher than the target rate of 8.9 per cent indicated in the Development Plan. In 1970, manufacturing accounted for 11.7 per cent of GDP at 1967 prices and represented a 9.6 per cent growth over 1969.

Outside Africa, the best-known sector of Kenya's economy, no doubt, is tourism. With attractive beaches, beautiful scenery and abundant wildlife, the country is attracting more and more visitors, and tourism has become a major foreign exchange earner. Receipts in 1970 amounted to $53 million, an increase of 11 per cent over 1969. Rapid development in this sector continued in 1971 and visitor days rose 26 per cent above 1970, with about 400,000 visitors entering the country. Earnings were estimated at $69 million, a rise of 30 per cent over 1970. A further increase of 15 per cent was expected in 1972. A 150-bed lodge at Malindi, a 100-bed lodge at Amboseli, a 180-bed hotel at Nyali, and new hotels in Nairobi, Mombasa, and Mara are planned as part of an expansion of the tourist industry.

In 1970, the main constituents of Kenya's gross domestic product were: agriculture, forestry, and fishing (34.4 per cent), Central Government (13.7 per cent), manufacturing (11.7 per cent), commerce (10.1 per cent), and transport, storage and communications (7.6 per cent).

To maintain economic momentum and create more employment, particularly in rural areas, the Government introduced the Second Development Plan in 1970, covering a five-year period to the end of 1974. The Plan aims at increasing agricultural output, encouraging industrial expansion and extending the participation of Kenyans in all sectors of the economy.

Over the life of the second plan, it is hoped to achieve an annual GDP growth rate of 6.7 per cent, about the same rate achieved under the 1964-1970 Plan, with transport and communications, manufacturing, agriculture and services expected to record the largest increases.

The target for the annual rate of growth in the industrial sector is 8.9 per cent, with the main expansion coming from existing industries. Gross investment over the entire period should be about $2,115 million, of which one third is expected to be undertaken by the public sector and the rest by the private sector. The Central Government plans to spend about $519 million on development during the period, of which the largest proportion (35 per cent) will be allocated to basic infrastructure such as roads, government buildings, water supplies and airports, followed by social services (27 per cent), and agriculture and related services (24 per cent).

Over the plan period, total expenditure in the agricultural sector will approach $115 million in an effort to increase productivity and efficiency on farms and to encourage modernization. Approximately 47 per cent of Central Government financing is expected from domestic sources, largely from surpluses on the recurrent budget and local borrowing, and the remainder from external loans and grants.

It is hoped to achieve an annual growth rate of 9.7 per cent

After registering a record overall surplus of $65.5 million in 1969, and a smaller surplus of $50.4 million in 1970, Kenya's balance of payments in 1971, as measured by net monetary movements, was in deficit by about $57.3 million. This substantial deterioration appeared to be due chiefly to an increase in the trade deficit by about $116 million caused by a large increase in imports, and a decline in the total net capital inflow.

The country's foreign reserves, which had moved up to $256.6 million in March 1971, declined sharply to $171 million at the end of 1971, 22 per cent less than the level at the close of the previous year. After a number of corrective measures were introduced by the government, mainly to curb imports, they recovered to $193 million by the end of March 1972. Export earnings should improve and with an anticipated saving on imports the trade gap should be reduced accordingly. This should ease the strain on the foreign exchange position and assist in returning the balance of payments to normal.

On June 6, 1967, Tanzania, Kenya, and Uganda signed the Treaty for East African Co-operation, and on December 1 of the same year established the East African Community. The Community replaced the East African Common Services Organization and is responsible for the administration of the various services common to the three countries, including: East African Railways Corporation, with headquarters at Nairobi, Kenya; East African Harbours Corporation, with headquarters at Dar-es-Salaam, Tanzania; East African Airways Corporation, with headquarters at Nairobi; and East African Posts and Telecommunications Corporation, with headquarters at Kampala, Uganda. The Community also administers the common external customs tariff of the three member states, as well as the collection of income tax. Kenya extends most-favoured-nation treatment to all countries with the exception of full members of the European Economic Community. However, as of January 1, 1971, Kenya, as a member of the East African Community, is an associate member of the EEC under the Arusha Agreement. Kenya extends duty-free privileges on 58 items imported from the EEC, mostly in the consumer goods category, and the EEC extends full duty-free privileges to all East African products, although some are subject to quotas.

This agreement will impede the efforts of some Canadians in competition with Europeans, but generally it favours such consumer products as foodstuffs, wines, television and radio sets. In these areas Canada's trade with Kenya will not be affected substantially by the agreement. However, there are other items such as paper and paperboard, asbestos-cement articles, and a few other products on which an exemption from duty for European imports can hurt Canada's chances of improving its export position in Kenya.

Kenya's leading suppliers in 1970 were, with percentages, Britain 26.2, Tanzania and Uganda 10.1, Japan 9.6, United States 7.5 and West Germany 7.1. Canada's share was only 0.3 per cent.

In the same year, Tanzania and Uganda took 28.9 per cent of Kenya's total exports. Other major markets for Kenya were, again with percentages, Britain 13.6, West Germany 6.3, and United States 5.8. Canada took about 1.9 per cent of Kenyan exports in 1970.

Although Kenya's external trade grew by almost 16 per cent in 1971, the country's total exports of $323.1 million were only slightly up on 1970, whereas imports rose sharply to $576.3 million, nearly $134 million more than the 1970 figure. Most of the rise was due to overseas purchases, and a large proportion was accounted for by metals, transport equipment, agricultural machinery, tractors, and other capital equipment. There were also imports of sugar, wheat and maize to make up domestic shortages. Main import categories in 1970 (figures in millions) were capital goods, other than transport equipment $87; transport equipment $61; metals $49; chemicals $44; fuel $42; textiles $36; food, drink and tobacco $34, and semi-manufactures $33.

Trade relations between Canada and Kenya are governed by the GATT because there is no bilateral trade agreement between the two countries. Canada gives Kenya preferential tariff treatment and Kenya grants Canada MFN treatment.

Canada has traditionally had a moderate trade deficit with Kenya. In the period 1967-70, this deficit averaged $3,807,000 a year. In 1971, however, there was a trade surplus in Canada's favour of $3,125,000, brought about by aid-financed sales of railway equipment valued at almost $5 million.

Canadian commercial penetration of the Kenyan market could be deeper. In 1970, for example, Canada sold only $1.5 million worth of goods to Kenya, whereas Japan sold $42.6 million worth and the United States $33.3 million worth. Furthermore, neither Japan nor the U.S. benefits from advantages accruing to the EEC under the terms of the Arusha Agreement.

The Government plans to spend about $519 million on development

Kenya has deliberately chosen a mixed economy rather than wholesale state intervention and has investment-incentive laws providing for the protection of foreign investment. Tax holidays are not granted but there are, in addition to the normal depreciation allowance, tax relief measures which provide for an initial investment deduction of 20 per cent on industrial and hotel buildings and machinery. Measures designed to encourage foreign investors include exemptions from import duty on most industrial equipment and raw materials. Kenya's membership in the East African Community is an added incentive because it provides easy access to a much larger market.

In 1964, a law giving protection to approved foreign investments was enacted. It permits foreign investors to repatriate capital and profits and assures the provision of due compensation in the event of expropriation. In July 1971, minor amendments were made to the fiscal incentive scheme, including a withholding tax of 12.5 per cent on dividends and interest by both resident and non-resident companies, a withholding tax of 20 per cent on all payments of management fees and royalties to non-residents and a 30 per cent duty on the import of heavy equipment such as that used in construction work. These measures are not expected to have any adverse effect on investment. It is also noteworthy that Kenya is a signatory to the Treaty of Washington for the settlement of commercial disputes.

In 1970, investment rose by 25 per cent, most of it in the manufacturing sector, resulting in building of new factories and expansion of existing ones. Such confidence is due largely to the stability of the economy and the genuine assurances offered through the Foreign Investments Protection Act.

In general terms, Kenya maintains liberal import regulations. When the importer has obtained an import licence and an exchange allocation permit, where required, or if the transaction is covered solely by an open general licence, exchange is provided automatically by an authorized bank upon application and submission of the necessary documentary evidence.

Laws provide protection for foreign investment

However, in light of recent balance of payments difficulties, Kenya has found it necessary in some cases to restrict imports. The new import regulations issued in January 1972 selectively introduced controls on the availability of foreign exchange allocations and on the conditions under which advance payment may be made, with the aim of reducing imports of consumer and intermediate goods where local substitutes are available.

For certain imports no foreign exchange will be allocated, while for other specified imports, foreign exchange allocation permits will be granted for amounts up to 50 per cent of average individual import bills for 1970 and 1971 for each S.I.T.C. category. Advance payment for the latter goods will be granted only in exceptional cases. On the basis of 1970 figures, the former imports amounted to less than 1 per cent of the total and the latter to about 19 per cent of the total. As a further step, the June 1972 budget increased import duties on cars, cameras, watches, clocks, radios and television sets.

There is no reason to be pessimistic about the future of Canada-Kenya trade and economic activity. Investment possibilities in particular are well worth exploring. The major areas offering substantial opportunity for Canadian business include: consulting engineering services, electrical power generation and transmission, forest industries equipment, construction equipment, diesel locomotives, airport equipment, newsprint, pulp, lumber, asbestos, railway rails, aluminum, copper, lead, nickel, zinc, STOL aircraft, telecommunications equipment, education and hospital equipment, fishing vessels, prefabricated housing and potash. □

Are your documents right for Guatemala?

It is reported that Canadian shipments to Guatemala often are not accompanied by the correct documentation and this is causing a number of problems, including slow payment of bills.

Procedures for sea and air shipment differ slightly. Shipments by sea should be accompanied by a Letter of Exchange and one original of the bill of lading, duly legalized, as well as two originals, not legalized, and three "non-negotiable" copies. There should also be one legalized commercial invoice, with three copies, and a certificate of insurance, both the original and a copy.

Shipments of foodstuffs, wines, liquors or chemical salts for human consumption should also be accompanied by a certificate of purity and one of analysis. Trees or seeds will require a phyto-sanitary certificate.

For shipments by air, the airway bill should be attached to the invoices and the certificate of insurance, but the documents need not be legalized.

The letter of exchange is an essential document. If it is not included, the remittor will be forced to pay fiscal stamp charges, according to Article 3, Decree No. 214, issued by the Guatemala National Congress: "If the letter of exchange is issued in Guatemala, a 1-1½ per cent penalty per each 100 Quetzals, or fraction thereof, will be applied. (The Bank does not issue letters of exchange; drawees must do this provisionally.) If legal stamp charges are applied to invoices (sight documents), the remittor is bound to pay 1 per cent per 100 quetzals or fraction thereof. If the remittor makes a mistake on invoices, an amendment can be made by means of a letter addressed to the corresponding consular agent, who should legalize it."

More information can be obtained from the Commercial Attache, Canadian Embassy, Apartado 400, Edificio Etisa, Plazuela Espana, 7a Avenida 12-19, Zone 9, Guatemala City, Quatemala, C.A.

Belarus' base model — a 57hp. four-wheel-drive tractor priced around $5,000.

U.S.S.R. Gets serious about selling in the West

DAVID MAGEE, Assistant Editor

The latest Soviet trade offensive seems to be much more determined than previous efforts. Western marketing methods are being used by the Soviets in a number of Western countries, including Canada.

The U.S.S.R.'s biggest push into Canada involves tractors, heavy machinery and other industrial equipment. Focal point of this sales drive is a million-dollar-showroom in the Toronto borough of Etobicoke which opened earlier this year and complements distribution facilities already operating in Montreal. So far, farm tractors are the only equipment being sold.

Belarus Equipment of Canada Ltd., a subsidiary of the Soviet foreign trade organization, V/O Tractoroexport, is the moving force behind the latest sales push. It has set up Belarus Sales of Canada Ltd., which, says its vice-president, V. A. Tsukanov, is completely independent. He says it has been incorporated under Canadian law.

Five dealerships have been established in Quebec and Ontario and 15 more are planned by the end of the year. This year's sales goal is 200 tractors and expansion into the Prairie Provinces and the United States is expected once Belarus has gained some experience. Its base model now is a 57hp, four-wheel-drive tractor priced around $5,000, but a larger 220hp model may be imported in the relatively near future. A 10-year supply of parts will be stocked.

This is not the first time the Soviets have sold tractors in Canada. There was a sales drive a few years ago but problems developed with the distributor and the effort was terminated. About 50 tractors in all were sold that first time around and as far as is known all are still operating, including the four or five purchased by the National Capital Commission in Ottawa.

Canadians can expect to be using other Soviet products in one way or another. Manitoba Hydro has accepted a bid from the U.S.S.R. for supply and installation of five turbine-generators at the Jenpeg power station on the Nelson River. The bid from Energomachexport of Moscow was the lowest of five tenders received.

Recently, Keith Alexander, chief engineer for Canada Wire and Cable Co. Ltd., told the Electric Club of Toronto that the U.S.S.R. will use improved marketing skills to sell its manufactured goods in Canada. Mr. Alexander visited the Soviet Union last year and reported he was told that the Leningrad Metal Works, for example, has a staff of 12,000, of whom 3,500 are engineers. The Hydro Project Institute of Moscow, which is responsible for surveying and designing Soviet hydro projects, has a staff of 17,000, according to Mr. Alexander.

He said: "It is obvious . . . that the electrical manufacturing industry in the Soviet Union can muster a far greater technical resource than its counterpart in Canada. . . ."

The U.S.S.R. also has an impressive ability to produce liquor. It is reported that the Moscow distillery has a capacity equal to that of Canada's entire liquor industry and the Soviets are actively promoting sales of their wines, liquor and brandy in this country.

A team of officials visited Canada recently to talk business with Canadian Government and liquor industry representatives. Although one or two brands of vodka and a Georgian brandy are available in some parts of Canada, the Soviets would like to see more of their brands listed at government liquor outlets.

The Soviet sales drive probably will continue to concentrate on sales of heavy manufactured items but Canadian producers should expect increased Soviet competition in other sectors as well. □

Indonesian Investment Board

Indonesia has set up a new foreign investment board, the Badan Koordinasi Penanaman Modal (BKPM), to co-ordinate and process foreign and domestic capital investment in the country so as to accelerate economic development. The board will investigate and evaluate applications for investment; recommend, for presidential approval, acceptance or rejection of foreign applications; co-ordinate processing of licences or operational permits; check the implementation of the project and provide assistance where necessary; provide information to potential investors, and investigate any complaints from investors with a view to possible policy changes.

Foreign investors will not now be required to visit various other government departments as they had to in the past because BKPM will be able to process all applications. Foreign firms still have to have the 13 licences to operate in Indonesia, but these will be dealt with simultaneously by BKPM, which will also have the final decision-making authority.

Making Publicity Work

This article is an abbreviated version of one that first appeared in International Trade Forum. *It contains the main points presented by Michael Nieman at a seminar on publicity in export promotion. Mr. Nieman is managing director of Richmond Towers Ltd., an advertising and public relations agency based in London, England.*

In marketing it is easy to think that we can sell anything. And if we put the right amount of weight behind it, and the right amount of knowledge, we *can* sell anything. But that's not what marketing is about. Marketing is about continuing to sell what you set out to sell.

The product. The ideal situation starts with the right product. We have to make sure not only that the nature of the market is right, but also the nature of the product for the particular market.

Place. It's got to be in the right place. It's no good selling the wrong product in the wrong country or the wrong town or in the wrong type of outlet.

Timing. And, important, it's got to be there at the right time. It's got to be there when you want it to be there and when your market wants to buy it. You can just as easily be too early — and there are a lot of examples of products coming in too early — as you can be too late, so that you are just an also-ran. The right time is vital.

Volume. And equally, you've got to be there with the right quantities. It's no good having the right product, promoting it, and then not being able to deliver the goods. All you do in that particular case is to create a forced demand, which subsequently creates an over-stocked situation and then a failed product because the stock doesn't move.

Price. And it has got to be the right price. It has got to be the price to suit the particular market, to suit your profit profile and also to suit the competition, so that you are at least competitive with your product.

So these are the five elements of the ideal situation: the right product in the right place, at the right time, in the right quantities and at the right price.

But is that enough? You might still have, for example, problems in your calculation on profit — as to what the distributor or the agent wants as his margin. If he wants a higher margin than you have allowed for your profit, your price may still be right in the market place but your profit may not be.

Equally, there is the competitor's spoiling activity, which takes place in any marketing scene at any time. You can get all your marketing plans absolutely right and the competitor comes along and spoils the market. He can do that in many ways. (I am not talking about consumer products here.) He can spoil the market, when he sees somebody coming into it, by undercutting the price and even running at a loss for a time, which puts you out of the business. Or he can advertise at a much heavier rate than he knows you are going to advertise at, even though he cannot afford it, because he cannot afford to let you get in.

He can also give extra discounts, and stock-in all the outlets before you have a chance to get in, so that when you try to sell, the stores already have got too much of that product type. So the spoiling operation may mean that although everything else is right, you are finally wrong about a marketing plan.

But then, having got all that right, you still have another particular problem, which is how you use your promotional funds. If you use them in the wrong way or inefficiently, you may still get your marketing formula wrong. You may have heard the old expression that we know that only 50 per cent of our advertising works; but that we don't know which 50 per cent. This is still true today. As much as you refine the advertising message, as much as you try to refine the selection of advertising and promotional media, you can never refine it to the ultimate. And if you couple that to bad selection of media, bad advice or subjective choices not based on skills, you can be even worse than 50 per cent wrong. So you could get it wrong there as well.

And, finally, the consumer ultimately might just decide she did not want the product after all. Research might have told you she did, she might have told you she did, but when you got down to it, she was talking about somebody else. So you still have a failure on your hands.

That's pretty dismal; it makes life in the marketing atmosphere very difficult indeed. But it *is* a difficult business. Unless you have a product which everybody wants and which you can produce for nothing, you haven't got the ideal product. Therefore, no product is absolutely ideal; you just have to make it as near to ideal as you possibly can, and you have to sell it as best you can.

This leads me up to the most important part. In any marketing activity, there is the need to set objectives, including profit objectives. Each company and each country will have different objectives which it wants to achieve in its export marketing activity. But they must be set, whatever they are, because unless they are set you have no yard-stick by which to evaluate results and you cannot say whether it is right or wrong, whether it could be better or much better, or whether you have used the wrong method or have gone to the wrong place. So for any activity, particularly marketing, you need sound objectives, and they will vary from company to company and country to country.

. . . the right product in the right place, at the right time, in the right quantities and at the right price . . .

Now let me point out some of the dangers, particularly when the objectives are less simple than ordinary commercial objectives. Whatever they are, we still want the best return on the money and the time invested.

The first priority is market research. It has to be the most vital of the starting points in any marketing exercise, particularly international marketing. Without it, how can you decide which market you are going into? And in international marketing, it is not just a question whether it is the south of the country or the north of the country, it is a question of which country or which continent. And without valid market research you are not going to be able to tell which country is the priority country.

In other words, it should be possible to look at all countries that are possible and stack them in order, so that your prime effort goes into the prime opportunity. It is very tempting to go into markets like Britain, for example, with a nice concentrated population of 55 million, because that's a lot of people. But there may be markets in much smaller countries that are going to be more profitable to enter, cheaper to sell in, and where you could actually sell more product. Market research properly applied should be able to tell you that.

So market research tells us, basically: is the product wanted in that market? Or even if it is wanted in that market, is it wanted more in another market — should we look somewhere else? Equally, it will tell you the kind of price the product should obtain in that market; that price will be different in different countries for the same product. You have to decide whether you can afford to sell it at that price, because if you put that price up 10 per cent it won't sell. So you work that out for yourselves in terms of the cost of production, transportation, the time required and, of course, the selling costs. But the most important thing is, can you continue to sell it? Will it keep on selling? I know for some products continuity of sales is not perhaps very necessary. If you are trying to build an atomic power station, you don't expect to sell one a week. But, generally, one needs continuity of sales.

And, finally, the products themselves. Have you selected the best of your products from your nation to put in that particular market? Are you selling industrial products where you should be selling consumer goods? Are you selling consumer goods where you should be selling consumer durables? These are the things one has to look at. So picking the right product for the markets is really a very vital part of this exercise; that is, linking market research overseas with specific knowledge of your home industries. It is sometimes tempting to go for the major industry at home and try to sell its product overseas, when there may be many smaller industries that could sell much better abroad. These are things which need looking at.

I have dwelt on this side of the activity because unless you decide on the products you are going to market and the markets you are going to go into and the objectives for that marketing, all the publicity and advertising in the world is not going to help. However good you get your publicity, if you get the product wrong, or you get the market wrong, or you get the timing wrong, you are just wasting your time.

Let's assume that you have got the right product and the right objectives and that you are in the right market. What must you first do? Avoid the sharks. This is very important, because in going into new markets there are an awful lot of people waiting by the wayside to "help" you. Some of them are going to want to help you to sell the product and some others are going to want to help you to spend your money in their direction.

Now, the sharks are not necessarily advertising people, although there are some. There are others in the field as well — agents, for example. It is not uncommon for a company to come into another country and take the first agent he finds in a directory, only to discover he has got the worst agent but a very tight contract. And that could seal off the product for years.

Equally, you will find types of agents — these are selling agents I am talking about, not advertising agents — who will take the product because they have got a similar product and simply want to seal it off from the market. That is also quite common.

So the first thing you need to do is to select the right helpers in any market; spend a lot of time and a lot of investigation on the helpers you select. Then, having got the right helpers, select the best promotional methods that are most likely to sell your product. How do you select the best promotional methods? Inevitably one has to lean on helpers and advisers, which is why one needs to select them very carefully.

This brings me to a related problem: how should a government help companies to export? Should it give them money or should it give them help, or should it give them a balance of the two? It is very tempting to create an export aid program and raise funds and simply give them to deserving companies, and then let them get on with it.

I think this is a very wasteful way of using government funds. I believe that governments should provide the expertise that does not exist in those companies; if it did exist they would be exporting already. How can you, by simply giving them money, make them experts? All you are doing is giving people funds and letting them make their own mistakes. I would much rather see a system whereby a government built up a vast amount of expertise in markets, developed the right kind of liaison with its own commercial posts overseas, and then gave physical help and advice, and perhaps a little money.

. . . as much as you try to refine the selection of advertising and promotional media, you can never refine it to the ultimate.

The client himself, the person spending the money, has got to have the skills that will enable him to evaluate the ideas of his advisers. There is no such thing as a perfect promotional idea or a perfect marketing direction. There are many different roads that can ultimately lead to the same point. It is not a question so much of having the wool pulled over his eyes; the point is that the client can contribute to the marketing pattern and the promotional pattern.

Somebody is finally going to have to say: yes, I like that; or, we'll do it that way. And you inevitably get subjective assessment and evaluation. So if you don't know what you are doing you may reckon that because you like it, then it will sell the product. Don't be tempted into choosing what you like; choose what will do the job best. To do that you have to have knowledge and experience.

You also must accept the difference between selling oranges and selling machine tools. This is another area where an awful lot of mistakes are made. People think that promotion is promotion, and you can sell these two things in the same way. You can't. Marketing machine tools is a highly specialized selling and promotional job. It can be done either very expensively, because there is a large margin, or it can be done very cheaply. Oranges are a different problem.

Also, there is the danger of using a sledge hammer to crack nuts. It is very tempting to be talked into — or to convince yourself — that you have to spend a large sum of money to have an advertising or publicity campaign to achieve an objective. You can get tremendous inferiority complexes about the amount of money you have to spend. But in my experience there are not very many really big spenders. There are an awful lot of small spenders. The size of the spending is not important; it's whether it meets or fits your objective and whether you get the sales. Over-spending is one of the greatest dangers in export promotion publicity.

Another common mistake is to try to sell too many products under a national banner. People buy products, they don't buy flags. In marketing terms, products are what we sell, not flags and not countries.

Don't imagine that because there is a successful product in a particular market, exactly identical to yours, that you have the right to be there as well. This is probably one of the biggest mistakes made in marketing, particularly in export marketing.

Another thing one has got to be careful of is the type of product that one decides to sell. Very few extranational products apart from commodities — that is, wine, spirits, fruits, vegetables, meat products, agricultural and dairy produce generally, and chemicals perhaps — can sell on a national scale in a foreign country unless they are either technically advanced or design advanced, or are below the price of indigenous products. If you haven't got at least one of these advantages, you have no sale and shouldn't even start looking. These facts are easily found out with inexpensive market research.

One must remember also that a product doesn't have to be national to be successful. There is a tendency to assume that if you come into the British Isles, for example, you have got to sell throughout the British Isles. It is quite possible that you can have a very successful product and maintain it always in a particular area. One doesn't have to think in terms of selling all over the country.

Neither do you have to be in one region. You may sell to a specific industry. Suppose you have a wonderful line of boot laces. There are, say, 150 shoe manufacturers in Britain of any size. That is your market. It does not matter where they are, you basically have got 150 people to sell boot laces to. You don't need a national advertising campaign to do that.

So the other thing one has to remember is that one must also be prepared to look at particular-people sales. You may devise or think of a product that only one person in the whole of that country has to buy, and that is your customer. You don't need a large advertising campaign for that, either. You may need a lunch or something like that, but one must not think or tend to think in terms of great national activity. It can be right on occasions: it can be wrong.

Going the other way, we had a client in Britain who wanted to sell an industrial chemical product into Europe. But he had no selling organization in Europe and he hadn't any agencies except in one or two countries. These agencies, in fact, had been appointed many years before and were basically inactive.

So we asked: how do we get this product into Europe at the cheapest possible cost? We asked: what companies buy most of this kind of product? We analyzed the companies in all the European countries. To start with, we did Italy, Austria Switzerland and West Germany. We took it in slices. We analyzed all the companies of importance in that area. We then stratified them, so we got the most important and the least important. We knew with just how many we could cope. We knew what part of the market we were going for. We cut off the least important until we got what we estimated was about 60 per cent of the potential. And we ended up with about 125 companies. Then we analyzed the people who made purchasing decisions in these companies. There were 125 companies in four countries, and there were on average about two per company. So we finished up with about 300 people who could influence the purchase of our product.

Then we started our promotion. It was actually very simple. We sent each one of these people a sample of our product, a catalogue about our product, and some products made with our product (ours was an ingredient product). We followed this up with one or two more mailings, so they started to hear about the name of the company.

Then we sent them an airline ticket to Switzerland, where a three-day seminar was held on the technology of this kind of product. We were able to take to Switzerland all the best brains in our client's company. They couldn't possibly have gone over there selling, but they could all be spared for three days. We had about 90 acceptances for this seminar. It was very useful and as a result of it the client's export problem has been solved in these four countries. They now sell regularly to the people they need to sell to and they have very heavy export business. They have never advertised before or since, but they have these particular contacts. This is one way of doing it.

Avoid the sharks . . .there are an awful lot of people waiting by the wayside to "help" you.

Subsequently, we carried out that same exercise for the same company through all the countries in Europe. So they have all been covered.

This has been the most successful exercise, not incredibly cheap but not incredibly expensive. You can work it out for yourself what it costs to send a hundred airline tickets from one of these countries to Switzerland. It is money, but it is not hundreds of thousands of pounds and it is not tens of thousands of pounds.

Public relations is a subject that is much maligned. I think it is a subject that most people don't know enough about. It can be, and is, an incredibly valuable tool.

What is public relations? It isn't necessarily press relations — that is, communicating a story to the press and hoping they are going to publish it. It is much more than that. It is about people.

You can use public relations as a real selling tool, particularly in terms of industrial products. It should be, but often is not, marketing oriented. Any promotional activity must be designed to sell a product, to sell something. If it is not designed to do that, then it is a waste of time. Very often, in public relations particularly, some of the practitioners forget that they are in the selling game, that they are salesmen. They start getting into airy-fairy activities, and justify it by talking about image and other things, when they should be talking about sales and return on investment. That is basically the problem.

Certainly there is danger in the selection of these services. There are some highly competent practitioners of public relations. But there are at least ten times as many incompetent ones. A man can put a plaque outside his door and he's in business as a public relations consultant. These are the ones that need to be watched. This is really back to what I said earlier. Choose your helpers carefully.

A common mistake in marketing is taking a promotional budget and dissipating it by spreading it too widely. The secret of all promotion is to pin-point it. The narrower you can pin-point your audience, your target, the more effectively you are going to hit that target and the less it is going to cost you. If you try and use too many advertising media you will never show up in any one of them. It is far better to dominate in one medium than, for the same amount of money, to simply appear in a whole lot of media.

So the selection and the right mixture are very important.

I will give you another example. A chemical company came to us. They had been advertising for years. They were not spending a lot of money, about £6,000-£7,000 a year. They had identified about 12 different industries in which their chemicals could be used. And they did a very straightforward media selection. They simply picked every technical or trade magazine that served those industries. They had got quite a number — about 40. Then they divided these magazines into their budget to find how much space they could take in each, and they ended up with something like a quarter of a page every three months in each magazine.

They reckoned that their advertising was not doing them any good — and it wasn't. But they were worried about discontinuing it because they thought it might be doing them some good.

We told them the problem must be simpler than this. They had not actually identified their market, but were trying to get the market to identify their product. They were starting at the wrong place. We said, let us have a look at all these industries you say you serve. Which are the most important ones? They hadn't even done that: it seems incredible, but they hadn't.

So we started doing that. We cut out two-thirds of the industries from the promotional point of view because, all together, they obviously were not going to give them more than about 8 per cent of their total potential. Then we stratified the other industries in terms of importance, and we found (this often happens) that one particular industry they were supplying potentially represented 80 per cent of their business.

Now, we had already narrowed this field down from 12 industries to one industry, and then we were able within that industry to say: how many companies are there that actually could provide this 80 per cent? And there were about 120 companies — which is quite a lot — that could provide most of that 80 per cent. So we had narrowed this problem down from 12 industries and 50 magazines to 120 companies.

Then we said: If we take your £6,000 and divide it by 120, that is how much money we can afford to spend selling your product to each of these companies.

We now had a campaign which was equivalent to £50 a head, whereas before these same people were being hit at about a halfpenny a head. So, effectively, we increased our appropriation by something like 10,000 times — that is, we increased the effectiveness of the appropriation, and effectiveness is what publicity is about.

We used this in various ways. We actually produced a magazine for them, which they could afford. We were only interested in about 200 people, but we printed 2,000 copies of each issue to widen our interest list.

For the key prospects we set up a series of group meetings devised around lunch, and over a period of two years the managing editor and marketing director of this company met about 75 per cent of these people we had identified face to face through this method, and they never have used any other method of promotion since. They do not spend any more money today than they did 10 years ago, but it is just as effective.

Public relations . . . an incredibly valuable tool.

What one is trying to do all the time is to maximize the available money and make it work harder. When you get multiples of up to 10,000 times more effective use of your budget, then you realize that the saying about not knowing which half of advertising works is a bit of a joke; which 1 per cent works is often the case.

Very often in promoting and advertising one forgets that it is a substitute for actually meeting people. There is no substitute for face-to-face confrontation. One must not forget this in selling. Very often one sits in an office and says: Let us advertise like hell! And really you just need to get off your backside and go out and meet a half dozen people and sell them the proposition. One tends to forget this.

And there is the telephone — a much under-used medium — available and usually sitting on everybody's desk.

What I'm really trying to say is that we need to always aim at the most efficient ways of achieving sales.

To sum up, then: Set your objectives. Whatever they are, you have to set an objective. Profit is in the eye of the beholder. Profit is what you decide profit is.

Choose the right products. Make sure that the products you decide to market overseas or are marketing overseas are the right products, that there are not better products to put this kind of effort behind. With only a limited amount of money and effort, is it being put in the right place?

Choose the right markets. Don't be tempted simply by the numbers game into going to countries that have large populations. Don't be tempted to go national if you can go regional; don't go at all if there is a better market somewhere else which is at this moment unexploited.

Choose the right method — vital in terms of being able to evaluate how you are going to sell, the promotional tools that you are going to use.

Evaluate results carefully — once you have set your objectives you can do it. And refine and refine and refine your promotional activities; they are always capable of refining, and one must always keep looking at them to do just that.

The important thing to remember is that, finally, you decide what you are going to market; you have to make that decision. You finally have to decide how you are going to market it, and you certainly have to decide what you hope to achieve out of it. You cannot abdicate responsibility to other people. You have to have the knowledge to be able to recognize ability and use it well. And without having the knowledge yourself, you are in other people's hands, which I think is incredibly dangerous.

The Canadian exhibit was officially opened by R. D. Flickinger (left), president of NRA, aided by J. Timmerman, Canadian Consul General in Chicago, and two of the show's hostesses.

On-site Sales Worth $190,000

Eight Canadian companies participated in the 54th annual National Restaurant Association Convention and Educational Exposition in Chicago's McCormick Place. This was the fourth consecutive year Canadian companies took part under the sponsorship of the Department of Industry, Trade and Commerce.

This year institutional food equipment was emphasized and the wares shown featured speed of service, economy, reliability, ease of cleaning and minimum maintenance. Canada's institutional food equipment industry comprises about 100 companies which have annual sales of more than $150 million. In recent years, the industry has been growing at an average annual rate of 15 per cent to keep pace with spiralling domestic demand for tourist and convention services.

The industry's exports are also on the rise. Over the past decade, exports have increased fivefold and now exceed $10 million annually. Major markets are the United States, Britain, Germany, France, the Caribbean and the Benelux countries.

On-site sales and short-term projections amounted to $190,000 for the participating companies and a figure of $1,150,000 is being projected for the next 12 months, as a result of participation in the 54th NRA show.

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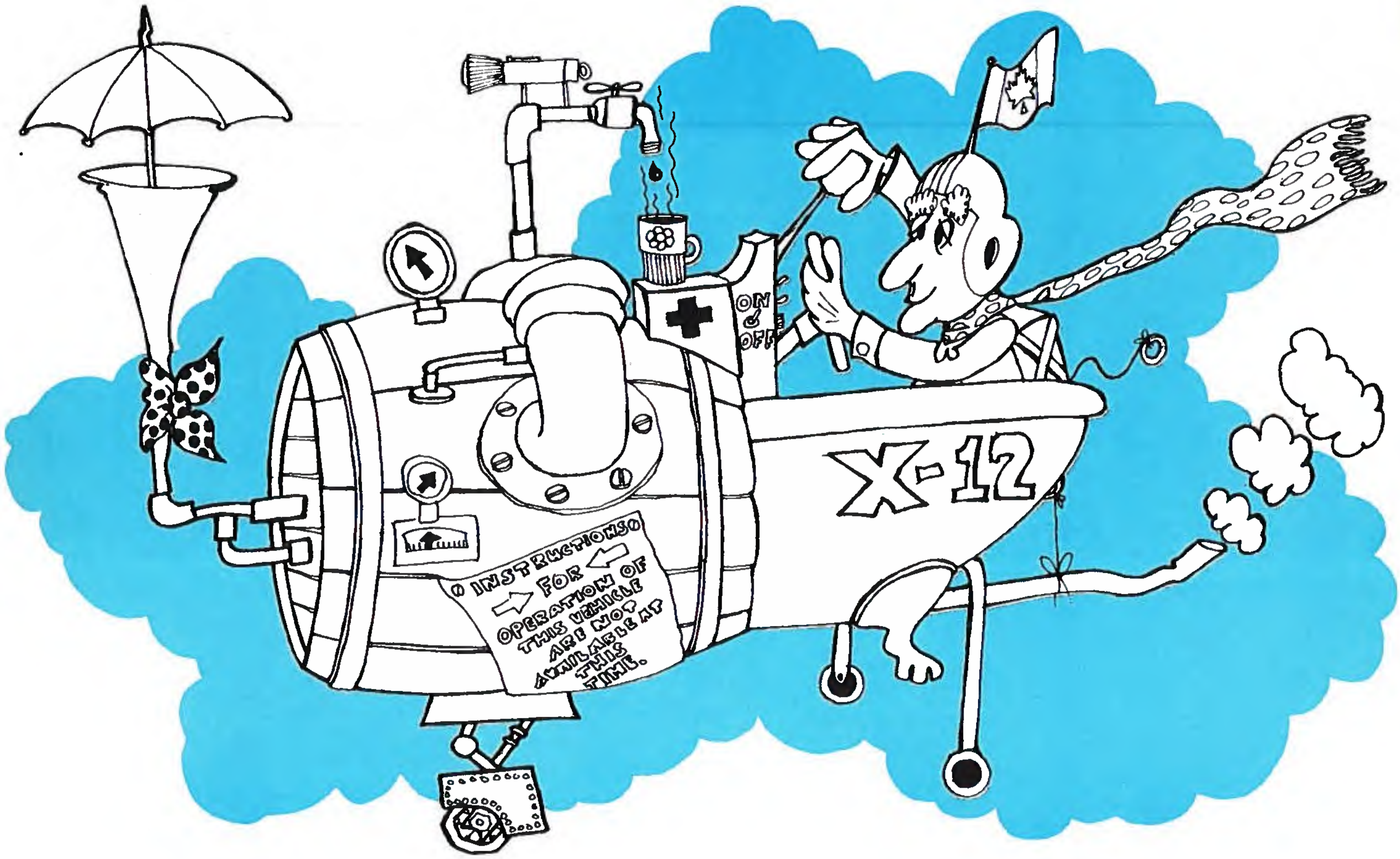

We Have a Problem!

The strange contraption shown above doesn't fit into any of our exhibits. Communications, agriculture, ground or marine transportation, none of them have claimed it; nor have aviation and space, physics, meteorology, astronomy or even our timepiece exhibits.

Maybe you can help us place it in the right spot and visit our museum at the same time.

It's a participatory experience!

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