January

Canada Commerce

1974

Agreement Signed in Moscow

The Third Mixed Commission Meeting under the Canada/ U.S.S.R. Agreement on Co-operation in the Industrial Application of Science and Technology held in Moscow, October 15-19, 1973, successfully concluded with the signing of a protocol by The Honourable Alastair Gillespie, Minister of Industry, Trade and Commerce for Canada and by L.N. Efremov, First Vice Chairman, State Committee for Science and Technology for the U.S.S.R. Accompanying Mr. Gillespie were 36 senior Canadian industrialists representing a wide segment of Canadian industry. This is the largest group of businessmen a Canadian minister has led to the Soviet Union. During the mission the businessmen held more than 80 meetings with their Soviet counterparts, identifying a number of new areas of mutual interest and recognizing a number of specific opportunities already under negotiation that should be continued. Members of the delegation agreed that the work of the mission represented a step forward in Canada-Soviet trade and economic relations.

In this photograph, W.G. Pybus, Canadian Minister-Counsellor in Moscow, is seen at Mr. Gillespie's right. Standing directly behind Mr. Efremov is R.A.D. Ford, Canadian Ambassador to the U.S.S.R.

Canada Commerce

Vol. 138 No. 1 January 1974

In This Issue

One of the things *Canada Commerce* does is to take a long look at the European Economic Community every year. Last year three new members were just getting their feet wet in the EEC and this month we report on how they have fared so far, together with reports on the other member states within the Community.

These reports, however, were written before the energy crisis that has hit the world, and should be read with this fact in mind. The forecasts contained could well be modified in view of the oil shortage. At time of going to press, the Community and Community members were studying the probable effects of this shortage, but no reports of their deliberations were available.

But whatever they come up with, the Community will remain a large market, of the utmost importance to Canadian businessmen. In an address in Ottawa last November, Sir Christopher Soames, Vice-president of the EEC Commission responsible for external relations, said, in part, "... we still consider Canada one of our main trading partners, with whom we wish to increase our trade, especially in industrial products and services ...".

Apart from the articles on the EEC, there are several other items of interest in this issue. For instance, did you know that the Department of Industry, Trade and Commerce library can help you? Read all about it on page 33. We also draw your attention to the article on page 40 — perhaps you will want to make your voice heard.

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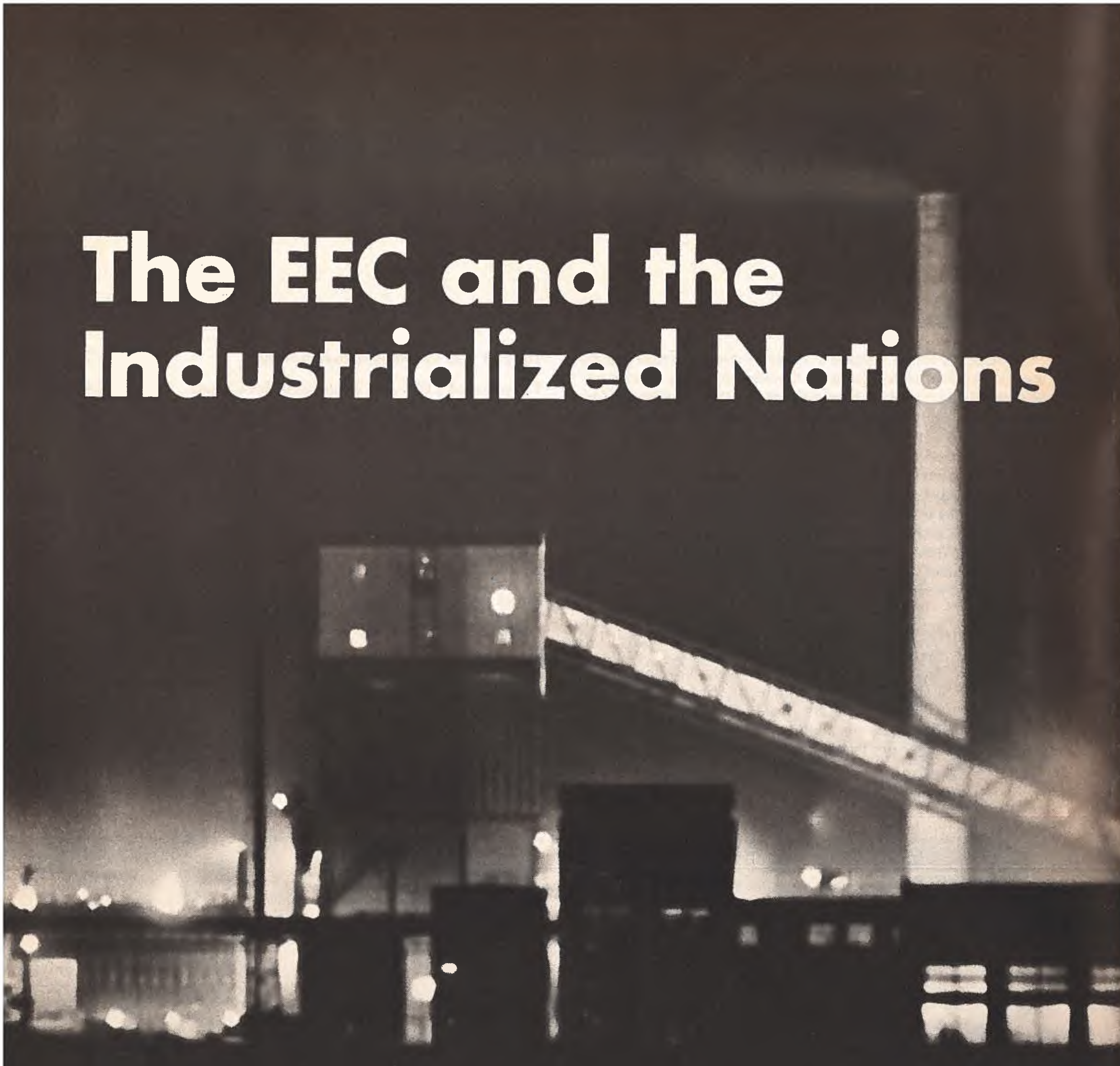
The EEC and the Industrialized Nations



JAMES C. LANGLEY, Ambassador, Head of the Mission of Canada to the European Communities

The Treaty of Rome contains a number of articles which bear directly on the European Economic Community's relations with third countries, notably the provisions governing accession of European states to the Community, the conclusion of association and trade agreements with third countries and participation in tariff negotiations. The emphasis is heavily on the trade aspects of international relations because the powers and jurisdiction of the Community are, broadly speaking, restricted to its primary function as a common market. However, the Community is not static and the scope of its international competence and activities will expand.

The accession of Britain, Denmark and Ireland to the Community on January 1, 1973 is but one of the ways — although the most important and noteworthy — in which the EEC has been developing its international relationships. At about the same time, the other members of the European Free Trade Association (EFTA) entered into Free Trade Area agreements with the Community and an offer of association was extended to countries of the Commonwealth in Africa and the Caribbean.

These association negotiations, described elsewhere in this issue, may result in a vast area of preferential — even free — trade covering the enlarged Community and about 40 developing countries in Africa and the Caribbean. In addition, the Community has entered into association or preferential trade agreements with several countries of the Mediterranean basin, has concluded non-preferential trade agreements with Yugoslavia, Argentina and Uruguay, and has participated fully in the Kennedy round of GATT Tariff Negotiations as well as in the preliminaries for the forthcoming multilateral trade negotiations, where it will certainly play a leading role.

Considering that the Common External Tariff was not fully operative until 1968 and that the last derogation from the Common Commercial Policy was eliminated only at the end of last year, this record of activity and achievement is impressive. But it should not surprise us, because of the weight the Community carries as a major trading power and the tradition of virtually all its member countries participating actively in international affairs.

In 1971 the Community's external trade (excluding trade among its members) accounted for about 29 per cent of total world trade and about two-thirds of this was with industrialized nations. The United States, Canada and Japan are the Community's main MFN trading partners and it is surprising perhaps that the Community has concluded no formal bilateral trade agreements with such countries nor with Communist state-trading nations.

An examination of this apparent paradox throws an interesting light on the external trade and international relations policies of the Community. Clearly, it has given priority to the establishment of formal agreements with countries of Europe, or of regions with which Europe is closely connected by geography or history, and which are eligible for membership or association with the Community. With other countries — and these include its most important trading partners — trade relations are governed by the GATT and or by pre-existing bilateral agreements with individual EEC countries. The question arises whether this situation is satisfactory to either the EEC or the others concerned, or whether the network of agreements concluded by the Community with its closer neighbours will be extended to embrace additional trading partners.

United States trade with the Community exceeds by far that of any other country with the Nine. It has expanded very rapidly during the last 15 years. The U.S. recently has been supplying about 20 per cent of Community imports and has been absorbing about 16 per cent of Community exports, without benefit of any special bilateral agreement. But the large volume and diversity of trade has led to development of close consultative arrangements between the Commission and the United States Administration, including semi-annual meetings between the Commissioner responsible for External Trade and Relations (now Sir Christopher Soames) and his United States counterparts.

In common with other countries (notably Canada), the United States seems to have come to the conclusion recently that a more comprehensive basis for its relations with the Community is desirable and discussions are now being held between the two on a declaration of principles governing their economic relationship.

In Canada's case, the normal channels of communication with the Community have been supplemented in recent years by frequent contacts at the ministerial and official levels. These were initiated by the Minister of Trade and Commerce and the Secretary of State for External Affairs in 1970. They played an important role in the efforts of the Canadian Government to protect Canadian interests in the enlargement negotiations and at the beginning of the transitional period following British accession to the Community. It has been agreed since that these contacts should occur on a more regular and formal basis — the visit of Mr. Gillespie to Brussels in May and the November visit by Sir Christopher Soames to Ottawa being the first in this new exchange.

The subjects to be pursued will include the substance of Canada's relations with the Community across the whole spectrum of our common economic interests and the means to develop our relations further. It is encouraging to note that the nine heads of government, in their Summit Communiqué in October 1972, expressed their wish "to maintain a constructive dialogue with the USA, Japan and Canada and the other industrialized Community partners".

Japan's trade with the Community has expanded rapidly ($4.6 billion in 1972) and, from a relatively low base, now equals that between Canada and the Community. This trade has given rise to problems because Japanese imports have deeply penetrated some sectors and are regarded by European manufacturers as damaging to their interests. These factors led to extensive discussions several years ago between the Japanese Government and the Community on the possibility of a trade agreement but no conclusion was reached, due largely to differences of view on the safeguards issue. It seems unlikely that discussions will be resumed until after conclusion of the current multilateral trade negotiations.

The Community's trade with State-trading nations has been small as a percentage of the Community's total external trade but has increased both absolutely and proportionately in the last 15 years. Due to a derogation from the Common Commercial Policy which permitted member countries to enter bilateral agreements with the State-trading nations until December 31, 1972, no Community agreement with such a nation has been concluded, but no doubt this will occur, particularly since such agreements remain a significant instrument for regulating and promoting trade with the State-trading countries. In addition, the Secretary General of COMECON has recently sounded out the Chairman of the Community's Council of Ministers on the possibility of negotiations with a view to concluding some form of commercial agreement between the Community and the Eastern European countries' Council for Mutual Economic Assistance (COMECON).

In summary, the Community's enlargement and the dynamic development of its external trade have reinforced its position as the world's largest trading entity and its impact on the interests of its trading partners throughout the industrialized world. Its relations with its trading partners are in a state of evolution and the situation is all the more fluid because the Community is itself changing as it moves towards economic and monetary union. Many suggestions for improving the consultative and formal arrangements through which these important international relationships are expressed are under consideration. □

The enlarged EEC– An opportunity for Canada

JACQUES CASTONGUAY, Western Europe Division, European Bureau

The enlarged European Economic Community, as the world's largest trading entity and the main area of industrial and technological development outside North America, offers greater opportunities for diversifying Canadian trade and economic relations than any other country or region.

The enlarged EEC is already a major factor in our international trade and economic relations. Hence, a further strengthening of Canada's ties with EEC members would play an important role in helping us achieve some key economic goals such as the development of efficient and internationally competitive manufacturing and secondary processing industry.

In the past Canadians perhaps have tended to see this growing Common Market too much in terms of the difficulties and constraints it seems to pose and not enough in terms of the opportunities that it presents. The sales potential for Canadian exporters is immense. The enlarged Community accounts for roughly 40 per cent of world trade (including intra-Community trade) and of world monetary reserves. It encompasses a single trading group of more than 250 million consumers.

After the five-year transition period ending in 1977 the EEC will be a single market with a common tariff and import regulations. The stimulating effect of enlargement on the economies of the three new member countries is expected to increase per capita income, resulting in considerably greater demand for goods and services. The EEC presents a dynamic challenge to Canadian companies prepared to be creative and productive in their efforts.

Speaking at a dinner inaugurating the CIIA Conference in Ottawa on November 1, 1973, Sir Christopher Soames, Vice-President of the EEC Commission responsible for external relations, pointed out: "The enlarged European Community stands today at the crossroads of the world's trading system. It does not have the means, even if it had the desire, to be a self-sufficient economic unit. It simply does not have the resources to become one. For our energy, for our basic raw materials, for many of our requirements for manufactured goods, for some of our food and for certain areas of our technology, we need to look beyond the frontiers of the Nine . . ."

According to Sir Christopher, the enlarged EEC is thus by no means an inward-looking regional bloc.

Canadians should take advantage of this great and growing market not just as a place where they can sell increasing quantities of agricultural products and raw materials but also as an outlet for our manufacturers. Indeed, EEC countries are large purchasers of fully manufactured goods and Canada produces a great variety of such goods. The Canadian share of Community imports from outside countries is under 4 per cent; in some member countries it is considerably less than this. In addition, the nature of our sales to the Community leaves room for considerable expansion in exports of end products.

In the past, Europeans have tended to regard Canada as being tied economically to the United States. However, efforts by Canadians to intensify financial and trade relations with the EEC have begun to evoke a response there. The recent visit to Ottawa of Sir Christopher Soames was an important indication of that. In his speech at the CIIA Conference on November 1 he said: "Will the new Europe treat North America as one single block or as two separate countries, each having different policies? Once more I am in a position to give you a clear answer. Twelve months ago, the communiqué from the Community Summit named Canada as a country with which the Community would like to develop what we normally refer to as a "constructive dialogue". Since then, our task, within the European Commission, has been — and it will remain our firm objective — to ensure a serious content to this dialogue. . ." What is Canada to us? We of course recognize the importance of your country, today in full industrial growth, and as ever before, rich in energy, raw materials and agricultural products, all of which are of vital interest to the Community. And of course we still consider Canada as one of our main trading partners, with whom we wish to increase our trade, especially in industrial products and services . . . Canada and the Community share the basic aim of increasing the flow of trade and investment between us. In this connection I believe that there is real scope for something bold and imaginative in the field of joint industrial ventures. We must swap technology and expertise; we must open up investment and markets in both directions . . ."

This special issue of *Canada Commerce* contains a variety of articles related to our trade and economic relations with the EEC. They confirm that the European Community is the world's largest trading entity with a huge market. They will show you the trade performance there of various industrialized nations including Canada. They shed some light on the goal defined at the EEC October 1972 Summit of a European Union and help to understand the complexities of the Common Agricultural Policy as well as the EEC relations with the developing world. They consider our bilateral relations with the six former member countries and Britain and indicate a range of market opportunities there for Canadian exporters. Practical advice is also given on selling to European markets.

In many ways, the EEC should be an easier market to come to grips with than many others. The Department of Industry, Trade and Commerce has been concentrating a great deal of its trade development efforts on the markets of the Community, particularly through its Trade Commissioner Service and its fairs and missions programs — it stands ready to assist you in every way possible. □

The EEC Agricultural Policies

L.T. DICKENSON, Second Secretary (Agriculture), Mission of Canada to the European Communities

A key feature of the Treaty of Rome was the commitment to establish a Common Agricultural Policy (CAP). It has become the most distinctive of all the common policies of the EEC and covers about 95 per cent of EEC agricultural production.

The CAP has several elements:

(a) Support — The Community, through national authorities, is committed to buy from the market at support prices set by the Council of Ministers of Agriculture. This operation, financed by Community funds, in effect guarantees the farmer a floor price for those products for which there is an intervention mechanism.

(b) Community preference — To make the support system effective and to ensure that EEC farm production is not displaced by imports from the rest of the world, a system of variable levies is applied to imports to bring the price at which they are sold within the Community up to a level which provides a price preference for Community produce.

(c) Disposal of surplus products — Export rebates are available to move surpluses onto the world market and these bridge the difference between higher EEC and lower world prices.

(d) Structural improvement — The Community contributes to the cost of programs to increase efficiency in the rural sector.

Agriculture is traditionally a difficult economic sector. Governments must make decisions in an area dominated by politically powerful and often mutually hostile farm and consumer lobbies. This is as true in the EEC as elsewhere.

Major decisions are made in the Council of Ministers of Agriculture on the basis of proposals from the EEC Commission. Day-to-day decisions on administering policy are made by the Commission working closely with management committees made up of officials from the various agriculture ministries.

One of the first problems to face the expanded Council of Ministers of Agriculture was the fixing of agricultural prices for the 1973/74 crop year. Establishment of these prices every year is done in a highly political atmosphere and agriculture ministers are well aware consumer and rural lobbies are watching the outcome of their deliberations.

This year, the Council held four sessions over a period of two months before reaching agreement on May 1. Problems arise from considerable differences 1973 in the level of farm incomes and productivity throughout the Community as well as differences in the relative weights of rural and consumer opinion in each member state.

The negotiations on price levels were also prolonged because complementary decisions were made at the same time to simplify somewhat the system of border taxes imposed to offset currency fluctuations, to assist agriculture in some disadvantaged areas and to introduce measures to stimulate beef and veal production.

The Council did not accept the general price increase proposed by the Commission but decided on a grid of price increases for various products. For example, beef and veal prices were increased by 10.5 per cent and 7.5 per cent, respectively. Milk prices were increased by between 4 and 5.5 per cent and cereals by 1 per cent. These price changes reflect an expressed desire by the ministers to correct some of the disparities in farm income.

A recent report on farm revenue in the Community (statistics taken from original member states) indicates divergent returns, depending on types of production: (a) general agriculture farms have incomes of about $5,300 per person; (b) farms raising livestock, particularly cattle, have a relatively low level of income, at about $2,256 per person — but throughout the Community, dairy farmers on average receive substantially higher revenue than beef farmers; (c) farms involved in more speculative production such as horticulture, fruit, wine, poultry and, notably, pigs, have a level of income between those of (a) and (b).

To promote beef output, the Council approved a regulation introducing a system of premiums for converting dairy herds to meat production. This, like the grid of price increases, was prompted by a Community surplus of dairy products and a shortage of beef and veal.

The premiums are also intended to bolster beef farm revenues. These are granted to the producer with a minimum of 11 dairy cows (there are provisions for producers with as few as five dairy cows) for the conversion of a herd to meat production, provided it is kept for a given length of time. At the same time marketing of milk products must be stopped.

Stemming from a Commission proposal covering hill farming, the Council adopted a resolution on farming in economically depressed areas, the purpose of which is to maintain farming activity and hence a certain population level and/or to preserve the countryside in poorer areas.

Studies show that low agricultural incomes and poor working conditions are causing massive depopulation of some farming and rural areas that will eventually lead to land abandonment. EEC member states will be authorized to introduce special aid programs to encourage farming and to improve farm incomes in such areas.

The Commission, in submitting its proposal on hill farming, said that the problem of low incomes in agriculture must be resolved principally by measures for farm improvements and income supports in the most severely affected areas. This proposal and the ensuing resolution represent a new dimension in structural reform in the EEC. Like previous proposals, it seeks to solve a social problem in rural areas. But a marked difference is its aim to maintain the level of the rural population in specified areas through a system of financial aids.

The resolution on aid to depressed areas raises the interesting question of whether it can be taken as a short first step toward finding alternatives to the price mechanism for farm income support.

Factors such as the increasing cost of the CAP, consumer concern over food costs, consumer complaints about subsidized exports of agricultural products and the traditional lower cost of food in Britain, are bringing into sharp focus the basic questions of how to raise farm incomes without incurring surpluses and how to provide the farm sector with an equitable share of an expanding economy.

Traditionally, farm prices have been increased annually due to pressure from farm groups. But with the burden of higher prices falling most heavily on those least able to afford it — i.e. low income families — and with British consumer concern about increasing food costs, some changes in the CAP can be envisaged. It is too early to predict the long-term implications of the resolution. But there are suggestions that it could be expanded into a general scheme of income assistance for all low income farmers. This would reduce some of the pressure for ever-higher prices.

New regulation for processed fruit and vegetables

In June the Council reached agreement on a common commercial policy for processed fruit and vegetable products. This policy, first proposed by the Commission in 1969, was put aside due to the inability of members to reach agreement among themselves as well as objections from several of the Community's trading partners. Pressure to revive the proposal and thus establish a common commercial policy in this sector developed because of the need to establish a global mandate for negotiations with the Mediterranean countries of Spain, Israel, Tunisia, Algeria and Morocco.

The new common commercial policy, which replaces existing national policies, covers imports of processed fruit and vegetable products from all outside countries. It consists of three Regimes, based upon the degree of sensitivity of the product.

Regime I applies to all processed fruit and vegetable products. National quantitative restrictions will be abolished, while the existing tariff will be retained. Safeguard measures to protect the Community from market disruption due to imports from third countries will continue. Additional mechanisms for information, consultation, surveillance and protection will be applied to imports from State trading countries.

In general, Regime I is quite liberal as imports will not be subject to variable levies, floor prices or quotas. For a few of the more "sensitive" products, additional measures will apply under Regimes II and III.

Regime II applies to canned tomatoes, tomato juice, citrus juices and canned peaches. For these four products, floor prices will be based on (a) c.i.f. import prices in traditional trade during the preceding two years, (b) prices on the markets of the main importing countries outside the EEC and (c) a need to avoid a more restrictive effect on trade than at present. Floor prices will be maintained by a system of deposits and import certificates. The import certificates, in addition to providing a means of enforcing the floor price, will enable the Commission to assess the volume of imports.

Regime III applies exclusively to tomato concentrates, the product considered "super sensitive" to foreign competition. Tomato concentrates will have a minimum floor price based upon the criteria for Regime II that also takes into account the Community cost price. Import certificates will be required together with a system of surveillance for State trading countries, and voluntary restraint from Mediterranean countries.

International agricultural markets

During the summer months problems in the international agricultural markets were of considerable concern in Community circles. Against a background of U.S. export restrictions on protein materials and Community concern over rising prices for grains, the Council of Ministers of Agriculture authorized the Commission to take measures in times of shortage to limit disruption of the Community's internal market. 1973

If the Commission considers that market disruption is likely, and if international c.i.f. prices exceed threshold prices by more than 2 per cent, then the Commission may introduce a levy on exports and suspend exports partially or totally. The Community has already made considerable use of this new regulation. As of the third week of September, exports to third countries of durum wheat were suspended. Exports of barley, corn and soft wheat faced export taxes and products obtained from the processing of durum wheat (specifically semolina, groats, flour, macaroni, spaghetti and related products) could not be exported from Italy to third countries. Export taxes were applied on certain products processed from barley and soft wheat.

The Council also approved a system of export licences for oilseeds and oilseed products. This will enable the Commission to assess market trends more accurately and to foresee market disruptions.

EEC sugar policy

The EEC is working to establish a comprehensive sugar policy. The urgency of the situation is illustrated by three deadlines. First, the International Sugar Agreement (ISA) expired at the end of 1973. Second, the Commonwealth Sugar Agreement expires on December 31, 1974 — and the second Yaounde Convention one month later. Third, the Community's internal sugar policy is valid only until the end of the 1974/75 marketing year. In order to ensure that contracts are concluded in time, new production arrangements must be made before September 1974.

The Commission, in a memorandum to the Council, has made proposals for a future sugar policy. As "points of departure" the memo states that based on an estimated internal consumption of 9.8 million tons in 1975/76, the Community should:

(a) accede to the ISA as a net importer;

(b) limit internal production by a system of quotas to between 9.8 and 10 million metric tons — the Community would then be approximately self-sufficient, assuming that the area sown to sugar beet does not increase;

(c) negotiate the import of sugar on preferential terms from developing countries associated with the Community of approximately 1.4 million tons — this figure stems from the present British obligation under the Commonwealth Sugar Agreement and Protocol 22 of the Treaty of Accession.

The memorandum has had a mixed reception within the Community and, as of this writing, the Council has not made a decision on it.

EEC and the multilateral trade negotiations

In the context of the GATT Multilateral Trade Negotiations, the Community has gone on record in favour of an expansion of trade in stable world markets and proposes international commodity agreements, at least for major agricultural products traded in bulk, as the main means of achieving this objective. Thus, for cereals, rice, sugar and some dairy products, the Community proposes the negotiation of agreements containing provisions including minimum and maximum prices, measures covering adjustment of supply, storage to facilitate food aid and a code of good conduct for exports. The Community has indicated that it would apply the CAP to ensure that any such commitments undertaken would be respected.

In view of the commitments that may evolve from the Multilateral Trade Negotiations and in light of the belief in some quarters that the CAP should be reformed, the Commission is preparing an agricultural policy review for presentation to the Council of Ministers. At this stage, though, the outcome of the review is a matter of conjecture. □

Selling in the EEC

Prepared by Western Europe Division, European Bureau

With enlargement, the EEC has become the largest import market in the world by far. It is Canada's second largest export market and our most important one overseas. Yet the share of Canadian exports going to the EEC is very small and the proportion of end products among them is not large either. This article attempts to indicate to Canadian exporters how they might get more of the action offered by the enlarged EEC and how the Department of Industry, Trade and Commerce can help in these efforts.

Other articles in this issue illustrate the overwhelming size of the EEC as an import market. In addition, articles on individual EEC countries underline the untapped opportunities that exist for Canadian exporters. These markets offer perhaps the best opportunity in the world for diversifying exports by providing markets additional to those which many firms have developed in the U.S.A., and include outlets for many fully manufactured goods.

Selling to EEC markets perhaps isn't all that simple but selling in the United States also has its problems. There are several differences between exporting to the U.S. and to the EEC. Transportation is an obvious one. Further, within the EEC you are dealing with nine separate countries in which demand and tastes vary considerably in some product sectors. There are also language and cultural differences to take into account in your marketing plans in Europe.

Before you say it is not worth the effort, let's look at what you have going for you:

1. The sheer size of the enlarged EEC as a market and its potential. The countries making up the Community account for about twice the share of global imports (27.5 per cent — and this does not include the internal trade) that the U.S. has (13.7 per cent).
2. The Government's desire to expand exports to the EEC finds expression in very active promotion efforts of the Department of Industry, Trade and Commerce. There are, for example, 48 Trade Commissioners at 13 different posts within the Community — a higher concentration of Trade Commissioner Service manpower than in any other comparable geographical region. They are at your service.
3. You may benefit from departmental efforts aimed at increasing the share of finished goods among total exports. The facilities that are available include advice by departmental experts in many fields related to industry and export trade, and financial assistance for projects that qualify in order to make that extra effort necessary to establish a new or larger market.

A brief check list of items that summarize the sort of assistance that the Department can provide to exporters to the EEC is set out below in the form of an imaginary discussion between a Department officer and a Canadian manufacturer seeking market opportunities as related by the officer.

"You have been telling me about the Common Market for some time. If it's as good as you say I think my company should be in on it. What do I do to take advantage of all this Government expertise?"

"Let's first get the Government role in exporting straight," I said, "before we get down to details. Exports to any country are aided and encouraged by the Government. In all cases, be it intergovernmental consultations, tariff negotiations, personal contacts or financial aid, you should look at our efforts as grease for the wheels of your exporting machine. We are here to help you, not to replace your own efforts."

"All right, fair game. Anyway, I can't imagine leaving the decisions that would affect the success of any of my operations to anybody who is also looking after my competition."

"You have been exporting to the U.S. for four or five years now, but have you ever visited or contacted our regional office?"

"No. Where is it?" he said.

At this point I gave him a list of all the regional offices in Canada and told him that the regional office should be the prime point of contact for any company wanting to export. It could help him to avoid many pitfalls, and put him onto the correct people in the Department to help him.

"Is it worthwhile for me to go to the regional office now? After all, we have been exporting our products for five years," he injected.

"Yes! Go! The first thing they will do is make sure you get your firm and its products listed in the Department's Exporters Directory — if it isn't already listed. That will circulate your name to every Trade Commissioner looking for products like yours, and it will confirm to him the status of your company as a Canadian exporter when you get in touch with him.

"The second thing they will do is establish contact for you with the appropriate officers of the Department in Ottawa and with our Trade Commissioners located on the scene in the Community. This is when the action starts. No more generalities. We will need to know what you have to sell and what your capacities are, both in marketing and production. Together we will evaluate the access conditions, point out the best markets for your products and try to select the best initial target.

"The third thing the regional office will do is review with you the various assistance programs sponsored by the Department. If any of them are appropriate for your case they will start the wheels rolling so that your eligibility can be determined.

"The people in our regional offices are there to help you make sure you utilize whatever facilities of the Department that can be helpful to you."

"I understand the flow but what type of financial assistance is there and what strings are attached?" he asked.

"In your case we would probably recommend PEMD (Program for Export Market Development). One of its four sections covers market identification and marketing adjustment. It is a shared-cost program designed to encourage firms like yours to investigate a market area and, if its prospects are good, to launch a marketing program.

"The Department will contribute up to 50 per cent of eligible costs incurred on defined work previously agreed upon. If you are successful you are asked to repay the Department's share of the costs at the rate of 1 per cent of sales of the product identified made in the region concerned during a period of up to three years or to the total of the Government's contribution, whichever comes first. If you are not successful in obtaining export business, repayment is not required."

"What type of costs are eligible?" he asked.

"Eligible costs under this section of PEMD include: (1) agreed-on expenses necessary to substantiate or disprove a marketing opportunity in a foreign market, the cost of which represents a barrier to the company; (2) agreed-on expenses incurred to cover the initial adaptation to unfamiliar marketing practices such as: translation of sales literature; provision of specialist technical advice; establishment of after-sales service; unusual product demonstration requirements; other related costs."

"What about tariffs and other problems?" he asked.

"We are really on top of that. Not only do our International Bureaux have detailed up-to-date information but Ottawa spends a lot of time and effort to have tariffs and other barriers to Canadian exports reduced and in resolving access problems facing individual firms of industries. You can always contact our tariff officer for the EEC countries at the following address:

Tariff Officer (EEC),
Western Europe Division,
European Bureau,
Department of Industry, Trade and Commerce,
112 Kent Street,
Ottawa, Ontario,
K1A 0H5.
Tel. (613) 995-6438.

"Listen, while we're talking about problems, let's take a look at the biggest inhibitor to Canadian exports — lack of knowledge of the European scene. I don't mean a tourist's knowledge but the business scene."

"If you want to succeed in selling to Europe you will just have to get over there and work at it. Six months to a year of operation in Europe will do wonders for your ability to tap the market. And remember, you wouldn't expect a new sales office to break even before a year's operation."

"What's the name of your regional director in Toronto? I'm going to call him when I get back to Burlington," he said.

"Do me a favour? Before you call the regional office, sit down with your own people and assess your company's strengths and weaknesses. If you have some ideas on a marketing program jot them down. Then call the office and brief them on your firm, products and desires. If you then set up a meeting, I'm sure it will be a beneficial one", I said. "Remember that your market machine can roll into Europe with our grease but you have to do the driving." □

Business Conditions in BLEU

Shopping centre at Woluwé in the Belgian province of Brabant.

L. A. CAMPEAU, Commercial Counsellor, Brussels

Looking back, 1972 was a year of record price increases in Belgium, the cost of living rising by 6.5 per cent. Despite this economists say it was a good year. Production figures advanced as the country emerged from a period of slow growth. The good performance was due mainly to increased foreign demand, more lively consumer demand at home, higher levels of public spending and an upturn in the key building sector. According to official reports, the GNP rate of growth was around 4 per cent last year, with investment levels low and unemployment relatively high, considering that Belgium employs 45 per cent of the active population in industry and 6 per cent in agriculture.

Industrial output continued to expand in 1972, due chiefly to record steel production which increased by more than 12 per cent. This trend continued into 1973 and Belgium is now the EEC's second largest steel producer. Construction expanded at a slower pace while output of the public works sector declined, with a similar situation in coal, metalworking and synthetic fibres.

Early this year, Belgium and five other EEC countries decided to float their currencies and the effects have made themselves felt gradually. As the share of the dollar countries in Belgian imports and exports is rather small, the direct effect on Belgium's economy has been almost negligible. For some specific sectors, such as metalworking, textiles and glass, the effects may be more serious.

Indirectly, Belgian industry may be faced with keener competition on the domestic and in foreign markets. It is still too soon to say whether this may be offset by the revaluation of the currency of West Germany, Belgium's largest supplier and customer. But, since the dollar depreciation, the Belgian franc has shown signs of being a strong Community currency helped by the revaluation of the German mark.

There is no doubt inflation is the number one economic problem in Belgium, just as in other industrialized countries.

The Commission of the European Communities has warned Belgium and other EEC countries against overstimulating their economies, and recommending anti-inflationary measures. Over the last quarter of 1972, Belgian food prices rose 6.6 per cent while prices of services went up 13.6 per cent.

Early this year, the Belgian Government announced a wide-ranging anti-inflationary package. To prevent overheating and to check the rapid expansion of the economy, the discount rate went up in three rapid successions, reaching 6.5 per cent in August.

First was a squeeze on the country's instalment spending — the minimum deposit was raised and the time limit shortened. Other measures were taken, such as tightening of the regulations on personal bank loans. During the summer, a squeeze was placed on the liquidity of the banks raising the special deposit they must make to the Central Bank.

The Government has been examining other measures, such as putting a ceiling on bank credits, although help to investments in labour-intensive projects in areas hit by unemployment remains a priority. The Government is also studying ways of encouraging private savings.

Some Belgian sectors have taken a critical view of these measures, pointing to the Government's expenditures and suggesting that these anti-inflationary measures are creating hardships for taxpayers. Belgian authorities feel that price stability measures are not strictly necessary to safeguard the country's competitive position, since there is inflation in all Belgium's neighbours and trading partners.

Belgium's economic expansion has been supported by foreign investment, particularly from the United States. Foreign concerns have established themselves in Belgium with a view to making inroads to the other EEC countries. Between 1959 and 1970, foreign enterprises in Belgium accounted for a total of about $2.5 billion — the United States' share was 53 per cent of the total. In 1972, U.S. investment represented 14.4 per cent while investment from Common Market countries reached 47.3 per cent.

Real estate is also offering attractive investment prospects to foreigners. Various factors, such as relatively high level of investment yields, easy tax and exchange control regulations, availability of suitable development sites and simple planning rules, have been sufficiently attractive for foreign groups, mainly British, to make their initial acquisitions in Brussels, before going into less open markets. The first wave of British interest came in the early 1960s when Brussels was beginning to establish itself as the administrative capital of the EEC. Demand for offices to let remains high.

Belgium is the tenth largest trading country in the world with about 4 per cent of total world trade and exports products worth about 44 per cent of the GNP. In other words — in Belgium one actively employed person in five works directly for exports. It is not surprising that for such a small country — densely populated, possessing few raw materials and surrounded by highly industrial nations — foreign trade should be of vital importance.

The boom of Common Market countries has resulted in a greater demand for Belgian products, to the extent that some Belgian exporters are neglecting non-Community markets, in order to meet the demand from EEC neighbours. For that reason, the Government believes there is a need for more trade diversification to reduce Belgium's dependence on the economic situations of a relatively small number of other countries. The main suppliers to Bleu in 1971 were the five EEC partners (63.1 per cent), the EFTA countries (11.4 per cent) and the U.S. (6.5 per cent). The main export markets in the same year were the EEC partners (68.6 per cent), EFTA (10.5 per cent) and the U.S. (6.8 per cent).

The geographical distribution of Belgium's foreign trade in 1972 was characterized by decreased imports and increased exports in transactions with the Federal Republic of Germany, the Netherlands, and the United Kingdom. Trade with France and Italy increased more than in 1971 while trade with the U.S. decreased. A surplus was recorded in relation to each of the countries of the EEC, exports rising by almost 14 per cent and imports by more than 11 per cent.

Canadian sales to BLEU in 1972, showed an increase of about 10 per cent. Belgian exports also did well, rising 50 per cent over 1971. Despite the excellent performance of Belgian sales last year, our substantial favourable trade balance was maintained.

Although Canada's share of the Belgo-Luxembourg import market is still small, (estimated at 1.5 per cent) exports from Canada in 1972 amounted to $196 million, making BLEU one of our most important overseas markets. During the first seven months of 1973, figures available give cause to believe that Canadian sales for the year should well exceed the $200 million mark.

This impressive growth is attributable to increased exports of a wide variety of products, such as chemicals, biological medicines and medical products, meat and meat products, cattle, tobacco, hides, skins and furs, wheat, lumber, pulp and paper, molybdenum, industrial equipment, nickel, oil-seeds, iron and steel, iron ores, electrical, electronic equipment, aircraft engines and parts.

Canada traditionally has enjoyed a substantially favourable balance of trade with BLEU (in 1972, about $107 million dollars). Belgian exports to Canada consist mainly of ferrous metals, textiles, photographic films, chemicals, glass and glassware, industrial machinery and equipment, non-ferrous metals, food and agricultural products, electrical and precision equipment, firearms, books and printed matter and pharmaceuticals.

In 1972 Canada ranked 12th as a supplier to BLEU after West Germany, France, Netherlands, Britain, the U.S., Italy, Sweden, Zaire, Saudi Arabia, Japan and Switzerland and 18th, following the USSR, as a buyer of BLEU's products.

The upswing in the economy is likely to continue in the months ahead but there is little hope of any significant slowing of the upward movement of costs and prices. The Government wishes to use public finance to maintain an economic balance characterized by a high level of employment and price stability.

Industrial output will continue to climb and is expected to rise by 7 per cent. The steel industry should maintain its strong expansion because it showed a production increase of 11.4 per cent during the first part of 1973. Slightly increased activity in construction is foreseen, particularly in housing. A reduction of 10 per cent is expected in public works following restrictions imposed by the authorities. It is believed that the textile industry will maintain its progress, having shown an increase of 4.8 per cent in 1972.

The outlook for export demand is clearly expansionary, but the international currency crisis makes export prospects difficult to evaluate. It is possible that the Government's latest anti-inflationary measures will take some steam out of the domestic demand and boost exports. On the other hand, expanding demand may lead to a rise in the volume of imports, as prospects appear good for foreign suppliers of transport equipment, plastics, textiles, leisure goods and domestic equipment, including equipment for restaurants and hotels.

According to authoritative reports, the biggest danger of inflation in the months ahead may come from mineral commodity prices and industrial wholesale prices. There is some indication that rises in prices of agricultural products will be checked. If this happens, it will be the result of the weather and farm production and not from any anti-inflationary policy. □

Canada's Trade with BLEU

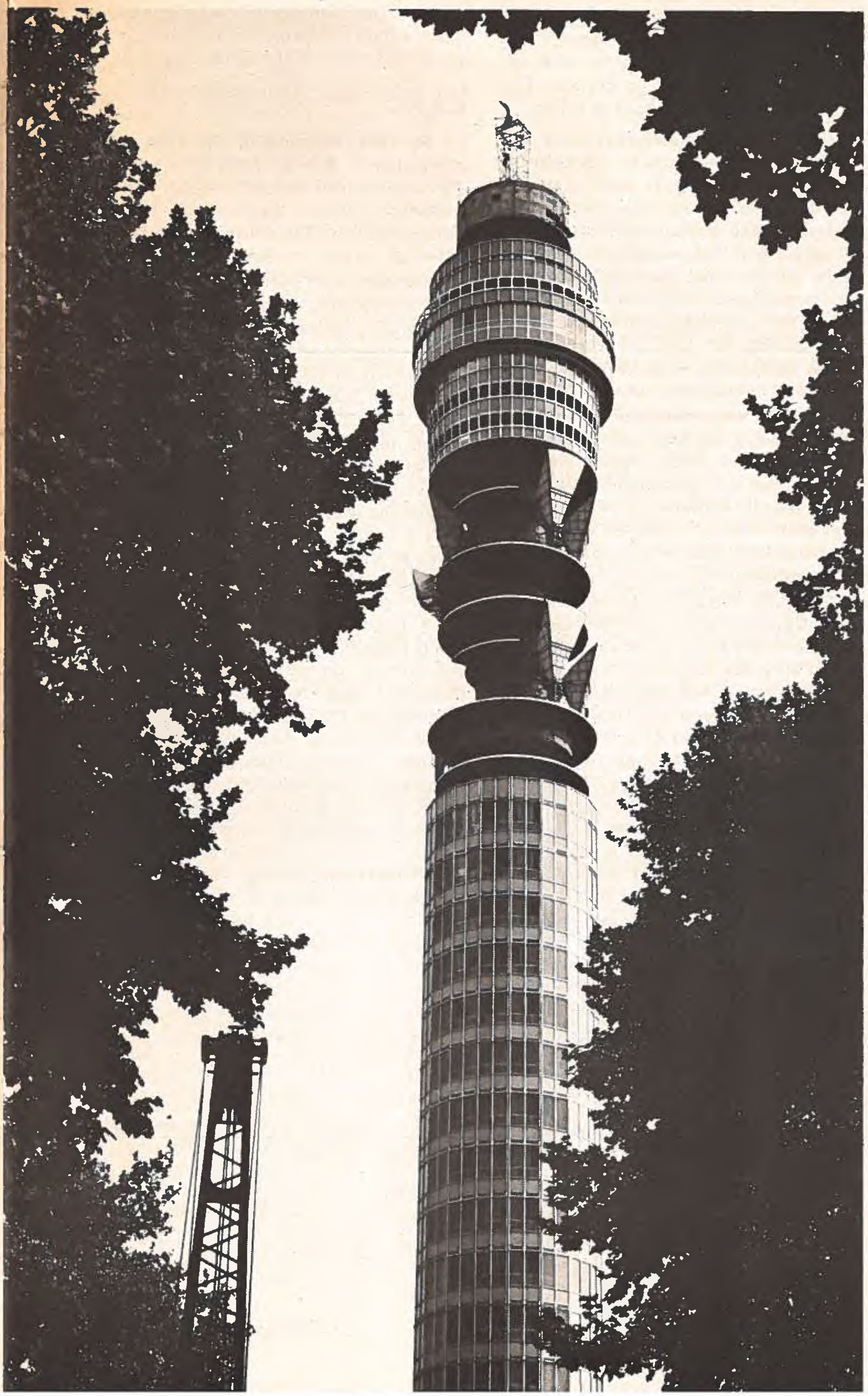
$ million

	Exports	Imports	Trade Balance
1968	127.4	57.5	+ 69.9
1969	116.2	60.9	+ 55
1970	189.9	51.5	+ 138
1971	178.6	58.9	+ 119
1972	196.2	89.0	+ 107.2
1972 (Jan / July)	92.9	49.7	+ 43.2
1973 (Jan/July)	139.1	58.7	+ 80.4

(Source: Statistics Canada)

Britain–
The first year

GAETAN BRUNEAU, Commercial Secretary, London.



The British economy is expanding rapidly, by about 5 per cent a year. Some say it is expanding too rapidly, in the light of the continued decline in unemployment and in the shortages of material that are becoming apparent.

There is debate on whether or not expansion will slow down of its own accord to a rate consistent with the growth of production. The National Economic Development Office estimates that much of Britain's manufacturing industry, including agriculture, could keep pace with an over-all rate of about 3.5 per cent but, if the growth rate continues at 5 per cent, quick action will be needed to overcome serious obstacles such as lack of manpower, investment and materials. New markets will have to be found also.

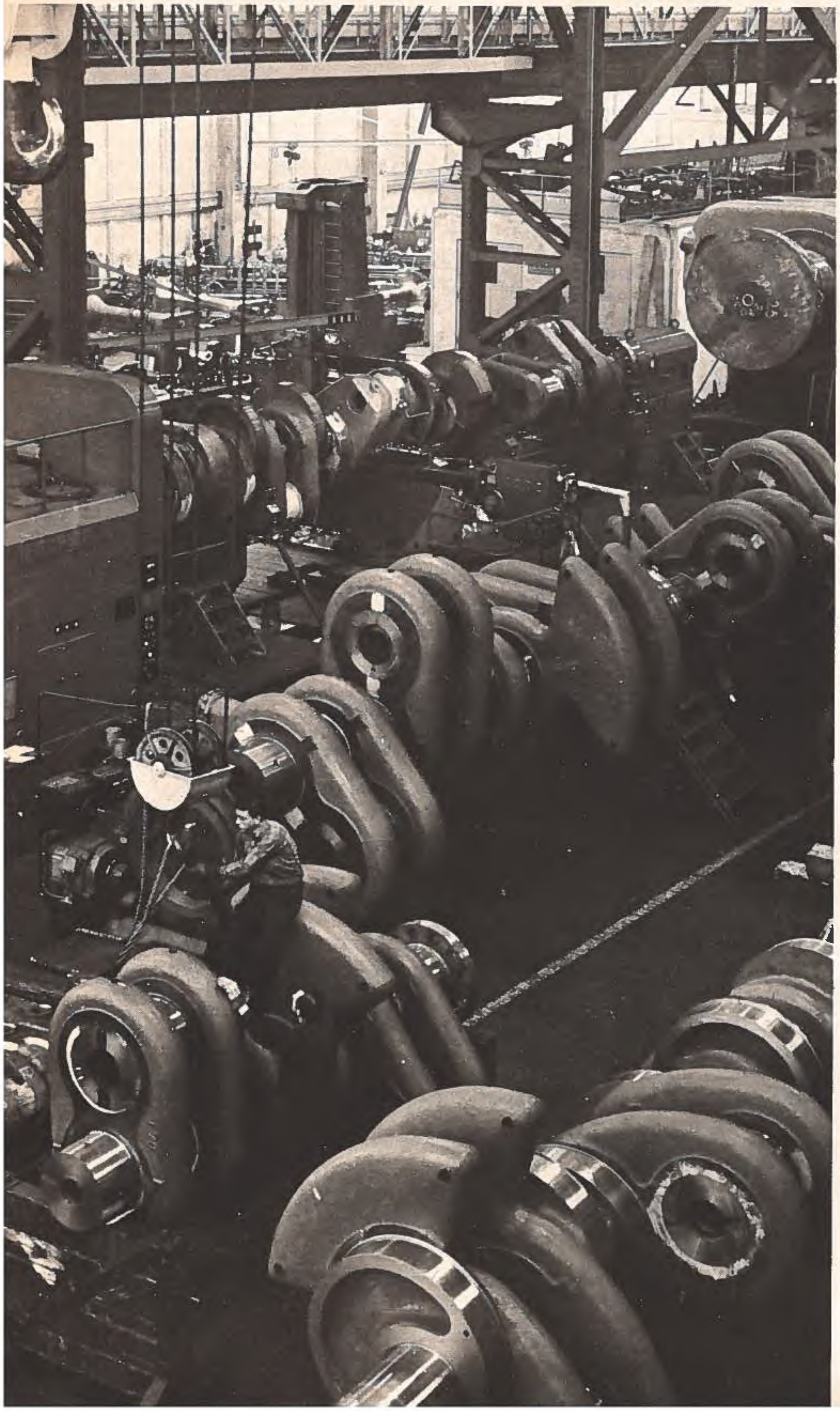
Already, many industries are quoting longer delivery times because of growing shortages of key materials such as steel, plastics, building materials, textiles, fibres, paper and timber as well as over-extended production capacity. There is, of course, a world-wide scramble for these products, but Britain seems likely to suffer more than most of its EEC partners in the present inflationary period.

The shortages have affected consumers and heavy industry. Delivery dates for building items such as plastics, sanitary ware and copper pipes are being quoted at several months. Furniture manufacturers are quoting six months or more and car makers, faced with bigger demand than expected, have had to ration their dealers. The British Steel Corporation expected to be able to meet demand by the end of 1973 but now estimates it will not be able to do so until well into 1974 as more and more companies announce plans to extend capacity.

Private investment, together with exports, are the main growth areas of the British economy at present. An investment boom is badly needed and it is a paradox that just as it appears to be developing, the economy is stalling because of the extraordinary demand for goods and services. If investment continues to grow, and there is no real doubt that it will, the manufacturing sector is expected to be most affected. This is the most export-oriented sector

A modern landmark in London, England — the Post Office Tower, used primarily for transmitting television and telephone signals although it is capped by a revolving restaurant.

Denmark in the EEC



T. W. HARBOE, Commercial Officer, Copenhagen

The main beneficiary of Danish membership in the enlarged EEC has been the agricultural sector. Prices of agricultural products have risen, and agricultural exports to the other member countries during the first six months of 1973 increased 42 per cent. The fish industry also benefitted with exports to EEC countries increasing by 35 per cent.

Industry did not fare as well, and industrial exports to the other member countries rose by only 21.9 per cent. Several factors may have been responsible for this, as well as a relatively moderate increase in Danish exports to all countries, with credit restrictions and an overall shortage of labour playing major parts. A survey of 800 companies showed that 28 per cent expect larger orders to come in during the next few months, but 66 per cent of the 800 firms are short of labour. This supports the opinion of the OECD in its reports on Denmark that the rise in Government expenditure on goods and services has limited the resources available for exports and productive investment.

The free movement of labour among EEC countries has had little, if any, impact on the local labour shortage, and most foreign guest workers come from Yugoslavia, Turkey, and certain North African countries. But there are not enough, and the Government recently raised the quota for such workers to 2,000 men, a level still not considered satisfactory by industry. The anticipated establishment of a number of branch plants by companies in Norway and Sweden — both non-EEC countries — which would have improved Danish export figures, so far has not happened.

Large domestic consumption has also been a factor in limiting the increase

Marine engine building at the Burmeister and Wain yards in Copenhagen. Shipbuilding is one of Denmark's most important industries.

in total Danish exports to 14.4 per cent while, following the abolition of the special import tax, total Danish imports rose by 30.4 per cent, bringing the imbalance of trade during the first half of 1973 to almost the same amount as for the whole of 1972.

The other EEC member countries had a proportionately greater share of Danish exports as they increased by 29.6 per cent, while the percentage increase of total imports from those countries at 29.8 per cent was close to the increase in imports from all countries. In comparison, total exports to EFTA countries rose by only 6.5 per cent, while total imports from EFTA showed a steep rise of 32.9 per cent.

Danish imports from Canada during the first six months of 1973 progressed favourably in several major areas over the corresponding period in 1972. While still small when compared with Denmark's major trading partners, imports from Canada, as forecast in our report last year, increased satisfactorily in a number of areas (see Table 1).

So far, agriculture has derived the largest advantages. Comparing the first six months of 1972 and 1973, agricultural exports to West Germany rose by 98.1 per cent, to Italy by 144.8 per cent and to France by 250 per cent.

Responsible for the increases were larger exports of most agricultural commodities to West Germany and spectacular increases in exports to Italy of pork and pork meats (621.9 per cent) and of beef and veal (101.8 per cent). Danish farmers, in fact, are determined to take full advantage of membership and many are increasing their livestock and investing in more sophisticated machinery.

Britain, of course, remains the largest market for agricultural products, and Danish membership in the EEC was dependent upon Britain's entry. The combined export value of bacon, butter, and canned and prepared meats to that country during the first six months of 1973, totalled 1.5 billion kroner, or 67.1 per cent of the total export value of these products, compared with 68.2 per cent for the corresponding period in 1972.

Denmark has no natural industrial resources and few major basic industries, but it does have technology in many areas and imports are needed to utilize and expand this capability. Thus, imports of machinery and other capital equipment as well as imports of commodities for use in local production have increased. The comparatively high standard of living also has forced up imports of consumer products.

There is a sizeable market for quality products and Canada should be able to increase its share. At any rate, Canadian manufacturers face the same customs duties and transport costs as their counterparts in the United States. Our exports to Denmark during the first six months of 1973 totalled less than one-tenth those from the United States and Canadian manufacturers might take note of the table on Denmark's imports.

There are prospects for increased imports of Canadian products in many areas. The potential is not as overwhelming as in some of the major world markets, and for that reason may be particularly well suited to a Canadian firm wishing to diversify its exports and not put all its eggs in one basket. □

Table 1

Main Canadian Exports to Denmark
(million kroner)

	1972	**1973**
Fish and fish products	11.4	12.4
Tobacco	2.2	4.6
Hides and skins	.7	1.4
Oilseeds	4.1	10.8
Raw minerals	7.6	12.0
Chemical raw materials	.9	1.5
Plastic raw materials	1.1	1.6
Chemicals	.4	1.0
Textiles	2.5	4.0
Iron and steel	1.3	.9
Machinery	3.6	6.5
Plywood	17.1	9.2

Table 2

Denmark's Imports — January/June 1973
(million kroner)

	Canada	U.S.A.
Fish	12.4	14.2
Grain and grain products	0.9	84.4
Foodstuffs	1.5	79.3
Lumber	0.2	8.2
Wood products, not furniture	9.2	90.2
Paper, cardboard and products thereof	0.1	18.0
Chemical raw materials and components	1.5	54.6
Medical and pharmaceutical products	0.5	18.9
Plastic raw materials	1.6	37.1
Non-electrical machinery	3.1	289.7
Electrical machinery and apparatus	3.4	80.7
Clothing	0.3	7.2
Instruments	0.6	49.1

The face of Paris is changing rapidly — all the buildings in the foreground of this photograph have been constructed within the last three or four years.

France– Europe's Most Dynamic Economy

JOHN P. BELL, Commercial Counsellor, Paris

"Cheese, wine, perfume, haute couture — c'est fini!" This comment was made by the President of France, Georges Pompidou, during one of the press conferences he held last year. We are happy to report from the vantage point offered by our office in Paris that France still produces over 200 varieties of cheese, some of the best wine in the world and remains an international trend setter in the field of high fashion.

While the President made no reference to the Lido, the Follies Bergéres and the Crazy Horse Saloon, we can report also that these institutions remain very interesting attractions on the Paris scene. But, and the but is to be emphasized, France is very much in the process of an economic and commercial revolution, by which it is becoming just as well known for its colour television system, the Concorde and Mirage aircraft and great industrial development projects, such as that at Fos-sur-Mer.

During the past years, France has changed from being a semi-agrarian, cartel-influenced protected economy to one more open and modern, based upon industrial specialization, exports and, of course imports. France has become the fastest growing market in Europe and one that has a great deal of potential for Canadian exporters and investors.

There are, necessarily, many factors responsible for this development. Perhaps the most significant has been France's participation in the European Economic Community, with the resultant exposure to an environment of competition. It is interesting to note that since 1968, capital investment has increased by approximately 20 per cent a year. Another factor relates to the tremendous influx of modern management techniques which has brought considerable changes in the organization and dynamism of the average French industrial firm. The French system of defining national economic priorities within the framework of their five year planning and somehow encouraging firms to agree to work towards these goals has also played a positive role.

Two of the many indications of this economic buoyancy are the building boom and the significant changes in retail distribution. One only has to take the bus from Orly airport to the centre of Paris to be struck by the terrific increase in building. Office buildings, apartment blocks, hotels, commercial centres and public buildings are sprouting like mushrooms.

There are five new sky-scraper complexes in and around Paris, but this certainly is not confined only to the Paris area. Permits issued for the construction of hotels will mean as many more hotel rooms in Paris as there are now. This means a fast-growing demand for everything from architects, hotel management and wall-to-wall carpeting. In fact, one Canadian consultant hopes to design the new commercial layout of the "Les Halles" centre. Three Canadian hotel chains, in a joint venture with French interests, are building or managing large hotels in France and a Canadian firm recently got the order for wall-to-wall carpeting for one of them.

Channels of distribution and consumer tastes are undergoing great changes. Those who have spent some time in France will be familiar with the countless little corner stores. While the personal service is usually very agreeable, the fact is that the selection is often limited; there is an absence of prepared foods and sometimes freezers, and the degree of specialization makes it necessary for a housewife to go to several shops each day. In Canada she would only have to go to a supermarket once or twice a week.

Over the past 10 years, there has been a tremendous decline in these small outlets, albeit resisted by the storekeeper group, and a significant rise in large supermarkets and department stores. For example, 253 new supermarkets and 31 hypermarkets (over 2,500 square metres) opened in France in 1971 and 265 opened in 1972. They did $8 billion worth of business in 1972. But there are still 270,000 small corner stores, which comprise 70 per cent of all outlets in France. Related to this is the continuing increase in consumer spending and the evolution in consumer habits and tastes. In the food sector, expenditures on prepared items have increased at about 27 per cent and within this, the frozen food market is increasing at about 40 per cent a year. The leisure time and sporting goods market is also increasing at a fast rate and reflects growing French affluence.

France, a country of about 50 million inhabitants, characterized by great geographic, climatic and cultural diversity, witnessed an increase in GNP of close to 6 per cent in 1972 as opposed to about 2½ per cent for Britain and 4½ per cent for West Germany. France already has a GNP (in absolute terms) which is 25 per cent greater than that of Britain and its per capita GNP is now higher than that of West Germany.

In 1972, French exports increased to fully $26.1 billion (they were $21 billion in 1971) and total imports amounted to $24.75 billion. The strong export performance resulted from increased economic activity in France's main markets, continued competitiveness of the franc, a strong position after the Smithsonian monetary agreements and continued under-used capacity in many export-oriented industries. Agricultural exports showed the largest increase at 14 per cent. However, the percentage of consumer goods in total exports increased from 12 per cent to 15 per cent and for the first time, manufactured goods accounted for 50 per cent of exports. Imports increased by more than 11½ per cent with large purchases recorded in aircraft equipment and components, energy, iron and steel, chemicals and consumer items.

This rather spectacular economic performance was marred by two weak spots, namely the uncomfortable rate of inflation and a slow growth tendency in the labour market. With regard to the first, it is estimated that in 1972 the price level increased by 6.8 per cent as opposed to an increment of 5.9 per cent in 1971, with the principal forces behind this rapid increase being higher food prices (8.8 per cent) increased cost of services (7 per cent), wage increments (12 per cent) and the relaxation in March 1972 of price controls.

On the other hand, the price of manufactured products increased only moderately. French authorities contend that the rapid increase in food costs was, in large part, the effect of conditions outside France, such as the provisions of the Common Agricultural Policy and an overall shortage of beef, the cost of which rose by 17 per cent over the year. In the second area of concern, the labour market, it should be noted that the increase in those employed in industry, as opposed to agriculture, increased by only 1.6 per cent and that there was some rigidity in the movement of labour between industrial sectors. In addition, the inflow of foreign workers was down about 36 per cent from 1971 although it was not too far from the 85,000 suggested in the Sixth Economic Plan.

In general terms, economic policies advocated in the Sixth Plan (1971-1975) were adhered to in 1972. Efforts towards regional economic development continue to be given high priority, with the immense industrial port complex at Fos-sur-Mer, near Marseille, and industrial expansion at Dunkirk receiving particular attention. The Government is promoting a policy of decentralizing production with the result that considerable resources are being directed to problems related to transportation, communications or distributing facilities in certain regions. However, Paris is likely to remain the commercial, financial and transportation centre of the country and, excepting certain cases, the Canadian exporter can count on doing most of his business in the capital.

High technology industry sectors will continue to receive special attention through research incentives, assistance in funding and the creation of an atmosphere conducive to mergers which would result in large firms capable of surviving and expanding within the enlarged EEC and in the world economy. These "secteurs de pointe" include aerospace, ocean technology, pollution control and computers. Furthermore, special industry plans are being executed in the food, mining, glass and forest product sectors.

The Sixth Plan proposes considerable Government investment in infrastructure support, especially for better telephone equipment and services, highways, ports, airports and urban transport. The strategic importance of the economy's reliance on imports will remain crucial to the development of the French economy. 1972 saw the articulation of a non-ferrous metals policy with emphasis on diversifying sources of supply to countries outside the Franc Zone — Canada and Australia were given priority. The concern of the French about the potential dangers of pollution has been underlined through formation of the Ministry of Environment.

French investment abroad continued to be encouraged by the Government, especially for supply of resources. The amount of investment outside France remains, however, relatively meager compared to that of other developed countries. The French continue to remain fairly open to foreign investment, especially for new undertakings and where technology imports, greater exports, and increased employment result. As is the case in Canada, special efforts are being made to attract foreign investment to the slower-developing regions. On the other hand, the authorities are far less willing to allow takeovers of operating French concerns when they fall in sectors of special concern. There has been considerable interest shown recently by some Canadian firms in making direct investment in France for production and sale of products in France.

According to a study recently undertaken by Herman Kahn's Hudson Institute, the longer term holds out even more promise than the short run. Indeed, the findings of the report are so positive that the French themselves find it surprising to learn that they have Europe's most dynamic economy with one of the highest rates of growth in the industrialized Western world and that within 10 years they may be able to overtake Germany to become the strongest economy in Europe, in terms of total production.

By 1985, France's per capita consumption, the report points out, could match that of Sweden and by 1990 it could be the highest in Europe. The Hudson study bases its favourable prognosis in part upon the relatively developed service sector of the economy, the French concentration on "industries de pointe" such as electronics, computers, and aerospace, and also on the high productivity of the French labour force in relation to that of other countries.

Canadian trade with France

In spite of these encouraging economic developments, Canadian trade with France remains relatively modest. There are many exceptions, but generally, the Canadian business community has not yet reacted to take full advantage of the potential offered by the French market. Between 1967 and 1970, Canadian sales to France doubled to $154 million but in 1971 and 1972 they tapered off at about that level. However, the level of Canadian exports to France is somewhat higher than our statistics suggest because in some cases goods destined for France pass through non-French North Sea ports and are not shown as exports to France. Furthermore, some important French orders for Canadian goods are still under production and will not be delivered until 1973 or 1974.

In 1972, about 75 per cent of our sales to France were raw materials and semi-processed products, although the component of fully manufactured goods appears to be rapidly increasing and in the past two years important inroads have been made in aircraft, shipbuilding, electronics, telephones, mini-calculators and other areas. Opportunities remain excellent in these and other sectors, such as certain processed foods, pollution control equipment, dairy cattle, oceanology equipment, construction systems and building materials, machinery, sporting and leisure time articles, and special vehicles. Our sales to France for the first six months of 1973 increased 30 per cent over the same period for 1972 and sales of fully manufactured goods have jumped almost 45 per cent.

The devaluation of the franc by 12½ per cent in 1969 and the unpegging of the Canadian dollar in the spring of 1970 had the general result of increasing the cost of Canadian products in France about 18 per cent. The Smithsonian monetary agreements of 1971 and the U.S. dollar devaluation of 1973 have meant that Canadian exports have returned to the favourable position of 1969. In addition, the inflation rate in France has tended to outpace that in Canada, further increasing our price competitiveness. In spite of tariffs and, in some cases, non-tariff barriers, the French market remains relatively open to products coming from outside the EEC, especially in the industrial sector. Multilateral trade negotiations hopefully will further improve the terms of access for Canadian products going into France.

While there is no pat rule on how one should approach the French market, all the traditional approaches, such as agents, distributors, joint ventures, licensing, trade fair participation and, in certain cases, direct investment should be examined. As this article has attempted to point out, the French market offers considerable potential to the Canadian exporter prepared to devote the necessary effort to it. The officers of the Commercial Section of the Canadian Embassy will be pleased to assist. Incidentally, the Canadian Embassy is just a few blocks from the Crazy Horse Saloon! □

Table 1 — Selected French Imports 1972
(from outside Franc Zone)

	Million francs	percent of total imports
Agriculture	**14.987**	**11.8**
Meat, fish and products	5.253	4.1
Dairy products	437	0.3
Cereals and products	447	0.4
Fruit and Vegetables	2.371	1.9
Wines and beverages	1.106	0.9
Mix agricultural products	5.373	4.2
Energy	**16.192**	**12.7**
Coal and products	2.088	1.6
Petroleum and products	14.104	11.1
Raw materials and primary products	**13.515**	**10.6**
Minerals and non-ferrous metals	6.208	4.9
Iron Ores	818	0.6
Textiles and Leather	3.054	2.4
Wood, rough or sawn	1.040	0.8
Other raw materials	2.395	1.9
Semi-manufacturers	**24.238**	**19.1**
Iron and steel	8.152	6.4
Textiles	1.487	1.2
Chemicals	13.396	10.5
Woodpulps	1.203	0.9

	Million francs	percent of total imports
Finished products	**57.215**	**45.0**
Capital goods	**33.187**	**26.1**
Metal products	2.574	2.0
Machine tools	2.992	2.4
Machines for public and special work	2.456	1.9
Precision equipment	5.493	4.3
Other mechanical machines	7.322	5.8
Electric Machinery and appliances	7.268	5.7
Tractors	1.495	1.2
Aircraft and ships	3.587	2.8
Consumer Goods	**24.028**	**18.9**
Automobiles	8.452	6.6
Textiles and leather products	7.254	5.7
Processed wood and paper products	4.052	3.2
Miscellaneous	4.270	3.4
Others	**.958**	**0.8**
TOTAL	**127.105**	**100**

(Source: Statistiques du Commerce Extérieur de la France).

World's Premier Food Fair

In the August issue of *Commerce Canada* we outlined how Canadian companies could capitalize on the booming French processed food revolution.

Canadian food companies are competitive, and access conditions are excellent, for a wide range of food products which should be exhibited at one of the largest food fairs in the world, the Salon International de l'Alimentation which will take place in Paris in November. This fair was considered by the 57,000 French and 13,000 foreign professionals who visited it in 1972 as the best in the world.

The rough gain on investments in this fair is tenfold in terms of sales within France alone, not to mention improved contacts among the 50 other countries participating. Information on the fair, cost of entry, etc., can be supplied on request from our Paris office. The Department of Industry, Trade and Commerce has programs to financially assist participation of Canadian companies at this fair under certain conditions.

Table 2 — French Imports by Countries of Origin

(Million Francs)

	1971	1972
West Germany	26.397	30.219
Belgium and Luxembourg	12.934	15.442
Italy	11.694	13.838
U.S.A.	9.990	11.022
Netherlands	7.545	8.391
Britain	6.036	7.061
Switzerland	2.998	3.236
Spain	2.023	2.656
Saudi Arabia	2.030	2.711
Sweden	2.430	2.616
Kuwait	1.183	1.966
Japan	1.530	1.855
Canada	1.189	1.135
TOTAL	**117.997**	**135.741**

(Source: Statistiques du Commerce extérieur de la France)

Table 3 — Main Canadian Exports to France

($ million)

	1971	1972
Horse meat	532	3.209
Salmon, frozen	6.874	10.820
Salmon, canned	372	466
Wheat	1.997	1.348
Furskins	563	822
Flax seed	1.153	968
Rapeseed	20.779	16.206
Iron ores	1.931	2.359
Zinc ores and concentrates	8.409	9.532
Molybdenum ores and concentrates	5.560	715
Other non-ferrous areas	852	1.455
Coal	824	–
Asbestos fibres	13.145	10.914
Sulphur	542	1.970
Mix non-metallic minerals	4.574	3.174
Lumber	5.468	2.671
Plywood	1.868	1.974
Woodpulps	17.490	22.981
Newsprint	1.273	1.206

	1971	1972
Liner board and corrug container board	2.153	2.726
Steel wire rods, Hot-rolled	1.340	1.767
Aluminum ingots	4.615	152
Copper refinery shapes	12.572	9.245
Nickel anodes, ingots, etc.	2.224	816
Cranes and derrinks	1.785	534
Log handling equipment and parts	725	872
Chain saws and parts	249	798
Parts of reaper threshers	608	516
Motor vehicles and parts	2.145	1.640
Aircraft, engines and parts	3.615	5.348
Navigation instruments and parts	2.473	548
Card-punch, computers and parts	2.822	2.366
Biologicals for humans	878	1.201
Plastics and synth. rubber not shaped	685	660
TOTAL	**154.291**	**151.319**

(Source: Statistics Canada)

France to Increase Electronics Imports

L. RICHARD KOHLER, Assistant Commercial Secretary, Paris

Current speculation in France contends that the near future will not give birth to any spectacular fourth generation computers. The trend is expected to be a progressive move towards more perfected materials and more sophisticated peripheral equipment.

The French predict IBM, HONEYWELL, UNIVAC and BURROUGHS will be the only ones to offer a general line of universal computers. Accordingly CONTROL DATA now appears to be concentrating on systems, peripherals and services; NCR on smaller systems and terminals; and XEROX on scientific computers.

In keeping with this trend, IBM has ceded its office equipment interests in the U.S. to CONTROL DATA, and, in France HONEYWELL BULL has sold its similar interests to NATIO-INFORMATIQUE.

France's CII, a French state-controlled computer manufacturer formed five years ago to meet the challenge of foreign dominance and now joined with Siemens and Philips to form UNIDATA, is also pushing for the development of specialized computers, paracomputers and telecommunications equipment on the domestic front. The state is assisting CII in its research and development to the tune of 222 million francs in 1973. Its share of the French market in small to medium computers should surpass 15 per cent this year.

The picture is a simple one, and obviously not peculiar to Europe or France: large computer manufacturers will hold their ground — Arthur D. Little sees IBM controlling 63 to 68 per cent of the U.S. market by 1977. But those manufacturers who are beginning to specialize in mini and micro computers are on the threshold of a new, larger and more accessible market.

Canadian companies like Rapid Data (who in the last six months have captured between 12 and 15 per cent of the French pocket calculator market), have a distinct, albeit temporary, advantage in France. Micro Computer Machines Inc., demonstrating a prototype portable mini computer, appears to have caught the attention and interest of the industry. Once this Canadian company gets into production, it may well have an edge over competitors in this field.

Canadian suppliers of electronic components for such equipment, should be heartened by France's "Bureau d'Informations et de Previsions Economiques" statement that imports by France of electronic components will increase by 15.8 per cent annually from 1970 to 1977. Indeed such imports have nearly doubled from 1969 to 1972.

In 1972 the computer market in France grew 15 per cent over 1971 (as high a growth rate as anywhere in Europe). The use of mini computers has increased 36 per cent over the last three years.

Current Cost in Europe of Small and Mini Computers

Small

- Price:
  - 10 to 20,000 francs a month
- Capacity:
  - 50 to 100 Kilo-octets
- Speed:
  - 30 to 50 KIPS
    - HONEYWELL 58
    - IBM 3
    - SINGER SYSTEME 10
    - BURROUGHS B 1700

Mini

- Price:
  - 15,000 to 20,000 francs a month rental
- Capacity:
  - 100 to 250 Kilo-octets
- Speed:
  - 200 to 300 KIPS
    - DIGITAL EQUIPMENT P.D.F. 11/45
    - DATA GENERAL NOVA 800
    - CII MITRA 15
    - TELEMECANIQUE T1600

No, these are not members of Canada's finest. They are doormen at the Crazy Horse Saloon, one of the attractions of the Paris scene.

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 International Bureaux, 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 December 11. 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)	2.5561	.39
Argentina Peso (financial)	.1002	9.98
(commercial)	.2000	5.00
Australia Dollar	1.4858	.67
Austria Schilling	.0514	19.46
Bahamas Dollar	1.0002	1.00
Belgium and Luxembourg Franc	.0249	40.16
Bermuda Dollar	1.0397	.96
Bolivia Peso	.0500	20.00
Brazil Cruzeiro (official free)	.1637	6.11
Britain Pound	2.3085	.43
British Honduras Dollar	.6078	1.64
Burma Kyat	.2077	4.81
Chile Escudo (bank rate)		
(free)	N.A.[10]	
China, People's Repnblic of Yuan	.4188	2.39
Colomhia Peso (fixed)	.0413	24.21
Costa Rica Colon	.1505	6.64
Cnba Peso	N.A.[10]	
Czechoslovakia Koruna (fixed basic rate)	N.A.[10]	
Denmark Krone	.1606	6.23
Dominican Repnblic Peso	1.0002	1.00
Ecuador Sumre (official)	.0400	25.00
El Salvador Colon	.4001	2.50
Fiji Dollar	1.2279	.81
Finland Markka	.2674	3.74
France, Monaco, etc.[1] Franc	.2195	4.56
French Pacific[2] Franc	.0121	82.64
Franco-African Republics[3] Franc	.0044	227.27
Germany D Mark	.3781	2.64
Ghana New Cedi	.8668	1.15
Greece Drachma	.0357	28.01
Guatemala Quetzal	1.0002	1.00
Guyana Dollar	.4444	2.25
Haiti Gourde	.2000	5.00
Honduras Lempira	.5001	2.00
Hong Kong Dollar	.1963	5.09
Hungary Forint (official)	.0869	11.51
Iceland Krona (official)	.0112	89.29
India Rupee	.1243	8.05
Indonesia Rupiah	.0024	410.00
Iran Rial	.0134	74.63
Iraq Dinar	3.3785	.30
Ireland Pound	2.3085	.43

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Country and Currency	foreign currency unit in Canadian dollars	Canadian dollar in foreign currency units	Country and Currency	foreign currency unit in Canadian dollars	Canadian dollar in foreign currency units
Israel Pound	.2381	4.20	**Philippines[5]** Peso (free)	.1490	6.71
Italy Lira	.0016	625.00	**Poland** Zloty (fixed basic rate)	.2577	3.88
Jamaica Dollar	1.1002	.91	**Portugal & Overseas Provinces[6]** Escudo	.0393	25.45
Japan Yen	.0036	277.77	**Saudi Arabia** Riyal	.2850	3.50
Kenya[4] Shilling	.1379	7.25	**Sierra Leone** Leone	1.2371	.81
Korea, Republic of Won	.0027	370.37	**Singapore** Dollar	.3358	2.98
Lebanon Pound (free)	N.A.[10]		**South Africa** Rand	1.4903	.67
Libya Dinar	2.777	.36	**Spain & Dependencies** Peseta	.0175	57.14
Malawi Kwatcha	1.2280	.81	**Sri Lanka[7]** Rupee	.1480	6.76
Malaysia Dollar	.4128	2.42	**Sweden** Krona	.2212	4.52
Mexico Peso	.0800	12.50	**Switzerland** Franc	.3133	3.19
Morocco Dirham	.2380	4.20	**Syria** Pound (free)	.2711	3.69
Netherlands Florin	.3554	2.81	**Thailand** Baht (free)	.0501	19.96
Netherlands Antilles Florin	.5588	1.79	**Trinidad & Tobago[8]** Dollar	.4809	2.08
New Zealand Dollar	1.4788	.68	**Tunisia** Dinar	2.2983	.44
Nicaragua Cordoba	.1426	7.01	**Turkey** Lira	.0713	14.03
Nigeria Naira	1.4700	.68	**United States** Dollar	1.0002	1.00
Norway Krone	.1769	5.65	**Uruguay** Peso (free)	.0011	909.09
Pakistan Rupee	.1010	9.90	**Venezuela** Bolivar (official free)	.2337	4.28
Panama Balboa	1.0002	1.00	**Yugoslavia** Dinar (official)	N.A.[10]	
Paraguay Guarani (free)	.0080	125.00	**Zaire, Republic of[9]** Zaire	1.961	.51
Peru Sol (free)	N.A.[10]		**Zambia** Kwacha	1.3893	.72

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

2. New Caledonia, New Hebrides, French Polynesia.

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

4. Rate also applies to Tanzania and Uganda.

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

6. Approximately same for Portuguese territories in Africa.

7. Formerly Ceylon.

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

9. Formerly Congo (Kinshasa).

10. Rates not available at press time.

International Projects

BANGLADESH — POWER GRID

The growth of a power grid in western Bangladesh will be assisted with two Asian Development Bank loans totalling $10.45 million and a technical assistance grant. Bank financing for the West Zone power project consists of a special funds loan of $9.25 million at 1 per cent interest, repayable in 40 years including a 10-year grace period and $1.2 million from ordinary capital resources at 7½ per cent interest repayable in 20 years including a four-year grace period.

The West Zone power system is completely separated from the East Zone system by the Ganges-Brahmaputra rivers. The demand for power in the West Zone system has been rapidly rising and it is estimated that the system will require 90 MW by 1975, rising to 145 MW by 1980. The present firm capacity of the West Zone is 43 MW. The power system suffered considerable damage during the events of 1971. The project forms the basis for growth of an interconnected power system in the West Zone together with other power installations now under construction. When completed, the system will extend some 300 miles north from Khulna to Thakurgaon.

Implementing Organization: Bangladesh Power Development Board, WAPDA Building, Dacca, Bangladesh.

Procurement: Procurement will be made in accordance with the Bank's Guidelines for Procurement. Under proposed special operations, loan will consist primarily of one contract for a turn-key of approximately 40 MW gas turbine generating station. Under proposed ordinary operations, loan will consist of one or two small contracts for ancillary equipment to effectively operate the station on the grid, and the purchase of spare parts from the supplier of existing generating plants to bring the latter up to design performance. Procurement is to commence from early 1974.

Consultants: Consultants will be financed under the proposed ordinary capital resources loan and are to be selected in accordance with the Bank's Guidelines on Uses of Consultants. Scope of consultant services will consist of bid evaluation, design, site management of project construction and commissioning, development of system guidelines and training programs. Technical assistance on a grant basis is also provided to cover the services of management, accounting and financial consultants to be selected by the Bank, for strengthening the capacities of the executing agency. Short list of consultants is to be finalized.

KOREA — TOURISM

The World Bank has approved a loan of $25 million to help finance development of an international tourism resort at Bomun Lake, near Kyongju City in southwest Korea. Kyongju is the country's ancient capital and is its major cultural and historical centre.

The $50 million project forms part of the first phase of the resort's planned development. This phase, scheduled for completion by 1982, envisages the building of hotels with total capacity of 3,000 rooms and the provision of utilities, services and recreational facilities for the complex.

Implementing Organization: Six Government agencies will implement the project. The Agricultural Development Corporation will build the dam and related irrigation works; the Kyongju City Government will construct the water supply, sewerage, and solid waste disposal systems of both the City and the Bomun Lake resort; the Korean Electricity Company will construct and operate the electricity facilities of the project; the Ministry of Communications will install and operate the telecommunications facilities (not to be financed by the Bank loan); the Bureau of Tourism in the Ministry of Transportation will operate the hotel training school; the Kyongju Development Office (KDO) will implement all the remaining infrastructure work.

The special department in the President's Secretariat co-ordinating efforts of public agencies in the tourism sector will co-ordinate activities of the six agencies concerned with the project's implementation. A new entity, Kyongju Tourism Agency, will administer the Bomun Lake resort.

Procurement: Contracts estimated to cost $50,000 or more will be awarded on the basis of international competitive bidding; contracts estimated to cost less than $50,000 will be tendered locally. Domestic manufacturers will be allowed a preference margin of 15 per cent or applicable customs duty, whichever is lower, over c.i.f. price of competing imports for machinery and equipment.

Consultants: Consultants will be engaged to assist in project implementation and advise and train staff in hotel management, and to carry out a feasibility study of the tourism potential of Cheju Island.

MALAYSIA — DEEP-SEA PORT

The first deep-sea port on the east coast of Malaysia will be constructed with the aid of a $30.4 million loan from the Asian Development Bank. The total cost of the project is estimated at $51.9 million. The new port will be built at Tanjong Gelang about 16 miles north of Kuantan, the capital of Pahang State. The present population of the port hinterland which consists of Trengganu State and most of Pahang State is about 600,000 and is expected to increase to about 1.2 million by 1990. The new Kuantan Port will handle both liquid and dry cargoes in bulk and packaged such as palm and mineral oils, fertilizer, rubber, timber, tapioca and manufactured products. The project calls for construction of a deep-sea commercial port, related access roads, storage and transit facilities for both dry and liquid cargoes, and pumping facilities.

Implementing Organization: Ministry of Communications, Malaysia.

Procurement: Contracts for civil works mainly consist of land levelling, dredging, construction of breakwaters, quay wall and superstructural works. Plant and port equipment mainly consists of cargo handling equipment, tugboats, pilot launch and mooring boats.

Contracts for civil works involving estimated expenditures exceeding US $150,000 equivalent and contracts for equipment and materials involving estimated expenditures exceeding US $75,000 equivalent will be awarded on the basis of international competitive bidding.

Contracts for civil works involving estimated expenditures of less than US $150,000 equivalent and contracts for equipment and materials involving estimated expenditures of less than US $75,000 equivalent will be awarded on the basis of tenders or quotations obtained from a reasonable number of selected suppliers which shall be from more than one eligible country. Prequalification of contractors for a part of civil works commenced in July 1973 with the concurrence of the Bank.

Consultants: The consultants for detailed engineering, preparation of tender documents and supervision of construction of the Project have been engaged by the Government of Malaysia under its own financing.

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.

Materials handling device

American company offers under licence the Canadian manufacturing rights to three models of materials handling devices designed for easy attachment to forklift trucks. One model is designed to pick up, carry, stack, dump and pour all kinds of drums. Another one picks up, tips to horizontal, carries and racks 55-gallon (U.S.) metal drums. A third model dumps the loads of drop-bottom boxes at any predetermined height by merely raising the forks of the lift truck to which the device is attached. Principal features common to all models include complete mechanical and automatic operation, easy and fast (10 seconds) mounting without tools, and rugged construction for long life. Literature available. **Item 2951**

Electronic switching devices

German firm offers the Canadian manufacturing rights for its line of electronic switching devices used for automation in heavy industry, particularly in ironworks and in aluminum and other metal producing industries. These electronic transducers are claimed to offer significant advantage with regard to operating reliability. They are of simple construction, have no moving parts, require no adjustment, and are fully encapsulated in cast resin to give optimum protection against environmental influences. Literature available. **Item 2952.**

Stage lighting controller

British manufacturer offers under licence the Canadian manufacturing rights to its programmable modular lighting controller. This automatic theatre lighting controller enables a lighting programme for a complete show to be built up to the most exacting requirements during rehearsal and then stored for automatic production during actual performances. The equipment consists of a readily portable control panel and a free-standing console housing the electronic circuitry and the power supply pack. High reliability is provided by all solid state electronics. Literature available. **Item 2953**

Coin operated shaver

American company offers under licence the Canadian manufacturing rights to its coin operated shaving machine. The machine is comprised of an air-cooled shaver which allows three minutes of shaving for 25 cents. The shaver is cable-driven and actuated by air pressure. On contact with the skin, air starts to circulate and sets up a suction which removes the hair from the surface of the face. After each shave, the unit automatically retracts into its metal cabinet where it is sterilized by ultra-violet rays. Literature available. **Item 2954**

Compounds for soil stabilization

Swiss company seeks Canadian licensee to manufacture two chemical products used in soil consolidation and stabilization. It is claimed that these products permit the use of any existing soil for construction work by changing the soil's physical properties. Both products aid in deep soil stabilization and erosion control on dirt roads and other dirt surfaces by protecting the treated soil against the soaking-in of surface water. Literature available. **Item 2955**

Portable cement mixer

Canadian firm offers under licence the Canadian manufacturing rights to its lightweight, portable cement mixer designed for the do-it-yourself market. This unit consists of a five-gallon paint pail adapted for mixing cement. The pail is connected to a motor by a pulley-belt arrangement and is rotated by a two-stage speed reduction system. The mixer is claimed to be economical to manufacture and readily portable. Literature available. **Item 2956**

Air tester

Greek inventor is offering the Canadian manufacturing rights to his air tester. This simple device detects and mechanically separates the air carried along with flowing fuel oil. The apparatus, which is placed in the flowing oil, is claimed to measure even the slightest quantity of air. Chief advantages of this device are its simple operation and its low cost of construction. Literature available. **Item 2957**

Ball hockey game

Canadian inventor is offering the rights to manufacture under licence in Canada his patented safety ball hockey sticks and balls designed for both indoor and outdoor playing. The stick handles and the removable contoured blades, made of plastics, are hollow and lightweight. The vinyl and polyethylene balls are 3 inches in diameter and are claimed to be specially designed to reduce bouncing and to eliminate injury to players. Limited production by the inventor has already transpired. Literature available. **Item 2958.**

Newspaper bundler

American company is interested in having its inexpensive newspaper bundling device manufactured under licence in Canada. This unit, designed for use in the home, is constructed of sturdy welded steel. It incorporates a holder for recyclable paper twine and a safe, built-in twine cutter. In less than 30 seconds, a two weeks' accumulation can be bundled without touching the papers. The system is designed to encourage and greatly facilitate the segregation, accumulation and tying into bundles of paper for recycling purposes. Literature available. **Item 2959.**

Toy game

Canadian inventor offers under licence the Canadian manufacturing rights to his unique toy game. It consists of a flat paddle with several dimple-like cavities on each side, and a spin top. The manner of playing consists in spinning the top on the paddle surface and manoeuvering the top from groove number one to as many other consecutively numbered grooves as possible before the top stops spinning. As a player becomes more proficient there are a number of more complex games which can be played using the same equipment. Literature available. **Item 2960.**

Box closer

French inventor is interested in licensing a Canadian firm that would manufacture his device designed to ensure the closing of cardboard boxes after they have been opened. This item has two adjustable gripping parts: one part clips onto the lid and one clips the lid to the body of the box. The spacing of each clip can be modified according to the thickness of cardboard. The device prevents the lid from staying half-open and it can be reused many times. Literature available. **Item 2961**

Anti-glare shield

Canadian inventor offers the licensing rights for his portable anti-glare shield for use in any glass enclosed vehicle, e.g. automobiles, trucks, tractors, combines. This patented device consists of a small opaque screen that can be quickly attached to the window glass of a vehicle in whatever position required to filter out the source of the glare. The screen is held in position by a single vacuum cup. The vacuum is made or broken by squeezing a bulb connected to the cup by means of a hollow stem which passes through a hole in the screen. The shield is easily attached and detached using only one hand. Literature available. **Item 2962.**

Live bait holder

American inventor is seeking a licensing arrangement with a Canadian firm to manufacture his holder for live bait. The holder consists of a flexible shell of transparent plastic film. It is shaped to hold firmly the forward two-thirds portion of a bait fish such as a minnow. The bait fish stays alive and is able to swim and attract the game fish. A fish hook is connected to the outside of the shell. Literature available. **Item 2963.**

Export Opportunities

The inquiries listed below come from several sources, including various Branches of the Department in Ottawa and from the Trade Commissioner Service posts abroad. More information on these items can be had by contacting the post at the address shown under each item.

Materials

GREECE — Wooden flooring, dimensions 40cm x 5cm x 2cm. Wood to be type commonly used in Canada and competitive with Eastern European suppliers: Septimios P. Pieris, Commission-Agent, P.O. Box 661, Athens, Greece.

SRI LANKA — Hydro carbon solvents: Commercial Division, Canadian High Commission, P.O. Box 1006, 6 Gregory's Road, Cinammon Gardens, Colombo, Sri Lanka.

UNITED STATES — Compression-moulded adriprene automatic mixing units and small heated platen presses.

Polystyrene resins and polystyrene-acrylic copolymers: Canadian Consulate General, 500 Boylston Street, Boston, Massachusettes 02116, U.S.A.

WEST GERMANY — Glass wool and mineral wool.

Marble and granite.

Scintillation chemicals, isotopes, heavy water: Minister-Counsellor (Commercial), Canadian Embassy, Freidrich-Wilhelmstrasse 18, 53 Bonn, West Germany.

Equipment and Machinery

DOMINICAN REPUBLIC — Industrial electrical generators: Consul and Trade Commissioner, Canadian Consulate, 1606 Pan Am Building, Hato Rey, Puerto Rico 00917.

MEXICO — Candy factory being established requires equipment for milk boiling, evaporation, mixing, rolling, cooling, weighing and packaging: Commercial Counsellor, Canadian Embassy, Apartado Postal 5-364, Melchor Ocampo 463, 7th Floor, Mexico 5, D.F., Mexico.

POLAND — Propane-butane compressors: Commercial Secretary, Canadian Embassy, Matejki 1/5, Srodmiescie, Warsaw, Poland.

UNITED STATES — Insulated construction-type two, three and five-gallon water cans or coolers.

Incandescent and mercury (high-intensity discharge) commercial and industrial ceiling and outdoor lighting: Consul and Senior Trade Commissioner, Canadian Consulate General, 500 Boylston Street, Boston, Massachusetts 02116, U.S.A.

WEST GERMANY — Sprocket wheels, spur and bevel gears, racks and cogs, worm gears, steel brushed roller chains and conveyor chains.

Hand tools for plumbing and heating, automotive mechanics, tinsmiths: Minister-Counsellor (Commercial), Canadian Embassy, Freidrich-Wilhelmstrasse 18, 53 Bonn, West Germany.

Pharmaceuticals

SRI LANKA — Pharmaceuticals for Sri Lanka Department of Health: Commercial Division, Canadian High Commission, P.O. Box 1006, 6 Gregory's Road, Cinammon Gardens, Colombo, Sri Lanka.

Footwear

WEST GERMANY — Sealskin boots, other sealskin articles: Minister-Counsellor (Commercial), Canadian Embassy, Freidrich-Wilhelmstrasse 18, 53 Bonn, West Germany.

Foreign Tariffs and Trade Regulations

Brazil

The following tariff changes have recently been announced by the Customs Policy Council.

Resolution 1847 of October 25, 1973 exempts from duty for six months carbon black of the HAF, FEF, ISAF, MPC and EPC types (tariff heading 28.03.01-.00).

Resolution 1848 exempts from duty until June 30, 1974 phthalic anhydride (tariff heading 29.15.01.02).

Resolution 1849 exempts from duty until June 30, 1974 Butyl phthalate, octyl phthalate, isobutyl phthalate and iso-octyl phthalate, and phthalate mixtures (tariff headings 29.15.01.03, 29.15.01.07, 29.15.01.99 and 39.19.33.00).

Resolution 1850 of October 16, 1973 modifies Resolution 484 of August 17, 1967 and provides a list of machinery and apparatus of chapters 84 and 85 and vehicles classified under headings 87.01-01.01, 87.02.16.00, 87.03.00.00, 87.07-.00.00 and 87.14.06.02 of the Brazilian Customs Tariff which may be imported with 50 per cent reduction of the duty when for use for industrial and agricultural purposes. The reduction may not result in a rate of less than 10 per cent ad valorem. Duty reduction stall be applicable only when there is no national production, except in special circumstances.

Resolution 1851 exempts from duty until June 30, 1974 butyl alcohol and isobutyl alcohol (tariff heading 29.04.03.00).

Resolution 1853 exempts from duty until June 30, 1974 decyl alcohol, nonyl alcohol, octyl alcohol and isooctyl alcohol if importer produces proof of having purchased one ton of national products for each imported ton (tariff headings 29.04.06.00, 29.04.15.00, 29.04-.16.00 and 29.04.25.00).

Resolution 1854 of October 25, 1974 exempts from duty for one year the following products:

Description	Tariff heading
Sulphur in bulk, for agricultural use	25.03.01.00
Natural phosphates, unground	25.10.01.00
Sulphuric acid	28.08.01.00
Oleum	28.08.02.00
Orthophosphoric acid	28.10.02.03
Anhydrous ammonia	28.16.01.00
Potassium nitrate containing 98° or less KNO3	28.39.19.01
Most fertilizers classified under	Chapter 31

Resolution 1858 of October 23, 1973 exempts from duty for six months polyvinyl alcohol (tariff heading 39.02.02.11).

Resolution 1859 reduces the duty from 37 per cent to 15 per cent for one year on sodium cellulose phosphate (tariff heading 39.03.04.99).

Resolution 1860 extends for 180 days reduction of duty from 30 per cent to 20 per cent established by Resolution 1618 of April 6, 1973 on hexamethylenediamine and its salts (tariff heading 29.22.31.00).

Resolution 1861 reduces the duty from 37 per cent to 15 per cent on gelatin of a high degree of purity for pharmaceutical use (tariff heading 35.03.01.99).

Resolution 1862 reduces the duty from 25 per cent to zero for one year on tire cord fabrics (tariff headings 51.04.01.04, 51.04.02.04 and 59.11.01.00).

Resolution 1863 reduces the duty from 55 per cent to 20 per cent for one year on mechanically operated alternating pumps for concrete (tariff heading 84.10.02.00).

Resolution 1864 exempts from duty for one year diphenylamine (tariff heading 29.22.05.00).

Resolution 1865 exempts from duty for one year trimethylethane (tariff heading 29.04.99.99).

Venezuela

The following tariff changes have recently been announced:
Extracts of quebracho bark and of chestnut wood — duty reduced from 0.1 per cent to 0.01 per cent (tariff headings 32.01.00.01 and 32.01.00.02);
Magazines and newspapers bound with stiff covers and other books exempted from duty (tariff headings 49.01.89.01 and 49.01.89.99);
Coils of iron or steel for re-rolling — duty reduced from 50 per cent to 1 per cent (tariff heading 73.08.00.00). An import licence from the Ministry of Development is required; ingots of alloy steel — duty reduced from 60 per cent to 1 per cent (tariff heading 73.15.01.00). An import licence from the Ministry of Development is required.

The following tariff subheadings have been introduced:

Description	Tariff heading	Rate of duty
Xylenols	27.07.00.03	0.08
Pitch cut-backs	27.16.00.01	0.005
Dyes presented in forms or containers for sale at retail	32.09.89.02	5 per cent
Mastics with a base of plastic material	32.12.00.01	90 per cent
Filmpacks	37.03.00.02	5 per cent
Mounts for diapositives	39.07.89.12	20 per cent
Jackets of chamois or chamois coloured, of natural artificial or regenerated leather	42.03.00.02	25 per cent
Containers, other than boxes, sacks, bags, and cones, of paper and cardboard, of a capacity exceeding 177.4 cm (6 oz.).	48.16.02.01	20 per cent
Travellers-cheques (Reserved for National Government)	49.07.89.02	free
Discs of bonded fabrics or similar bonded yarn fabric (Permit from the Ministry of Finance)	59.03.00.01	3 per cent
Canvas painted for embroidering	62.05.00.07	15 per cent

The rates of duty on items one and two above are in bolivars on the gross weight in kilograms. Bolivar = $0.23.30 Cdn.

Decree D6-0315 published in the Official Gazette of October 18, 1973 abolishes the requirement that seed potatoes be dyed when exported to Venezuela.

The Ocean Freight Market

Office of the Transportation Policy Adviser.

Apart from the tanker market, which was depressed due to cutbacks in Mid-East oil production, ocean charter fixtures during the fourth quarter either established new record highs or generally maintained rates at 1973 boom levels. Scarcity and rising costs of bunker oil (for example, at Brazilian ports increasing by over four times between April and December to as much as U.S.$107.50 per metric ton) created much uncertainty in the market and tended to push rates upward.

Dry cargo rates remained high, notwithstanding that several tankers and OBO vessels were transferred from their normal oil routes. These ships were especially apparent in Indian and transatlantic grain trades. The largest single transatlantic shipment involved a 168,000-ton bulk/oil carrier chartered to carry 88,000 tons of grain from the U.S. Gulf to Europoort.

The Hampton Roads/Japan coal trade was particularly indicative of rising dry cargo charter rates. In this trade, during early October a 32,000-ton ship was fixed at U.S.$23.50 per ton compared with a peak of $13,50 per ton during the 1970 shipping boom. Subsequent fixtures were lower until early November when rates were again on the ascent. By early December, Japanese steel industry and energy requirements contributed to pushing rates up to U.S.$24.75. One of the last 1973 coal fixtures was for a notable rate of $25.25 per ton for a 35,000 ton vessel loading in January.

Rates in Canadian trades generally attained high levels. For example, July rates for heavy grain from St. Lawrence ports to Britain were as low as U.S.$9.20 and in December reached a high of $15.75 per ton. Grain rates from British Columbia/U.S. North Pacific to India rose from a 1973 low of $17.50 in January to $45.50 in December. Iron ore transported Sept Iles to Japan commanded a spot fixture rate of $9.50 per ton (75,000 ton cargo) in May compared with $14.45 per ton (110,000-ton shipment) in December.

Time charter rates for dry cargo vessels rose appreciably throughout most of 1973. To illustrate, a 15,000 to 20,000 ton ship on a 12-month charter was fixed at U.S.$4.45 in January and in October similar charters were fixed between $7 and $9. However, the uncertainty of a continued supply of bunker oil depressed inquiry for longer-term time charters, and the rate fell to $7.50 in mid-December. As a further consequence of the bunker situation, shippers turned progressively towards voyage and short-term time charters.

The subsequent drop in available oil cargoes resulted in a general decline in tanker rates. In early October rates for 25,000 to 38,000 ton tankers between the Caribbean and the Northern Range (including Portland, Maine, the terminus of the oil pipeline to Montreal) ranged between Worldscale 390 and 420 (U.S.$8.74 and $9.41), and in December sank as low as Worldscale 150 ($3.36). To alleviate an oil shortfall in eastern Canada, a number of tankers were chartered to transport western Canada oil from British Columbia through the Panama Canal to Portland, Maine, or optionally direct to eastern Canadian oil refineries. Nine tanker fixtures were reported on this routing, at rates ranging between Cdn.$11.02 and $12.35 per ton.

CHARTER RATES — FOURTH QUARTER 1973

The rates shown in column A are in sterling or U.S. dollars with the Canadian dollar equivalent in column B calculated at £ = 2.430 and U.S.$ = 0.998. For comparison the rates for the previous quarter are shown in column C with the Canadian dollar equivalent in column D calculated at £ = 2.541 and U.S.$ = 1.000. The rate schedule does not necessarily represent all charter movements to or from Canadian ports since details of certain fixtures are not published.

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

	Fourth Quarter 1973		Third Quarter 1973	
	A	B	C	D
	£ or US$	Cdn. $	£ or US$	Cdn. $
General Trading (approximately 4 to 12 months)				
11,000-15,000 dwt. 13-16 knots	9.46	9.48	8.27	8.27
15,000-20,000 dwt. 13-16 knots	10.10	10.12	7.36	7.36
20,000-30,000 dwt. 13-16 knots	8.99	9.00	7.56	7.56
30,000-40,000 dwt. 13-16 knots	7.42	7.43	6.33	6.33

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

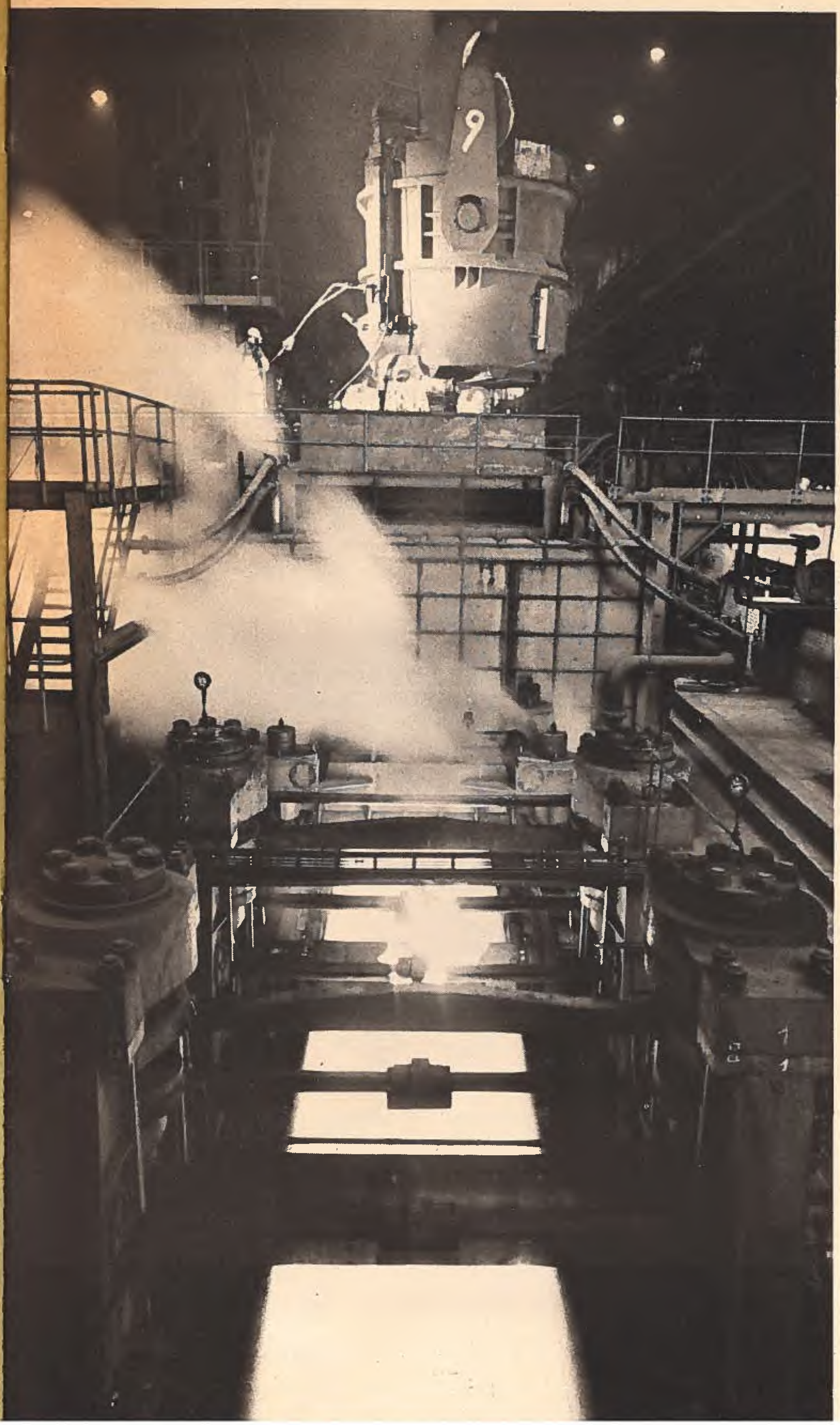
	A	B	C	D
Heavy Grain (per long ton)				
St. Lawrence to Britain	£10.87	26.41	£5.27	13.39
St. Lawrence to Belgium/Holland/Germany	19.84	19.87	9.88	9.88
St. Lawrence to Norway	16.50	16.52	11.85	11.85
St. Lawrence to North Africa	36.66	36.72	19.92	19.92
St. Lawrence to (Mediterranean)	24.18	24.21	—	—
St. Lawrence to Yugoslavia/Greece	23.25	23.29	—	—
St. Lawrence to Japan	*28.25	28.30	—	—
St. Lawrence to People's Republic of China	*34.45	34.51	*31.00	31.00

	Fourth Quarter 1973		Third Quarter 1973	
	A	B	C	D
	£ or US$	Cdn. $	£ or US$	Cdn. $
Saint John/Halifax to North Africa	*32.00	32.05	—	—
Saint John/Halifax to West Africa	*36.50	36.56	—	—
Great Lakes to Belgium/Holland/Germany	28.67	28.72	18.41	18.41
Completing St. Lawrence	19.46	19.49	10.68	10.68
Great Lakes to Norway	18.48	18.51	—	—
Completing St. Lawrence	11.66	11.68	—	—
Great Lakes to U.S.S.R. (Baltic)	42.79	42.86	—	—
Great Lakes to Portugal	*36.25	36.31	—	—
Great Lakes to Portugal	*27.25	27.29	—	—
Great Lakes to Roumania	*28.00	28.04	—	—
Completing St. Lawrence	*21.00	21.03	—	—
British Columbia/North Pacific to Persian Gulf	34.67	34.73	27.90	27.90
British Columbia/North Pacific to India/Pakistan	41.01	41.08	30.26	30.26
British Columbia/North Pacific to People's Republic of China	*27.00	27.04	£6.94	17.63
British Columbia/North Pacific to Japan	25.25	25.29	18.75	18.75
British Columbia/North Pacific to South Korea	24.36	24.40	17.78	17.78
Coal (per long ton)				
Hampton Roads to Japan	20.26	20.29	15.03	15.03
Sydney, N.S. to Chicago	*13.46	13.48	—	—
Oilseeds (per long ton)				
Great Lakes to Belgium/Holland/Germany	34.84	34.90	*35.00	35.00
Oilseed Meals (per long ton)				
Great Lakes to Belgium/Holland/Germany	29.00	29.05	21.21	21.21
Sulphur (per long ton)				
British Columbia to Belgium/Holland/Germany	*22.00	22.04	—	—
Potash (per long ton)				
British Columbia to India/Pakistan	41.28	41.35	—	—
British Columbia to Chile	40.00	40.06	—	—
Iron Ore (per Long ton)				
St. Lawrence of U.S. Gulf	6.50	6.51	—	—
St. Lawrence to United Kingdom	9.97	9.99	£2.95	7.50
St. Lawrence to France (Atlantic)	4.50	4.51	—	—
St. Lawrence to Italy	*9.55	9.56	5.73	5.73
St. Lawrence to Japan	16.48	16.51	—	—
Scrap Iron and Steel (per long ton)				
St. Lawrence to Japan	40.30	40.36	—	—
Saint John/Halifax to South Korea	46.00	46.07	—	—
U.S. Atlantic to Japan	42.00	42.07	—	—
Oil Black (per long ton)				
Venezuela to East Coast of Canada	7.68	7.69	6.43	6.43
Venezuela to Portland, Maine[1]	6.98	6.99	6.54	6.54
Persian Gulf to Portland, Maine	25.13	25.17	30.83	30.83
Mediterranean to Portland, Maine	15.29	15.31	12.00	12.00

[1] Terminal of the Montreal-Portland Pipeline.

*One fixture reported only.

"Ist Und Bleibt"



WILLIAM JONES,
Minister Counsellor, Bonn

"Ist und bleibt" is an expression frequently used by German public speakers to emphasize a point. It means "is and remains" and is aptly used in describing the status of West Germany as an import market. It is, and remains, the largest in Europe.

How do Canadian firms participate in this market? It may be useful to examine Canadian performance here first.

The figures in Table 2 are extracted from the German import statistics and are designed to show by principal commodity groups and sub-groups where the Canadian share of German imports from non-EEC countries exceeds one per cent. West German statistics have been used because they show total imports of Canadian products, whether they came direct from Canada, or found their way to Germany via third countries such as Belgium and the Netherlands. The comparison with imports from non-EEC countries has been made — although these were less than half of the total imports — because these provide an opportunity to compare our success with that of other countries that do not share the trade benefits which the EEC provides to its member countries.

Remember, when examining the table, that Britain, Denmark and Ireland did not join the EEC until early last year and that trade between EEC countries is carried on about as freely as that between the Canadian Provinces (tariffs between the original EEC members and the new ones are being removed in stages and this is dealt with elsewhere in this issue).

Only in grains and cereals, oilseeds, woodpulp and paper waste, raw minerals, ores and metal waste and non-ferrous metals did we supply more than 5 per cent of the product group import requirements — except for woodpulp, which rose to as high as 23.3 per cent. Other principal Canadian exports were

Continuous arc casting at the Huckingen foundry of Mannesmann AG, one of Germany's largest firms, with interests in many fields.

barley, flaxseed, wheat, copper, zinc and asbestos.

Of course, from the German point of view, 1972 was a year of minor recession. This meant that development of the economy did not continue through the year at the rapid pace previously experienced. This was reflected by a decline in our own exports, according to Canadian statistics, of roughly $3.5 million.

In 1973, this trend was completely reversed and during the first six months of the year, our exports to West Germany showed a 30.3 per cent increase over the same period in 1972. This remarkable improvement is largely a reflection of increased purchases of Canadian raw materials and Canadian foodstuffs. These figures reflect, first, a quickening of the German economy, second, anticipation of revaluation of the mark and, third, a concern on the part of buyers that world inflationary pressures would cause substantial price increases.

But the figures, although impressive, do not fully reflect the keen interest of this country in imported products. This is partly because of the competitive pricing of imports after revaluation, but also because of internal shortfalls in supply, due to producing flat-out to meet rapidly increasing domestic and external demand while faced with an acute shortage of skilled labour. Job vacancies are about three times the number of unemployed.

It is easy to get the impression that West Germany is interested only in raw or semi-manufactured imports from Canada — but do not be misled. Canada exported $51.5 million worth of finished goods to West Germany in 1972, or about 16.5 per cent of the total. This was an increase of about 5 per cent over the 1971 figure. There appear to be many opportunities to continue increasing sales of Canadian finished goods to West Germany.

Perhaps the most heartening feature of the German market today is the interest being shown in products which Canada has not exported to Germany before. A growing number of Canadian exporters find there is a market here for their products and many of them, after a visit, return to Canada enthusiastic about the potential.

Some of these apparent opportunities do not prove out for one reason or another. Perhaps one of the reasons is a tendency to look upon Germany as a whole for marketing purposes. There is often an attempt to find representation covering the whole country when a good representative in one or two marketing areas would be sufficient for initial penetration. Important market areas are those served by: a) Hamburg – with principal sub-market areas surrounding Bremen, Hannover and West Berlin; b) Duesseldorf – with at least five sub-market areas within a short distance; c) Frankfurt; d) Stuttgart; e) Munich – with Nuremberg as its principal sub-market area.

Of course, a number of products do find a national market here but these are usually specialized equipment or industrial raw materials and best serviced by a single representative contacting all potential customers.

Attempting to measure interest in Canadian products and the nature of that interest, the Bonn office conducted a direct mail survey of about 11,600 agents registered with the German Agents Association in the Frankfurt, Stuttgart and Munich marketing areas. The response was surprisingly good — more than 10 per cent — 1,375 positive replies and only 46 negative ones. The positive returns are shown in Table 1.

Similar surveys being conducted by the Duesseldorf and Hamburg offices have not been completed; however, it is expected that a similar pattern of returns will be received by them.

The returns were also compared with the pattern of representation of Canadian firms in Germany as we know it. Admittedly our records are incomplete but they do provide a fairly clear indication of where we have traditionally concentrated our sales efforts and suggest the direction future efforts should take and where they should be concentrated. The distribution of these representatives by marketing areas is as follows: Hamburg – 97; Duesseldorf – 56; Frankfurt – 54; Stuttgart – 39; Munich – 44.

Agents are not the only way to sell Canadian goods in Germany and often the Canadian supplier is able to make sales direct to distributors who are much more numerous than agents but, are in many cases, more difficult to deal with.

What does the future hold for Canadian exporters to West Germany? The mid-October prognosis of five authoritative economic institutions indicates little hope that the present boom will continue into 1974. Hedging with qualifications about governmental policy, the state of the world economy and other factors, these institutions predict a real increase in imports of only 7 per cent, compared with 11.5 per cent in 1973 — and a decline of the rate of real increase in gross national product from 6 per cent this year to 3 per cent in 1974. But, in terms of currency, the increases they quote in each case are substantially greater than the percentages imply.

From all of this, the conclusion has to be that the market is here, will continue to be here and will continue to grow. Canadian firms should take advantage of it, if for no other reason than to diversify their markets with a view to riding out fluctuations in world markets. But, as in most cases, the only way to be successful here is to start with a well-planned, on-the-spot examination of the potential. □

TABLE I — SUMMARY OF REPLIES TO DIRECT MAIL SURVEY

(classified by product interest and number of employees)

Product	1 – 4*	5 – 9*	10 –*	Total
Aerospace	–	1	–	1
Agriculture – Food	131	37	45	213
Automotive	18	7	8	33
Boats – Trailer – Camping	1	1	1	3
Commercial – Institutional	19	9	4	32
Construction materials	64	16	11	91
Electrical – Electronics	50	8	21	79
Environmental	–	1	–	1
Fashion – Cosmetic	123	18	19	160
Hospital – Medical	14	4	4	22
Household – Consumer	121	25	31	177
Industrial materials	81	22	20	123
Machinery – Tools	82	11	15	108
Off-road transport	6	2	3	11
Plumbing – Heating – Air conditioning	21	6	7	34
Textiles	95	11	8	114
Total	**826**	**179**	**197**	**1,202**

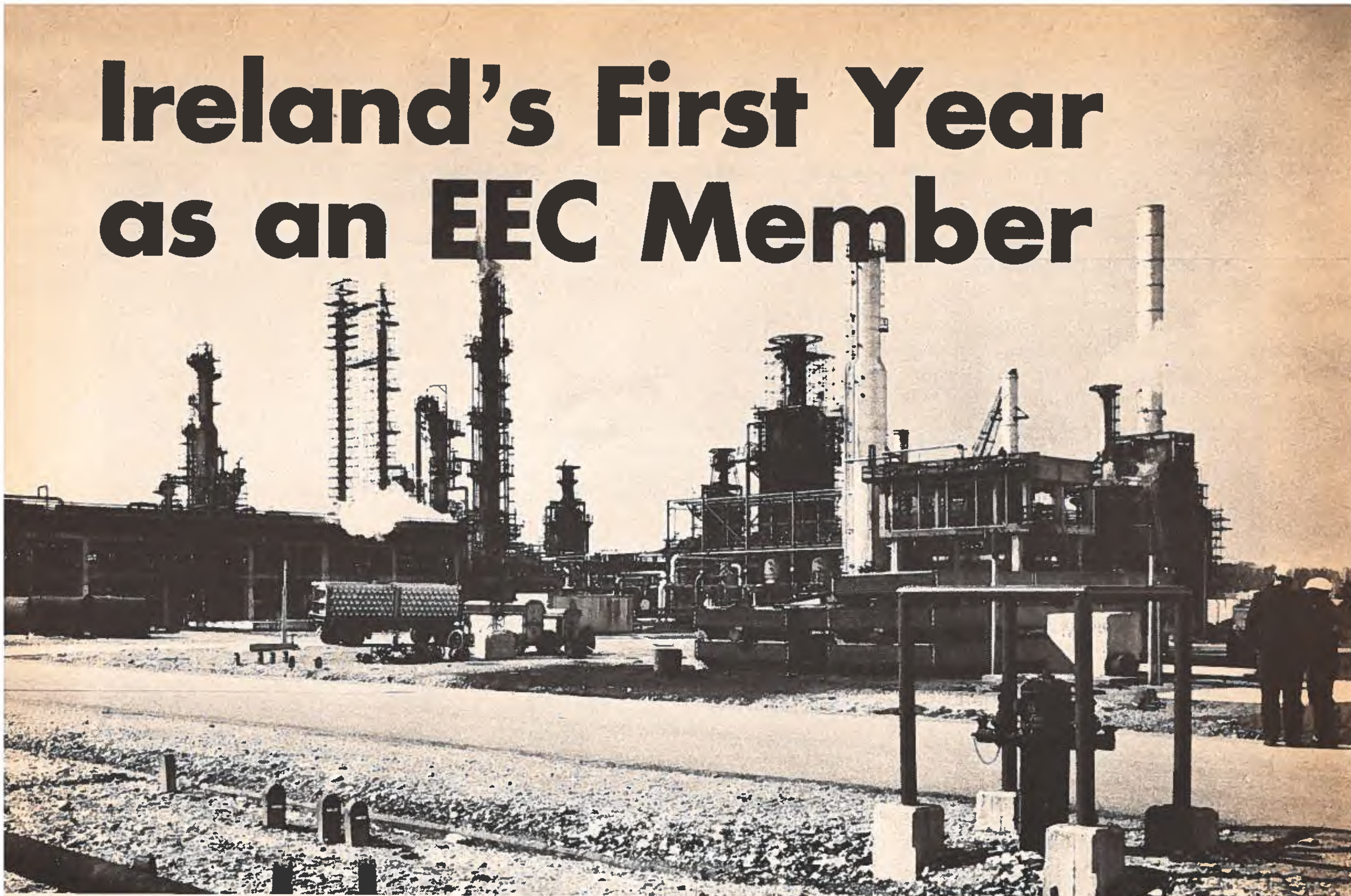
* Number of employees. (On 173 replies, the number of employees was not specified. They are not included here.)

Table 2 — WEST GERMAN IMPORTS BY COMMODITIES IN 1972

Commodity	All Countries	DM'000* Non-EEC	Canada	% Cdn. share (non-EEC imports)
Foodstuffs and Live Animals				
Fish and fish products	614,981	476,498	21,961	
Grains and Cereals	2,717,435	1,089,289	164,009	
Sugar, honey, confectionery	374,874	125,424	1,364	
Foodstuff preparations	143,898	46,000	6,571	
Others	15,810,767	7,599,071	8,046	
Total	**19,661,955**	**9,336,282**	**201,951**	**2.16**
Beverages and tobacco	**2,000,781**	**1,006,340**	**5,735**	**0.57**
Raw materials (except mineral fuels)				
Hides and skins, raw	866,242	794,011	31,583	
Oilseeds and oleaginous fruits	1,453,507	1,425,213	87,770	
Wood and cork	1,701,860	1,564,594	75,900	
Woodpulp and paper waste	1,022,234	932,375	217,521	
Mineral raw material (except fuel, ore, precious stones)	1,110,009	831,597	66,448	
Ores and metal waste	3,307,278	2,826,420	283,423	
Others	3,202,224	2,356,275	5,422	
Total	**13,529,584**	**10,730,485**	**768,067**	**7.16**
Mineral fuels, lubricants	**11,832,802**	**8,667,074**	**3,755**	**0.04**
Animal and vegetable fats and oils	**813,399**	**603,634**	**946**	**0.16**
Chemical products				
Tars and carbon chemicals	85,014	26,031	1,101	
Medical and pharmaceutical	741,432	393,257	6,267	
Chemical fertilizers	251,456	115,166	4,159	
Explosives	63,745	35,027	394	
Plastics and cellulose	2,059,400	437,814	5,347	
Others	4,885,921	2,164,565	10,736	
Total	**8,086,968**	**3,171,860**	**28,004**	**0.88**
Processed articles				
Leather, leather goods and dressed furs	1,036,155	460,371	16,582	
Paper and paper board	2,654,511	1,603,205	21,373	
Iron and steel	6,883,907	2,220,388	40,598	
Non-ferrous metals	4,967,485	3,452,034	196,939	
Others	13,763,338	4,815,338	8,465	
Total	**29,305,396**	**12,551,336**	**283,957**	**2.26**
Machinery and Vehicles				
Electrical	5,929,341	2,891,832	34,594	
Others	18,733,104	7,679,678	35,023	
Total	**24,662,445**	**10,571,510**	**69,617**	**1.96**
Other processed articles				
Boots and shoes	1,421,520	330,440	50	
Optical and precision instruments, photochemical products, clocks and watches	2,285,905	1,418,878	3,523	
Others	10,972,962	4,943,963	41,943	
Total	**14,680,387**	**6,693,281**	**45,516**	**0.68**
Other products, n.e.s., incl. gold	**4,170,465**	**2,814,453**	**164**	**0.01**

* Cdn. $1.00 = DM 3.22

Ireland's First Year as an EEC Member



Oil refinery at Whitegate in County Cork, Ireland.

P.F. CARR, Commercial Officer, Dublin

It appears Ireland's economy has shown an above average rate of growth during the country's first year as a member of the European Economic Community. There was a real increase in the GNP of 6 per cent, mainly because of increased demand for agricultural products, increased industrial exports and new fiscal and monetary policies.

But Ireland continues to have the highest inflation rate in the EEC and unemployment is also high. No improvement in these areas is expected in the very near future.

Nevertheless, 1972 imports increased 11.5 per cent over 1971, for a total value of more than $2 billion. Consumer goods imports increased 24 per cent in 1972, showing greater gains than other product sectors.

Import statistics for 1973 are expected to show increases on three broad fronts: capital equipment, raw materials and consumer goods. The upsurge in imports in the fourth quarter of 1972 continued into the first half of 1973 and it is expected that for the whole year, merchandise imports will total almost $3 billion, an increase of over 30 per cent.

Although the Irish pound has remained constant, in terms of sterling, and appreciated against the dollar over the past year, its depreciation against other major currencies has been so great, that on that account alone, import prices were expected to rise significantly in 1973.

Trade with Canada

The lowering of tariff barriers between the EEC partners and Ireland has only begun and EEC membership has, therefore, not been reflected yet in trade between Ireland and third countries such as Canada. The first cut in Irish barriers to EEC imports, and vice versa, came on April 1, 1973, with a 20 per cent reduction of the tariff rate. For example, continental goods previously facing a 60 per cent duty now enter Ireland at 48 per cent.

During the transitional period Canada continues to enjoy preferential rates of duty on exports to Ireland. In most cases Irish duty rates are higher and, in some circumstances, considerably higher than EEC rates. Consequently, by July 1977, when Irish tariffs are scheduled to be aligned with the EEC Common External Tariff, Canadian goods will face a rate that is lower than that already in existence here. But, in the process, Canada's favoured status will be eliminated. In the meantime, tariffs continue to be reduced by approximately 20 per cent a year.

In the past, Canadian exports to Ireland have competed successfully against high tariff rates. This was particularly true of clothing during the last year with dramatically increased sales to Ireland, despite a tariff rate of 40 per cent and competition from Irish and British industry. In the long run, the implications for Canadian exports depend on our prices overcoming the C.E.T. Canadian goods have proven to be as good quality as similar commodities available elsewhere — in some cases they have been superior. Canadian exports to Ireland, while slumping in 1971 to $12.7 million, increased to $14.6 million in 1972. But it must be noted that Irish import statistics diverge considerably from Canadian figures. For example, Irish statistics indicate that imports worth approximately $25 million originated in Canada in 1972. The fact that considerable quantities of Canadian merchandise are trans-shipped through Britain is the generally accepted reason for the divergence in the final import figures.

Although the figures indicated a small market, they nevertheless show that there has been growth in recent years, especially in the areas where more attention is paid by Canadian exporters to the Irish market. The Commercial Division is especially concerned with this area because personal visits have in the past proven worthwhile, despite the relative smallness of the market. If you are interested in finding out more about the prospects for your products here, we will be happy to assist you in every way possible — or if you prefer to investigate the market first-hand, we can introduce you to potential agents and interested customers. ◻

Table 1 — Canadian Exports to Ireland

$'000

Commodity	1970	1971	1972
Aluminum ingot	2,474,342	1,272,298	1,102,199
Wheat	1,686,528	2,086,531	3,188,192
Newsprint	1,765,269	1,627,334	1,332,739
Canned salmon (pink)	510,361	333,043	259,686
Mining & quarrying equip.	321,085	322,475	219,913
Tobacco, flue cured	695,449	115,997	100,819
Sulphite wood pulp (bleached)	532,572	89,975	320,839
Oats	34,791	406,968	335,785
Maple lumber	526,002	405,532	495,242
Broadwoven fabrics	26,907	71,619	527,317
Firebrick	51,019	229,070	97,193
Earth drilling & related mach.	368,473	105,625	26,462
Lumber, western white spruce	32,156	268,482	321,765
Welding wire rods, electrodes, etc.	37,716	143,416	—
Barley	454,712	375,313	461,218
Bleached kraft soft wood pulp	258,524	683,103	982,888
Bleached kraft hard wood pulp	949,076	107,976	177,263
Plastic film and sheet	39,249	216,193	493,781
Aircraft engines and parts	—	323,000	815

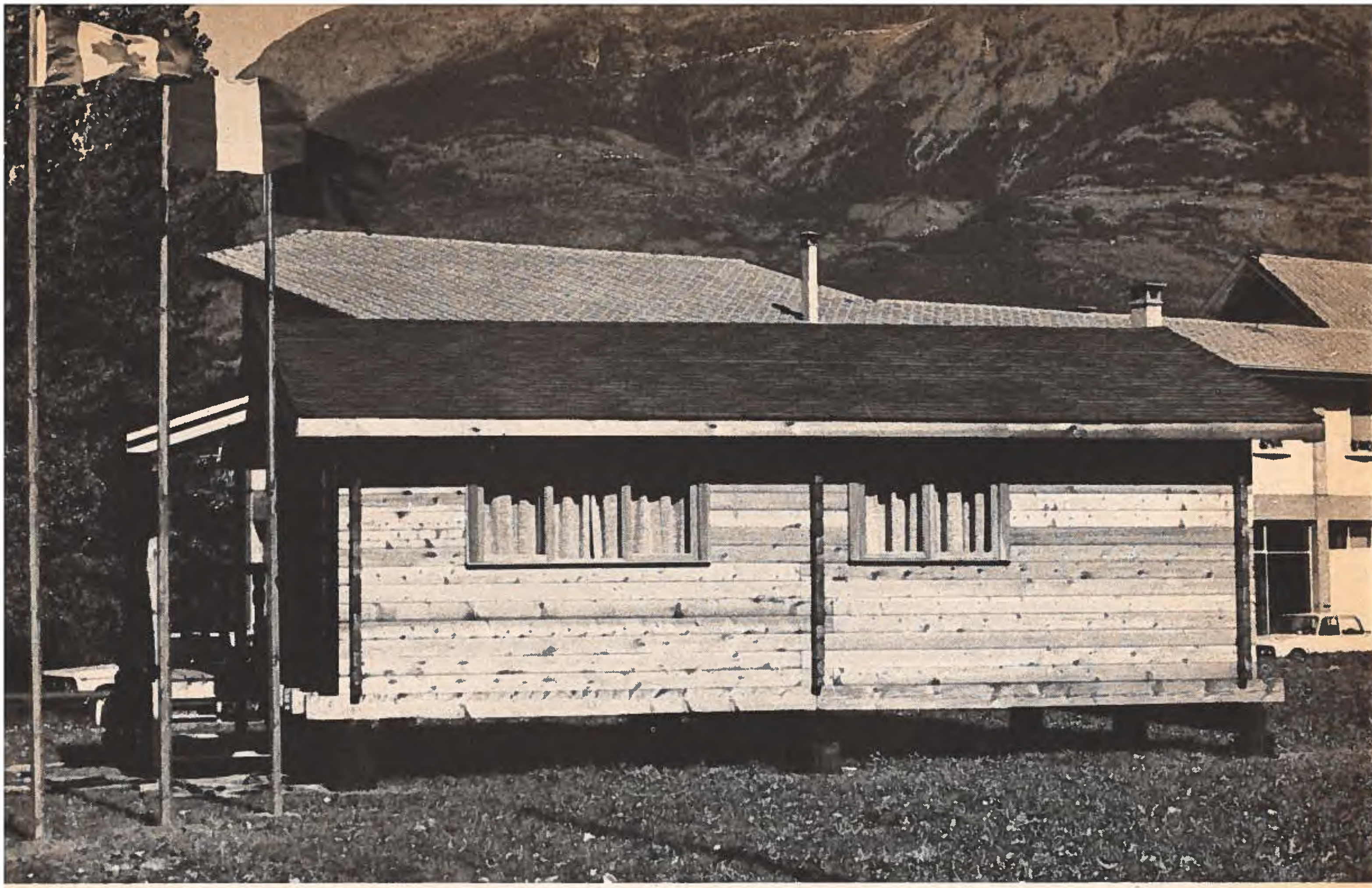
IRELAND'S FOREIGN TRADE
(£'000)

Exports

Commodity	1970	1971	1972
Live animals	56,889.5	72,131.1	86,102.0
Meat & meat preparations	75,110.7	89,165.1	96,814.7
Dairy products & eggs	26,302.1	35,856.8	41,734.3
Fruit & vegetables	6,120.5	6,393.2	7,411.6
Cocoa & chocolate preparations	11,154.3	10,555.2	12,143.0
Feeding stuffs for animals	5,840.6	7,494.9	10,770.6
Beverages	9,936.4	11,336.2	12,260.0
Metal ores & scrap	20,990.8	16,812.8	20,969.0
Medicinal & pharmaceutical products	9,411.8	9,584.4	11,883.9
Leather & leather products	6,090.3	7,108.1	8,772.0
Textile yarn	23,446.1	28,779.3	39,488.0
Non-metallic mineral products	7,163.7	9,121.3	10,043.4
Products of metal (n.e.s.)	6,187.2	7,417.7	8,381.8
Non-electric machinery	9,317.8	9,652.6	15,886.1
Electrical machinery & goods	14,306.0	15,421.0	17,799.8
Clothing, headgear, footwear	22,143.0	26,576.0	30,622.7
Professional, scientific goods	10,340.4	15,521.1	18,796.4
Miscellaneous manufactured articles	11,793.4	14,570.5	17,156.0
Total	**455,492.0**	**527,900.3**	**634,744.0**

Imports

Commodity	1970	1971	1972
Live animals	20,552.0	15,633.5	19,086.7
Cereals & cereals preparations	13,792.4	19,181.1	22,683.0
Fruit & vegetables	15,024.6	16,530.1	18,485.4
Coffee, tea, cocoa, spices	11,247.9	11,198.3	11,662.8
Feeding stuffs for animals	10,379.8	8,303.9	9,383.4
Tobacco	5,276.5	6,505.0	8,479.5
Wood, lumber & cork	10,784.3	13,549.8	14,653.5
Textile fibres & waste	11,793.9	10,781.6	12,721.6
Crude fertilizers & minerals	7,133.3	7,237.6	5,927.1
Coal, coke & briquettes	9,716.9	9,452.7	9,388.5
Petroleum & Petroleum products	43,014.8	58,100.4	53,119.6
Organic & inorganic chemicals	12,128.5	14,347.5	18,153.6
Medicinal & pharmaceutical products	11,533.5	11,811.0	15,183.3
Fertilizers	8,082.5	9,669.5	12,402.7
Plastic materials	16,294.1	19,017.9	23,918.8
Chemical materials (n.e.s.)	5,487.2	6,502.0	7,279.8
Rubber products	5,284.1	6,588.7	7,984.1
Paper, paperboard, etc	18,200.6	20,162.0	23,220.9
Textile yarn	43,328.7	49,301.8	56,654.4
Non-metallic mineral products	10,569.4	11,220.1	11,567.4
Iron & steel	22,286.2	23,706.4	27,712.3
Non-ferrous metals	12,119.3	10,842.2	12,478.9
Products of metals (n.e.s)	23,736.6	27,822.7	29,765.1
Non-electrical machinery	89,181.6	94,839.5	109,467.7
Electrical machinery	38,360.5	41,408.3	50,433.2
Transport equipment	52,877.1	67,526.1	60,468.2
Clothing & headgear	11,731.1	15,239.8	18,515.6
Miscellaneous products	24,394.7	27,509.1	32,789.0
Total	**676,652.1**	**754,913.2**	**842,576.6**



In mid-October, the first Canadian home of western red cedar was officially opened near Aosta in the northwest Val d'Aosta region of Italy. The Commercial Division of the Consulate has been working closely with Canaban International of Vancouver, distributors of Panabode Homes, in developing new markets for Canadian vacation homes in northern Italy.

Italy–
On the Upswing

W.J. COLLETT, Minister Commercial, Rome

The Italian economy is showing signs of having entered a recovery phase after a long period of near-stagnation that commenced in 1970. But there is the problem of controlling inflation without halting the upswing in growth.

The new centre-left government which took over in June of this year, has begun an ambitious economic program — a 90-day selective price freeze, extended in modified form beyond the October 16 deadline; tighter controls on capital outflow; massive borrowing from the Euromarket to shore up the Government's deficit expenditure program and to keep the lira out of the joint European float; a tightening of credit but with preferential treatment for medium and small businesses; a freeze on rentals to low to medium income tenants; an overall ceiling on the 1974 Treasury deficit financing.

These measures already have had a marked stabilizing effect. Price rises are tapering off at a current rate of 11 per cent (the highest in the EEC); industrial production is 15 per cent higher than a year ago, with growth in GNP now running at 6 per cent in real terms (double the rate for 1972), and there are signs of a promising recovery in the level of private investment and consumer demand.

Phase Two of the economic recovery program still is being formulated but there are signs of a shift from price freezes to price controls. These would probably incorporate a blend of controls on prices, wages and short-term credit. But there are obstacles because of Italy's reliance on essential imports (about 8.5 per cent of the GNP in food, fuels and raw materials), impending contract renewals for two million workers, international pressures on the value of the lira and bottled up demands for price increases to alleviate already strained profits.

The greatest increases in industrial output have been in chemicals and mechanical engineering, with paper products running slightly behind. Industries such as food processing, textiles, clothing and lumber are expected to rise less than 6 per cent. Agriculture and food output have suffered, primarily because of reduced wheat production, and Italy's food deficit has reached a record level. Partly this is because of bad growing weather, but also it reflects the growing need to develop modern and efficient agriculture methods.

It is a goal of Italian economic and monetary policy to avoid deflationary measures, to curtail government spending and to make sufficient credit available for productive investment of all kinds. It is through this last measure that Italy intends to reduce the disparity between the South and the industrialized North by supporting establishment of labour intensive industry. The goal is 60,000 new jobs in the Mezzogiorno each year for the next decade.

Most of the required investment will come from Italy's vast state-controlled industries but Italy is counting also on the assistance of the EEC Regional Development Fund for at least 10 to 12 per cent of the funds required (or about one-third of the EEC regional development budget) to supplement domestic resources.

Italy's foreign trade accounts for 32 per cent of the GNP ($121 billion). In the first eight months of 1973, total imports out-paced exports by about $3.3 billion. Much of this was accounted for by heavy stock building in some sectors but more so by rising international prices of primary materials and food products.

Devaluation of the lira has not had its full impact either. About 50 per cent of Italy's trade, as a market and a supplier, is with the EEC and this has increased each year while trade with other countries, mainly the United States, has declined. All told, two-thirds of Italy's trade is with Europe and more than 85 per cent of the country's 1972 exports were semi or fully-manufactured products.

Canada-Italy trade in the first eight months of 1973 was far ahead of that of the same period in 1972. Canadian exports to Italy increased 43 per cent to $174 million while Italy's exports to Canada rose 14 per cent to $154 million — meaning there was a $20 million surplus in Canada's favour for that period.

There is no question that Italy will continue to be a steady market for primary materials, especially grains, metals, minerals, and forest products. Italy also has a need for goods and equipment that can be proven to enhance efficiency of production because increased labour costs have offset the traditional advantage enjoyed by Italian industry in Europe.

But Italy is a buyer's market and frequently the secret of selling there lies in such arrangements as joint venture, co-production, and licensing (see *Canada Commerce*, October 1972). The short-term prospects appear good for Canadian products based on high technology. This includes sophisticated navigational equipment, specialty aircraft and engines, pollution abatement equipment and products for energy conservation, oceanography, and nuclear power.

To penetrate the Italian market naturally requires an approach tailored to Italian needs and customs. In this respect, the services of the Department of Industry, Trade and Commerce representatives in Milan and Rome are readily available.

Table 1 — Italian Trade Patterns

	Imports 1970	Imports 1971	Imports 1972	Exports 1970	Exports 1971	Exports 1972
	(Percentage)					
All Europe	61.6	62.6	65.6	70.0	70.9	70.8
EEC	45.7	46.9	49.1	47.7	49.2	50.1
EFTA	6.1	5.9	6.0	9.1	9.0	8.8
Eastern Europe	5.5	5.6	5.8	5.4	5.0	4.3
Other Europe	4.3	4.2	4.3	7.8	5.0	4.3
All America	17.4	15.6	14.0	15.7	15.1	15.1
Canada	1.4	1.5	1.3	1.0	1.1	1.1
U.S.A.	10.3	9.0	8.3	10.2	9.8	9.8
Argentina	2.0	1.9	1.4	.9	.8	.6
Brazil	1.4	1.3	1.3	.6	.8	1.1
Africa	8.8	8.4	7.5	6.4	6.2	6.6
Asia	11.0	12.4	12.2	6.1	6.0	5.8
Oceania	1.1	.9	1.1	.9	.7	.6
Others	.1	.1	–	.9	1.1	1.1
Total ($ billion)	**16.7**	**17.6**	**20.0**	**14.7**	**16.7**	**19.3**

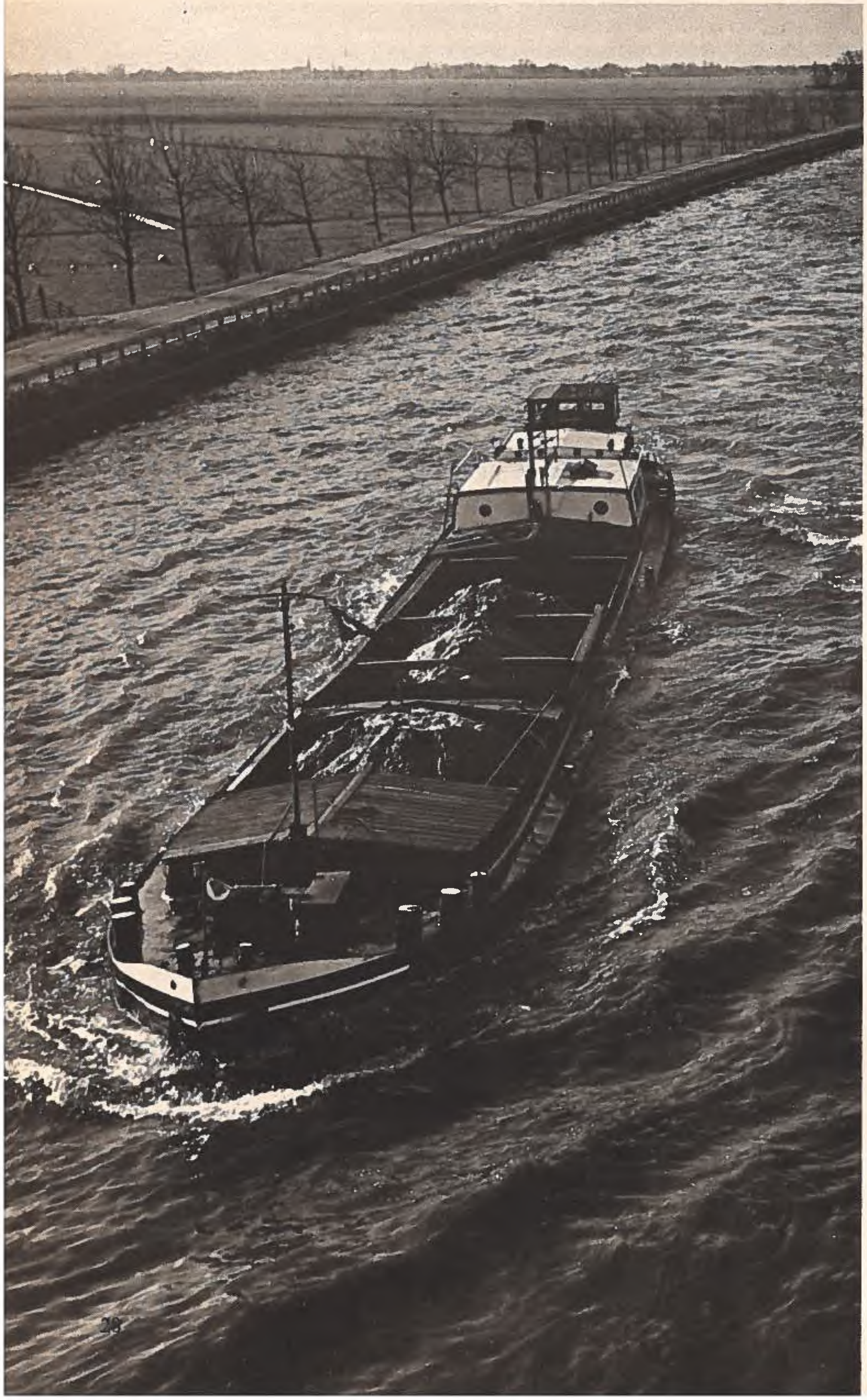
Source: ISTAT, Rome

Table 2 — Italy's Trade by Commodity Group

	1972 Imports	1972 Exports
	(Percentage)	
Agricultural and food products (including live animals)	20.8	8.1
Raw materials	27.5	5.9
Fuel and fuel elements	14.6	4.1
Unrefined materials	12.9	1.8
Semi-manufactured products	20.9	19.6
Intermediate products	6.7	4.8
Unfinished products	14.2	14.8
Fully-manufactured products	30.8	65.8
Capital goods	18.7	30.1
Consumers' goods	12.1	35.7
Total ($ billion)	**$20.0**	**$19.3**

Source: ISTAT, Rome

The Netherlands– Gateway to Europe



NANCY M. STILES, Assistant Commercial Secretary, The Hague

Closely linked with the German economy but nevertheless very much affected by its long tradition as an international commercial and trading entity, the Netherlands occupies a position within the EEC that is of considerable importance to Canadian exporters. This becomes evident upon consideration of three distinct but inter-related aspects of Dutch-Canadian trade relations.

The Netherlands is a relatively open market for imports, particularly industrial. On a per capita basis, it is one of the most industrialized nations in Europe and its population is highly educated and consumer-oriented. To some extent Canadian exporters have capitalized on this potential. In 1972, the Netherlands was Canada's seventh largest market after the United States, Japan, Britain, Germany, the U.S.S.R and the People's Republic of China. Canadians exported goods to the Netherlands worth more than $249 million.

Moreover, the Netherlands is in a very real sense the "gateway to Europe". With its central location, extensive shipping facilities and large number of trading companies, it is an excellent funnel for Canadian products flowing into the rest of Europe and an ideal location for the establishment of an overseas operational base.

Another important consideration is that the Netherlands has traditionally favoured an outward-looking trade philosophy within the EEC and has actively pursued the objective of expanding trade contacts with the industrialized countries and with the less developed world. At a time in which Canada is seeking to diversify its export markets and, in particular, is attempting to gain a larger share of the European market, the Netherlands is among our allies in Europe in our efforts towards achieving a reduction of trade barriers and further trade liberalization.

Despite these favourable circumstances, Canadian exporters have yet to exploit the full potential of the Dutch market. In 1972, Canadian exports represented less than 1 per cent of total Netherlands imports, well behind countries such as Switzerland and Sweden. Canadian exports to this market in the first six months of 1973 decreased by approximately 30 per cent compared with the first six months of 1972. In addition, the composition of our exports has not always reflected the technolo-

The Amsterdam-Rhine Canal is linked to the very centre of the Port of Amsterdam and is being converted to push-barge traffic. (photo courtesy De Amsterdamsche Haven) gical capabilities and innovative capacities of Canadian industry. Of our ten major exports by value to the Netherlands in 1972, nine were either raw materials or agricultural products; the tenth, aircraft and parts, cannot be considered as a continuing item in our trade.

Nevertheless, the Canadian export performance has not been entirely discouraging. During the past decade Canadian exports to the Netherlands have almost tripled. Moreover, a product analysis of our trade with this market in the first six months of 1973, compared with 1972, indicates that exports of bulk commodities (grains and metals) have decreased, while exports of a number of manufactured products such as navigational instruments and parts, card punch sorting, tabulating computers and parts, and measuring and testing equipment and parts have increased significantly. Canadian manufacturers should make every effort to accelerate this trend.

Given current trends and developments in the economy of the Netherlands and recent international currency realignments, this year is a particularly opportune time for Canadian manufacturers to attempt further penetration of the Dutch market.

The gradual recovery of the Netherlands economy, begun in the latter half of 1972, continued throughout most of 1973 in spite of business uncertainty caused by an unprecedented five-month delay (from November 1972 to mid-May 1973) in the formation of the new government. The increased buoyancy of both domestic and export demand, improved profits and a better investment outlook all contributed towards the expansionary trend.

Although business investment in 1972 was 8 per cent lower in real terms than in 1971, investment activity increased from quarter to quarter, finally swinging into a positive growth rate in the final quarter. This upward trend in investment spending is expected to continue in 1973. Current estimates are that business investment will increase by about 8.5 to 9 per cent in 1973, reflecting improved profits and emerging needs for more productive capacity. According to a sample inquiry published by the Central Statistical Office last May, investment by manufacturing industry at current prices is expected to rise by 16.2 per cent and by the building industry by as much as 40 per cent. The oil industry is expected to show the highest rate of expansion, at almost 60 per cent.

This upsurge in business investment may, however, be somewhat dampened by the end of 1973 or early 1974. Interest rates are rising sharply and money is becoming tighter due to strict controls imposed by the central bank in response to the international monetary instability. Moreover, Parliament has on its agenda a selective investment levy bill, the object of which is to divert investment from the heavily industrialized western part of the country to the less-industrialized eastern and northern sections. Critics of the proposed legislation are concerned that the levy could cause companies to postpone and possibly cancel investment plans.

Although already approaching capacity limits, industrial production is expected to increase by 4.5 per cent in 1973 compared with 5.2 per cent in 1972. Increases in investment spending, exports and domestic consumption will contribute to this trend. Worker productivity is expected to increase by 4 per cent.

The economy continued to be affected throughout 1972 and 1973 by rapidly rising prices, accelerated by wage increases significantly higher than productivity increases. The cost of living increased, on average, by 7.8 per cent in 1972 and is expected to increase by approximately 8.5 per cent in 1973. The average industrial wage increased by 12.5 per cent and the rise in 1973 is expected to be as much as 13.5 per cent.

The Government's approach to maintenance of price stability has changed considerably since the announcement in August 1971 that in its view the primary responsibility for prices and wages rested with the national trade unions and the National Employers Organization. In September 1972, the Government attempted to conclude an agreement with its employer and employee organizations whereby the rise in income in the private sector would be kept down. Although no formal agreement was reached, the central organizations for employers and employees arrived at a bipartite agreement for 1973, the "Central Accord", which advocated a policy of wage and price restraint. In November 1972, with prices still rising at a disquieting pace, the Government prescribed that price increases should be confined to the net rise in costs which had taken place since August 1972. In September 1973, in an attempt to dampen the effect of rising import prices, the Government announced a unilateral revaluation of the florin of 5 per cent. Despite these measures, inflation is expected to continue to be a problem, at least for the first part of this year. The country's inability to insulate itself from continuing inflation abroad and rising raw materials prices will probably contribute towards this trend.

Unemployment also continued to be a problem throughout 1972 and 1973. The average unemployment rate in 1972 was 3 to 3.5 per cent, which is high by Dutch standards. Unemployment began to level off in November and December of 1972, but began to rise again in January and February 1973. However, the trend in the latter months of 1973 was more encouraging and the Central Planning Bureau has now forecast a 2.5 per cent average unemployment rate for 1973. The Government has initiated a number of large-scale employment programs, the latest involving more than 750 million florins. These programs tend to concentrate on adult retraining and public works projects in the less industrialized north and east.

External trade, exclusive of trade with Belgium and Luxembourg, in 1972 was almost in balance for the first time since 1945. Imports rose by 3 per cent to Fls. 46.1 billion (Fl 1 = $0.3087 in 1972), and exports increased by 9.5 per cent to Fls. 45 billion. The growth in exports was due primarily to increased sales of natural gas, gasoline, iron and steel, transport equipment and chemical products. Capital earnings and the services sector also showed a marked improvement, resulting in a current account surplus of Fls. 3 billion. The outlook for 1973 is almost as bright. Total Dutch trade is expected to increase by approximately 10 per cent, keeping pace with the estimated increase in world trade. The current account surplus in the balance of payments is expected to decrease slightly to Fls. 2.5 billion.

The upswing of the Netherlands economy and the now even more favourable dollar-florin exchange rate imply an improved prospect for Canadian goods in this market. The December 1971 and February 1973 U.S. dollar devaluations and the recent 5 per cent florin revaluation have now made the dollar approximately 30 per cent cheaper in terms of the Dutch florin. Thus, while foreign competitors are being forced by strong home inflationary pressures to raise their product prices, Netherlands importers of Canadian products have been able to increase the competitiveness of their goods by either lowering florin prices or resisting increases.

As a result, many are now actively considering the possibility of importing what, until now, had been considered non-price-competitive Canadian goods. This category encompasses virtually the complete range of Canadian consumer products, including both high fashion and casual apparel, disposables, furniture, textiles, do-it-yourself tools and sports and recreational equipment.

Specific opportunities for Canadian exporters exist in an extensive range of technical products. Dutch importers have exhibited interest in special high-technology equipment in the areas of electronics, process control, measuring and testing, science, marine and oceanology.

In the past the Dutch machinery market provided few opportunities for Canadian exporters. Recent sales of sawmill machinery and special packaging equipment, however, indicate that Canada is being increasingly considered as a potential supplier in this field.

In addition, the market outlook for forest products and certain types of building materials continues to be good.

The Netherlands, as the most densely populated and industrialized country in Europe, is becoming increasingly aware of the need for more stringent anti-pollution measures. Recent and anticipated anti-pollution legislation will necessitate significant capital expenditures by private industry in pollution-control equipment, systems and installations. Canadian manufacturers with expertise in the design and production of environmental control equipment should be able to obtain a share of this market if they are flexible and can meet local specifications.

In fact, flexibility is the key to success in the Netherlands market. Canadian manufacturers who are willing to modify their products in response to different market requirements, or consider a different market approach such as participating in a licensing agreement or joint venture, or establishing a subsidiary, have the best chance to gain or expand sales in the Netherlands.

In all cases, whether the Canadian manufacturer is interested in straight selling or establishing an operational base for assembly, manufacturing or distribution, he should take advantage of the services provided by the officers of the Commercial Division of the Canadian Embassy in The Hague. □

Major Suppliers to the Netherlands — 1972

	Fls. million	% Share
Total Imports	**54,308**	
West Germany	15,021	27.6
Belgium Luxembourg	8,169	15
U.S.A.	4,520	8.3
France	4,413	8.1
Britain	2,874	5.3
Italy	2,353	4.3
Saudi Arabia	1,997	3.7
Kuwait	1,227	2.3
Sweden	1,056	1.9
Iran	1,050	1.9
Canada	429	0.8

Source: Netherlands Bureau of Statistics.

Major Canadian Exports to the Netherlands

	1972	1971
	($ million)	
Aircraft, aircraft engines & parts, aircraft assemblies equipment & parts	49.1	7.8
Flaxseed	28.3	23.1
Wheat	26.5	41.3
Wood pulp	21.0	20.9
Iron ore	18.4	17.8
Rapeseed	10.4	26.7
Molybdenum in ores, concentrates & scrap	7.6	10.9
Zinc in ores & concentrates	7.2	6.8
Pig iron	5.3	6.1
Plywood	5.0	3.0
Total	178.8	164.4
Total Canadian exports to Netherlands	**249.2**	**234.0**
Commodities listed as % of total exports	71.7%	70.3%

Source: Statistics Canada.

What the Netherlands Bought in 1972

	(Fls. million)
Live animals, meat, fish & dairy	1,248
Vegetable products, edible & inedible	4,058
Prepared foods, tobacco	1,943
Materials for animal feeds	1,018
Crude oil, mineral fuels	7,284
Mineral products, n.e.s.	1,147
Chemicals & plastics	5,315
Hides, skins, furs	510
Lumber, plywood	1,150
Paper, carton & products	1,721
Textiles, clothing	5,122
Metals, excl. precious metals	5,481
Electrical machinery & equipment, electronics	8,920
Transport equipment	4,294
Scientific & measuring equipment & instruments	1,332
Miscellaneous commodities	2,702
Total, including others	**54,308**

Source: Netherlands Bureau of Statistics.

Problems of Economic and Monetary Union

CARL C. PEDERSON,
First Secretary, Mission of Canada to the European Communities

Mention EMU in casual dinner conversation outside the EEC and you are likely to draw a blank, but, at time of writing, an intensive debate is taking place on how and when to give EMU real impact.

EMU, or economic and monetary union, was officially launched by the EEC Council of Foreign Ministers in March 1971; some in the Community regard it as possibly the most important pan-European development since the crowning of Charlemagne. Its full maturation could mean the emergence of another world super power with consequent far-reaching changes in global economic, monetary, trade and defence relations.

EMU envisages no less than the transformation of the entire complex of Community relations into a European union by the end of the present decade. The essential elements are: (a) free circulation of people, goods, services and capital without distortion of competition; (b) accompanying structural policies to correct sectoral and regional imbalances; (c) unconditional reciprocal convertibility of Community currencies with fixed rates of exchange between them, and the complete and irreversible elimination of margins of fluctuation; (d) mitigation of disparities in standards of living and improvement in the quality of life, and (e) vesting in the Community of the competencies and responsibilities which will enable its institutions to ensure the conduct and management of the union.

Less than two months later, however, an international monetary crisis badly compromised the fledgling EMU by spreading monetary disarray among member states, making it impossible to continue with the progressive narrowing of fluctuation margins between Community currencies, which was an essential element in the EMU plan. Stability was temporarily restored by the 1971 Smithsonian agreement which saw a general realignment of parities. It created, however, a situation whereby it was theoretically possible for Community currencies to fluctuate against each other by 9 per cent, a level hardly compatible with the notion of stable trading conditions in a single market without trade barriers.

Member governments, therefore, had a strong incentive to agree on remedial economic and monetary measures and, in March 1972, Council gave EMU a new lease on life with decisions that: (a) the co-ordination of member states' short-term economic policies should be further improved, (b) the maximum fluctuation between Community currencies should be restricted to 2.25 per cent, (c) measures should be adopted to regulate capital flows into the Community, and (d) measures for regional development should be accelerated.

EMU was given a further boost by the October EEC Summit of 1972 when heads of government confirmed that EMU should be realized by the end of 1980.

The first stage of EMU, which was scheduled to end in 1973, has only shown moderate progress. EMU's centrepiece, the system of narrower margins of fluctuation, has proved highly vulnerable; its inherent weaknesses were quickly exposed by recurring international monetary crises and are reflected in the current arrangement comprising a joint float against the U.S. dollar of only six of the nine member states' currencies. A European monetary co-operation fund (the possible basis for an eventual kind of federal reserve) has been established but as of now it lacks the funds to be an effective instrument for intervention. On the economic front, co-ordination of member states' economic policies has not yet yielded the expected results; national governments have tended to attach lower priority to agreed Community guidelines whenever they have conflicted with national political and economic priorities. In addition, enlargement of the Community has slowed progress, particularly in harmonization of national legislation. Fiscal harmonization is proving to be slow. Although the value added tax system (VAT) became operative throughout the Community in 1973 with Italy adopting it, important structural and rate differences remain that adversely affect the free functioning of the internal market. Rather than the expected liberalization of capital movements, new restrictions have come into force. As for structural policy, only the first elements have been put into position; very little, for example, has been accomplished until now in the key area of regional policy.

Meanwhile, member states have been questioning whether they are indeed ready to move on to the second phase, originally scheduled to begin January 1, 1974, and lasting to the end of 1975. The three main elements of the second phase envisaged by the Commission are:

Economic and monetary policy. There would be greater co-ordination of national budgetary policies by means of regular checks on the implementation of national budgets, continuing consultations on methods of financing budgetary deficits, and harmonization of certain national budgetary instruments at the Community level. The Community's monetary system would be extended to cover all Community currencies; there should be further progress on the narrowing of fluctuation margins. Adequate protection should be ensured for the Community against external speculative capital flows and progress made on liberalization of intra-EEC capital movements. The European monetary co-operation fund should be endowed with sufficient assets to make it a credible instrument of monetary policy.

Structural policies. A regional development fund would be created and national regional policies better co-ordinated. In the social policy field, a number of proposals are envisaged, including guaranteed income both for persons undergoing vocational retraining and for the unemployed. Concerning taxation policy, further steps would be taken to harmonize VAT and certain excise duties. As for direct taxes, a tax system applicable to intra-Community mergers and to the parent and subsidiary companies in different member states should be adopted. Measures would also be introduced in the area of personal income tax to help free movement of labour. The Community should achieve free movement of capital within its borders, partly by adopting a single policy toward third countries. The Community budget should become an important instrument in the second stage and new functions assigned to it would concentrate first on social and regional policies. Directives to eliminate all remaining technical barriers to intra-EEC trade should be adopted by the end of 1977. Government purchasing by member states should be made freely from all Community partners. A comprehensive industrial policy should provide for a better restructuring of European industry, the harmonization of company law and the establishment of Community registered rather than nationally-registered companies.

Institutional aspects. Parliament's power over budgetary matters would be strengthened as from 1975. The Commission has not detailed, however, what institutional reforms should be made after 1975 or 1980.

Member states have not so far been able to agree on the content of the second phase and much of the current debate revolves around the following broad considerations. 1. Concerned about importing inflation and continually having to support weaker European currencies, Germany is insisting on much more effective co-ordination of member states' economic policies and that this should at least parallel if not precede additional common measures in the monetary field. 2. As a condiditon for embarking on Phase 2, the Netherlands is demanding moves to democratize the Community's decision-making process and, in particular, to expand the powers of the European Parliament. 3. Saddled with paying large sums to support European farmers and with soaring food bills at home, Britain wants a *quid pro quo* out of Phase 2 of EMU. Specifically, it seeks a common industrial basis for the Nine and a Community commitment on an effective regional development fund that will give Britain a readily visible return from its contribution to the EEC budget. 4. As for France, Phase 2 means *inter alia* a further narrowing of fluctuation margins between currencies; sterling and lira joining the common float; increased and automatic short-term support for member states in balance of payments difficulties, and the progressive use of a European monetary unit of account.

At time of writing, the Nine are still hopeful that a package can be successfully negotiated, permitting them to meet the January 1 deadline.

The political decision to realize EMU has been taken; its realization, however, will require at some point an unprecedented act of political will — a genuine and substantial transfer of national decision-making powers to the Community level. The present trend is to postpone most key decisions of centralization until the end of Phase 2. This is hardly surprising since the Nine are not yet ready to give up further key elements of national sovereignty; even Phase 3 (to begin January 1,1976) may come rather soon for some members. From a practical viewpoint, member states point to the desirability of further consolidating enlargement and the achievements of the first phase, and to the unknowns over the next two years in the international trade and monetary negotiations.

To conclude, EMU invites a degree of uncertainty and skepticism and the way ahead is far from clear. EMU may not be for 1980; but then again it just might. □

ITC Library Services

S. RUSH, Chief Librarian, Department of Industry, Trade & Commerce

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There are approximately 85,000 titles in our library, including books, periodicals, pamphlets, documents of international organizations and governments, and items on microfilm and microfiche.

The books cover the fields of administration, management, business, commerce, economics, finance, industry, investment, government, law, trade and foreign relations. Selected press releases and published speeches of noted Canadian politicians are also on file.

There is an international documents centre holding about 15,000 titles. Documents are received regularly from the Asian Development Bank and the Inter-American Development Bank, the Customs Co-operation Council, General Agreement on Tariffs and Trade, International Monetary Fund, United Nations and from the Organization for Economic Co-operation and Development.

All this information contained in the library is available to Canadian business. In fact, requests have been received, and answered, from many other countries as well — Venezuela, Mexico, Germany and other places around the world. Last year, up until the end of October, 1,400 requests from people other than those within the Department were received and answered.

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The interlibrary loan can be useful for bulky matter such as books or lengthy pamphlets. But if the information you seek can be xeroxed, and is unavailable at your local source, then write in to the Chief Librarian, Department of Industry, Trade and Commerce, 112 Kent Street, Ottawa K1A 0H5, Ontario. If he has the information, he will send it to you or let you know where it can be obtained.

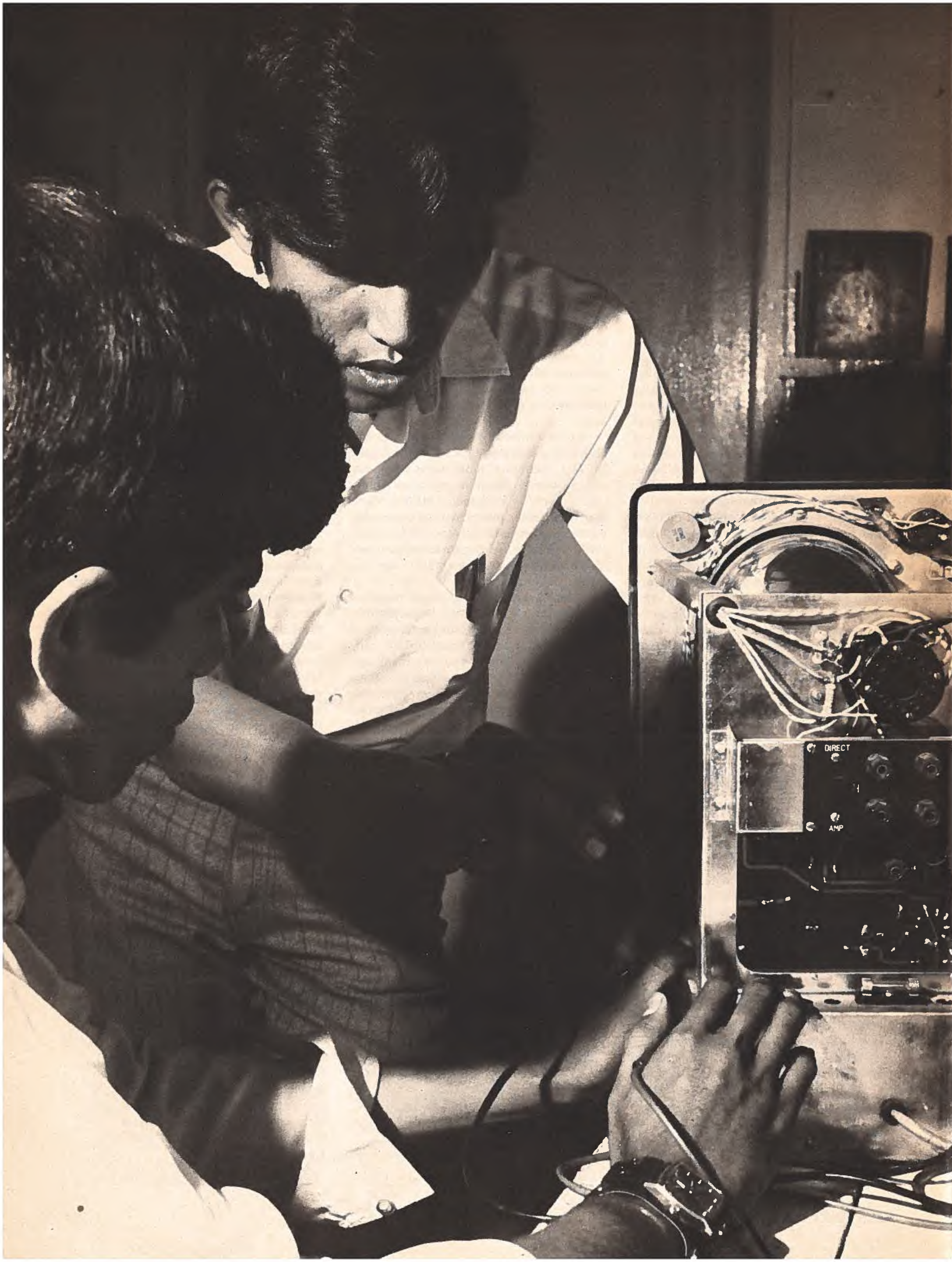
Who can use this service? Almost anybody in Canada, with the possible exception of undergraduate students, who should have ample reference sources within their own college libraries. If you are in Ottawa you can go personally to the Library, but you may be asked for an introduction or letter of reference from your local library. The departmental library welcomes requests from businessmen, manufacturers, researchers and scholars for information available from its collections. □

Indian Engineers Study Canadian Communications Technology

Six communications engineers from India recently completed an eight-week course in earth station technology given in Montreal by the Government and Commercial Systems Division of RCA Limited under the sponsorship of the Canadian International Development Agency.

When they return to India, the engineers will take over the operation and maintenance of the Dehra Dun earth station near Delhi which is currently being installed by RCA Limited under a development loan by CIDA.

This is the third CIDA communications training program given by Canadian engineers at RCA Limited. Previous programs were for Indian engineers manning another RCA earth station at Arvi, near Bombay, and engineers from Pakistan in charge of the RCA earth station at Karachi. □


DIRECT
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Canadian aid to South Asia

KEN RICHARDSON, Canadian International Development Agency

Canada's program of international development assistance — estimated this year to exceed a half-billion dollars — began 22 years ago with the inception of the Colombo Plan.

From a modest contribution of $400,000 in 1951, the aid program to south and southeast Asia has become the largest of the regional bilateral aid schemes administered by the Canadian International Development Agency (CIDA). This year's allocation of $169 million — more than half of Canada's bilateral aid funds — will be used to aid development in 18 countries (see Table). It brings the total Canadian contribution to social and economic development in Asia to more than $1.7 billion.

The Colombo Plan was born out of the urgent need to solve pressing economic and social problems facing Asia's developing nations, including India, Pakistan, and Ceylon (now Sri Lanka). Its main purpose was to help raise the living standards of upwards of a billion people.

"We have come a long way together in our partnership for progress with the people of these Asian countries," said Paul Gérin-Lajoie, president of the Canadian International Development Agency. "The modernization of centuries-old societies in many of these countries is forging ahead. Canada has made significant contributions to their social and economic development by channeling funds into many different sectors of this area's economy in the past 22 years."

Canadian communications equipment provided to the Gombak Medical Centre, which treats refugees, near the Malaysian capital of Kuala Lumpur, helps provide a vital link with aborigine outposts in the jungle.

Dams and power developments, industries, roads, airports, and other facilities have been built. Many Canadian teachers and experts have imparted their knowledge and skills and hundreds of students from these developing nations have studied in Canada over the years. Canadian food and commodity aid programs have helped to meet urgent requirements and have provided scarce foreign exchange for development priorities.

The know-how that helped to build Canada has played an important part in equipping Asian peoples to realize their economic potential. The skills that helped harness the power potential of Niagara and Churchill Falls helped to build large-scale power and irrigation projects like the Warsak and Kundah dams in Pakistan and India. Additional energy and irrigated land has resulted in new industry, employment and increased agricultural production.

Canada's telecommunications technology has helped to bring India and Pakistan into the global space communications system. Canadian-designed earth satellite stations and communications equipment are being used to improve domestic communications.

Canadian aircraft, equipment and experts are helping to develop civil aviation in Nepal, Indonesia, and Afghanistan. Canada is also assisting in airport construction and modernization programs in India and Indonesia.

Expertise that has earned Canada an international reputation in forestry circles is being used in countries such as Malaysia, Indonesia, Sri Lanka and Burma to evaluate and develop logging industries and forestry resources.

Canadian scientists are helping Asian countries to maintain the pace of the "green revolution". Large quantities of fertilizer and other materials provided by Canada are being used to improve agricultural production.

Emphasis on food aid is declining somewhat, due to increased capability in foodgrain production, but this sector has formed an integral part of the Canadian development assistance program. Large contributions of foodgrains and foodstuffs have helped to sustain food supply systems in times of drought and famine, while developing countries worked towards self-sufficiency in food production.

Extensive commodity aid in the form of raw and semi-processed materials provided by Canada has helped to increase domestic production and offset shortages of foreign exchange in many south and southeast Asian nations. In recognition of the role that the private sectors can play in the development process, CIDA has provided India and Indonesia with lines of credit to enable importers in the recipient countries to purchase machinery, equipment and services in Canada. Under these lines of credit, interested Canadian exporters deal directly with local end users and make sales in the normal commercial manner.

Many of these countries have suffered from man-made and natural disasters. Canada has responded in these times of crisis with extensive emergency relief as well as rehabilitation and reconstruction programs. Such was the case with the refugee relief program in the Indian sub-continent in 1971-72, and our continued support of similar programs in Bangladesh and Vietnam.

"We have seen changes in emphasis

in the Asian aid program over the years," said Mr. Gérin-Lajoie. "Developing nations now have the greater voice in decision-making as it affects their development. We respond to their requests for support of priority development requirements they have identified, on the basis of Canada's ability to finance those things it can do well.

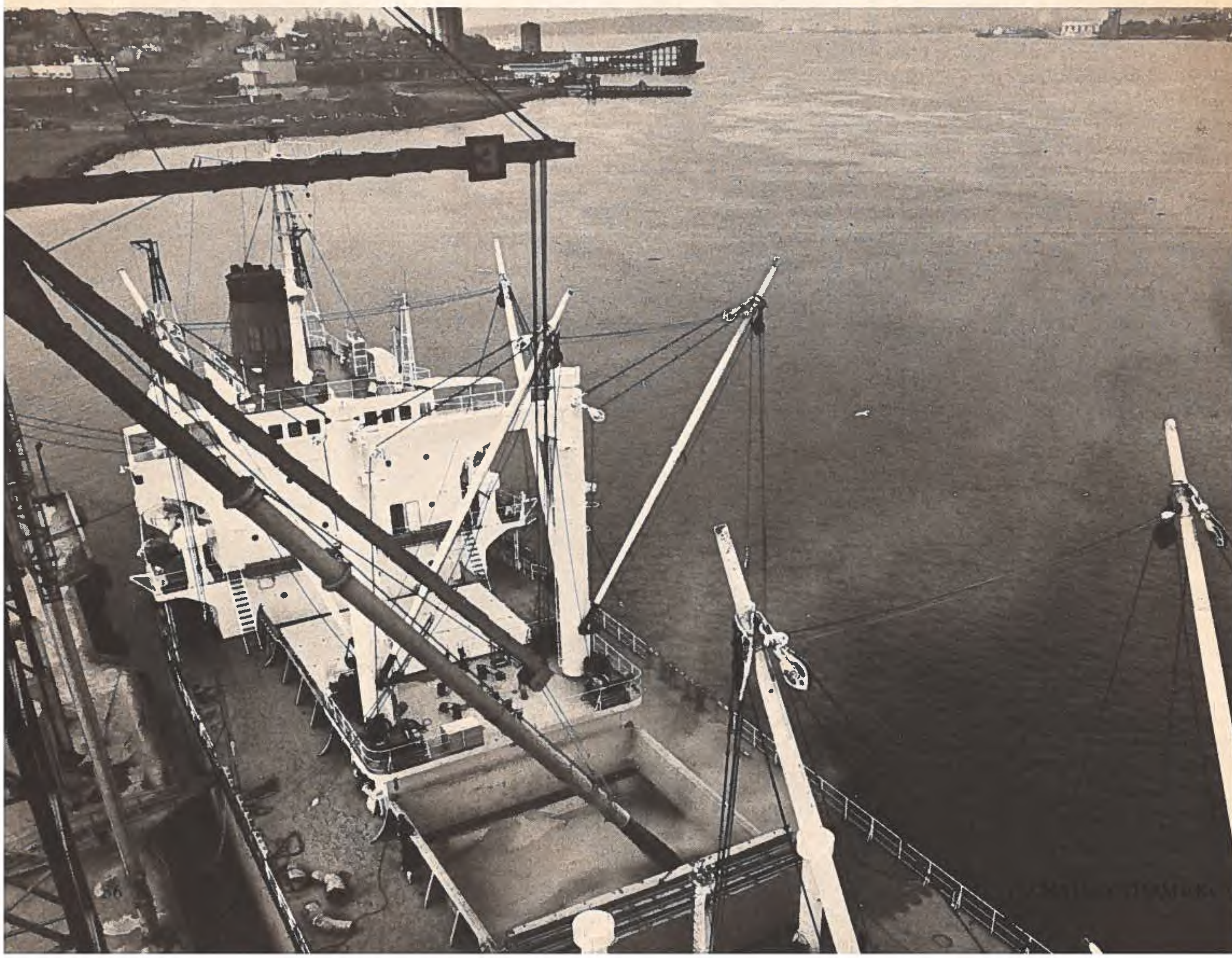
"To have gotten from where they were in 1951 to where they are today is a remarkable tribute to the determination and diligence of these people. To reach their final objective — economic and social self-reliance — will not be easy. They face monumental problems of population control and food supply, as well as ecological and energy crises.

"But they are moving forward, determined to find their rightful place in our modern world. The outcome is not all that certain. However, with the proper concentration of human and material resources from developed nations, they will no doubt reach their goals."

Canadian Aid to South and Southeast Asia

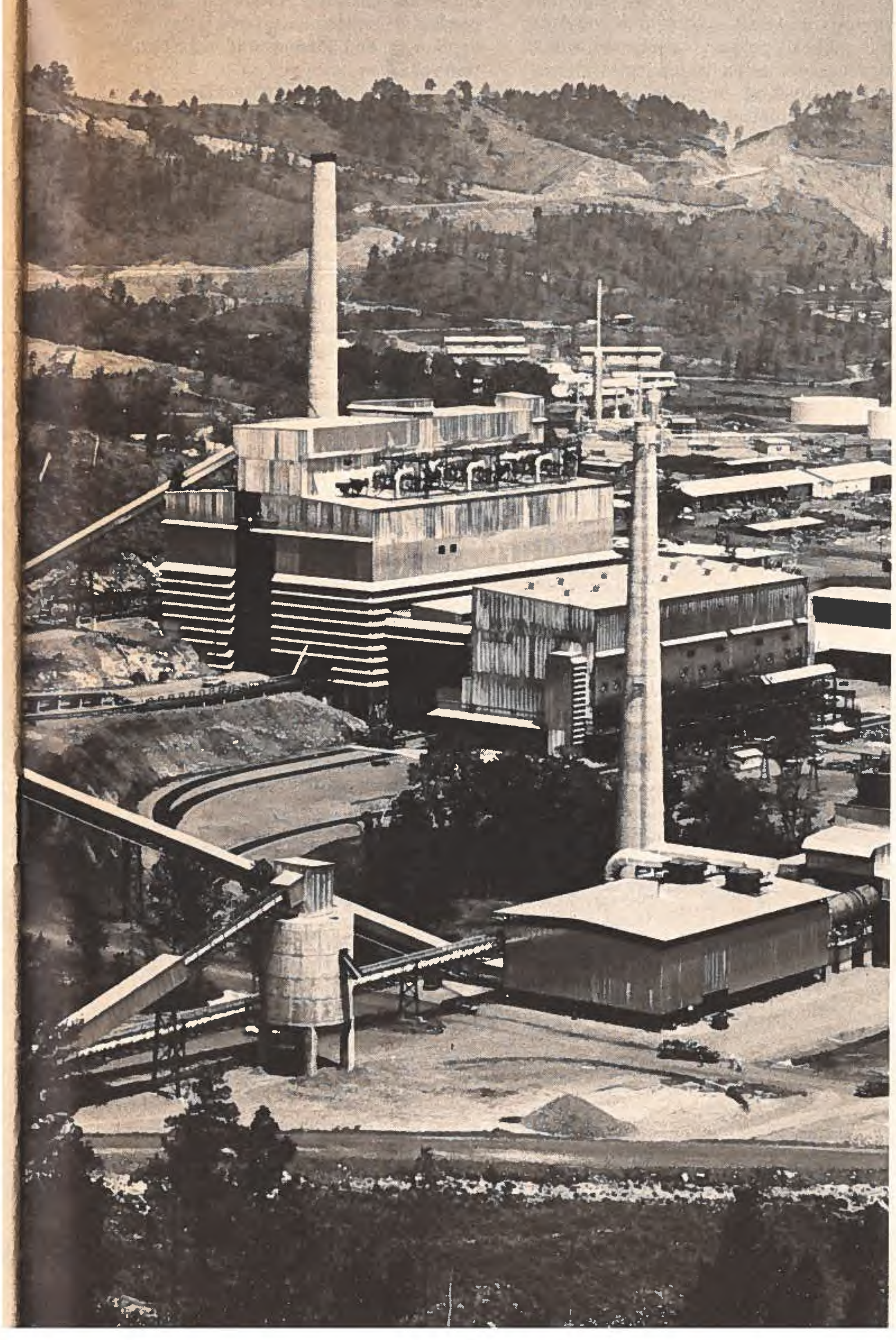
	Fiscal Years				
	1968-69	'69-70	'70-71	'71-72	'72-73
			$ million		
India	74.02	88.61	103.14	101.52	78.26
Pakistan	16.71	32.76	47.50	24.32	9.41
Indonesia	.97	2.33	3.57	3.95	14.47
Malaysia	1.67	1.57	2.36	3.59	2.84
Sri Lanka (Ceylon)	3.85	6.40	5.18	6.41	7.53
Thailand	1.55	2.26	.98	.58	.32
South Vietnam	2.88	2.35	.77	2.38	1.90
Laos	.25	.36	.23	.20	.16
Khmer Republic (Cambodia)	.21	.22	.03	.03	.05
Other countries	1.70	4.07	8.82	4.74	5.64
Bangladesh	–	–	–	–	48.29
Total	**103.91**	**140.93**	**172.58**	**147.70**	**169.14**

Wheat and other foodstuffs supplied through Canada's aid programs has helped carry developing countries in Asia through times of drought and famine.



The Dominican Republic An Awakening Market

Balance of payments surplus and aggressive development program present opportunities for Canadian exporters.



JOHN H. TRELEAVEN, Consul and Assistant Trade Commissioner, San Juan

Driving into the centre of the Dominican Republic's capital of Santo Domingo along broad, tree-lined avenues; walking down Isabel La Catolica, the heart of the commercial and financial district; travelling along Expressway Las Americas that follows the Caribbean shoreline; visiting the mountain town of Bonao, transformed by Falconbridge Dominicana from a sleepy, agricultural centre into the focal point of an industrialized country — no matter where you go, an air of dynamism, optimism and plain old enthusiasm is evident.

The Dominican Republic occupies the eastern two thirds of the island of Hispaniola, one of the four Greater Antilles. With a population of four million people and an annual per capita income in excess of $350, it shares the island with Haiti, its neighbour to the west. Although Canada does not have an Embassy in Santo Domingo, responsibility is jointly shared between our Embassy in Caracas and the Consulate in San Juan for our work in the Dominican Republic.

During 1972 the gross national product of the Dominican Republic increased 12.5 per cent from the $1.6 billion reached in 1971 — a record for this country and one of the highest rates achieved in the hemisphere. This compares most favourably with an average annual increase of 7.5 per cent from 1968 through 1971 and the 1.2 per cent realized during the period 1960-67.

Projects like the $200 million investment of Falconbridge Dominicana, seen as an exceedingly bold move when announced in 1968, are being matched in a series of new investments both public and private.

Rosario Dominicana will establish a gold mine. Two separate groups were recently awarded concessions for cement factories. The IBRD is putting millions of dollars into a major tourist development project on the north coast. In late 1972 the Inter-American Development Bank signed a series of loans to assist Dominican agriculture, fisheries and manufacturing industries. The Canadian International Development Agency (CIDA), through the IADB, has begun a $12 million rural electrification project with the Corporacion Dominicana de Electrecidad (CDE). In a joint venture the IADB and IBRD will invest a total of $26 million in a massive irrigation scheme in the Yaque Del Norte river to increase productivity in this fertile

Falconbridge Dominicana's ferro-nickel plant at Bonao, about 40 miles north of Santo Domingo, the capital.

region. Increased Dominican Government spending on roads, schools and public housing facilities meant that public investment during 1972 increased 32 per cent beyond the 1971 levels.

The new prosperity basically is made possible by increasing demand for the country's traditional agricultural exports. Total output of sugar in 1972 reached 1.2 million short tons (raw value), a record figure. Livestock production increased 6 per cent and meat exports were up an astounding 131 per cent to 15.12 million pounds. Continued firm prices for sugar, coffee, cacao and tobacco, which together account for 85 per cent of export earnings, should guarantee a bright future.

During 1972 total Dominican exports reached $347.6 million, an increase of $104 million, or 43 per cent, above the 1971 level. Largely due to the start-up of Falconbridge Dominicana, non-traditional exports have increased to $35 million in 1972 from $23.8 million the year before. For the first time in the last decade the Dominican Republic had a favourable balance of trade of $9.9 million and a surplus in its balance of payments of $11.7 million.

To continue this momentum the Dominican Government, adopting techniques proved successful in more developed countries, is attempting to create for the private sector an infrastructure that will help orderly growth and the promotion of product sales. The Dominican Central Bank has played a prominent role in managing the country's resources. Through the Investment Fund for Economic Development (Fondo de Inversiones para el Desarrollo Economico), it has granted financing to the private sector — mainly manufacturing and agriculture — totalling $51 million since its establishment in 1966.

To control the supply of basic agriculture products, the Price Stabilization Institute (Instituto de Estabilizacion de Precios), through analysis of the country's long-term requirements, negotiates imports of wheat, feed grains and other agricultural products uneconomical to produce domestically, and also encourages cultivation of those products for which Dominican farmers can find an attractive home market. The effect is to ensure that Dominican foreign exchange reserves are used only for purchasing essentials.

An independent government corporation, Centro Dominicano de Promocion de Exportaciones (CEDOPEX), was established last year to provide assistance and leadership for Dominican exporters — especially those bringing in non-traditional products. In July 1972 the organization opened its first overseas office in San Juan, Puerto Rico, the closest, most attractive market for most Dominican products.

The country's swift economic expansion depends to some extent, on an increasing flow of imports. Whereas imports in 1971 totalled $311 million, last year an 8.7 per cent increase was registered. Diogenes H. Fernandez, president of the Dominican Central Bank, has suggested the following commodities on which Dominican economic development depends: agricultural and industrial equipment and machinery, industrial chemical products, primary products, consumer goods, electrical appliances and loading and transportation vehicles.

Canada's exports to the Dominican Republic from 1966 to 1969 averaged $5.7 million annually; during the years 1970 through 1972 the annual average was $18.7 million. Such a dramatic increase results partially from investment by Canadian-owned companies. During this period Falconbridge Nickel Mines was establishing its production facility with an investment of some $200 million.

Major Canadian Exports to the Dominican Republic
($'000)

	1969	1970	1971	1972
Telephone apparatus equipment & parts	539	2,716	3,103	3,318
Measuring & testing equipment			788	31
Insulated wire and cable	200	1,091	883	1,082
Copper bars, rods & shapes	560	847	770	987
Mining quarrying machinery and parts	12	696	698	214
Aluminum pigs, ingots, shot slabs, etc.	400	492	742	620
Newsprint, paper	376	740	606	575
Herring, bloaters	691	479	451	779
Fire brick and similar shapes		367	255	371
Railway street roll stock		7	218	86
Sardine, canned	553	511	199	55
General purpose industry machinery		53	190	9
Writing & reproduction paper	235	187	218	201
Conveyors, conveying systems & parts		866	178	53
Industrial control equipment	6	8	169	29
Structural shapes, sheet piling		4,660	143	142
Plastic & synthetic rubber	2		7	111
Sound amplifiers			130	
Radio transmitting & receiving units		13		12
Biological products for humans	9	17	130	15
Electricity measuring instruments			164	101
Zinc blocks, pigs and slabs	75	76	162	45
Non-metallic mineral basic products		7	1	20
Hake, dried salted	116	172	363	417
Valves, iron or steel		15	104	10
Switchgear, protective equipment & parts	1	253	121	13
Insecticides, rodenticides		172	98	65
Industrial furnaces, kilns, ovens & parts		660	111	
Breakfast cereal foods	110	56	151	148
Durum wheat, except seed				138
Wheat, except seed				441
Asbestos, milled fibers in groups 4 & 5	129	166	132	458
Milk powder, skim milk	20	6	84	
Potatoes, seed	125	125	89	60
Potatoes, fresh				19
Malt	190	211	202	293
Prefabricated building structures & parts		652	69	75
Car tires	49	61	1	1
Disc harrows & parts	1			20
Transformers & parts	31	636	53	34
Safety and sanitation equipment & parts		136	53	54
Copper pipe and tubing	4	116	99	5
Paper for printing	123	103	74	116
Groundwood printing paper				13
Cranes and derricks		175	26	55
Pumps, pumping systems and parts	2	123	26	81
Vacuum pumps, fans, blowers & parts	6	466	17	29
Pleasure & sporting craft				13
Total	**6,165**	**20,483**	**11,941**	**11,414**

At the same time, the Dominican Telephone Company was expanding. By early 1974, it will have purchased in Canada telecommunications equipment worth $25.6 million using three loans from the Export Development Corporation.

Canadian exporters to the Dominican Republic have long had the advantage in that the Royal Bank of Canada and the Bank of Nova Scotia (the former with 11 branches, the latter with five), are the largest foreign-owned banks in the country.

Business Opportunities

These are the opportunities we see for Canadian exporters during the next several years. In all cases there are capable Dominican companies seeking Canadian sources:

1. Electricity distribution and generating equipment, including pole line hardware, towers, circuit breakers, switchgear, industrial and domestic generators, electric motors, and transformers.

With CDE operating at 97 per cent capacity following a 47 per cent increase in consumption between 1968 and 1972, the Corporation is in the midst of a rapid expansion program that, by 1982, is likely to reach $300 million. Canada is participating in this expansion in a very significant way. Through a CIDA/IADB $7.5 million loan for rural electrification, tenders for equipment are being called on a staged basis and procurement is tied to Canadian sources.

2. Electronics equipment, including telecommunications equipment, street lighting systems, and communication equipment.

3. Apparel and textiles, including bulk textiles, especially doubleknits.

4. Construction equipment and materials: lumber, plyform, particle and hardboard, cement, reinforcing steel, quarrying machinery, cement mixers, road graders and tractors, basic hardware materials, hand tools, and copper and steel pipe and tubing.

5. Chemicals: PVC resins; products used by distilling companies, breweries, soft-drink bottlers, paint makers, cement and cement products industry, oil refineries, fertilizer companies; cleaning products and disinfectant for agricultural veterinary sectors, citric acid (both hydrous and anhydrous); pharmaceutical products.

Local groups have established several pharmaceutical industries, two of which will be producing I.V. solutions (saline and glucose). However, one manufacturer will produce aspirin in tablet and liquid form; cough and cold remedies; hematinics and anthelmintics. As local manufacturing becomes more significant, a potential will be created for basic raw materials such as basic vitamins, minerals, fluid extracts, citric acid and sodium citrate. Some of the manufacturers also plan to incorporate in their product line branded generics, mostly antibiotics.

6. Industrial machinery: as new industries are established, markets will be created for packaging and bottling equipment, industrial safety clothing, basic steel products, tin plate strips and hoisting machinery. Mining equipment will be required by Rosario Dominicana, and geological equipment may find a market with the Direccion General de Mineria, recently established to control all mineral exploration in the country.

7. Educational equipment: The IBRD has provided the Dominican Department of Education with $1.3 million to equip schools in Phase I of a project that will probably see a thorough modernization of Dominican education facilities. Of the companies prequalified to bid on the first phase of the project, Canadian firms are in the majority.

8. Consulting services: The modernization of the Dominican Republic will rely, to a large extent, on expertise from abroad — either obtained through the multilateral financing agencies or on a direct basis.

If your company wishes our assistance in competing in the Dominican market, contact us at: Canadian Consulate, 1606 Pan Am Building, Hato Rey, Puerto Rico 00917. □

Legal Protection for Agent

Establishing your relationship with a Dominican agent or representative should only be done in the full awareness of Law 263. In essence, it provides indemnification to Dominicans acting as agents, representatives or distributors if the represented firm decides to terminate an agreement — either to withdraw from the market or to establish its own sales office or production facilities within the country, without just cause. Indemnification provided by the Law is fixed on the following:

1. All losses experienced by the concessionary for reasons of his personal efforts set forth for the exclusive benefit of the business that is being taken from him.

2. The actual value invested for the acquisition or rental of localities, equipment, installations, furniture and fixtures used in the business which has been suspended.

3. The value of the merchandise or products, spare parts, accessories and fixtures in stock.

4. The amount of benefits obtained by the concessionary in sale of the merchandise, products or services during the last five years or if not reaching five years, five times the annual percentage of the amount of benefits obtained during the last years, as it may be the case.

Experience so far fails to reveal any loopholes in the Law, since whatever is not provided in it is left to the interpretation of the Dominican courts. This means any decision to terminate a contract agreement invariably costs money. Until recently, when the Law was amended for the third time, a tacit or verbal agreement was as good as a written contract. But now Dominicans representing foreign firms are required to register with the Exchange Department of the Central Bank the names of companies for whom they are acting.

Experience shows that caution must be exercised if exporters are to avoid complications because of Law 263. The only secure way for the exporter to protect his interests is to appoint more than one agent for the country. In fact, the size and population distribution of the Dominican Republic necessitates several distributors for some types of products, as there are very few firms with sufficient economic resources to finance the credit required by opening accounts for a large number of customers. Perhaps because a non-exclusive arrangement reduces the leverage of a Dominican company, few will accept such an arrangement. There is no harm, however, in trying for non-exclusivity.

Remember, then, that in choosing your outlet in the Dominican Republic you are looking at a marriage contract, not a week-end affair! □

Committee to Hear Views of Canadians

The Canadian Trade and Tariffs Committee (CTTC) has been established to receive the views of all Canadian interests regarding Canada's participation in the new round of trade negotiations under the General Agreement on Tariffs and Trade (GATT). John Gear McEntyre, formerly Deputy Minister of National Revenue (Taxation) and currently Consul General in Los Angeles, is Chairman of the new Committee.

At a meeting of GATT Ministers in Tokyo on September 14, 1973, a new round of comprehensive multilateral trade negotiations was initiated. These negotiations will seek to achieve the expansion and liberalization of world trade through the progressive dismantling of obstacles to trade and will be conducted on the basis of the principles of mutual advantage, mutual commitment and overall reciprocity. It is intended that these negotiations will be completed by the end of 1975.

The GATT negotiations will be of vital importance to all regions in Canada and to all sectors of the Canadian economy and Canada intends to play a full and active role in the negotiations. In view of the complexity and potential scope of these negotiations, the Government is very anxious to receive the views of all interested groups in the country.

In order to give equal opportunity to all interested Canadians to be heard, the CTTC will hold some sessions in different parts of the country. The CTTC will remain in existence during the negotiations, so there will be continuing consultations.

Written submissions will be welcome from any Canadian firms or industry associations, labour, farmer or consumer groups. The Chairman of the CTTC will contact Provincial Governments with a view to discussing the additional Federal-Provincial consultation mechanism on the trade negotiations. All information provided to the CTTC and all views expressed will be considered confidential. The Committee, of course, will have no objection if any group chooses to make public the nature of its own submission.

At the negotiations, Canada hopes to achieve the following:

(1) the reduction or elimination of trade restricting or distorting effects of non-tariff measures and bringing such measures under more effective international scrutiny and discipline;

(2) a substantial reduction of tariffs on industrial and agricultural products;

(3) a significant improvement in the terms of access for agricultural exports, resulting in a greater role over time for comparative advantage and increased stability in international trade;

(4) in carefully defined and selected sectors, a comprehensive attack on all barriers to trade especially where these impede the processing and upgrading of resources in the country of origin;

(5) improved opportunities for developing countries to increase their export earnings.

Submissions to the Committee should include what information is considered relevant in light of the particular circumstances of the party submitting it.

Considerations in preparing a brief

(1) Commodities produced, location of production, employment (total and by region if possible), volume and value of production, exports, imports required for production, main international competition, and any plans for expanding production and introducing new products. Information should be provided for a representative period possibly starting in 1967 and going beyond 1973 if possible.

(2) Main factors influencing demand, structure and development of the industry internationally and of Canadian industrial or agricultural sectors as necessary to have a clear understanding of the sector's strengths, weaknesses and its world competitive position.

(3) In assessing possible export opportunities, information might be provided about:

(a) products now exported and the pattern of export performance, taking account of possible new product lines; in particular, markets for the most recent years including 1970, 1971, 1972;

(b) the tariff treatment in major present and potential export markets including the relevant tariff items;

(c) main non-tariff barriers and other trade distorting practices in major present and potential export markets with an indication of how these affect exports of the products. Non-tariff barriers identified in the GATT preparatory work include anti-dumping and countervailing duties, export subsidies and other trade distorting subsidies, levies, quantitative restrictions and import licensing, product standards including health regulations, government procurement practices, customs valuation, import documentation and formalities, tariff classification, packaging and labelling regulations, state trading practices. Policies in foreign countries which are felt to have a trade distorting effect should also be identified;

(a) reduction or elimination of tariffs, non-tariff barriers and other trade distorting measures in foreign markets which Canada should attempt to secure, with as detailed an assessment as possible of increases in exports of existing and new products and in production and employment.

(4) Regarding access to the Canadian market, information should be provided about:

(a) production components presently imported and import competition in the domestic market including duties paid on imported products for the most recent years including 1970 and 1972;

(b) Canadian tariff items regarding which it is felt existing rates might be reduced. This should include detailed information on the effect on production, employment and consumer's interests in Canada of substantial reductions, taking account of possible reduced costs of imported production components and of possible comparable reduction of barriers in export markets. Similarly information as to the possible effect of tariff reductions for items regarding which reductions of duties would not be desirable;

(c) any non-tariff measures applied by Canada of the categories indicated in paragraph 3(c), and an indication of their effects.

(5) Indication of the degree, nature and timing of adjustment that would be required as a result of substantial reductions in foreign and Canadian trade barriers identified in paragraphs 3 and 4 above, given that the results of the negotiations generally would be phased over a period of time.

Briefs should be submitted in 15 copies. The CTTC will be prepared to receive briefs immediately and arrange for oral presentations on request early in 1974. Oral presentations will not be heard until after receipt of the brief on which they are based. Briefs and requests for appearance before the Committee should be submitted at the earliest possible date, in order that full consideration may be given to them. For more information contact: the Secretary, Canadian Trade and Tariffs Committee, Room 211, Postal Station "B", 59 Sparks Street, Ottawa K1A 0H5, Ontario (Telephone: (613) 996-8291). □

Montreal engineer given top award

The Sir John Kennedy medal of the Engineering Institute of Canada was recently awarded to J. Georges Chenevert, consulting engineer, in recognition of his "outstanding merit and noteworthy contribution to the engineering science and profession."

The Kennedy medal is the highest honour given by the Institute and the award to Mr. Chenevert was the first in three years. He is one of the founders of the firm of Surveyer, Nenniger & Chenevert and during his nearly 50 years of practice he has been responsible for a large number of engineering projects in Canada and abroad.

Among Mr. Chenevert's major engineering achievements has been his consulting work for Hydro Quebec on the potential hydro electric development of the Quinze and Manicouagan Rivers, which include the Daniel Johnson Dam — highest multiple arch dam in the world.

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.an. invitation....

This may be the first time you have read *Canada Commerce*. We hope you found it informative — if you did, probably you will want to see more of this monthly magazine and you will be happy to know that obtaining a subscription is a relatively painless experience.

For starters, if you (or your firm) are a Canadian producer of goods and services, you can have *Canada Commerce*, in English or French, every month free of charge. For some readers there is a subscription fee — anyone in Canada who is not a "producer of goods and services" can have the magazine for $5.00 a year; those abroad can subscribe for $7.00 a year — still a bargain, considering the information provided.

As you see, this has been a special issue of *Canada Commerce*. From time to time we run these specials to provide in-depth coverage of particular market areas. More often, issues are of general interest with articles on everything from changing eating habits in France to white-collar crime in Canada.

In addition, there are regular features such as *Export Opportunities*, *Wanted Manufacturers* and *International Projects*. International currency fluctuations are hard to keep up with these days but each month *Canada Commerce* publishes *Foreign Exchange Rates* compiled by the Bank of Canada. These may not be up-to-the-minute but they are valuable in keeping an eye on trends. Other articles tell of Canadian successes in business and industry and often provide useful tips on getting ahead in export marketing.

But the most important function of the magazine, perhaps, is keeping you posted on what's happening in the Department of Industry, Trade and Commerce and in other Government Departments. Regular directories of ITC offices in Canada and posts abroad are published, along with articles on the many Department services available. More than anything else, Canada Commerce can be an effective tool for cutting red tape — by showing you how to avoid wasted steps.

We invite you to clip the form below and mail it with your letterhead or business card to: Editor, Canada Commerce, Department of Industry, Trade and Commerce, Ottawa K1A 0H5.

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