

September

Canada Commerce

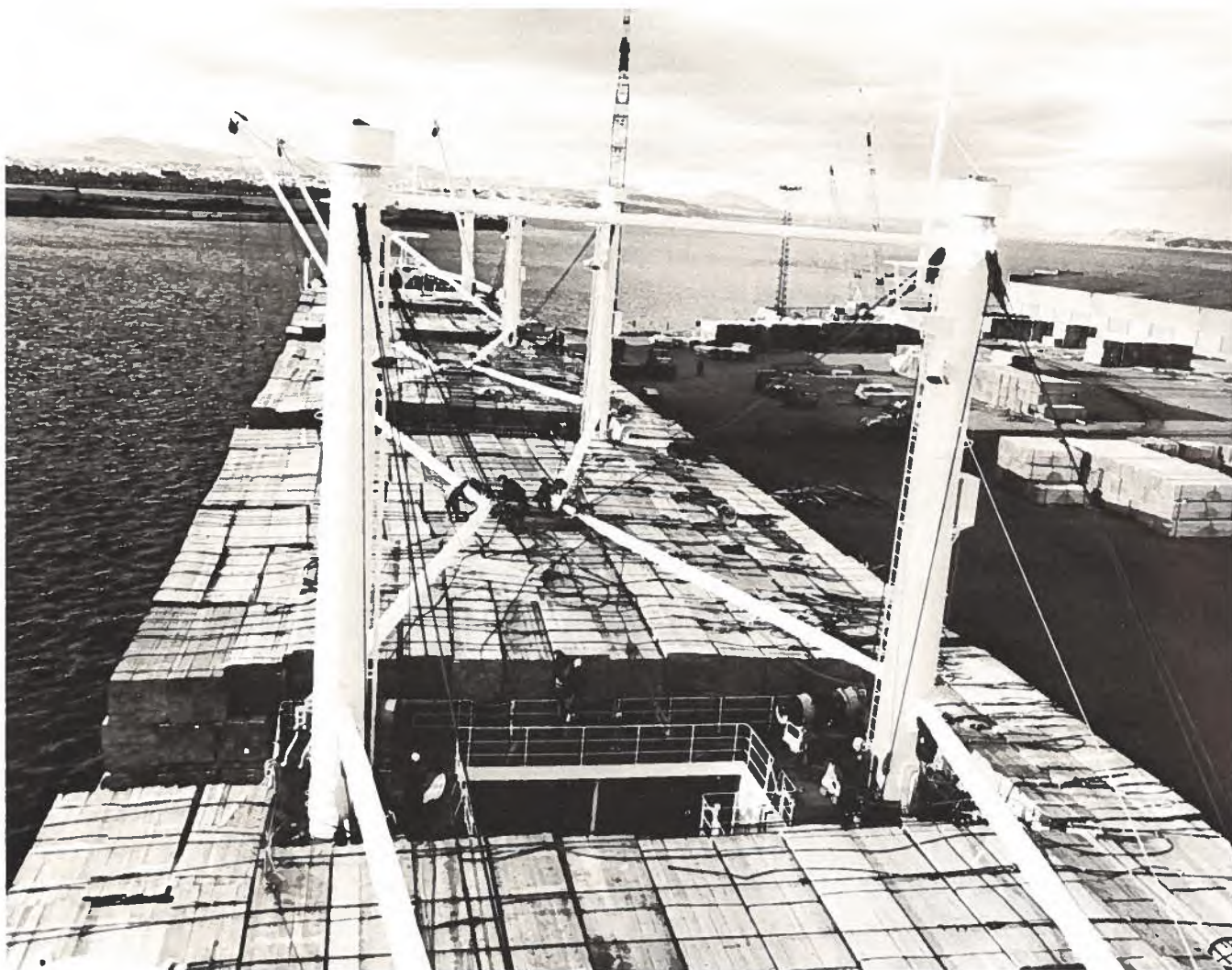
1974



Markets in Southeast Asia



Eastern Lumber Goes Overseas



A growing interest in overseas markets has been characteristic of the eastern Canadian lumber industry during the first half of 1974. Expanded production capacity coupled with a decline in construction activity throughout North America has induced the industry to recognize the need for market diversification.

The largest single export shipment of lumber from Eastern Canada was recently loaded in the port of Quebec.

The shipment, containing 12 million board feet of softwood lumber, was arranged by Lumber Corporation Ltd., Montreal, consigned to MacMillan Bloedel Meyer, London, England.

In This Issue

Most people starting a business trip to a new territory will surely have something else on their minds as well as the dollars and cents they expect to make. Most companies also expect to expand their business into fresh markets. And if you are looking for a new area, one that promises to be a little bit different from anything you have tried before, why not Southeast Asia?

This month we bring you reports on five countries in that part of the world. These countries together bought goods from Canada to the tune of more than \$127 million last year. Wheat may have figured prominently in a few countries, but the list of products includes almost everything from unprocessed raw material to ready-mixed paints, from canned fish to fresh apples. Moreover, there is a growing need in Southeast Asian countries for the things that Canada can produce and for the technical skills that we can provide.

Try this area: you won't be treading new ground, because many Canadian businessmen have been there before you. But it may be new territory for you, and what nicer places can you find to get away from the approaching snows of Canadian winters?

Another market area that is relatively little known to Canadians is Morocco, where Canada opened a new Embassy this year. According to our lead story, the average Canadian just doesn't think of Morocco and business in the same breath, as it were. Why not? The country's import bill last year was better than one billion dollars, of which Canada supplied less than one per cent. To be sure, there are difficulties, and our report suggests that, for the moment at any rate, our best chance lies in projects and programs within the context of the current Development Plan. Most of the difficulties, however, lie in the tough European competition that Canadians will meet there — and is not any new export market inclined to be a tough experience?

Articles

Morocco beckons	2
Boeing — state-of-the-art customer	6
Simplexport, for simple documentation	8
Southeast Asia	
Malaysia	9
Singapore	12
Thailand	15
Indonesia	20
The Philippines	23
Lumbermen get together in Boston	25
Canada's development and resulting specialties	26
Brazil, an emerging power	29
Something to think about: A food crisis	31
Market facts for decision makers	34
Finding a key to exports	35



Industry, Trade and Commerce / Industries et Commerce

Canada Commerce is published monthly by the Department of Industry, Trade and Commerce. Established 1904.

The Hon. Alastair Gillespie,
Minister
J.F. Grandy, Deputy Minister

E.C. Button, Managing Editor
W.H. Lambton, Editor
David Magee, Assistant Editor
Stephen Clarke, Designer

Copyright

Material appearing in this magazine may be reprinted with credit to "Canada Commerce".

Address correspondence to:

Editor, "Canada Commerce", Department of Industry, Trade and Commerce.

Subscription

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

Morocco beckons

COLIN RUSSELL, Assistant Commercial Secretary, Madrid

There is a traditional reaction to any suggestion that Canadians can find a rewarding market in Morocco: "But it's almost half desert, or mountains. And what about the Moroccanization of industry and land? Besides, about half its import and export volume is tied to the EEC and about 30 per cent to France. It's all right for a holiday — but for business?"

No wonder, with such an approach, Canada's trade with Morocco remains modest. In 1973 we supplied less than one per cent of Morocco's \$1,060 million imports. What is more, almost 70 per cent of our \$5.8 million exports in 1972 was in agricultural commodities, 60 per cent of which were under the Canadian Government food aid programs. Commercial exports from Canada to Morocco last year represented less than 0.1 per cent of the country's total imports.

In fact, we are all missing a good bet. Morocco possesses rich and diversified resources, the basis for a far more balanced economy than any of its neighbours. The phosphate mines at Khouribga and Youssouifa last year produced more than 17 million tons of ore, putting Morocco in third place among the world's phosphate producers. More significant still, Morocco's phosphate exports are expected to exceed \$800 million this year, outranking every other country.

Throughout its rich agricultural regions, increased irrigation together with intensive farming methods and farm mechanization are confirming Morocco's position as a prime supplier of fresh fruit and vegetables to the European market. Total fresh fruit and vegetable exports were worth about \$180 million last year and were complemented by the rapidly increasing output of the country's food processing industry.

The country's fisheries industry, busy consolidating a new 70-mile fisheries control zone, last year accounted for about \$80 million worth of fish exports.

Finally, Morocco possesses that sweet combination of unspoiled beaches, sunshine and exotic culture that forms a certain base for the tourism boom which is only now beginning to gather momentum. Morocco welcomed almost 1.5 million tourists in 1973 (including about 50,000 Canadians), up 25 per cent from



A group outside the new Canadian Embassy in Rabat includes Tom Tait and Jean-Luc Pepin, president of Interimco Ltd., and Colin Russel, author of this article.

1972. Realistic projections for 1977 are for 2.7 million visitors.

Morocco combines these natural resources with an abundant supply of labour — resourceful, hardworking and often European-trained — a long-standing tradition of entrepreneurship and a close proximity to burgeoning European markets. It has a well-developed transportation and communications network (an inheritance from the

French colonial era) and an effective civil service structure which has changed little since independence in 1957.

To be fair, there are a number of legitimate reasons why the very real potential of the Moroccan market has not been more tempting to the Canadian business community. Economic uncertainty has been a large factor. Having completed the 1968-1972 National Development Plan, but without approval

of the new 1973-1977 Plan, Morocco entered 1973 with a pronounced economic hiatus. The political uncertainty of the previous two years, the lack of a published economic plan, the pending revision of Morocco's investment code and rumours of stiff regulations on Moroccanization, all combined to create a mood of extreme caution and uneasy restraint within the Moroccan business community. For the dynamic aggressive Canadian exporter, the scenario sounded negative.

But Morocco's recent economic history has been marked by a high degree of financial stability and solvency. Its balance of payments has been positive since 1969 and by the end of 1973 reserves had reached \$330 million, representing approximately four months commodity and non-factor service imports — a degree of coverage that is expected to hold through 1977. Morocco's debt service ratio is currently a manageable 11.7 per cent and is expected to fall to a low 7.5 per cent by 1977.

It was with justifiable optimism, therefore, that the Moroccan Government finally approved and launched its Fifth Economic Plan in the summer of 1973. The Plan, which charts a course between "blind capitalism" and "theoretical socialism", departs from earlier ones in two significant respects. The first is its heavy and explicit emphasis on social aspects of development. Education, professional training, health, housing and water supply are all granted three to four times the investment weight given in the 1968-72 Plan. In addition, the Plan aims at decentralization and regionalization and pays special attention to Morocco's perennial unemployment problems.

The second departure in the new Plan is the reduction of earlier emphasis on infrastructure programs (notably the building of dams) that have no immediate economic impact, in favour of those productive sectors (above all the exporting industries) that stimulate the economy. Key targets of the Plan are 7.5 per cent annual growth in GNP and a total investment of roughly \$6 billion over the five-year period of the Plan.

Shortly after the Plan's approval, a new investment code was announced that aims to reinforce investment activity through a wide range of grants, tax concessions and financing facilities in



The Mohamed V dam, providing industrial power and farm irrigation.

the priority sectors of tourism, shipping, mining handicrafts and export industries.

Other strong economic initiatives were also taken during 1973 in the form of:

1. Moroccanization of a significant portion of the economy through the establishment of legal requirements for majority ownership and control by Moroccans of key business and industry sectors

2. Extension of a Fisheries Control Zone from the 12-mile limit of territorial waters to 70 miles (Spanish fishing fleets have traditionally fished off Morocco's rich Atlantic coast)

3. Tripling of the export price for Moroccan phosphates; this is expected to yield an increase in foreign exchange income of more than \$500 million for 1974 alone.

These definitive acts of economic purpose have served to dispel much of the earlier uncertainty felt by the Moroccan business community. The focus is now firmly on implementation of the Five Year Plan backed by the new investment code and within the new "Moroccanized" economic framework.

There is no doubt that Morocco now offers the Canadian businessman remarkable potential for the export of

goods and services, but there are a number of very real problems — by no means unique to Morocco. Unemployment, inflation and security of raw material supply and of export markets remain as potential hazards over the medium term.

With a population growth rate of about 3 per cent a year and with 55 per cent of Morocco's population under 20 years of age, unemployment is potentially the most serious of Morocco's economic problems. Unemployment now stands at about 9 per cent nationally — 16 per cent in Casablanca — and is expected to increase over the next few years as the projected 4 per cent annual growth in working age population outstrips the growth in jobs projected under the Plan.

Morocco has in the past prided itself on having isolated its economy from the accelerated inflation of the industrialized world. After an average annual rise of only 2.5 per cent over the period 1968 to 1972, the country was suddenly faced with a 4.4 per cent increase in the cost of living index in September 1973 alone. By March 1974 the index had jumped to 10.6 per cent. It had been hoped to hold inflation to 5 per cent a year over the period of the Plan but this is probably an almost impossible objective and infla-

tion is likely to work heavily against the Government's desire to more evenly distribute the fruits of economic expansion.

Morocco, together with many of the countries in the developing world, will probably face severe raw material sourcing problems both in terms of availability and of price. In 1973 the pinch was already felt from shortage of tinsplate for the canning industry and of synthetic yarns for the textile mills. Notwithstanding its close links with the Arab world, Morocco will be spending some \$300 million more for imported energy in 1974 over 1973, a big slice of its new phosphate revenues.

In terms of exports, much of the country's recent growth has been based on its success in developing and expanding European markets. Despite the preferential treatment which has been given Morocco's exports by the EEC under the Association Agreement of 1969, one of the serious uncertainties in Morocco's future is the degree of firmness with which this market will withstand recent energy and monetary dislocations. Renegotiation of the Association Agreement which was to have been completed by the end of 1973 has been a tough and protracted affair that now hangs in abeyance as the EEC deals with its own complex internal problems.

It must be realized also that the new Economic Plan is indicative only. The Moroccan economy has a private enterprise orientation and development policy relies to a large extent on the existence of private initiative for progress in the main economic sector. The new Plan thus places heavy emphasis on the public sector, with the hope that the high level of investment spending and the removal of economic uncertainty will stimulate complementary investment activity in the private sector.

Given the current aggressive attack on economic development under the new Five Year Plan, the above problems, shared with so many of the world's nations today, appear to offer little impediment to Canada's bright future in the Moroccan market. One very real hurdle remains: the mutual lack of basic knowledge of existing opportunities. Moroccans are not aware of what Canada can supply, and Canadian business is not aware of what Morocco wants to buy.

It could be suggested that opportunities exist for Canada in almost every

sector of the Moroccan economy. It would be fair to admit, however, that it will be tough going against the entrenched European — and particularly French — positions in consumer markets and markets requiring extensive distribution networks. The main potential for Canada is concentrated in specific projects and programs — both public and private — within the context of the Development Plan. Opportunities appear particularly promising in the mining, fisheries, urban development and construction, tourism, educational facilities and transportation areas.

In each of these areas the immediate requirement is for an exchange of practical information to allow definition of specific trade opportunities. The base

for such discussions was set by the Moroccan Economic Mission to Canada in September 1973, led by the Moroccan Secretary of State for Economic Planning. A number of Canadians have since visited Morocco and a specialized Moroccan mining mission has visited Canada to explore specific sourcing opportunities. At this stage in the development of Canadian/Moroccan trade relations, a more active Canadian presence is required on the spot in Morocco. For the Canadian businessman, this is best accomplished through a reliable local agent who, with his knowledge of the market, can focus discussions effectively on the key attributes of a Canadian company's products. The opening of the new Canadian Embassy in

Moroccan Investment Code Summary

Customs exemptions are granted on new materials, tools, major equipment and authorized used equipment to the industrial sector (if at least 50 per cent Moroccan owned), handicraft sector (Moroccan owned) and mining sector (if at least 50 per cent Moroccan owned, as per mining legislation).

Transaction tax exemptions are granted on equipment, tools and materials either imported or locally acquired to the industrial, handicraft, tourist and mining sectors.

Registration tax limitation for entry capital fixed at 0.5 per cent for creation of corporation or increase of capital is granted to the tourist and mining sectors and to shipping enterprises.

Profits tax reductions are granted in total for 10 years to the handicrafts sector and to exporting enterprises and to the industrial and tourist sectors in designated zones (outside such zones, a 50 per cent reduction over 10 years). Reductions are granted to shipping enterprises and the mining sector by accelerated depreciation up to double the normal rate.

Licence tax exemptions during the first five years of operation are granted to the industrial, handicraft and mining sectors and to shipping enterprises, and to the tourist sector during the first 10 years of operation.

All the above sectors, with one exception, are guaranteed foreign exchange convertibility of proceeds of liquidation up to the amount of foreign investment and of dividends, net of taxes, when paid to non-residents. The one exception is the exporting enterprises, which are accorded at least 3 per cent cash bonus on export revenue.

Various rebates are also granted the different sectors on loans made to them by the National Bank for Economic Development.

It should be noted that industrial, mining and handicrafts businesses must comply with Moroccan ownership regulations to gain benefits under this investment code.

Rabat this year has greatly enhanced Canada's ability to stay abreast of developments significant to the Canadian business community.

It should be added that the Canadian International Development Association has become increasingly interested in financing equipment and projects of a developmental character. For instance, a \$5 million line of credit has been established recently for the use of the Moroccan Government in purchasing Canadian goods and services. And the facilities of the Export Development Corporation in financing exports of Canadian equipment and services should not be overlooked.

Finally, a Canadian Government Trade Commissioner visits Morocco at least every three months, although he is still based in Madrid. He is always available for consultations with Canadian businessmen wanting to try the Moroccan market, or to find out more about it.

As we said, Canadian business has been missing a good bet in Morocco. Just try it. □

WHAT MOROCCO BOUGHT IN 1973 . . .

	\$ million	Percentage Share of Total	Percentage Increase Over 1972
Food, beverages, tobacco	245	23.0	72
Energy and lubricants	69	6.5	19
Raw materials			
Animal, vegetable origin	125	11.8	34
Mineral	16	1.5	14
Semi-manufacturers	267	25.1	25
Finished goods			
Agricultural equipment	12	1.1	27
Industrial equipment	181	17.1	19
Consumer	148	13.9	16
Total	1,063		

. . . AND ITS MAIN SUPPLIERS IN 1972

	\$ million	Percentage of total
France	247	31.1
United States	60	7.6
West Germany	59	7.5
Italy	44	5.6
Britain	36	4.5
USSR	32	4.0
Spain	31	3.9
Sweden	25	3.1
Netherlands	25	3.1
Canada	6	0.8
Other	230	28.8
Total	795	

Source: Banque Marocaine du Commerce Extérieur

Boeing - State-of-the-art customer

E.C.H. SHELLY, Consul and Trade Commissioner, Seattle

More than half the commercial jet aircraft in use in the Western world today were built by the Boeing Commercial Airplane Company, one of the pioneers in aviation. Boeing has developed, on average, a new (derivative) model every nine months for the past 18 years. Its aircraft are used by 130 airlines, including the 20 largest fleets. A sister firm, the Boeing Aerospace Company, ranks third among defence contractors in the United States.

Boeing fills many of its program requirements from sources outside the

United States — in Spain, Australia, Sweden, West Germany, Belgium, Britain, Japan, the Netherlands, Ireland, Switzerland, Italy and Canada. The company's annual purchases (domestic and foreign) total more than \$1 billion and new product development programs make this an opportune time for Canadian firms to initiate or renew contracts with Boeing.

Boeing, with headquarters in Seattle, Washington, employs 72,000 people and has been building aircraft since 1916. Nearly \$3.5 billion in annual sales is

generated by its five divisions and one subsidiary: Boeing Aerospace Co., Kent, Wash.; Boeing Commercial Airplane Co., Renton, Wash.; Boeing Vertol Co., Philadelphia, Pa.; Wichita Division, Wichita, Kans.; Seattle Services Div., Seattle, Wash.; and the subsidiary, Boeing Computer Services Inc., Dover, N.J., and Kent, Wash.

The first two organizations are by far the largest and traditionally have accounted for the major portion of business to and from Canada.

The Boeing Commercial Airplane



Boeing is active in a wide range of areas other than aircraft construction. Asphalt-making machines such as this . . .

Company's products (707, 727, 737, and 747) are known world-wide and the 727 is considered to be the most successful commercial jet ever built. Annual sales of the division amount to \$2 billion.

Extensive aerospace programs, such as the Airborne Warning and Control System (AWACS), Minuteman Missile System, Short Range Attack Missile (SRAM) and Missile Carrying Hydrofoil Ships (PHM), are carried out by the Boeing Aerospace Company. These contracts are valued at about \$1.3 billion annually.

This division has led Boeing's diversification thrust and has placed great emphasis on generating "non-traditional" programs. It is predicted that by 1980 diversified products will account for more than 25 per cent of Boeing's total sales, compared with present sales of less than 5 per cent. Product groups involved are surface transportation, marine and other electronic systems, industrial equipment and services.

Standards — Suppliers to the Boeing Commercial Airplane Company generally must be approved by the U.S. Federal Aviation Authority (FAA) or the Canadian Ministry of Transport (MOT). When purchasing highly-specialized equipment, Boeing will send an inspection team to carry out a vendor facility survey. But usually standard FAA/MOT approvals are sufficient and in some instances (e.g. standard aircraft quality castings, investment castings, etc.) samples are all that are required in order to have a quotation considered by the company.

Items supplied to Boeing Aerospace Company usually must meet U.S. military specifications in addition to those that may be set by Boeing. But activities in the division's new non-traditional areas do not relate to the aerospace industry and the quality control is of a more standard industrial nature.

Approach — There are two basic sales approaches to the company's commercial aircraft and aerospace operations. One is through the companies' material offices — the other via the specific program (e.g. 737, SRAM, etc.); office. Generally, the material office route should be tried first. All equipment and material common to more than one



... and this Jetfoil 929 designed to carry 250 passengers at a cruising speed of 50 m.p.h. over 12-foot-waves, are also Boeing products.

program is purchased in this fashion, and buying cycles are often well established.

Some typical items purchased by the material offices include castings, forgings, fasteners, machined parts and various airframe assemblies. If a purchase has just been made, there will be a good chance of knowing exactly when the next opportunity to tender will occur. However, Boeing has found that only rarely can a new supplier compete with one that has previously made the part and, therefore, is further along the learning curve. Furthermore, prices for a given item almost always decrease on follow-up orders, thus making the entrenched supplier even harder to beat. As a result, the best opportunities probably exist on new parts being designed into new or modified projects.

Selling through a program office entails being in on the project from its inception and often this means opening an office at Boeing to work with program personnel during design and subsequent development phases. The successful vendor then will end up having his product aboard the prototype and will be in a

good position to participate in the production program. One U.S. vendor has observed that few suppliers make substantial sales through program offices without having sales/engineering personnel permanently at Boeing. Situation displays, propulsion plants, weapons and guidance systems are examples of equipment sold to Boeing through program offices.

Generally, the most technologically sophisticated systems are handled by Boeing program offices. Often, state-of-the-art capabilities are involved, thus offering the vendor an opportunity to upgrade production capabilities. Vendors with sales/engineering personnel at Boeing include Reddifon, Rohr Industries, Pratt & Whitney and Collins Radio.

Opportunities — Canadian firms averaged about \$10 million in annual sales to Boeing until 1971 when a dramatic increase took place. Present annual sales are about \$30 million a year and prospects for continuing at this rate, or even expanding it, appear to be very good.

Canada's international and regional

airlines are purchasing increasing numbers of Boeing aircraft and Canadian firms supply to Boeing a wide range of commercial and conventional military aerospace components (landing gear, fuselage sections, tail assemblies, control surfaces) and electronic equipment (communication equipment, sensors).

What specific opportunities are there for Canadian vendors? To answer this, we must look more closely at Boeing production capabilities. Part of the answer is reflected in the sales breakdown which indicates that components for civilian aircraft, military aircraft, missiles and other systems are in biggest demand.

Commercial components probably represent the most immediate opportuni-

ties for Canadian vendors who have not sold to Boeing before, because of the relative frequency of new model development. Several Boeing civilian jets have been purchased by the military and, in such cases, civilian component vendors also have indirect access to military business.

Military aircraft, missiles and space components also offer very attractive sales opportunities. But, as previously noted, military specifications often are required in this work and more specialized marketing methods are necessary.

Boeing's new product areas (including communication equipment, computer services, light rail vehicles, hydrofoil vessels and agriculture-oriented activities) offer exciting possibilities for sup-

pliers wishing to grow with a new product line. In addition, Boeing requires substantial quantities of standard office supplies and equipment, and production machinery, all of which are open to bid through the material offices.

The Boeing Company presents marketing opportunities not only for items traditionally associated with aviation, but also for an expanding range of non-traditional equipment and services that will form a major portion of the company's activities in the coming years. Canadian firms wishing to explore sales possibilities are invited to write to: Canadian Consulate General, 412 Plaza 600, Sixth & Stewart, Seattle, Washington, 98101.

SIMPLEXPORT

For Simple Documentation

A new system for handling export paper work has been introduced to Canadian business and industry, and the Canadian Organization for the Simplification of Trade Procedures (COSTPRO) claims the system will reduce the work of producing export documentation by as much as 50 per cent.

A steadily growing number of larger Canadian exporters and forwarders are enjoying the benefits of the Canadian Trade Document Alignment System (CTDAS), which was developed under COSTPRO's wing. There is no doubt that the totally-integrated, aligned, one-run system will remain the most effective means of documentation and control for some time to come.

But it has not been possible until now to make use of aligned, one-run methods without an investment in specialized assistance and custom-produced stationery. COSTPRO officials say the impracticality of the system for medium and small-volume exporters has been a real drawback. Now, a simplified version of CTDAS, called SIMPLEXPORT, has been introduced. Forms are available from Mid-City Press Limited, a Montreal printing firm that specializes in systems printing.

SIMPLEXPORT makes use of a basic snap-out set containing aligned originals for the following documents: commercial invoice, B.13, bill of lading, forwarder's memo and packing list. Optional additional originals can be added to the basic set to meet special requirements. These include insurance forms, certificate of origin and a variety of foreign

customs forms. These documents are accepted in most countries, except for those still requiring consular invoices.

The system comes into play once the goods are ready for shipment. The combined SIMPLEXPORT set is produced at one typing with complete information about the shipment typed on the top original while area-coated carbons ensure that only the information required for each of the other originals of the set is carried through. Insurance and customs originals are added to the basic set as required.

The typed set is checked for accuracy and the originals separated with any extra details required being added to the individual copy — usually just a signature or handwritten notation. Then, the required number of additional copies can be reproduced by photocopier from each original in the set.

The system is easy to use and offers essentially the same advantages as the Canadian Trade Document Alignment System: only one document to type and check for errors; only one typing required, regardless of the total number of copies needed; time and labour required for preparing documentation substantially reduced; errors caused by transcription of detail from one document to another virtually eliminated; use of masks or printed overlays not required; steps required in typical documentation process reduced from 12 to four. The only equipment needed is a typewriter and a photocopier.

For more information contact the Canadian Organization for the simplification of Trade Procedures, 9th Floor, 2085 Union Street, Montreal, Quebec, H3A 2C3.

SOUTHEAST ASIA

Malaysia

M.M. VUJNOVICH, Commercial Secretary, Kuala Lumpur

Malaysia is a country which is in every sense an "instant" Asia, with the three major racial groups of Asia — Malays, Chinese and Indians — and numerous other races all contributing to create a mosaic of cultures and religions. It is one of the fastest growing nations in Asia, if not in the world, with a per capita income second only to that of Japan (excluding the city states of Singapore and Hong Kong). It is also the world's largest exporter of rubber and tin as well as tropical hardwoods and palm oil.

In Canada, perhaps, we tend to lump countries of Southeast Asia together and Malaysia is lost as an identifiable entity. Nevertheless, a small but growing number of Canadian companies have found that Malaysia, with its rich natural resources, offers an attractive alternative to the traditional areas of Canadian trade concentration. Alcan, with its extrusion plant and rolling mill; Electrohome and Microsystems with their electronic assembly plants; Chemetics; the Bank of Nova Scotia; Bata Industries; MacMillan Bloedel; Shawinigan Engineering — these and a few others are really the pioneers of Canadian commercial involvement in this country.

Malaysia, all 130,000 square miles of it, comprises the peninsula and the states of Sabah and Sarawak (in North Borneo) and is a land of almost continuous sunshine. There are no extremes of temperature and the landscape, from the deep equatorial jungles in the heart of the country to the flat alluvial plains along the coast, is perpetually green. The climate is uniform throughout the year, sunny days with occasional showers brought at different periods by the southwest and northeast monsoons. The population, about 11 million, is growing at an estimated rate of 3 per cent a year. Malay has been adopted as the national language but English is widely used, particularly in commerce and industry. A number of other languages

are also spoken.

Living in this country is pleasant and stimulating. Every modern convenience is available: homes, supermarkets, hospitals, expressways, hotels, schools and recreational facilities — all in an essentially Asian atmosphere where various races make their own special contribution to Malaysian life. Kuala Lumpur, the capital, has a population of more than 800,000 and is the centre of the country's economic and financial activity. It is a modern and healthy city, bustling with life.

Development plan — Economic activity in Malaysia is guided by the use of five-year economic plans prepared by the Government in consultation with the private sector to identify major economic priorities and objectives and to

outline strategies the Government intends to pursue to achieve the objectives. The Second Malaysian Plan (1971-1975) emphasizes secondary manufacturing, which in 1960 accounted for 8.5 per cent of the gross domestic product and 15 per cent in 1971. It is important to note that there is hardly any public policy or activity in Malaysia today that is not geared toward the achievements of the aims and objectives of the Second Malaysia Plan.

Closely supplementing the private sector, the Government is making substantial investment in infrastructure in both the agricultural and industrial sectors to remedy imbalances and regional distortions. The overriding objective of the Plan is the promotion of national unity in the multi-racial coun-



try. The direct objectives have been defined as, first, the eradication of poverty irrespective of race and, second, the restructuring of Malaysian society to reduce and eventually eliminate the identification of race with economic function.

The projected public development expenditures for the Plan period amount to \$2,920 million. The sector that will receive the largest allocation is agriculture and rural development, which receives 26.5 per cent, or \$774 million. The allocation for transport is also large, most of it for major additions to trunk roads and for building roads to ease congestion and facilitate the dispersal of industries that develop near growth centres. Malaysia already has one of the best road networks in Asia, estimated at well over 11,000 miles in total.

Public utilities such as power, water and rural electrification are also emphasized. Commerce and industry receives a sizeable \$235 million for the five-year period, most of it to be spent through statutory authorities and various state development corporations. To meet the requirements of a rapidly expanding economy the Government is committed to a vigorous education and training program. Expenditures in this sector will amount to almost \$300 million and will go toward the expansion of institutes of technology, universities, and primary and secondary schools.

However, there are problems. Inflation last year ran at over 10 per cent, accounted for partly by rapidly increasing commodity earnings that have sent the plantation and factory workers and others rushing for TV sets, motorcycles and all the other rewards of a consumer society. The economy is also clearly vulnerable to world commodity price fluctuations, and therefore depends on both the international commodity markets and the success of the Government's policy of product and export diversification.

There are four principal ports in Malaysia: Penang and Port Klang in the peninsular, Kuching in Sarawak and Kota Kinabalu in Sabah. The Malaysian International Shipping Corporation, formed in 1968 with government participation, is already operating with a few ocean carriers. Over the next five years

it is expected to increase its fleet capacity to one million dead weight tons.

There are two international airports in Malaysia. The main one, at Subang, about 14 miles from Kuala Lumpur, has one of the longest runways in Southeast Asia and can handle the latest commercial aircraft, including the Concorde and jumbo jets. The other airport is at Penang.

There is an earth satellite station in Kuantan which started operation in 1970, and another is being planned for Sabah. It is already possible to obtain direct television communication with North America, Britain, Japan, India and Pakistan.

Central position — Malaysia is an ideal base for the Southeast Asian market. It has a unique geographic position in the heart of the region, with exciting possibilities for the setting up of export-oriented industries. To the north of peninsular Malaysia is Thailand and to the south the island republic of Singapore. Peninsular Malaysia is linked to these two countries by road, rail, telecommunication, air and sea traffic. Across the narrow Straits of Malacca in the southwest is Sumatra and to the southeast the other islands of the Republic of Indonesia. Sabah and Sarawak share a long land border with Indonesia and across the Sulu Sea in the north is the Republic of the Philippines. Fully aware of the potential market for Malaysian-made goods in surrounding countries, the Government is actively promoting the establishment of export-oriented industries by granting special incentives.

There are now 18 industrial estates in Malaysia which have been selected because of their already existing basic infrastructure facilities like road, rail, water, power and communications. Some of these estates have been designated free trade zones to cater to the needs of export-oriented industries and to facilitate duty-free movement of goods in and out of factories sited within the free trade zone area.

The Malaysian economy is essentially export-oriented with the export sector contributing over 40 per cent annually of the gross national product of the country. Most exports, being primary commodities, are sold to the major industrial countries. In 1973,

exports to the countries of the EEC amounted to 22 per cent of total export. Singapore, as in previous years, remains the largest single buyer and accounts for about 23 per cent, mainly for re-export although increasing amounts of raw materials and foodstuffs are being consumed in Singapore. Japan in 1973 accounted for 18 per cent, reflecting the substantial increase in purchases of rubber, sawn logs, sawn timber and tin. Exports to the United States represented 11 per cent of the total. A significant portion of the remaining 26 per cent of Malaysian exports in 1973 was accounted for by the People's Republic of China, the U.S.S.R., Australia and other Asean countries, excluding Singapore. Total exports for 1973 have been estimated at \$2,760 million.

Consumer goods — Malaysia is a growing market and the demand for industrial products is large. Manufactured products and consumer goods account for almost half the expenditures on imports, and demand for them is expected to continue to grow. Many of these products can be produced in Malaysia and the Government is actively pursuing a policy of import substitution.

In 1973 gross imports rose by almost 30 per cent to \$1,330 million. The growth reflected primarily the strong expansion of private expenditures in the economy, as well as significantly higher import prices and freight charges. Major trading partners (with percentages in brackets) included the European Economic Community (21), Japan (24.1), Singapore (7.8), Australia (7.1), United States (3.9), Indonesia (2.5) and Hong Kong (1.9).

Malaysia, your profit centre in Asia: is the title of a businesslike FIDA (Federal Industrial Development Authority) publication intended to attract foreign investors. There is obvious truth in the title because well over 400 international companies have taken up the Malaysian offer and have established manufacturing plants. Foreign investment is encouraged through various investment incentives, and Malaysia has been particularly successful in attracting it because of a stable political climate and a fundamentally sound economic infrastructure. What is often forgotten is that the national resources of the country have been commercially exploited for

well over 50 years. As a result, the Malaysians have acquired the necessary technical resources, services and economic infrastructure to support the growth of private investment. What is perhaps more important, Malaysia has enough experience to withstand the impact of substantial foreign investment which often strains the ability of some countries to absorb it. As a result, Malaysia continues to be the largest and most efficient producer of natural rubber in the world. In 1972 Malaysia produced 1.3 million tons of rubber, 44 per cent of the world's supply. In 1972, 32.6 per cent of the total world exports of log wood and 16.6 per cent of the export of sawn logs was contributed by Malaysia.

Growing prosperity — All economic indicators back up the initial impression of increasing prosperity. The growth of the gross national product last year was 22 per cent in current prices and more than 8 per cent in real terms. Real growth of 7 per cent is forecast for 1974.

the international currency crises, but the Malaysian ringgit, which had been independently floating since June 21, 1973, proved stronger than the pound and the dollar. Towards the close of the year came the Arab-Israeli war and the problem of oil supplies and prices. Here again Malaysia was fortunate as it is an oil producer, though in fact its own crude is almost entirely exported.

It has been said that Malaysia is a rarity among the oil-producing countries. It produces enough to cover its needs but exports almost all of it and imports virtually all its own requirements. The explanation is simple: Malaysia's oil is sweet, with a low sulphur content, and is too valuable to spend on heavy industrial uses because it commands a higher price internationally than heavier Arab crude.

Malaysia is still discovering the extent of its oil riches. There were seven oil strikes last year and, at time of writing, one this year. In 1973, the country produced an average of 95,000 barrels a day

and a bill is being prepared to allow oil production sharing on the Indonesian pattern. Enough oil and gas have been found and enough geological indications are available to bolster high hopes. Already Malaysia produces more oil than it consumes and when the cash possibilities of soaring oil prices are added then everybody gets into the hunt. As a result, one of the busiest offices in Kuala Lumpur these days is the Petroleum Division of the Ministry of Primary Industries. It has received about 120 applications for licences to prospect for oil in 100,000 square miles of offshore waters. All manner of companies are getting involved, from such giants as Shell, Exxon, Mobil and Continental, and various independents, to a few outright opportunists.

Recently, Shell found large reserves of natural gas in its offshore Sarawak field and is preparing to export it in liquid form. The project will involve massive capital expenditures, perhaps

Major Canadian exports to Malaysia — 1973

	\$000
Wheat	636
Consumer food products	199
Tobacco	275
Asbestos	2,805
Wood pulp & paper	3,075
Steel	447
Aluminum	2,597
Copper	186
Zinc	438
Log handling equipment & spares	727
Industrial equipment & machinery	447
Motor vehicles & parts	509
Aircraft & parts	4,332
Electronic apparatus	386
Electronic components	10,454
Files & rasps	173
Office equipment	241
Total, incl. others	\$28,689

Major Canadian imports from Malaysia — 1973

	\$000
Agricultural, fish & food products	253
Spices	419
Rubber (crude & products)	14,068
Bauxite	499
Wood & wood products	1,676
Vegetable oils	9,401
Tin	14,972
Electronic assemblies	9,739
Textiles & apparel	1,715
Total, incl. others	\$53,996

On top of all this, Malaysia emerged smiling from the three major crises which last year threatened to cripple the economic leaders of the world. The first was the soaring world commodity prices; while many nations suffered, Malaysia, the world's largest supplier in rubber, tin, tropical hardwoods and palm oil, could take them in its stride. Then came

and daily consumption was 82,000. Even the existing oil fields will yield more than 100,000 barrels a day by the end of 1975, and 200,000 by 1977. By 1980 at least 500,000 barrels a day should be the norm.

Hunt for oil — These are exciting times for the Ministry of Primary Industries. Oil exploration is still continuing

\$300 million for a liquefaction plant. The plant is expected to produce five million tons of liquid natural gas a year, which at the present state of technology is considered to be of optimum economic size. It is expected that exports of LNG will go to Japan beginning in 1980. Five tankers, each costing \$100 million, will be built for this.

Sharing plan — Under the production sharing system being introduced, any oil found will be shared between the Government and the oil company in the ratio of 65-35 after allowing a certain portion to be deducted as costs. The Ministry of Primary Industries announced last January that a new national petroleum corporation, Petronas, will be set up to handle the Government side of the business. Petronas will be an autonomous organization modelled on the lines of Pertamina, Indonesia's highly successful national oil corporation.

The Government's entry into the oil market raises some interesting possibilities. First, it may lead to establishment by the Government of downstream industries such as refineries and petrochemical plants. A feasibility study on this is to be carried out with the help of

ENI, the Italian Energy and Chemical Corporation. For a start the Prime Minister has announced that another oil refinery is to be set up in Tioman Island, and another may be built at Lumut. Second, the Government's possession of oil stocks would have a stabilizing effect on the prices of gasoline and other fuels.

What about Canadian commercial performance in Malaysia? In a few words, it is modest but growing steadily. An increasing number of Canadian businessmen are discovering this dynamic country. Total visible Canadian exports are approaching \$30 million. They could be easily double that but too many Canadian businessmen dismiss Malaysia and Southeast Asia as an exclusive Japanese domain. Although formidable competitors, our substantial penetration of the Japanese market itself and the

world monetary realignments should have shattered that myth forever. One thing is certain, those Canadian businessmen who come to Malaysia regret their short stay and promise to return — many have and have done well. Some have stayed: Alcan, MacMillan Bloedel, Electrohome, the Bank of Nova Scotia and many others have seen the opportunities and have made a commitment to this country.

Already Canada sells more than 180 different products and commodities to Malaysia. Canadian businessmen should set aside preconceived ideas and write to the Commercial Secretary, Canadian High Commission, P.O. Box 990, A.I.A. Building, Ampang Road, Kuala Lumpur, Malaysia. For the price of a postage stamp a new world of opportunities may be discovered. □

Singapore

D.C. BUTLER, Commercial Secretary, Singapore

Despite the difficult international situation towards the end of last year, Singapore's gross national product grew by about 11 per cent in real terms during 1973. Manufacturing was one of the fastest growing sectors in the economy and now outweighs the traditional entrepot trade. Foreign trade in 1973 increased 37 per cent at current prices, compared with 9.5 per cent in 1972. Singapore experienced unprecedented inflation, mostly imported, which accounted for much of the money increase in trade and production. All in all, it was a good year. The predictions for 1974, however, are for a lowered real growth of 10 per cent at most.

The GNP at current prices reached the equivalent (at the rate S.\$1 = Cdn. \$0.40 used throughout this article) of Cdn. \$3.97 billion in 1973, about \$1,800 per capita. Much of this was in the manufacturing sector which grew almost 30 per cent at current prices and now accounts for 26.2 per cent of the gross

domestic product. Disquietingly for Singapore's growth plans, consumption also contributed a great deal to the increase with a jump of 25 per cent over the 1972 figure.

Of the total 1973 output of \$3.15 billion in the manufacturing sector, the local value added was just below \$1 billion. Petroleum refining, still the largest industry, accounted for 26 per cent of the output and 13 per cent of the value added, but this was 10 per cent less than the electrical machinery manufacturing and 2 per cent less than the transport equipment industries. The fastest growing sectors last year were the plastics industry (output doubled), the rubber processing industry (75 per cent increase in output), the apparel industry and electrical machinery.

Singapore's 58 shipyards are an increasingly important sector of the economy. Construction volume grew by about 8 per cent in 1973, but repairs constitute roughly 80 per cent of the

work carried out. Rising costs of labour, capital and raw material and increasing competition from other countries, however, may well slow growth.

Investments — At the end of June 1973 the industrial fixed assets of foreign investors amounted to about \$1 billion. Investors based in the U.S. owned 38 per cent of these assets, while Britain and the Netherlands accounted for about 15 per cent each and West Germany for 5 per cent. Almost half was represented by the petroleum refineries and most of the rest was in the electrical and electronics, transport equipment, instrument and photographic industries. The outlook for the immediate future is good as investment commitments rose 144 per cent in 1973 to \$324 million, of which \$241 million was foreign. Of these investments, 87 per cent was committed to the higher technology industries that Singapore wants, such as petroleum and petrochemical products, metal and mechanical engineering products, and scientific

and precision equipment.

Domestic wholesale and retail trade rose by 19 per cent in 1973, maintaining its 1972 contribution of just over one sixth of the value of the GDP. Most of this, however, was caused by rising prices. The consumer price index increased 22.9 per cent and includes rises ranging from 6 per cent in the cost of housing to 35 per cent in cost of food. The wholesale price of RSS1 rubber, one of the more important commodities, was 78 per cent above the average 1972 price.

Labour — Turning to the labour market, 50,000 new jobs were created in 1973, of which almost half were in manufacturing. Unemployment was reduced from 4.7 per cent in 1972 to 4.5 per cent in 1973, but the country is still short of labour. It is hoped to help solve this problem by increasing productivity. In 1973, however, productivity rose only 3.6 per cent, compared with the 7.7 per cent averaged between 1970 and 1972.

The wage settlement in May 1974, averaging a monthly \$16 plus an increase of 6 per cent, and the increased Central Provident Fund contributions may also be steps toward easing the labour situation as there has been an increase in the number of labour intensive industries planning to move to neighbouring countries. Industrial peace has helped offset the rising costs of labour. Man-days lost yearly through strikes have not exceeded 30 per thousand workers since 1971 and dropped to less than four in 1973.

Numbering over one million for the first time, tourists contributed \$210 million (5.8 per cent of GDP) to the economy, an increase of 28 per cent over 1972.

The increase in the value of export trade was led by shipments of domestic manufactures which grew 55 per cent to \$2 billion, while entrepot shipments increased 35 per cent, an encouraging trend away from the need to rely as heavily on entrepot trade as in the past. For the second year, imports grew less than exports and reserves increased to \$2,283 million or about \$1,050 per capita (West Germany at \$407 at the end of 1972).

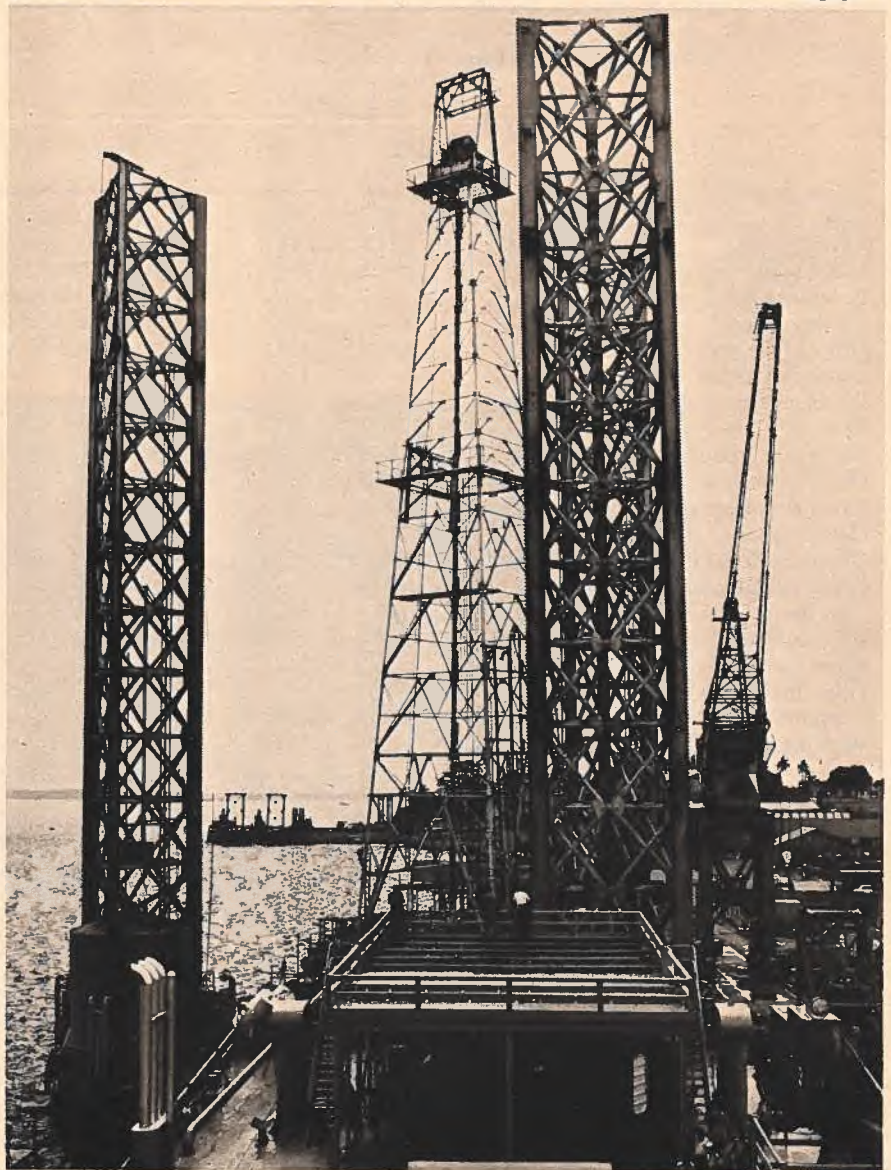
Trading partners — Malaysia is Singapore's most important trading partner, accounting for 17 per cent of the total, followed by the United States with

16 per cent, Japan with 14 and Britain with 6 per cent. As a group, however, Singapore's Asean partners are Singapore's largest customer and supplier and provide over 23 per cent of its external trade. Much of this trade stems from Singapore's traditional role as a middleman for the movement and basic processing of commodities from the area, such as rubber, tin, palm oil, logs and spices and as a distribution centre for goods destined for countries in the area. The EEC ranks fourth after Asean, the

U.S., and Japan as a trading partner.

The biggest share of Singapore's exports is accounted for by crude rubber, followed by machinery and transport equipment (excluding motor vehicles), petroleum products, apparel and textiles, veneers and sawn timber, and chemicals (4.5 per cent). Imports also are dominated by petroleum and rubber, followed by machinery and transport equipment (excluding motor vehicles), and food and agricultural products.

Trade with Canada — Singapore



A drilling rig in the Sembawang shipyard in Singapore.

statistics show trade with Canada in 1973 as totalling \$56.4 million, about two thirds of one per cent of Singapore's total. Canadian purchases last year rose 61 per cent over those of the previous year to \$41 million, and sales to Singapore reached \$16 million, an increase of 72 per cent over the 1972 figure. Canada's major imports from Singapore were latex and crude rubber (\$18 million), followed by consumer radios (\$2.5 million), plywood, canned pineapple, feathers, apparel and textile products, and other consumer electronic products.

The main Canadian exports in 1973 were newsprint, potash, metal ingot, log handling equipment, communications equipment, wheat and other food products.

ing and shipping of their own resources, Singapore is developing more sophisticated processing and the capacity to provide the more sophisticated services of communications, engineering, medicine, data processing, plant maintenance and financing.

Continuing needs — Singapore will continue to need raw materials, both raw and semi-processed, expertise and equipment to solve its energy problems, and help in training its labour force and increasing productivity. It will also have to import a large part of its food requirements. This means that Canadian metals, asbestos and newsprint should continue to find markets, high protein wheat, rye and fish will continue to sell and there will be new opportunities for more highly

proposes to spend \$224 million over the next five years on expanding and improving its services. Harbour and airport facilities will be improved and capacity expanded. All of these mean opportunities for the sale of communications equipment, navigational aids, and materials-handling equipment.

Oil and gas exploration, extraction and processing will continue in the area and Singapore can be expected to remain as a distribution centre for goods and services related to these activities. As examples, construction, repair and parts storage for equipment are well established in the country as are administration and refining. It is easy to find the right people here to talk to when selling equipment and services for this field and, as a

What Singapore buys . . .

. . . And from Canada

	\$ million*			\$'000	
	1972	1973		1972	1973
Wheat, unmilled	14.8	27.6	Newsprint & other printing paper	1,918	2,230
Rice	50.4	65.2	Potassium chloride, muriate	1,206	1,929
Animal feeds	44.8	48.0	Zinc blocks, pigs & slabs	468	1,849
Other food products	292.8	364.4	Radio transmitting-receiving units	50	1,133
Beverages & tobacco	51.2	45.2	Woodland log handling equipment	396	1,032
Crude rubber	190.8	389.6	Commercial telecommunications		
Other crude materials, inedible	138.4	194.8	equip. N.E.S.	12	796
Crude petroleum	346.4	455.6	Wheat	1,068	733
Petroleum products	189.6	190.0	Cranes, derricks, winches, hoists		
Palm oil	48.4	54.0	& lifts	246	523
Medicinal products	30.0	34.4	Copper bars, rods & shapes, pipes		
Other chemicals	170.8	259.2	& tubes	55	336
Paper & paperboard	39.6	64.4	Office machinery	101	335
Cotton fabrics	60.4	78.8	Rye	32	314
Other textile fabrics	191.6	214.4	Fish, frozen, smoked & canned		
Other manufactures classed			excl. shellfish	177	308
by material	474.4	653.2	Parts & accessories for motor		
Industrial machinery	173.6	220.0	vehicles	116	281
Road motor vehicles	116.0	158.0	Marine engine & parts	95	264
Other machinery & transport			Files, rasps & other hand tools	179	236
equipment	769.6	1,021.2	Engine, turbines & parts	4	216
Watches & clocks	50.4	59.6	Apples, crab apples, fresh	162	211
Total, incl. others	3,814.4	5,004.8	Pipes & tubes, iron & steel N.E.S.	482	1
			Milk powder	379	15
			Asbestos fibres	305	159
			Wood pulp	136	96
			Ready-mixed paints	129	17
			Chains, saws & parts	105	182
			Total, incl. others	9,457	16,116

Source: Singapore Department of Statistics

*At rate of Cdn \$1 = S.\$2.50

Source: Statistics Canada

For the future, Singapore's prospects seem good. The Asean region is rich in raw materials and as it prospers so should Singapore, which lives by providing services to the area and to those who pass through it. As its neighbours increasingly take over the basic process-

processed food products.

To attract investment and to remain as a centre for offices involved in finance, shipping and administration of activities in neighbouring countries, good communications are essential and the Telecommunication Authority of Singapore

meeting point, Singapore is a good source of leads to be followed in neighbouring countries.

Singapore is also a main distribution and service centre for agricultural, forest harvesting and wood processing industries. Even though basic wood processing

will increasingly be moved to where the raw materials are, it is reasonable to expect that the more sophisticated board plants, for example, will remain here for some time to come.

Other opportunities for the sale of equipment and services will arise. For example, over the next five years, two large hospitals will be built, and another expanded and modernized.

Asean base — Returning to Asean, it is important to note that trade figures between Singapore and this area are almost double those between Singapore and its next largest trading partner. Although Asean is neither a common market nor a free trade area, from a purely practical standpoint, when the

Canadian businessman considers Southeast Asia he does well to look at these five countries and ask himself where, among them, his market is, because there probably is one for him. There is, as yet, no central point to which he can go for specialized trade information on the whole group nor one to which he can go to 'cover' the whole group. That may come — Singapore and the other members seem more and more committed to the principles of regional co-operation. In the meantime, Singapore remains an increasingly prosperous and logical area of concentration for promotional efforts which could be dissipated otherwise in the size and diversity of Southeast Asia.

Have you considered setting up an

office, plant or maintenance or storage centre in Singapore? It might be logical for you to have an establishment somewhere in the Asean countries and Singapore could be the most suitable place. There is no language problem here, communications are good, there are Canadian banks here, a number of useful government incentives and it is a pleasant place to live with good amenities. We can put you in touch with a number of organizations who can advise you, and we can help you ourselves. Drop us a line to: Commercial Counsellor, Canadian High Commission, P.O. Box 845, 230/236 Orchard Road, Singapore 9, Singapore.

Thailand

K.R. HIGHAM, Commercial Secretary, Bangkok

In spite of its proximity to the Indo-Chinese war arena, and a recent dramatic change of government, the Thai economy has clung confidently to an impressive pattern of growth. A broadening of the previously rice-dominated export base to include many agricultural, forest and mineral products, plus a highly profitable tourist industry, has provided the income and stability necessary to attract both foreign invest-

ment and public foreign debt-carrying capacity. As a result, this pleasant happy country of 40 million people is moving rapidly towards greater industrialization and economic take-off. This is a good time for Canadians to look carefully at the export and investment opportunities that will result.

Recent high prices for Thailand's four major exports which together account for 52 per cent of the country's total exports



and continued strength in the growth of tourism,



plus foreign investment, reflecting strong investor confidence



and Government overseas borrowing,



keep Central Bank Reserves high.



The economy has its growing pains, however, and the demand for industrial equipment and supplies by the private sector and for power, transportation and communications facilities by the Government has cost dearly.



Inflation has set in, too, and is expected to continue. Oil purchases will take as much as one quarter of the total 1974 imports, and better export markets will drive up the value of essential commodities at home.



The Government is becoming concerned about too few, too large trading partners



and overseas investors.



Canadian sales to Thailand in 1973 totalled \$15 million, less than one per cent of the total imports.

Canadian Exports to Thailand 1973

	Cdn.\$		
Aluminum pigs, ingots, shot, slabs, etc.	2,339,953	Medicines & pharmaceuticals	226,207
Wood pulp	2,211,808	Poultry, farm, apiary equipment & pts	207,966
Newsprint	1,537,891	Construction machinery & equipment	187,955
Zinc blocks, pigs and slabs	1,332,129	Sulphur, crude or refined	187,415
Asbestos milled fibres, groups 4 & 5	1,229,232	Hard spring wheat flour	176,200
Files and rasps	618,442	Aircraft engines and parts	139,557
Asbestos shorts, groups 6-9 grades	588,830	Plastic & synthetic rubber not shaped	113,724
Steel sheets, strip, bloom, billets	485,271	Engines, turbines and parts	109,038
Woodland log handling equipment	478,284	Aluminum & alloy fabricated material	104,847
Electrical equipment	348,955	Other items	1,649,396
Yeast, gelatin, confectionary	301,111	Total, incl. others	14,872,107
Copper bars, rods and shapes	297,896		

But interest in Canada as a source of industrial equipment and technical expertise is growing, although we remain unknown in the field of consumer goods. Important government projects that are creating import demand include hydro, thermal and nuclear power plants, expansion of highways and railways, and waterworks and irrigation systems.

In the private sector there is strong interest in oil explora-

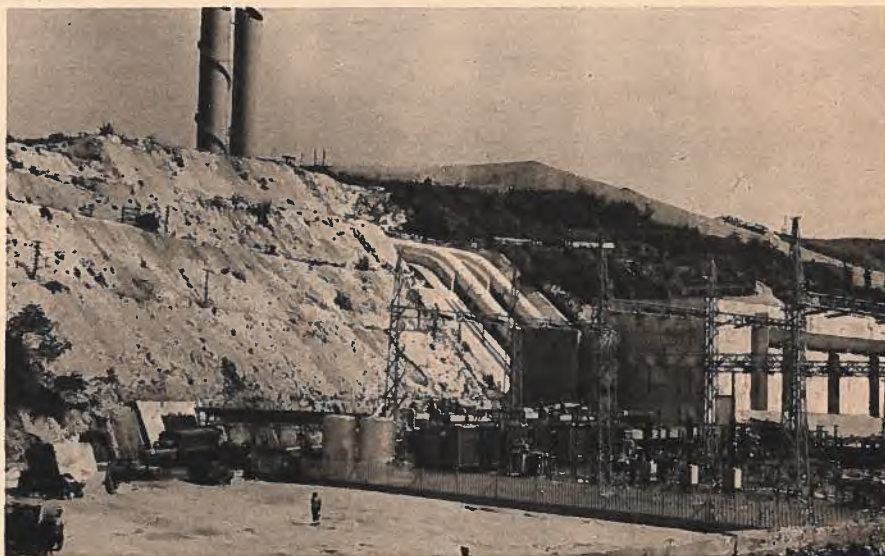
tion and refining, mining and mineral smelting and refining, agro-industries (fruit and vegetable and seafood culture and packing), forest industries (pulp and newsprint mills) and many forms of labour-intensive light industry, assembly and manufacture. The business climate is good for both sales and investment and the potential for Canada in this market represents an important part of the Southeast Asian total.

Indonesia

J. PEARCE, Assistant Commercial Secretary, Jakarta

For the Canadian businessman Indonesia is a tough, frustrating and sometimes rewarding market. This resource-rich nation of 125 million inhabitants has a business climate that puzzles Canadians. Differences in climate and business practices, communication problems, geographic distance and attitudes all collect into a kaleidoscope of factors which make doing business apparently very complex. Yet the Indonesian economy continues to grow. Imports were up 43 per cent to \$2,506 million in 1973 and exports up 60 per cent to \$2,910 million over the 1972 figures.

Oil price increases accounted for much of the increased value but production rose from 412 million barrels in 1972 to 465 million barrels in 1973. (Canada's 1973 production was 720 million barrels.) With the prices of tropical hardwoods, rubber, palm oil and tin at high levels, Indonesian exports are expected to increase spectacularly in 1974 to an estimated U.S. \$7,000 million.



The Karangates hydro station, about 15 miles from Malang, was inaugurated by President Soeharto in September last year.

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 Aug. 22. 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	Country and Currency	foreign currency unit in Canadian dollars	Canadian dollar in foreign currency units
Algeria Dinar	.2380	4.20	Ecuador Sucre (official)	.0391	25.58
Arab Republic of Egypt Pound (official)	2.5004	.40	El Salvador Colon	.3914	2.55
Argentina Peso (financial)	.0980	10.20	Fiji Dollar	1.2230	.82
(commercial)	.1957	5.11	Finland Markka	.2589	3.86
Australia Dollar	1.4529	.69	France, Monaco, etc.¹ Franc	.2030	4.93
Austria Schilling	.0523	19.12	French Pacific² Franc	.0112	89.29
Bahamas Dollar	.9784	1.02	Franco-African Republics³ Franc	.0040	250.00
Belgium and Luxembourg Franc	.0256	39.06	Germany D Mark	.3705	2.70
Bermuda Dollar	1.0397	.96	Ghana New Cedi	.8479	1.18
Bolivia Peso	.0482	20.75	Greece Drachma	.0333	30.03
Brazil Cruzeiro (official free)	.1399	7.15	Guatemala Quetzal	.9784	1.02
Britain Pound	2.2634	.44	Guyana Dollar	.4444	2.25
British Honduras Dollar	.6078	1.64	Haiti Gourde	.1957	5.11
Burma Kyat	.2032	4.92	Honduras Lempira	.4892	2.04
Chile Escudo (commercial)	.0011	909.09	Hong Kong Dollar	.1924	5.20
(financial)	.0010	1,000.00	Hungary Forint (official)	.0869	11.51
China, People's Republic of Yuan	.4188	2.39	Iceland Krona (official)	.0098	102.04
Colombia Peso (fixed)	.0382	26.18	India Rupee	.1218	8.21
Costa Rica Colon	.1475	6.78	Indonesia Rupiah	.0024	410.00
Cuba Peso		N.A. ¹⁰	Iran Rial	.0143	69.50
Czechoslovakia Koruna (fixed basic rate)		N.A. ¹⁰	Iraq Dinar	3.3048	.30
Denmark Krone	.1608	6.22	Ireland Pound	2.2634	.44
Dominican Republic Peso	.9784	1.02			

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	.2300	4.35	Philippines ⁵ Peso (free)	.1468	6.81
Italy Lira	.0015	666.66	Poland Zloty (fixed basic rate)	.2577	3.88
Jamaica Dollar	1.0762	.93	Portugal & Overseas Provinces ⁶ Escudo	.0388	25.58
Japan Yen	.0032	312.50	Saudi Arabia Riyal	.2850	3.50
Kenya ⁴ Shilling	.1379	7.25	Sierra Leone Leone	1.2371	.81
Korea, Republic of Won	.0024	404.38	Singapore Dollar	.3358	2.98
Lebanon Pound (free)		N.A. ¹⁰	South Africa Rand	1.4187	.70
Libya Dinar	2.777	.36	Spain & Dependences Peseta	.0170	55.55
Malawi Kwacha	1.2280	.81	Sri Lanka ⁷ Rupee	.1451	6.89
Malaysia Dollar	.4055	2.47	Sweden Krona	.2194	4.56
Mexico Peso	.0783	12.77	Switzerland Franc	.3256	3.07
Morocco Dirham	.2332	4.29	Syria Pound (free)	.2711	3.69
Netherlands Florin	.3635	2.75	Thailand Baht (free)	.0482	20.75
Netherlands Antilles Florin	.5466	1.83	Trinidad & Tobago ⁸ Dollar	.4715	2.12
New Zealand Dollar	1.4052	.71	Tunisia Dinar	2.2482	.44
Nicaragua Cordoba	.1398	7.15	Turkey Lira	.0699	14.31
Nigeria Naira	1.4700	.68	United States Dollar	.9784	1.02
Norway Krone	.1767	5.66	Uruguay Peso (free)	.0008	1,250.00
Pakistan Rupee	.0988	10.12	Venezuela Bolivar (official free)	.2275	4.40
Panama Balboa	.9784	1.02	Yugoslavia Dinar (official)		N.A. ¹⁰
Paraguay Guarani (free)	.0078	128.21	Zaire, Republic of ⁹ Zaire	1.961	.51
Peru Sol (free)	.0225	44.44	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 Leeward and Windward Islands.

9. Formerly Congo (Kinshasa).

10. Rates not available at press time.

Wanted: Manufacturers

This information is intended to promote additional manufacturing in Canada. Further material on items listed is for prospective Canadian manufacturers only. No responsibility is assumed for claims or statements made. Address inquiries, quoting item numbers, to: Industrial and Trade Enquiries Division, Department of Industry, Trade and Commerce, Ottawa K1A 0H5.

Electric mini-cart

Australian firm offers under licence the Canadian manufacturing rights to its electric mini-cart for transporting personnel in factories, warehouses, airports, etc. This three-wheeled vehicle is powered by electric batteries, turns in its own length, and will pass through any average doorway. It is designed to carry one person, although a passenger can ride on the back. According to the company, this vehicle is safe to operate, requires a minimum of maintenance, and operates on three 12V batteries for 25 miles of continuous running. Literature available. **Item 3063**

Sewage treatment plants

Scottish company offers under licence the Canadian manufacturing rights to its range of sewage and industrial effluent treatment plants which have been specifically designed for small communities, housing developments, schools, and camping sites. The equipment is fabricated of mild steel. Units for up to 500 people can usually be factory built and delivered to the site by road transport. Larger units for up to 5,000 people are erected on site from factory built components. The system is claimed to be economical, easy to install and to maintain, and free from odour and insect problems. Literature available. **Item 3064**

Industrial racking

Czechoslovakian state agency seeks a manufacturing arrangement with a Canadian firm for its racking system which incorporates a boltless/screwless friction joint for connecting horizontal racks or shelves to the vertical posts supporting them. The posts, formed of pairs of "C" shapes welded together to form square or rectangular tubes, have beveled wedges over which fit the matching grooves of the support brackets. This system permits easy and rapid assembly, disassembly and adjustment to different spacing. Installations up to 40 feet (12 metres) in height are claimed to be in use. Literature available. **Item 3065**

Natural turf

British firm offers exclusive or non-exclusive licensing arrangements for the production of its natural turf, grown to suit individual clients' requirements and ecological conditions. The weed-free turf is grown from specially selected healthy persistent grasses without artificial or chemical aids. The seed is germinated in a stabilization net which, when installed, helps alleviate surface compaction and reduces waterlogging. It is grown in strips up to five metres long by one metre wide, and is ready for laying in four to six weeks. Literature available. **Item 3066**

Boat trailer

Dutch firm offers under licence the Canadian manufacturing rights to its single-axled boat trailer which is especially designed for keel boats. The trailer has a rigid supporting framework combined with an inclined extendable slipway and a four-wheeled, bi-axial vehicle for transporting, launching, landing, or storing the boat. This carrying vehicle permits the boat to enter the water in a horizontal position. The vehicle remains floating after being unloaded and functions as a buoyant dock or boat house. The trailer does not enter the water. Literature available. **Item 3067**

Protective coating

Swiss company seeks a licensing arrangement with a Canadian firm for the production of its new anti-corrosion coating. The product can be applied on all iron and steel structures, as a base coating or as a covering lacquer. It is free from mineral acids, and pretreatment of the parts to be coated is not necessary. It can be applied by brush, spray, roller, or by submersion. It is claimed to convert existing rust into a barrier against further corrosion. Literature available. **Item 3068**

Tooling attachments

French manufacturer seeks a Canadian licensee to manufacture his tooling

attachments. One device is a quick-change cutter arbor which fits all milling machines regardless of their spindle cone size. The ejector system of this device lifts off the sleeve from its seat in a quick and time-saving operation. Another device offered is a thread cutter usable on all machines on which the rotational direction of either the part or the spindle can be reversed. It is possible to cut threads using taps of 2 to 16 mm. in diameter on one model and 6 to 36 mm. on another. Literature available. **Item 3069**

Reamer tool

Czechoslovakian state agency offers under licence the Canadian manufacturing rights to a unique reamer tool for boring and milling applications. The reamer is equipped with replaceable cutting bits of sintered carbide. The tool is suitable for reaming high-precision ports in cast iron, particularly cast iron bodies of hydraulic elements. Guides are situated all over the circumference so that a high geometrically true tolerance level is ensured within the hole, even where intermittent surfaces are encountered. The average roundness and cylinder deviation is claimed to be held within three micrometres. Literature available. **Item 3070**

Protective hand lotion

American company offers under licence the Canadian manufacturing rights to its new cosmetic protective hand lotion. This silicone based chemical product is claimed to increase water repellency. The product works on a different principle from conventional hand lotions by shielding the hands from detergents, wind, water and dryness, and by keeping in natural moisture and oils. It is not greasy or sticky. Toxicological testing has been done. Literature available. **Item 3071**

Threadless caps

Swiss company is offering the rights to manufacture under licence in Canada its threadless caps for tubes and bottles. The caps are easily removed by pressing

on the sides. To close, pressure is exerted on the top of the cap. Special lugs prevent the cap from being forced off during the handling of the container. It is claimed that this new cap system is easy and inexpensive to manufacture, and offers quick and simple opening and closing of containers. Literature available. **Item 3072**

Shower curtain

Canadian inventor is interested in licensing a Canadian firm to manufacture his patented shower curtain structure. The assembly consists of a canopy mounted on a rail to be installed by the back wall and a standard shower curtain rod which permits the curtain to be raised upwardly over the top of the tub

rather than folded laterally. Two bars inserted at each end of the curtain serve as weights to bring the curtain into an open or closed position. The system can also be used in a shower stall. An advantage claimed is that the curtain is in a draining and drying position at all times. Also, in the retracted position the curtain does not interfere in any way with the opening to the tub or shower area. Literature available. **Item 3073.**

Security devices, parking meter

French inventor wishes to enter into an agreement with a Canadian company for manufacturing under licence or joint venture a device to safeguard buildings and cars against burglary and theft, and

also an individual parking meter for motor vehicles. The electronic anti-theft device comes in two models — one for buildings which locks the entrance doors electrically, protects all exits and sets off an alarm; another for automobiles which locks the vehicle completely, keeps the motor at a standstill and sets off the alarm in the event of an attempted theft. Another invention involves a parking device built into the dashboard of vehicles, which can be seen from outside and is operated by a detachable cassette showing the parking period and the charge. This device works automatically and replaces the traditional parking meter. Literature available. **Item 3074.**

Foreign Tariffs and Trade Regulations

Brazil

The Customs Policy Council has recently announced the following tariff changes:

Resolution 2162 reduces the duty from 30% to 10% until December 31, 1974 on a quota of 500 tons of trichloromethane (chloroform) (tariff heading 29.02.17.00).

Resolution 2163 of May 24, 1974, extends for one year the exemption from duty established by resolution 1713 on raw hides and skins (tariff heading 41.01.00.00) and bovine cattle leather, wet blue and semi-finished, or tanned whole grain leather (tariff headings 41.02.02.01, 41.02.02.02 and 41.02.02.03).

Resolution 2164 establishes reference prices for ball or roller bearing rings (tariff heading 84.62.90.05).

Resolution 2165 of May 31, 1974, extends until June 30, 1975 the exemption from duty on high density polyethylene (tariff heading 39.02.02.01).

Resolution 2166 extends until June 30, 1975, the exemption from duty on polyvinyl chloride emulsion for plastisols and polyvinyl chloride in suspension (tariff heading 39.02.02.05). Imports must be accompanied by a certificate of guarantee as to type.

Resolution 2167 extends until June 30, 1975, the exemption from duty on rigid black compound based on 75% to 80% polyvinyl chloroacetate with a content of up to 15% acetate in powder, granules or plates (tariff heading 39.02.04.99).

Resolution 2168 extends until June 30, 1975, the exemption from duty on chlorinated polyvinyl chloride containing more than 65% of chlorine, polyvinyl chloride copolymer containing not less than 10% ethylene vinyl acetate, polyvinyl chloride acetate containing more than 15% of acrylate and vinyl chloride-vinyl acetate copolymer containing more than 20% of vinyl acetate (tariff heading 39.02.02.05).

Resolution 2169 extends until June 30, 1975, the exemption from duty on granulated compound of plasticized polyvinyl chloride for injection moulding of soles for shoes with a hardness of 60 to 63. "Shore - A" (tariff heading 39.02.04.99).

Resolution 2171 of May 31, 1974, extends until June 30, 1975 the exemption from duty on low density polyethylene (tariff heading 39.02.02.02).

Resolution 2172 extends until June 30, 1975, the exemption from duty on polyvinyl chloroacetate containing up to 15% acetate (tariff heading 39.02.02.06). A certificate of guarantee as to type and category is required.

Resolution 2173 extends until June 30, 1975, the exemption from duty on acrylonitrile butadiene styrene, methylmethacrylate butadiene styrene and styrene acrylonitrile (tariff headings 39.02.02.13 and 39.02.02.99).

Resolution 2174 of June 12, 1974 exempts from duty potato harvester towed operated by the tractor power-take offs (tariff heading 84.25.01.99).

Resolution 2175 of June 12, 1974 reduces the duty from 55% to 25% for one year on polyester monofilament yarn with a diameter of 0.1 up to 1.00 mm. (tariff heading 51.01.02.99).

Resolution 2181 reduces the duty from 45% to 20% on hand tools to apply telephone cable connections (tariff heading 82.04.99.00) and on machinery and apparatus, mounted on a stand, to apply supports to telephone cables (tariff heading 84.59.99.00).

Resolution 2183 exempts from duty some chemical preparations of a kind used in animal feeds falling within the following tariff headings 23.07.04.99, 29.23.30.00, 29.35.99.00, 29.38.07.00 and 29.44.99.00.

Resolution 2184 of June 12, 1974 extends for one year the exemption from duty on foot-and-mouth disease vaccine (tariff heading 30.02.01.99).

Resolution 2185 of June 12, 1974 extends for one year the exemption from duty on naphtha for use as fuel in the fertilizer industry (tariff heading 27.10.13.00).

Resolution 2186 of June 12, 1974 extends for six months the exemption from duty on natural and synthetic rubber latex (tariff headings 40.01.00.00 and 40.02.00.00).

Resolution 2187 exempts from duty for

one year cuprous oxide (red copper oxide) (tariff heading 28.28.07.00).

Resolution 2188 exempts from duty for one year railroad axles with nominal sleeves of 6½" x 12", 1 metre gauge (tariff heading 86.09.07.00).

Resolution 2189 of June 12, 1974 exempts from duty for one year flexible steel fittings with a mechanical joint of 700 to 1200 mm. in diameter (tariff heading 73.20.01.00).

Resolution 2191 exempts from duty retina fotocoagulator (tariff heading 90.17.13.00).

Resolution 2193 reduces the duty from 55% to 20% until March 4, 1975 on cellulose acetate containing fillers, colouring matter, plasticisers or other materials (tariff heading 39.03.04.01).

Resolution 2194 of June 12, 1974 exempts from duty for one year dichlorodiphenyltrichloroethane with minimum concentration of 99% (DDT) (tariff heading 29.02.45.01).

Resolution 2195 of June 12, 1974 extends for one year the exemption from duty on distilled tall-oil (tariff heading 38.05.02.00).

Resolution 2196 of June 12, 1974 extends for one year the duty exemption on certain vaccines with dilvent for human use (tariff heading 30.02.01.99).

Resolution 2199 of June 5, 1974 exempts from duty until November 30, 1974 palm-kernel oil and copra oil (tariff headings 15.07.10.00 and 15.07.24.00).

Resolution 2200 exempts from duty until December 4, 1974 carbon (including carbon black, anthracene black, acetylene black and lamp black) (tariff headings 28.03.01.00 and 28.03.99.00).

Resolution 2201 of June 7, 1974 exempts from duty for one year common newsprint paper and off-set paper, without water marks for printing of newspapers, periodicals and books when imported for exclusive use by newspapers, publishers, or printers (tariff heading 48.01.02.02).

Decree Law No. 1334 of June 25, 1974, has increased the import duty by 100 per cent until December 31, 1975 on approxi-

mately 960 items considered as non-essential. Information regarding the rate of duty applicable on specific products may be obtained from the Latin America Division, Western Hemisphere Bureau.

Britain

The British Department of Industry has published explanatory guidelines on the Textile Products (Indications of Fibre Content) Regulations 1973.

The Guidelines are intended to help those connected with the textile industry to decide how best to conform with the new Regulations which affect almost all textile products sold in Britain. They were prepared in consultation with representatives of the textile and clothing manufacturing and distributive trades, local authorities and consumer bodies.

The Regulations require that with the exception of a small number of products all textile products must bear in English an indication of the generic names of the fibres they contain. A number of products are included, not normally regarded as textile products, eg. warm linings of footwear and gloves, the covering of umbrellas and sunshades, and the textile parts of camping goods.

The Regulations stem from an EEC directive obliging the governments of member states to make legislation in their own country requiring all textile products to be marked in a uniform way. The purpose is to provide standard point-of-sale information for consumers and to eliminate hindrances to the marketing of textile products in the Community arising from different marking requirements in individual member states. The Regulations came into operation on January 12, 1974, but in order to allow the manu-

facturing and distributive trades sufficient time to adapt to the Regulations they will not become fully enforceable until January 12, 1976. Local Weights and Measures authorities will enforce the Regulations, using powers of the Trade Descriptions Act 1968.

Further details on the new British labelling requirements may be obtained by writing to Britain Division, European Bureau, Department of Industry, Trade and Commerce, Ottawa.

Jamaica

Notice to Importers No. 2909 of August 9, 1974, removed the specific import licensing requirements for the importation of the following commodities into Jamaica: vaccines; bull semen; eggs for hatching only; livestock for breeding purposes — excluding horses; ducklings and turkey poulters for breeding purposes; the following items for the fishing industry: plastic fishing lines, galvanized wire, mesh wire, artificial bait, copper nails, floats, hooks, cast nets, swivels, wire lines, echo sounders, compass, trolling reels; dental, surgical and medical instruments and equipment; stationery items i.e. pencil sharpeners, common pen holders, pens and points, erasers, paper punches, staples, numbering machines, date stamps, stencils, correcting fluid, drawing pens, yard sticks, mathematics sets, blackboard rulers, blackboard compasses, blackboard set squares, counting frames; artist materials, i.e. oil and water paints in tubes, turpentine and picture varnish in small bottles, plasticine, acrylic paints in small containers; wood clothes pegs; scissors; pesticides; rasps and staples; locking bars; commercial solder; black

japanned tower bolts; brass barrel bolts; chain and foot bolts; flush bolts and pulls; indicator bolts in all finishes; raw materials for the local productive sector.

Notice to Importers No. 2910 adds the following commodities to the list of items which will be licensed freely within reasonable limits; livestock and poultry equipment; strappings of steel and plastic; bolts, nuts, screws and washers; pitch pine lumber; redwood louvres; sanitary ware (excluding plastic); bathroom fittings and accessories; stainless steel sinks and fittings; annealed wire — 4 and 16 gauge; electric motors for water sewage and irrigation works; electric hair clippers; kerosene lamps and lanterns; bank and currency notes — only when imported by the Bank of Jamaica; stamps, current unused — only when imported by the Postmaster General; the following items for the fishing industry, frozen quid bait, net leads, sheet leads, spark plugs, lamps and parts; structural steel sections; galvanized and copper fittings; dead cocks 4", 5", 6", 8" 10"; pipe cocks; semi-rotary pumps; furniture castors; caustic soda; dry colours; chair nails, welding wire and rods of coppered steel and bronzed steel (other than types made locally).

Venezuela

Decree Number 86 of May 14, 1974, exempts from duty for a period of seven months fertilizers falling within tariff headings 31.02, 31.03, 31.04 and 31.05. Special authorization is required for each importation from the Ministries of Finance and Development and through the Direction of Customs and the General Direction of Industries.

International Projects

ROMANIA — THERMAL POWER, STEEL

The World Bank has approved two loans totaling \$130 million to assist two key sectors of the Romanian economy — electric power and steel production. A loan of \$60 million will help to finance the construction of a 1,320 MW thermal power station and associated transmission lines. The other loan of \$70 million will finance a portion of the foreign exchange costs of a special steel project. The \$185.3 million project includes engineering and construction of a cold rolling mill complex designed to produce 30,000 tons of stainless steel sheet and strip a year and a rod and bar rolling mill complex designed to produce about 120,000 tons of alloy steel rod and bar products.

Both the loans are being made to the Investment Bank of Romania with the guarantee of the Government of Romania. The power loan is for a term of 25 years, including 5½ years of grace. The steel loan is for a term of 15 years, including 5 years of grace. Both loans carry interest at the rate of 7¼ per cent per annum.

Power Project Description: Construction of a) a thermal power station with four 330 MW lignite fired units, complete with Jiu river realignment for cooling water intake purposes and flood control, road and rail links for construction and generation purposes; b) 400 kV and 110 kV transmission lines, about 600 kilometers long, connecting Turceni with Mintia and Brazil substations including a switching station and inter-connection with the existing 400 kV system.

Implementing Organization: Turceni Enterprise, Bucharest, Romania; Procurement Agency: ROMINEREO, Boulevard Dacia, Nr. 33, Bucharest, Romania.

Procurement: The Bank loan will finance equipment, materials for manufacture of major equipment, and some construction equipment. All items to be financed under the Bank will be procured on the basis of international competitive bidding under the Bank's guidelines.

Steel Project Description: a) engineering and construction of a cold rolling mill complex designed to produce about 30,000 tons per year of stainless steel

sheet and strip from hot rolled coils; b) engineering and construction of a rod and bar rolling mill complex designed to produce about 120,000 tons per year of alloy steel rod and bar products from billets; c) training of staff in the application of special production processes and techniques and in plant management and operation; and d) studies on the end uses of Otelinox's products.

Implementing Organization: Otelinox Special Steel Enterprise, Romania; Procurement Agency: METAROM, No. 42 Boulevard Gh. Gheorghia-Dej., Bucharest, Romania.

Procurement: Two single-responsibility packages — one for the cold mill, the other for the bar mill — will be procured through international competitive bidding in accordance with Bank guidelines and following a staged bidding procedure.

SRI LANKA — DAIRY

A credit of \$9 million from the International Development Association (IDA) will help to increase milk production in Sri Lanka as well as improve the institutional, technical and financial basis for dairy development. The \$12.7 million project will provide credit and technical services for on-farm development of about 1,800 small (5-10 acres) and 600 larger (40-50 acres) dairy farms in the Coconut Triangle and Mid-Country of Sri Lanka's wet zone, including purchase of about 10,400 local and 3,200 imported heifers. Existing milk collection and transport services of the country's National Milk Board (NMB) and co-operatives will be expanded and improved. Additional technical assistance will be provided in the form of pilot programs to develop and demonstrate systems of communal calf rearing and techniques for milk production in the dry zone area. The project is scheduled for completion in 1979.

Implementing Organizations: Day-to-day execution will be the responsibility of a Project Technical Unit to be established in the Animal Production and Health Division of the Ministry of Agriculture, Sri Lanka. The National Milk Board, Colombo, Sri Lanka.

Procurement: International competitive bidding on the basis of IDA guidelines

for milk storage and transport equipment and mobile testing units; and heifers to be imported from selected countries.

Consultants: Three specialists in tropical dairy farming, tropical crops and pastures, and calf rearing.

BURMA — FORESTRY

The International Development Association (IDA) has approved a credit of \$24 million to assist in the rehabilitation and improvement of Burma's timber extraction operations. The immediate objective is to increase foreign exchange earnings by removing from the project area the 250,000 log tons of teak, to maintain teak extraction at an annual cut of 65,000 log tons and to triple the extraction of other hardwoods to 143,000 log tons a year.

The credit will cover the foreign exchange cost of the project and assist mainly in the procurement of equipment for: timber extraction, transport, road construction and maintenance, rehabilitation of sawmills, and inspection vehicles for the Forest Department; training of key personnel of the Timber Corporation, the Government Agency responsible for implementing the project; and feasibility studies for the further development of the forestry sector.

Implementing Organization: Special unit within the Timber Corporation with assistance of a project planning committee, representatives from the Ministries of Planning and Finance, Agriculture and Forests and other specialists.

Procurement: International competitive bidding except for spares for some existing equipment amounting to \$1.4 million.

Consultants: Consultants will be retained for engineering, management and feasibility studies.

INDIA — DAIRY DEVELOPMENT

A credit of \$30 million from the International Development Association (IDA), an affiliate of the World Bank, will help to finance a dairy development project in India's Karnataka State (formerly Mysore). The \$64 million project will, at full development, contribute to an annual production increase of one million tons of milk and 100,000 dairy heifers.

The six-year program focuses on

5-364, Melchor Ocampo 463, 7th Floor, Mexico 5, D.F., Mexico.

Machinery and Equipment

CZECHOSLOVAKIA — Agricultural machinery, such as tobacco harvesters; environmental chambers; chambers to grow mushrooms; sorting machines for fruit and vegetables, by size and colour; machines to cultivate and harvest vegetables. Food industry machinery to process meat (deboning) and to process baby food, instantaneous foods and diabetic foods, etc. Packaging machines and materials of all kinds. Vending machines for soft drinks, soups, hot dogs, etc. Consumer goods and machinery to produce consumer goods of all kinds. Licences and knowhow to produce novelties: Commercial Secretary, Canadian Embassy, Mickiewiczova 6, 125 33 Prague 6, Czechoslovakia.

GREECE — Slaughterhouse equipment required for 13 small abattoirs: Commercial Secretary, Canadian Embassy, 4 Ioannou, Ghennadiou Street. Athens 140, Greece.

KUWAIT — The Kuwait Gas Utilization Project will be inviting offers in the near future for the supply of the following equipment for its proposed new plants: four steam boilers generating 400,000-500,000 lb/hr of steam at 900 psig and 820°F. Normal fuel will be natural gas. Three fixed roof refrigerated and insulated tanks each to hold 250,000 bbls of propane. Three fixed roof refrigerated and insulated tanks each to hold 250,000 bbls of butane. Three floating roof tanks each to hold 400,000 bbls of natural gasoline. Five cone roof epoxy lined tanks each to hold 5,500 bbls of water. One sphere to hold 50,000 bbls of pentanes at 20 psig. Eight centrifugal compressors in the size range 14,000 to 37,000 bhp, driven by steam turbines. Twenty centrifugal compressors in the size range 1,300 to 24,000 bhp, driven by gas turbines (fuel will be natural gas): Commercial Counsellor, Canadian Embassy, Boite Postale 2300, Sabbag Centre, 3rd floor, Hamra Street, Beirut, Lebanon.

MALAYSIA — Pulp milling machine required to manufacture sanitary napkins: Commercial Secretary, Canadian

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

MALAYSIA — Valves such as gate, globe, check, relief, ball, diaphragm and flow control. Also water pumps for high-rise buildings: Commercial Secretary, Canadian High Commission, P.O. Box 990, A.I.A. Building, Ampang Road, Kuala Lumpur, Malaysia.

NORWAY — Instrumentation for measuring environmental and performance data in connection with offshore oil rigs. Also gauges for measuring tank level in chemical carriers: Commercial Secretary, Canadian Embassy, Postutak, Oslo 1, Norway.

SOUTH AFRICA — A South African manufacturer of hydraulically operated forklift trucks requires a supply of pumps, motors, control valves, suction filters, fittings, steel pipes and hoses for the hydraulic systems, and also tires and wheel rims: Canadian Government Senior Trade Commissioner, P.O. Box 61619, Marshalltown, Johannesburg 2107, South Africa.

SWITZERLAND — Measuring, regulation and pollution control equipment.

Small electrical implements, auxiliary implements for drilling machines, small tools and handtools, hardware.

Sophisticated instruments and automatic equipment. Strong interest in new technologies: Commercial Counsellor, Canadian Embassy, Kirchenfeldstrasse 88, 3000 Berne, Switzerland.

Miscellaneous

AUSTRIA — Asphalt shingles, Western red cedar shingles, and Eastern white cedar shingles: Commercial Counsellor, Commercial Division, Canadian Embassy, Dr. Karl Luegerring 10, 1010 Vienna, Austria.

MALAYSIA — Galvanized pipe fittings of British standard, and nuts and bolts for industrial use.

Toilet preparations.

Aluminum ingots for manufacturing aluminum extrusions; aluminum laminated foils; galvanized short link chain in continuous length of 50 kilos net weight with link size $\frac{1}{8}$ " to 1"; copper tubes of $\frac{1}{8}$ " x 0.030" wall thickness; carpentry

tools; ivory faced softboard; hardboard; sanitary fittings.

A motor supply company interested in sole agency for rubber conveyor belts: Commercial Secretary, Canadian High Commission, P.O. Box 990, A.I.A. Building, Ampang Road, Kuala Lumpur, Malaysia.

SWITZERLAND — Pig skins: Commercial Counsellor, Canadian Embassy, Kirchenfeldstrasse 88, 3000 Berne, Switzerland.

Musical Instruments

DENMARK — Musical instruments of all types.

Musical instrument amplifiers and microphones and loudspeakers: Commercial Counsellor, Canadian Embassy, Prinsesse Maries Allé 2, Copenhagen V, Denmark.

Pharmaceuticals

MALAYSIA — Medicine for the treatment of tapeworm infection in poultry; products for the prevention of pigling diarrhoea (scours); sulphadimidine injection — 33.½ per cent in 100 ml. and 2.5 lbs packing; products for the prevention and treatment of Coccidiosis in poultry; pituitary Gonadotrophin — the follicle stimulating and luteinizing hormones (Chorionic plus Serum Gonadotrophin); vitamin concentrate premix, e.g. Vitamin ABDE; Injectable for the treatment of C.R.D. (PPLO) in poultry such as Tylan Inj from Elanco; Streptomycin/Dihydro-Streptomycin/Dihydro-Treptomycin/Penicillin Inj in 5 g. and 500 g. packing: Commercial Secretary, Canadian High Commission, P.O. Box 990, A.I.A. Building, Ampang Road, Kuala Lumpur, Malaysia.

Recreation

AUSTRIA — Hockey equipment and skates: Commercial Counsellor, Commercial Division, Canadian Embassy, Dr. Karl Luegerring 10, 1010 Vienna, Austria.

DENMARK — A table game with a TV set, buttons and coin slot for use in bars, clubs, etc.: Commercial Counsellor, Canadian Embassy, Prinsesse Maries Allé 2, Copenhagen V, Denmark.

The Ocean Freight Market

Prepared by the office of the Transportation Policy Adviser, August 19, 1974

The rate decline, beginning with dry cargo fixing in June, gathered momentum through July despite ship-owners' resistance to low rate offers, particularly in the North Atlantic grain trades. This decline persisted in spite of Indian Government activity in grain chartering from the St. Lawrence and also significant business in coal fixing from Hampton Roads to Japan. Downward pressure on dry cargo rates was maintained partially by the presence of more tankers and combined carriers moving from depressed rates in the oil trade.

The trade St. Lawrence River to Belgium/Holland/Germany was representative of faltering grain rates. In July, a 33,500 ton shipment was fixed at U.S.\$7.25 per ton compared to \$15.40 for a similar shipment in May. The extent of the rate decline was further apparent considering that the June 1973 level was \$9.50 per ton. Falling rates were highly visible in other dry cargo trades, such as coal between Hampton Roads, Virginia, and Japan. Spot chartering a 30,000 to 40,000 ton shipment entailed a rate as high as U.S.\$28.50 per ton in May and \$20.00 in June, while in July fixtures for this volume were arranged as low as \$16.25. Nonetheless, July spot rates, ranging between U.S.\$14.50 and \$22.50 (on varying size of shipments) remained substantially above the July 1973 levels of between \$11.75 and \$12.98 per ton.

Instances of lower ocean transportation costs for bulk

Canadian exports included gypsum from Nova Scotia to the Eastern United States (July fixture of U.S.\$4.50 per ton compared to \$5.70 in June) and iron from Sept Iles to Spain (a July fixture of \$6.17 compared to \$7.25 in June).

Rates in the tanker market continued downward. The New York *Journal of Commerce* reported that tanker rates were falling below operational break-even levels (which exclude capital re-payments). It estimates that the operational break-even for a Very Large Crude Carrier (VLCC, a vessel of 150,000 tons deadweight) is Worldscale 45, and for a 100,000 tonner, approximately Worldscale 65. Recent rates in the trade Persian Gulf to Western Options (i.e. the United Kingdom, Northwestern Europe, Scandinavia and the Atlantic Coast of North America) included Worldscale 40 for a 210,000 and 260,000 tonner, and Worldscale 47.5 for a 95,000 tonner. Rates for crude oil between Vancouver and Portland, Maine,⁽¹⁾ declined again in July (rates between Cdn.\$4.85 and \$5.60) from June levels (6.45 and 6.60 per ton).

The dry cargo time charter market reflected ship-owner interest in longer term charters to assure themselves of a relatively high rate. Many charterers, particularly Japanese concerns, were willing to enter into long-term bookings of between two and six years, thereby hedging against possible rate increases. Longer term time charter rates remained fairly stable during June and July, as illustrated in the following table for two-year charters of dry cargo ships of 20,000 to 30,000 tons deadweight.

CHARTER RATES FOR REPRESENTATIVE CANADIAN AND WORLD TRADES

Trading	Month	Rate (Cdn. \$ per long ton)	Fixture Tonnage
Voyage Charters			
HEAVY GRAIN			
St. Lawrence River to Belgium/Holland/Germany	July 1974	6.34 and 7.08	33,500 and 75,000
	June 1974	8.21 to 11.11	38,000 to 80,000
	May 1974	8.66 to 16.36	27,335 to 87,000
	July 1973	9.25	20,000
COAL			
Hampton Roads, Virginia, to Japan	July 1974	12.98 to 20.01	24,000 to 68,000
	June 1974	11.11 to 23.68	23,000 to 55,000
	May 1974	13.23 to 27.42	23,000 to 58,000
	July 1973	11.75 to 12.98	30,000 to 55,000
IRON ORE			
St. Lawrence to Britain	July 1974	7.32	34,000
	January 1974	8.92	28,000
	July 1973	7.06 to 7.32	20,000 to 30,000
GYPSUM			
Nova Scotia to U.S. Atlantic	July 1974	4.39	21,000
	June 1974	5.51	20,000
	May 1974	6.49	22,000
CRUDE PETROLEUM			
A) Vancouver to Portland, Maine ⁽¹⁾	July 1974	4.85 to 5.60	30,000 to 40,000
	June 1974	6.46 and 6.60	32,000 and 35,000
	May 1974	9.27	30,000
	April 1974	9.61	19,000
B) Persian Gulf to Western Options (Worldscale rates, not dollars) ⁽²⁾	July 1974	40 to 70	55,000 to 275,000
	June 1974	55 to 130	50,000 to 280,000
	May 1974	50 to 150	46,000 to 275,000
	July 1973	140 to 225	30,000 to 275,000
Time Charters			
Dry Cargo Ships of 20,000 to 30,000 tons deadweight for Approx. 2 years chartering			
	July 1974	6.83 to 7.71	8 fixtures
	June 1974	7.15 and 7.73	2 fixtures
	May 1974	6.69 to 7.31	2 fixtures
	July 1973	5.42	1 fixture

⁽¹⁾Terminus of the Montreal/Portland pipeline

⁽²⁾Actual rate in dollars depends on specific ports of origin and destination of cargo. Worldscale rates are utilized as percentages of base rates (termed Worldscale 100) as published in the tariff "Worldwide Tanker Nominal Freight Scale". "Western Options" refers to the United Kingdom, Northwestern Europe, Scandinavia and the Atlantic Coast of North America.

Next month in Canada Commerce

**We take a look at important new oilfields in China;
the growth of Israel as a market for machinery;
Canada's experiment in STOL transit;
and the sabbatical as a business tool.**

The IGGI — Another source of foreign exchange, which is becoming proportionately less important as oil and lumber exports rise, are those funds channeled through the Inter-Governmental Group on Indonesia. The IGGI — a consortium of donor countries and agencies, including the World Bank and the Asian Development Bank — provides development assistance under terms which minimize the future burden of debt and interest payments. Since 1968 when over U.S. \$300 million was pledged, the confidence inspired by Indonesia's success has resulted in annual pledges valued at more than \$700 million. At the most recent IGGI meeting, donors committed more than \$800 million in aid funds.

CIDA's Indonesian aid program, administered by two officials in Jakarta, is concentrated mainly in the civil aviation, forestry, electrical power, telecommunications and education fields. Canadian consultants are preparing the new Jakarta international airport master plan and advisors are working with Merpati Nusantara Airlines, Indonesia's second national carrier, and the Directorate General of Civil Aviation.

In January 1974, President Soeharto announced the goals and provided details of the country's second Five Year Plan. To meet the goals of self-sufficiency in food production, provision of clothing and housing materials at acceptable prices, improvement of infrastructure, social welfare and employment opportunities, the economy will have to grow at an annual rate of 7.5 per cent — slightly above the past five-year average. Government subsidy programs will be expanded for crop production, cattle breeding, fisheries and cottage industries.

Forestry — In the forestry sector special attention will be given to tightening control over forest management and encouraging the development of wood processing industries. Indonesia's forest resources are the largest in Asia and are thought to rank seventh in the world after the U.S.S.R., Canada, Brazil, U.S.A., Australia and Zaire. Timber production has jumped from 3.7 million cubic meters in 1969 to an estimated 19.1 million cubic meters in 1973. Sawn lumber exports, although they have increased greatly, are still minimal with a volume of 250,000 cubic meters in 1973. Various authorities have recommended self-sufficiency in wood panel products by 1975 and paper products in 1985.



Part of the cement plant near Padang, which can produce 180,000 tons a year.

A recent B.C. sawmill mission concluded that substantial opportunities for sawmill and plywood equipment manufacturers exist. However, they also noted that Indonesian sawmillers and government authorities will have to be convinced that Canadian-designed mills using fewer machines can produce the same quantity and better quality lumber for the same total package cost as existing mills.

In the petroleum sector, P.N. Pertamina, the state-owned oil company, has developed into a well-established petroleum conglomerate and is the most powerful single economic force on the Indonesian scene. Pertamina explores and produces in certain areas and markets all oil products in the domestic market. In the more inaccessible onshore areas and offshore, Pertamina has contracts of work and production-sharing contracts under which foreign contractors provide all the investment required in return for a share of any oil produced. Drilling activity has accelerated recently. Although no exact figures are available, exploration and development expenditures by foreign oil contractors were estimated at \$42.3 million in 1968 and \$210 million in 1972. A few Calgary-based oil companies and contractors are active in Indonesia and equipment and service companies have shown continuing interest. Foremost International Industries recently received an order for tracked vehicles from Pertamina worth more than \$1 million. This company's tracked vehicles will be used in on-shore oil field

concessions hauling supplies and general cargo.

Mining sector — For Indonesia, the present level of activity is characterized by large multi-million dollar projects. For example, in the mining field, P.T. International Nickel Indonesia has started mining a lateritic nickel deposit to produce 30 million pounds of nickel annually. P.T. Pacific Nickel is in the pre-development stage of a huge mining/refining project on Gag Island near West Irian that will use a Canadian-developed refining process.

The largest copper mining development has been undertaken by P.T. Freeport Sulphur. Started in 1970, the project was completed in 1973 with a capacity of 250,000 tons per year, or an export value of approximately \$70 million annually.

Systematic bauxite exploration has been undertaken since 1969 on Bintan Island by P.N. Aneka Tambang, a state-owned mining company. A study revealed a sufficient bauxite reserve to justify the establishment of an aluminum plant with an annual capacity of 200-250,000 tons. A contract has been signed with a Japanese consortium to build an electrolytic aluminum smelter and hydro-power facilities at Asahan, North Sumatra, to produce 220,000 tons a year of primary aluminum. This project will require a total investment of \$540 million.

P.N. Timah, the sole operator of the tin mines on Bangka Island, smelts about half the national output. In line with maximizing the domestic processing of

minerals, P.N. Timah plans to increase its smelting capacity so that, beginning from 1976, Indonesia mine output may be exported entirely as tin metal.

The main thrust of the Second Five Year Plan will be to foster small, medium and light industries so as to expand the skilled labour force. Other goals will be the creation of viable economic units and the encouragement of indigenous entrepreneurs who, given assistance, can make the jump from cottage industry to small and medium-sized plants.

Joint ventures — There are opportunities for Canadian investors either in licensing arrangements or in joint ventures. Foreign investment controls are being stiffened and new regulations are expected to limit foreign companies to forming joint ventures with indigenous companies. Yet even with these changes, Indonesia would like to see more Canadian involvement.

A foreign investment insurance agreement was signed in 1973 and a double taxation treaty is being negotiated. Applications for joint ventures are approved by the BKPM — the Co-ordination Agency for Capital Investment. Recently the BKPM has been re-organized to reduce the paper work and time needed for the various approvals required for a project.

Several Canadian firms have investments in forestry, mining, petroleum,

aluminum extrusions and shoe manufacturing. Another indication of the degree of Canadian interest in Indonesia has been the establishment of representative offices in Jakarta by three of Canada's chartered banks.

Personal contacts — Doing business in Indonesia requires patience, perseverance and personal contact. Manufacturers of oil- and gas-related equipment on an Alberta trade mission found several opportunities which they are now following up. Members of a recent Ontario trade mission made sales of products ranging from polyurethane-bearing materials to capacitor discharge ignitions for buses and industrial vehicles.

Western-oriented business practice is a recent phenomenon here as prior to 1965-6 most business activity was conducted by various forms of state enterprises. The situation is changing but manufacturers should not be surprised if an agent, once appointed, does not answer correspondence quickly. During the initial trial period, the Canadian company should be prepared to make two or three visits a year to ensure that their agent has the full support required to initiate sales. Similarly it may take two or three visits to confirm the appointment of an agent.

The reception one receives in Indonesia is directly related to the amount of time one is willing to spend here. Tele-

phone exchanges in Jakarta are overloaded and often the most effective way of making appointments is to use a taxi to visit the offices or plants. Visits to other distribution centres such as Surabaya (for East and Central Java), Medan (for North Sumatra) and Ujung Pandang (for South Sulawesi) take time to arrange.

Local agents — Very few importers specialize in one type of product and it is possible that a firm which has been importing foodstuffs may request an agency for engineering products. While it is usually advisable to confine agency agreements to firms that handle a complementary range of products, worthwhile sales can often be made to firms normally active in other fields.

It is Indonesian policy to encourage local agents to represent foreign companies. Canadian companies, therefore, are advised to seek an active Indonesian agent as their representative.

Commercial contacts between Canada and Indonesia are growing but our market share is still not significant. In 1973, when Indonesia's import market was worth \$2.5 billion, Canada's share was only \$17 million, or 0.6 per cent. As this article points out, there are plenty of opportunities to increase this amount, and we would be happy to help Canadian businessmen to take advantage of them. □

The Philippines

ARTHUR C. PERRON, Commercial Secretary, Manila

The Philippines is a beautiful exotic country. In addition to offering all of the breathtaking splendour of the South Pacific Islands, it taunts visitors with challenging opportunities. It is a rich country in terms of natural resources, with large deposits of metallic and non-metallic ores (copper, iron, gold, zinc, chrome, nickel, lead), energy sources, vast tropical forests, fertile lands and rich fishing grounds. The development of these indigenous resources has been slow but is gaining speed to the point where they are becoming the backbone of a dynamic economy.

Soaring export prices have resulted in buoyant economic conditions that have inspired many local industries to launch expansion programs. Visiting

foreign investors appear to be enthusiastic about the future of the Philippines and many have concluded joint venture agreements in the last few months. And the international financial community has recently shown its confidence in the economy by extending medium-term loans in excess of \$700 million.

Since martial law was declared by President F. Marcos in September 1972, external accounts have been restructured, reserves have been built up to \$1 billion from \$250 million, economic priorities have been identified and actively pursued and a Four-Year Development Plan is being implemented. Although problems remain, the nation is moving forward with confidence.

The Philippines is an archipelago of

7,140 islands stretching 1,000 miles from north to south. The northern tip is 150 miles from Taiwan, the southern tip is 12 miles from Borneo; Manila is only two hours flying time from Hong Kong. The population is estimated at 41 million, with close to 75 per cent concentrated on fewer than five islands. After Manila, the two largest cities are Cebu, on the island of Cebu, and Davao on the island of Mindanao, home of the Muslim minority. The country is the third largest English-speaking nation in the world; Filipinos make up 85 per cent of all Asian Christians and the literacy rate is 85 per cent.

The Philippines was first populated by successive waves of settlers from Malaya and Indonesia. The first Euro-

pean to sight the Philippines was Ferdinand Magellan, in 1521. The first Spanish settlers arrived in 1548 and Spanish rule was to last for 340 years. After the Spanish-American War, the Philippines was ceded to the U.S. in 1898 and gained independence in 1946. Both periods have left indelible marks on the culture, language and government of the Philippines, although the national character has remained distinctive.

In 1973, the Philippine economy expanded at the unprecedented rate of 10 per cent at constant 1967 prices. GNP in 1973 reached \$10.6 billion, up from \$8.5 billion in 1972. The agriculture, fishing and forestry sector contributed most to total GNP, accounting for 38 per cent of total value and providing over 50 per cent of total employment and 75 per cent of all foreign exchange earnings. Of these three subsectors, forestry experienced the most rapid growth in value of output. The manufacturing sector accounted for 21 per cent of GNP and, while food and beverage production made up close to 33 per cent of this sector, substantial gains were registered in mining output, leather and rubber manufacturing, chemicals, non-metallic mineral production, metal wares, machinery, and electrical apparatus and appliance production.

The economy is highly dependent on foreign trade because the country must import foodstuffs (including rice, the staple food) as well as fuel, equipment and many raw materials for its budding export-oriented industries. These imports are paid for principally by traditional exports of copper concentrate, logs and lumber, coconut oil, desiccated coconut, copra, sugar, bananas and

pineapples. Remittances of foreign exchange by Filipinos abroad is of growing importance.

Relative prosperity in 1973 resulted principally from rapidly rising export prices rather than increased output. Coconut and copper concentrate prices almost doubled and were instrumental in increasing the trade surplus in 1973 from \$94 million to \$671 million. The Philippine fuel bill will rise from \$250 million in 1973 to \$750 million in 1974, but this is not expected to have a crippling effect on the economy. Firm or increasing export prices should permit the country to come through without undue strain. But increasing prices for fertilizers, foodstuffs, synthetic fibres, steel and oil will restrain agricultural and industrial expansion.

The outlook for 1974 is continued growth with a slight contraction in the rate of economic expansion due to price adjustments. A real growth rate of 6 per cent is expected. Although industrial expansion will be relatively balanced, the sectors that appear to offer the greatest opportunities for Canadian firms are forestry and mining.

Forestry — Logs and wood products accounted for about 16 per cent of total exports of \$1.85 billion in 1973 and were the largest foreign exchange earner. Of the total timber cut of 10-12 million cubic meters, close to 65 per cent is exported as raw logs (mostly to Japan) and the remainder is processed locally. The Government has decided that these proportions do not maximize foreign exchange earning possibilities and has adopted a phase-out program that will prohibit raw log exports after January 1, 1976. The implementation of this law

will require wood-processing capacity to triple in two years at a total cost of close to \$400 million. Many observers feel the Government's objective will not be met, but are convinced wood-processing capacity will at least double, to 23.2 million cubic meters. Foreign investors, particularly Americans and Japanese, are discussing joint ventures which include engineering, equipment and, in most cases, marketing of the finished product. Many opportunities exist in this sector and local Filipino firms are anxious to discuss co-operative arrangements.

The cut timber is principally of the lauan variety, with diameters ranging between three feet and eight feet. Approximately 60 per cent of the total cut originates in the southern island of Mindanao, where many tree farming operations are situated. This type of forestry operation, by the way, is on the increase.

Wood processing capacity is divided as follows: 18 veneer plants, 26 plywood plants, 355 sawmills, one hardboard mill, three blockboard mills, one integrated newsprint-pulpmill and 20 paper mills. Future expansion plans will probably centre on new and renovated sawmills and additional plywood plants. Canadian equipment, until now, has been limited to forest harvesting and trucking.

Mining — Exports of metallic and non-metallic mineral resources now provide the Philippines with its largest source of foreign exchange. Copper concentrates produced from porphyry copper ore ranging between 0.2 per cent to 3.5 per cent totalled 770,000 metric tons in 1973, which represents 70 per cent of total mineral production. This places the

Leading Canadian Exports to the Philippines

	\$'000	
	1972	1973
Wheat, except seed	10,148	12,056
Rapeseed oil, cake and meal	74	690
Wood pulp	1,434	1,275
Newsprint paper	2,327	49
Potassium chloride, muriate	747	778
Trucks and chassis	7,060	1,898
Telephone apparatus, equipment and parts	475	1,899
Total, incl. others	23,413	26,162

Source: Statistics Canada

Leading Canadian imports from the Philippines

	\$'000	
	1972	1973
Shrimps and prawns, fresh or frozen	403	243
Pineapple juice, not concentrated	780	752
Pineapple, canned	2,119	3,268
Coconut, desiccated	1,197	1,943
Chrome, in ore and concentrates	254	816
Plywood, mahogany	2,891	641
Coconut oil	1,939	2,087
Civil aircraft	-	4,121
Total, incl. others	11,854	18,204

Source: Statistics Canada

Philippines in eighth position in terms of world production of copper concentrates.

The four largest producers of copper concentrate, plus several smaller ones, expect to increase their production by at least 50 per cent over the next few years. New operations soon will be coming on stream. Over 90 per cent of the copper concentrate, which is 25 per cent pure, is exported to Japan, from where a large proportion of the installed equipment came.

In order to further process copper concentrates in the Philippines, the Government has supported and recently approved the construction of a large copper smelter/refinery. Two more of approximately the same capacity are expected to be approved before the end of the year.

In September 1974, the Philippines should begin exporting 99 per cent pure nickel briquettes manufactured with a Sheritt-Gordon process from laterite ore. A \$250 million project in the southern Philippines is expected to be followed soon by another that will exploit an even richer deposit. In addition, gold, iron ore, chromite, silver, coal and other minerals are being mined and exported.

Geologists are convinced that known deposits represent only a minute portion of what will be discovered when systematic exploration permits a realistic assessment.

Canadian equipment and services have already been exported to the Philippines, but the potential is still vast for those interested in the market.

Oil and gas — Although no commercial oil or gas discoveries have been made to date, one U.S.-Philippine joint venture has begun to drill its second hole in the Sulu Sea, a few miles north of the rich Borneo fields. Many exploration firms hold options on large areas, but drilling programs are at a virtual standstill because of the world shortage of drilling rigs. If the active stock market is any indication, expectations are high.

Investment incentives — The Marcos Government fully realizes that its development objectives will be met only if foreign capital is attracted to the country. Consequently, it has granted some of the most generous investment incentives in all of Asia. If investments are directed to sectors identified as "preferred", companies concerned can benefit from such advantages as accelerated depreciation, unrestricted repatriation of profits and dividends and low taxation, among other things.

To ensure maximum benefits to the country, the Board of Investments was



The Paper Industries Corporation mill in Bislig, Surigao del Sur. Canadian pulp is used by this company.

created to assist and counsel all investors. No foreigner can reap any benefit from his investment unless he has registered with the Board. But there is a Free Trade Zone where firms interested in taking advantage of inexpensive skilled labour to manufacture for export can locate.

The Government has repeatedly assured potential investors that they are welcome in the Philippines and that their investments will be secure.

Government programs — The Government is spending impressive amounts to equip the country with a modern infrastructure. Roads and harbours are being expanded and improved, comprehensive rural electrification plans are being implemented, area development schemes are under way and the extension of microwave facilities is being carried out. After the energy crisis, the Government decided to abandon all plans relating to thermal power generation to concentrate on hydro, geothermal and nuclear power production. Two 600-Mw nuclear power stations should be operational by 1982. In addition to other sources of multilateral and bilateral assistance, the IBRD is spending about \$180 million every year in the country.

Export opportunities — Over the last 10 years, Canadian exports to the

Philippines have averaged about \$30 million, with wheat, telephone equipment, trucks and chassis and pulp and paper being the principal items. During the next few years, Canadian exports could increase substantially, since demand is high in sectors where Canada excels.

The Philippines is an exciting country in terms of its emerging market potential. It is developing and processing its abundant raw materials, building a modern infrastructure and systematically diversifying a competitive industrial base. Foreign businessmen are welcomed and treated to the generous hospitality which has long been a tradition in the Philippines. □

Lumbermen get together in Boston

PAUL DESBIENS, Vice-Consul and Assistant Trade Commissioner, Boston

This October will mark the tenth anniversary of the Lumber Industry Meeting in Boston. Originally, this event was organized to stimulate interest in Canadian construction lumber among the New England wholesalers. Today, the market for Canadian lumber has grown to such an extent that we don't know of any New England wholesaler who does not handle Canadian lumber.

Two reasons for this rapid turnaround are the improvement in our grading standards and the very competitive pricing of Canadian lumber. The United States builder can now count not only on abundant Canadian lumber resources, but also on a product whose quality is strictly controlled. The common grading standards with our neighbours to the south have helped to open the door to a market which buys in excess of \$1 billion of Canadian lumber per year. In the New England states alone, Canada sold lumber worth more than \$100 million last year; therefore it is certainly in the best interest of every Canadian producer to maintain and improve the good will that has been built up over the years.

To help maintain that good will, the Canadian Consulate General in Boston, in close co-operation with the New England Wholesale Lumber Association (NEWLA), has organized an annual industry meeting for the past nine years. During these meetings, Canadian lumber producers have been able to meet personally with local wholesalers, make new contacts, make calls to the business locations of some wholesalers (during the day of the meeting and the day after), occasionally to write business on the spot (which is incidental to this type of meeting), make an on-site market assessment and — most important of all — to reinforce personal relationships with their present customers.

T.M. Stephenson, the manager of lumber sales for Fraser Companies Limited of Edmunston, New Brunswick, has this to say about one of our get-togethers:

"The reception itself was a huge success and any Canadian producer who had lumber to sell was able to merchandise it profitably.

"I have attended these trade missions every year since they started and feel they are most helpful in getting pro-

ducers and wholesalers together, and particularly the smaller producers."

On the American wholesalers' side, Clifford H. Cunningham, executive secretary of the New England Wholesale Lumber Association, best summarized their thoughts by saying:

"Your meeting has been an invaluable instrument of promotion for Canadian lumber through the years and has contributed to strengthening the relations between our members and the Canadian producers. Moreover, this is the only opportunity that our members have to meet a group of Canadian producers right here in Boston. This is also a very well-timed reception since it completes the meeting circuit starting with the C.L.A. Convention in Montreal in February and the Q.L.M.A. meeting in Québec City at the beginning of May."

The lumber business is renowned as being very cyclical. We have found that the best insurance policy to have in order to be adequately protected during the ups and downs of the market is to maintain a

solid relationship with your wholesalers. You might not get the top price in a buoyant market but, during a slow market such as we are in now, your wholesaler is more likely to select you as his supplier because you will have maintained a close relationship with him. From year to year, we have noticed that a certain group of Canadian firms always make a point of coming down to our meeting. It is no surprise to us that those firms are among the most successful Canadian lumber producers in this market.

Do you want to get more business out of the New England market? If your answer is yes, one way to do so is to come to Boston during the week of October 21, make a number of personal calls on the wholesalers and complement that with your attendance at our reception on the night of October 22, 1974, at the International Center of New England Inc., 470 Atlantic Avenue, Boston, Massachusetts. □



Canada's development and resulting specialties

RALPH G.M. SULTAN, Chief Economist and Assistant General Manager, Royal Bank of Canada

Before joining the Royal Bank in 1973, Mr. Sultan was on the faculty of the Harvard Business School for 10 years, where he specialized in marketing research and information systems, and computer models of return on investment, market share and investment. He has been a consultant to such corporations as IBM, General Electric and Murphy Oil. The following is the text of a speech given by Mr. Sultan at the fourth annual meeting of the Canadian Association for Latin America, held in Toronto in June. The opinions expressed are those of the author and do not necessarily reflect the views or policies of the Department of Industry, Trade and Commerce.

* * * *

The direction of specialization which the Canadian economy will take in the next few years is an issue that is going to generate intense debate in Canada. There are many parallels here with the Latin American experience.

In Canada today, there is much anticipation — and controversy — concerning massive new energy and resource projects which are contemplated; and concerning the royalty and taxation policies which may be legislated.

Unfortunately, the debate on these issues has one common denominator: confusion. At the centre of the debate are such questions as: What should we develop? How fast should we develop? And with whose capital: our own, or capital imported from abroad? This debate is common to resource-oriented, export-oriented economies around the world, and in this respect Canada and the Latin American countries share a common concern.

The debate tends to resolve itself into the basic question of what kind of economy we should specialize upon. This is because the push for rapid economic growth in Canada is most obvious in the energy and resource sectors, at a time when some people believe that Canada should diversify its economy away from resources much more quickly.

For those who believe our economy is already too resource-oriented,



Canada's very abundance of resources presents a dilemma. Canada is extremely rich in natural resources, mineral wealth and energy supplies, but Canadians are also remarkably adept in the engineering and scientific activities which characterize an advanced technological society.

Schizophrenic? — For example, Canada has an abundance of iron ore; but we can also design good railroad locomotives. We can make our living by selling wood products; but we can also

make our living by selling atomic reactors or gas turbines. We can do a variety of technological things as well as — or better than — many of our foreign competitors, but we can also prosper through developing our natural resources. Unfortunately, the land of too many talents will surely suffer from schizophrenia!

Canada's specialties have developed both through choice and through good fortune. We are a major supplier of raw

materials and commodities to the rest of the world — and indeed, that is usually Canada's image abroad: a producer of wheat, zinc, copper, potash, iron ore, forest products. It is in this resources orientation that we have much in common with Latin America. In the process, we have gained unique and valuable skills in mining technology, paper making and in forestry and agricultural operations, to cite a few examples.

It is less widely realized that manufacturing also plays a large role in the Canadian economy — more so than in most Latin American countries, but less so than in the United States. Let me quote a few statistics. Manufacturing is about 23 per cent of our GDP. That is the same proportion as in Puerto Rico. The comparable percentage for Venezuela is 20; for Panama, Paraguay or Trinidad, 15 to 17 per cent.

All of these countries — including Canada — are much less manufacturing oriented than, say, the U.S., which has 28 per cent of its output in the manufacturing category. For some Canadians, this is a source of envy and dissatisfaction.

We are also specialists in certain advanced technologies, all of them the byproducts of our historical situation. Because we were war-time partners with Britain and the U.S. on the Manhattan project to build an atom bomb, we are, today, leaders in nuclear generating technology. Because we have abundant water power at remote locations, our engineers are leaders in hydro power and long-distance electrical energy transmission. And our need for "bush" aircraft in the rugged northern regions has given us an edge in the development of short take-off and landing aircraft.

In all of these areas, we have created a comparative advantage for ourselves.

Resources lead — Now, despite the foregoing, our comparative international advantage, by a narrow margin, often tends to lie in resources, rather than in high-technology manufacturing. By this I mean, while the world needs both transistor radios and uranium ore, it needs another supplier of transistor radios less. Thus, in international trade, Canada often assumes the resource-supplier role. Some would tell us that herein lies the Canadian tragedy! They would, in fact, override our comparative advantage in international trade, and place the thrust of our development in manufacturing, with less emphasis upon energy resources and more emphasis upon the assembly line. The arguments in favour of such a policy can be diverse.

We are told Canada needs an "industrial strategy" because it will create jobs, or reduce our dependence upon international commodity markets, or bring a higher quality of life to Canada — or reduce our need for imported capital from abroad.

These are obviously complex issues. To put them into perspective, let's compare Canada's situation with that of Latin America.

Canada's economy this year will produce \$134 billion of goods and services. Brazil is roughly of that same order of magnitude.

Like most Latin American countries, Canada is heavily a trading nation. We export about one quarter of our output, and we import a like amount. Our closest and most highly developed markets like to the south: the United States and, increasingly, South America.

The Canadian economy is growing rapidly. In fact, in 1974 ours will be one of the few northern hemisphere countries to grow at all. Over the longer run, in the period 1960 through 1970, our total GDP — in real dollar terms after inflation — grew about 5.5 per cent annually. This was a little bit above the growth rate of GDP for all of the Caribbean and South American area, although not by much — just 2/10 of one per cent. But it was a full percentage point above the U.S. growth rate.

Of course, Canada is not in the same growth league as Brazil or Puerto Rico, both of which grew at 6 or 7 per cent a year over that same time period. And, in the case of Canada, economic growth has tended to be translated into per capita income growth. Thus, Canada's per person GNP is now approaching the level of the United States — and should catch up to it in about 10 years.

Investment of savings — Now, how has Canada been able to accomplish this? Well, there are no particular secrets about how this was done — it was accomplished in large measure by saving a good deal, and by investing those savings. In other words, we grew fast by postponing current consumption. There are some interesting parallels here with Latin America and the Caribbean and with the U.S. Permit me to quote some additional statistics.

Canada's gross capital formation rate (that is, gross investment before depreciation) averaged about 22 per cent over the past decade. Barbados had a similar investment rate, but most Latin American countries were slightly lower: Argentina, Venezuela, and Columbia at about 19 to 20 per cent, Chile, Bolivia and Nicaragua being 15 to 16 per cent.

The U.S. was also quite a bit lower, in the 17 per cent range. This is the share of GNP which went into investment — to provide the springboard for growth.

If we examine the statistics even more closely, to see where the savings were generated, an interesting contrast emerges. Compared with the U.S., for example, Canada has had only a comparable rate of savings in the household sector, but relatively strong savings in the corporate sector, and also by government. Because corporate profits were good in Canada, retained earnings and savings were high. The foreign sector, another potential source of investment capital, was less important for Canada in the most recent decade: only one per cent of GNP being capital imports. This compares with about 3.5 per cent for Panama, 2 per cent for Venezuela, and 1.5 per cent for Brazil. So, compared with some of the largest Latin American countries, Canada today is somewhat more self-sufficient in generating the capital it needs to sustain its rapid growth.

Now, what does all of this have to do with the national Canadian debate about the specialization of our economy, which I alluded to earlier? Well, as I indicated, some people believe we have become too specialized on resource industries in Canada, so that if we penalize them a bit through taxation, this would be good for tax revenues — and also consistent with our so-called "industrial strategy".

Using existing advantages — Let me hasten to make one point clear. Being a professional engineer, as well as an economist, I am all in favour of advanced technology industries. And I applaud strong growth in our secondary industries. We must support completely the strategy for the diversification of our economies — but only as long as those strategies make good economic sense, and build upon our existing advantages. What all of us must resist are attempts to force our economies along development paths that are not based upon any comparative advantage — or worse, that are based on theories or value judgments which are often misguided. Permit me to cite several examples:

As for the argument on the creation of jobs, conventional wisdom tells us that relatively more jobs are created by investments in manufacturing. But for Canada, in the decade ahead, the problem will be insufficient labour supplies. Faster immigration would be necessary if we were to sustain a rapid growth rate. When labour is to be in short supply, should we force our pattern of

development into new industries which are even more labour-intensive?

Other arguments relate to the quality of life. I detect here a resentment of the hurly-burly of the resource industries. It somehow seems to be more "refined" or "civilized" to work in a white-collar, urban-office setting. However, I cannot discern the superiority of the technological or management challenge one way or the other. The bias against resource development that exists in some quarters must be essentially cultural in origin — a costly vanity for it leads us to deny our comparative international advantages.

It is also said that resource and energy development will expose us to international markets which are volatile and unpredictable. True, but what is the alternative? Given the size of our domestic market, Canada, like the Latin American countries, has no choice but to be oriented to world trade, whether in resource commodities or manufactured goods. The growing interlock of all the world economies means that we can hardly afford to reduce our international exposure, regardless of the type of endeavour.

The most emotional argument of all is that continued resource and energy development means increased capital imports and loss of Canadian control. This essentially political argument holds with equal force in Latin America.

Red herring — Let us admit one fact: resource and energy development is indeed capital-intensive, and the faster we pursue it, the more capital we must generate — either domestically or from foreign sources of supply. As I have suggested, capital-intensive development, as opposed to labour-intensive development, is one way in which Canada can pursue its own comparative advantage. In this, the question of whether our domestic sources of capital are supplemented from abroad is not a decisive issue. Our service payments on foreign investment are quite light, and the "control" issue is a red herring. Nothing is more controllable than resources in the ground, regardless of the nationality of the capital equipment being used to extract it.

However, I am concerned that Canada may lose its comparative edge in the resources field through insufficient investment in resource development — and this brings me once again to the vital subject of capital formation.

Investment projects — Canada and, indeed, the rest of the world is embarking upon a period of massive investment projects. Much of this investment will be

in the nature of a "technological fix" to the energy problem. Other investment spending will be induced by the growing demand for harder-to-extract commodities. This is occurring on a world-wide basis. Such projects tend to consume huge gobs of capital.

In Canada, for example, we have the James Bay project, the gas pipeline down the Mackenzie Valley, the Polysar project, heavy water plants, hydro dams in British Columbia, plus some truly enormous capital needs in the field of nuclear energy.

The dollar sums are huge. Canada must invest about \$500 billion in the next 10 years. Major petroleum, natural gas, and electric power projects within Canada are likely to require in excess of \$100 billion of investment capital — and the Alberta oil sands, James Bay hydro, and Arctic pipelines could add another \$25 billion. To put the figures into perspective, our cumulative investment needs in the decade ahead are four to five times larger than our total Canadian output last year.

One implication is that investment spending will probably have to get a bigger piece of the GNP pie — at least 25 per cent — if all the anticipated investment programs are to be realized. Over the past two decades, investment spending has actually averaged slightly less than 22 per cent of total GNP in Canada. There were two peak periods when investment, relative to GNP, climbed to more than 25 per cent: a couple of years in the middle-'50s, and a couple of years in the middle-'60s. At all other times, the investment share of GNP has been much lower, falling as low as 21 per cent in some years — such as 1970.

Four sources — Investment must come out of somebody's savings, by postponing current consumption, and there are just four sources of savings: corporate savings, government savings, personal savings, and foreign savings — by which I mean capital imports from abroad. All of these play a major role. The interesting exercise is to determine how much of a savings contribution we should anticipate from each.

Corporate savings account for about 10 per cent of our gross national product. They tend to rise and fall with the level of corporate earnings. In recent years they have been climbing back out of the cellar they were in as of 1969, but even today, in relation to GNP, the rate of corporate savings is below the long-term average.

The government sector is also an important source of savings in the economy, averaging about 3 per cent of

GNP in the long run, declining in those years — such as recently — when current consumption has taken precedence over real capital formation.

The third sector to consider is the savings of persons and households, and of small unincorporated businesses. This averages about 7 per cent of GNP, and you can make the case that the ratio has increased modestly in recent years.

Finally, there is foreign saving, or net capital imports from abroad, which in recent years has been below one per cent of GNP.

Adding it all up: 10 per cent for corporations, 3 per cent for government, 8 per cent for individuals, and one per cent for imports, yields 22 per cent of GNP — or three percentage points below the target of 25 per cent. The key question is, what is the most likely source of those extra three percentage points? There are problems, or questions, every way we turn.

Corporate savings must inevitably come from profits, in the form of retained earnings which are then available for saving and investment. But attempts to increase the savings rate run headlong into political resistance, and this is particularly so when high profits are realized in the resource field. It will not be easy to raise corporations' earnings (and therefore internal capital formation) in this sector even higher than they are. Moreover, recent initiatives in the field of resource taxation in Canada will tend to have just the contrary result, by decreasing the rate of capital formation in that sector. (We have experienced some really astounding increases in the rate of resource taxation in Canada.)

In the government sector, there is often a bias in favour of programs that stimulate current consumption as opposed to government investment.

The personal or household sector perhaps represents the greatest opportunity for raising even larger sums of capital. Here, the long-term problem is to provide sufficient incentive to save rather than consume. With the rates of inflation we have been experiencing, individuals have been given scant incentive to increase their savings rates.

Finally, what are the prospects of making up the savings shortfall through a more abundant inflow of foreign savings? Not very good, I would judge. The Americans, the biggest exporters of capital to Canada, are now faced with a domestic investment program at least as demanding as ours. They are clearly not in any position to export capital to Canada on the scale of former times. Furthermore, it is quite obvious that —

as in Canada and elsewhere in the world — the political climate toward foreign investment is not quite what it was in bygone years. This is unfortunate, but it means that the flow of imported capital will probably be more restricted.

Politics versus economics — In sum, then, here is what the great Canadian debate about what to specialize upon seems to boil down to: Canada has grown quickly, to splendid prosperity, through being blessed with many natural advantages, by saving a good deal, by investing a good deal, and by tending to concentrate on our most obvious comparative international advantage: the capital-

intensive resources sector, while also building up a credible competence in several other specialized high-technology areas.

Some would now have us divert our attention away from that historical path, to less reliance on the resources sector — at a time when resources are in much greater demand! Political hostility and ignorance of the fundamental economics of the resources situation are tending to confirm the need for such a switch in development strategy, through taxation policies in Canada which would reduce our high rate of capital formation and hence reduce our comparative advantage

in the resource sector — and hence our growth rate as well.

Political and value judgments — rather than business or economic judgments — threaten to push us away from our historically successful development path. I think there are parallel lessons here for Latin America. Surely we both need to build our pure technological competence, but we must not, at the same time, be so suspicious of profits, or of foreign control, or so disdainful of the hurly-burly of the resources extraction life, that we kill off, through taxation, the capital-intensive goose that laid the golden resources egg.

Brazil, An Emerging Power

LUIS BUSTOS, Latin America Division, Western Hemisphere Bureau, IT&C

The classification of a country in specific niches can seldom be completely accurate: changing conditions within the country as well as outside its borders

render the task difficult and often impossible. Nevertheless, the Brazilian case presents an irresistible temptation: is Brazil a world power?



A view of Sao Paulo, looking north west. Sao Paulo now has a population of nine and a half million.

Brazil has been studied by economists, businessmen, academics, churchmen, and practically everybody else. Their comments have been numerous and controversial, which is hardly surprising in view of the country's rapid economic expansion, its regional disparities, and its growing presence in world affairs.

Governed since 1964 by its armed forces, Brazil has gone through various phases in pursuit of its goals. The period 1964-1968 was perhaps one of consolidation of government authority in the domestic area. Stability was imposed in the social and political spheres, and a successful war on inflation was waged. Having achieved these goals, the Government established a new set of objectives for the country and sought the expansion not only of the internal economy but also of the Brazilian role internationally. The domestic economy, in the hands of brilliant civilian technocrats, achieved spectacular rates of growth, attracted large international investments, increased its international reserves by more than six times in the period 1970 to 1973 and ceased to depend almost exclusively on coffee, replacing it with manufactured products of increasing sophistication.

Internationally, Brazil expanded its influence not only in South America, a natural area, but also elsewhere in the Third World. Brazilian policy-makers pursued this objective with a clear perception of the national and international realities, without exaggerating the national capability to attain it. Its

international policies, particularly in the Western Hemisphere, have a strong economic component that includes trade and trade financing, direct loans, and the financing of joint projects with other countries. Credits to Paraguay, Bolivia, Chile, Ecuador, Central America, Trinidad and Uruguay, for the purchase of Brazilian goods, are examples of its trade financing policies, and the vast Itaipu hydro electric project an example of a binational undertaking.

Diplomacy plays an important role in Brazil's growing presence in international matters. In South America, meetings at head-of-state level have been held with bordering countries at border locations and have led to agreements on several fields, such as air links with Bogota and joint ventures to develop the Amazon region. In other areas of the world, Brazilian diplomats maintain friendly relations with countries of all political orientations.

The mix of economic, political and diplomatic strategies, which has provided Brazil with valuable successes in the international context, is based on its vast natural wealth and increasing sophisti-



The Ilha Solteira will eventually have 20 turbines and, together with another station just downstream, will make the Urubupenga complex capable of producing 4.6 million kw.

Trade Figures
U.S. \$ millions

	Exports	Imports
1969	2,311	2,265
1970	2,739	2,849
1971	2,904	3,701
1972	3,991	4,783
1973	6,200(e)	5,906(e)

(e) - estimated.

cated human resources. Brazil is well endowed in the area of natural resources — the inventories of the agriculture, forestry, mining, and hydro electric sectors are varied, large and in process of continuing expansion. The gaps are few and far between, although one of them in particular is of great concern to the Brazilian military and civilian planners: local petroleum production meets only about 25 per cent of the country's needs. In order to ensure adequate supplies of this very basic input, Braspetro, the international arm of Petrobras (the state oil enterprise), has a number of agreements with oil-producing countries worldwide.

Forecasting is a perilous undertaking but it seems safe to predict that Brazil will continue to strengthen its international image and, perhaps sooner than expected by some observers, will become

a recognized world power of a stature similar to that of the major European states.

The following facts illustrate the growing Canadian interest in the Brazilian market:

- Canadian exports to Brazil reached \$11 million in 1973, about 29 per cent higher than in 1972
- Canadian consultants are actively involved in a wide range of projects in Brazil
- Canadian investments in Brazil are well over \$1 billion, more than in any

other country except the United States, and rank third after the U.S. and West Germany.

The Department of Industry, Trade and Commerce provides all possible assistance to Canadian exporters of goods and services through its Regional Offices in each province, its Ottawa headquarters, and the Trade Commissioner offices in Brasilia, Rio de Janeiro, and Sao Paulo. And a trade promotion program has been established to stimulate the continuing expansion of Canadian exports to Brazil. □

Brazilian Economic Indicators

	Population(e) (millions)	GNP* (million cruzeiros) ¹	GNP (% growth)	Cost of living (% increase)
1968	89.8	99,879	9.3	24.5
1969	92.5	133,117	9.0	24.3
1970	95.3	174,624	9.5	20.9
1971	98.9	234,005	11.3	18.1
1972	100.9	302,176	10.4	14.0
1973	103.0	386,147(e)	11.4	15.0(e)

* at market prices
(e) - estimated

Something To Think About A Food Crisis

E.C. BUTTON, Managing Editor

Famine has been defined technically as the acute epidemic form of protein-calorie malnutrition, a widespread endemic disease. In more simple terms, it means the people of an area have gone hungry for too long. Looking back in history, there have been about 350 famines recorded from 1708 BC to the end of the 19th century. But the 20th century is still not free of them.

No doubt most of our readers have noticed that more and more political and scientific leaders from Canada and other countries are expressing concern about the world's food supply for today, and in particular the supply for tomorrow. In this article *Canada Commerce* takes a look at famine and the world food supply — not to comment on past performance or to advocate policy, but to

identify the problem and summarize some of the current thinking. Hopefully we may help you follow the current dialogue and resultant legislation that will no doubt appear throughout the world and in our own country.

Why do people go hungry? — What have been the causes of famines? Two papers read in 1878 before the Statistical Society of London, detailing famines in



world history, list 12 causes: rain, frost, drought, meteorological phenomena, insects, war, defective agriculture, defective transport, legislative interference, currency restrictions, speculation, and misapplication of grain.

These causes of famine are fairly obvious, and can be classified as either natural or artificial (people-made). In the world's early years natural causes were the most common, but advancing technology managed to overcome some of them and, with the wisdom of experience, mankind managed to avoid some of the artificial ones. Some of technology's solutions, however, were short-term. In time the solutions, and our abuses of the environment, created more problems. North Africa was once the fertile granary of the Roman Empire. Today it is a near-desert whose people are fed by imports. But the future is presenting us with a new problem — a problem of global magnitude.

The problem of the 70s and beyond —

Tonight, two thirds of the people on this earth will go to bed hungry. Every 24 hours the earth's human population increases by 200,000. We took two million years to reach the first billion people — by the year 1830. The second billion took 100 years, the third billion only 30. Statisticians estimate that by the year 1975 we will have reached a population of four billion — and that last billion will have been added in the 15 years since 1960. Looking ahead, another two billion people will be on the earth by 1995!

Throughout our history, expanding populations increased the need for new agricultural land and for more efficient agriculture. The result: in many countries vast areas have been deforested, with resulting erosion. Nature requires centuries to create a surface of topsoil — we can destroy it in a few years. Clearing land in one area reduces water for irrigation in others. Overuse of once-productive land has created wastelands. Efforts to increase production by chemical means has often led to adverse environmental consequences. As population and industry grow so do the demands on other resources. And so does pollution — which in turn harms agriculture. This is an immense and complex problem (see *Canada Commerce*, February 1974, "Something to think about: Where are we headed?")

So, for the seventies and beyond, the question facing those concerned with food production is whether or not population growth is outpacing the supply system.

The supply system — Let us say that the world, in terms of food supply, is



divided into the Have and the Have-not nations. The Have-nots are unable to produce enough food to meet the needs of their populations, but the Haves produce more than they need and are able to help fill the gap for the Have-nots. The problem for the future lies in the fact that many of the Have-nots are those under-developed countries which collectively have most of the world population and the highest population growth rates. Can the balance between world supply and world demand remain?

The rapidly increasing demand must be met by increased food production by the Have-nots and the excess production

of the Haves. But the Haves will also face an increased domestic demand in the years ahead. The problem for the future, then, will be a global one — the balancing of world food supply and food demand. Failure could well mean global famine.

Points of view — Any one of the governing factors for prediction is a major topic in itself — add global implications and the task is immense. Every element is subject to interpretation. The result: widely differing points of view, from predictions of a global famine in 1975 to the opposite view that increased production coupled with reducing popu-

lation growth will avoid global implications. But there is one common consensus — the acknowledgement of a problem that could be serious and that some action must be taken.

Let us look at the "voices of doom" and what they have to say. Larger in number and stronger in argument than the "voices of hope", they present the point of view that we will not be able to keep food production up to the level demanded by the growing world population: and that global famine is inevitable and imminent. Some of the arguments put out in support run like this:

- Population statistics are inaccurate and conservative, particularly for the Have-not nations.

- The effect of the declining death rate is not considered seriously enough. Although considerable effort is being placed on curbing the birth rate, some statisticians feel that the "explosion" is primarily due to the declining death rate.

- The increasing percentage of young people in the world indicates the potential for up to 60 per cent more marriages by the mid-seventies and, therefore, more potential for births in the years to follow.

- Efforts to control the birth rate in the underdeveloped countries have not been successful.

- The technology of agriculture will not be able to meet the increased demand for food — the population growth has been underestimated and the production growth overestimated.

- Underdeveloped countries will not progress at the rate of the developed countries as they only have a fraction of the crop land per person that the developed countries had at the same stage of their development.

- Time is against us. The point where total world food production fails to meet world demand has been overestimated, leaving insufficient time to react.

On the other hand, the "voices of hope" predict, that while the world faces serious food supply problems in the next 10-20 years, global famine will not be a reality. Their arguments:

- Population projections fail to consider social change. Surveys indicate that people are ignoring social and religious customs in favour of birth control.

- The world's technological potential is highly under-rated by the "voices of doom". A world that can put a man on the moon will be able to produce a cheap and reliable means of birth control.

- The potential for advances in pro-

duction through better agricultural science and improvements in the science of storing and preserving food has been under-rated.

- Changes in traditional rural societies of the under developed nations offer tremendous potential for increased food production.

- There has been no statistical evidence to show that the world's food situation has deteriorated over the past 20 years — that, in fact, there have been slight indications of improvement despite the population increase. (Recent events, however, tend to contradict this argument.)

Common ground — But whatever the point of view, there appears to be a common meeting ground: the situation is serious and action is necessary to increase world production and reduce world population growth. There is also the need to consider carefully the world's distribution and transportation systems. All agree there is a serious problem — disagreement lies only in the degree and the timing.

In the words of Arnold Toynbee: "... we have to make a pause in the development of our power, and also redirect our attention and energy from the mastery of the biosphere and the imposition of the technosphere on it, to the mastery of ourselves and of our relations with each other."

Dilemma of Modern Man

On October 27-30 The Winnipeg Centennial Symposium panel will feature Dr. Aurelio Peccei, founder-member of the Club of Rome, Maurice Strong, Executive Director of the United Nations Environment Programme, and Dr. F. Kenneth Hare of the University of Toronto. The topic will be "Dilemma of Modern Man" and will probe questions such as "Will world famine reach North America in 20 years?" Alvin Toffler, author of *Future Shock*, will be a keynote speaker. For information write to: Winnipeg Centennial Symposium, 60 Osborne Street North, Winnipeg, Manitoba R3C 3A5.

Bibliography

Famine 1975, William and Paul Paddock; Little, Brown & Company, Toronto 1967.

World Without Borders, Lester R. Brown; Random House, New York, 1972.

Famines of the World — Past and Present, Cornelius Walford; Burt Franklin, New York, 1970 (orig. pub. 1879)

Can We Survive Our Future, edited by G.R. Urban; The Bodley Head, Toronto, 1972.

World Food Production, Demand and Trade, Blakeslee, Heady, Framingham; Iowa State University Press, Ames, Iowa, 1973

Limits To Growth, Meadows, Denis & Donella; Universe Books, New York, 1972.

Famine in Retreat, G. Bridger and M. deSoissons; J.M. Dent & Sons, London, 1970

Overcoming World Hunger, C.M. Hardin, editor; Prentice Hall Inc., New Jersey, 1969.

Canadian Wheat, Walton J. Anderson/Modern Press Saskatoon, Sask. 1964; "In Relation to the World's Food Production and Distribution".

Annual Report 72-73, The Canadian Wheat Board, Ottawa.

Periodicals

The (U.S.) Department of State Bulletin Vol. LXIX No. 1793, Nov. 5, 1973; pp 573-576.

US News & World Report, Feb. 18, 1974, pp. 41-44, "Food Prices, How Much Higher?"

Fortune, Feb. 1974, pp 85, "Why We Can't Take Food for Granted Anymore".

New Republic, December 16, 1972, "TRB from Washington: Spaceship Earth."

Scientific American, September, 1972, pp. 194,6,8, Book Review.

Vital Speeches of the Day, Jan. 15, 1972, "A Realistic Look At Food Reserves", p. 197, Earl L. Bultz, U.S. Secretary of Agriculture.

U.S. News & World Report, Jan. 28, 1974, p. 50 "Formula for World Famine?"

Newsweek, "Running Out of Food?", p. 40, Apr. 1, 1974.

Science, "World Food Situation: Pessimism Comes Back into Vogue", pp. 634-638, Aug. 17, 1973, Vol. 181, No. 4100.

Market Facts for Decision Makers

Analyses of Canadian imports of a variety of products are available, free of charge, from the Import Analysis Division, Department of Industry, Trade and Commerce, Ottawa K1A 0H5. The following list details the latest available. If you would like the Branch to prepare an analysis for you, write to its Chief, or to the Industry Sector Branch that handles the product you are interested in. A previous list of available reports appeared in the June issue of *Canada Commerce*.

Report No.	Class No.	Subject	Period
27-74	697-99	Electric mats/carpets	Apr. to June 1973
28-74	885-99	Crutches	Apr. to June 1973
29-74	523-06) 523-07) 523-08)	Metalworking lathes	Mar. to May 1973
30-74	950-24	Metal gas cylinders	Oct. to Dec. 1973
31-74	246-89	Man-made fibres	Oct. to Dec. 1973
32-74	523-09	Metalworking milling machines	Mar. to May 1973
33-74	771-22	Computer terminals & keyboards	Oct. 1973
34-74	445-18) 469-72)	Tank heads	Aug. to Dec. 1973
35-74	443-59	Steel castings	Apr. to June 1973
36-74	363-30) 363-50) 363-90) 366-16) 367-19)	Yarn	Apr. to Sept. 1973
37-74	410-99	Phosphorus compounds	Jan. Apr. July & Oct. 1973
38-74	509-69	Sandblasting machines	Sept. to Dec. 1973
39-74	681-73	Ships' lights	Apr. to June 1973

New regulations could mean greater opportunities in New Zealand

The New Zealand Import Licensing Schedule for the 1974-75 fiscal year has been received by the Pacific Division of the Department of Industry, Trade and Commerce. Officials of the Division comment that the most important feature of the new schedule is probably the indication that the Government of New Zealand has accepted the principal of at least limited competition for domestic manufacturers. This may lead to new marketing opportunities for Canadian producers in the near future.

Basic licence allocations for the year beginning July 1, 1974, have been set at 120 per cent of the 1973/74 levels.

A change that will affect Canadian exports is the removal of copper tube, pipe and blanks not exceeding three inches in inside diameter from the basic allocation schedule and placing the same under Schedule "C". This indicates that, in future, importers of copper tubing will be faced with applying for import licences without guarantee of at least minimum allocation based on historic trading patterns. On the other hand, this change will promote greater flexibility during periods of shortage or interrupted domestic supply and probably will not result in materially smaller quantities than previously.

Aside from changes in administration procedures which involved the elimination of the token import licence scheme and the "D" category (both of which were converted to either basic allocations or "C" category), the only other major variation is the introduction of a three-year scheme. This assures importers of continual access for a reasonable period of time by the provision of licences for three consecutive years for quantities of goods at least equal to the basic licence issued in the first of the three-year period.

Finding a key to exports

BARRY OAKLEY, Machinery Branch, IT&C

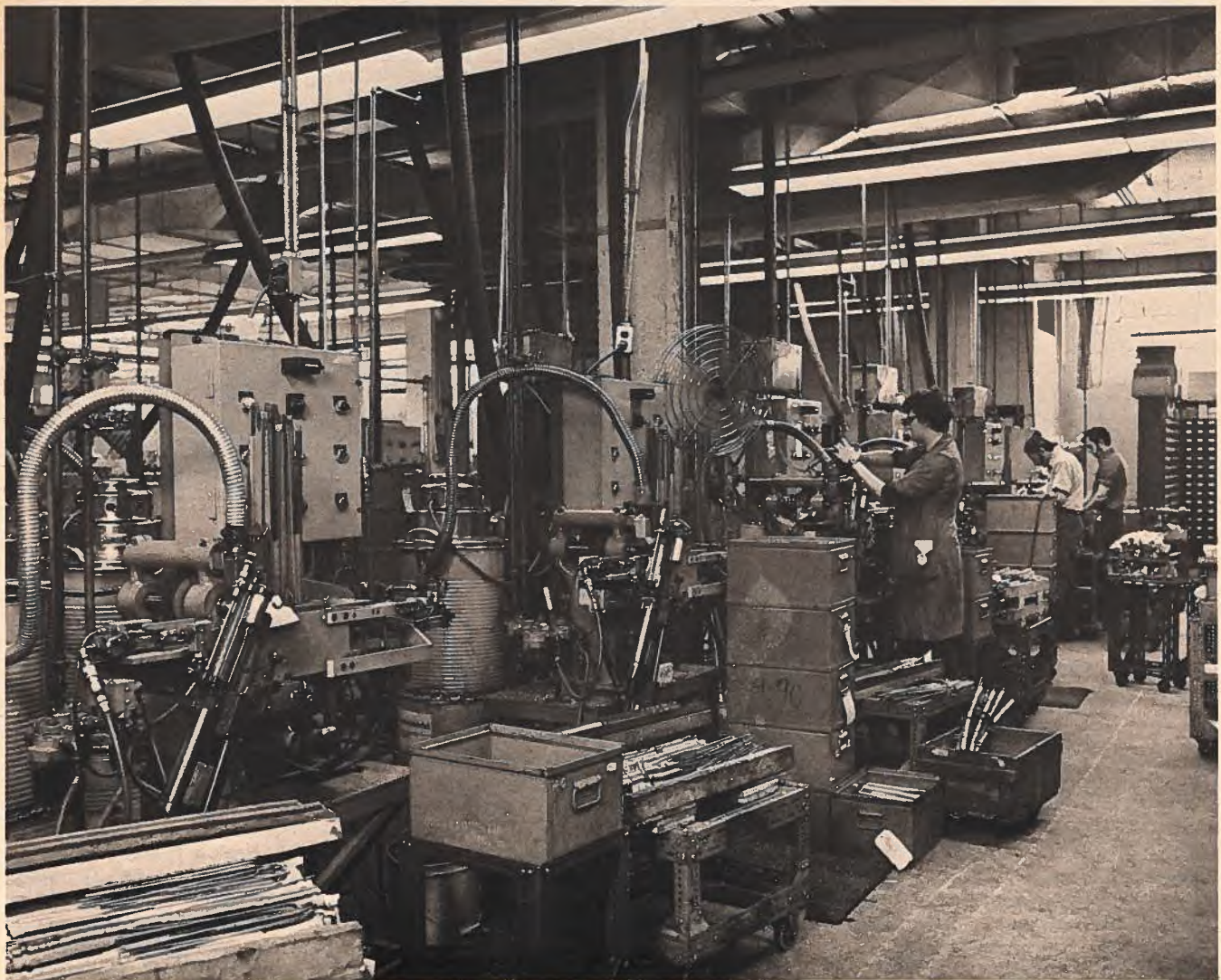
In order to even out fluctuating demands resulting from the cyclical nature of any one particular market, most manufacturers prefer to have a balance of sales between the domestic and export markets. One manufacturer that has successfully achieved such a balance is the Dominion Lock Company Ltd., and exports now account for more than 40 per cent of its total sales. The company has also widely diversified its export marketing, and is successfully selling into about 60 countries. This creditable performance can certainly provide an inspiration for other Canadian manufacturers who, all too often, are oriented solely to the North American market.

A privately-owned Canadian company, Dominion Lock Company Ltd. is recognized as one of the world's leading manufacturers of residential and contract hardware, key blanks and locksmiths' supplies. Employing more than 400 persons, the company has its head office and main manufacturing operation in a modern, well-equipped facility on Decarie Boulevard in Montreal. The company also maintains a number of sales offices across Canada and abroad, as well as warehouses and manufacturing plants outside Canada. Before elaborating on its export achievements, however, let's trace the company's development.

Formed in 1932 by Samuel Zion,

the company grew rapidly, building up a solid reputation as a manufacturer of security products, locksets and keys. Mr. Zion's previous experience as a wholesaler of similar products manufactured by a U.S. company was of great help. After a brief period producing war materials, the company expanded rapidly and its plant in Montreal has increased in size from 18,000 to its present 175,000 square feet.

Supply and service — One of the main reasons for the company's success is the attention it pays to the supply and service aspect of marketing. Alfred Zion, son of the founder and now president of the company, is particularly concerned about maintaining satisfactory relations with



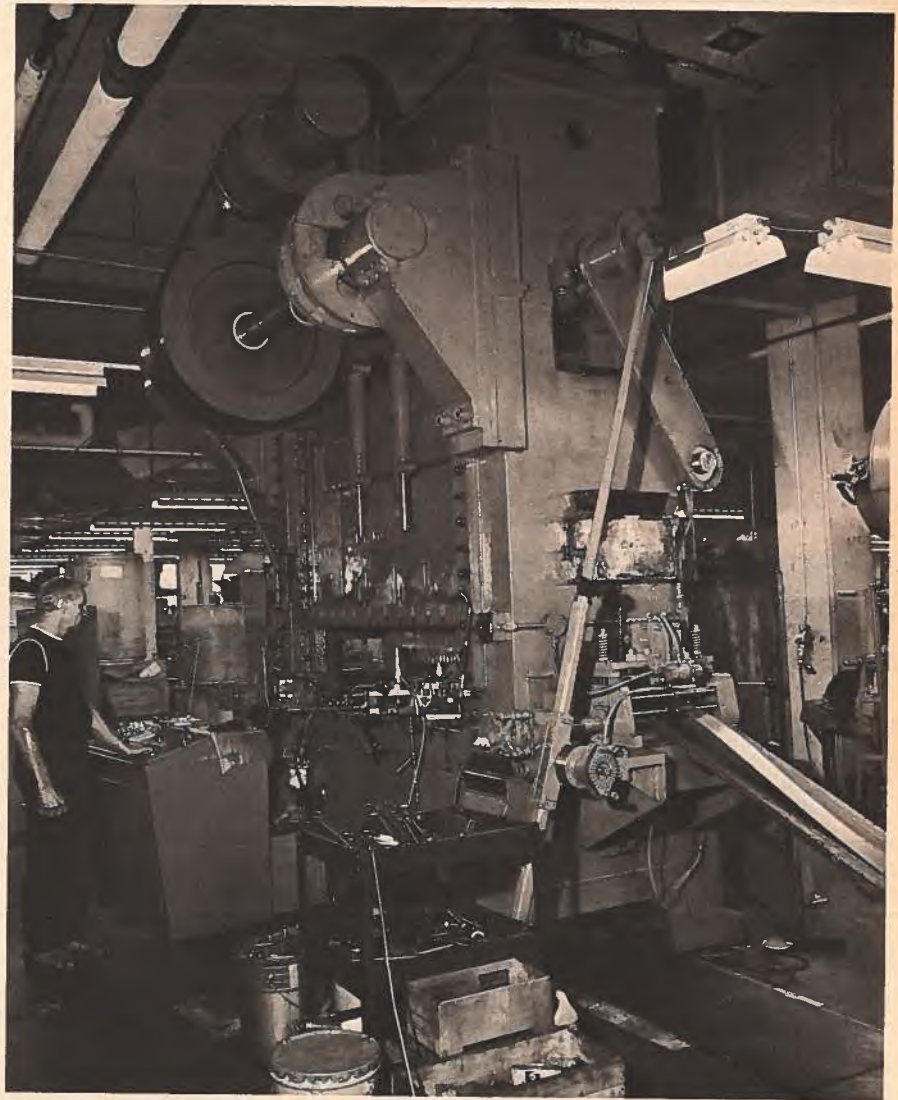
his customers. Deliveries from Dominion Lock, therefore, must meet deadlines set at time of order. Mr. Zion also places great emphasis on the servicing of accounts after sales have been made.

Prompt attention is paid to spare parts delivery and regular sales follow-up is made to customers. Although this is more difficult in overseas markets, the company operates on the principle that overseas accounts are just as important as domestic accounts, and they are given equal consideration.

Marketing organization — The company's marketing division operates without the services of a recognized marketing manager. Instead, the company has three product managers reporting to the president — one responsible for residential hardware, one for contract hardware, and one for key blanks, key cutting machinery and locksmith's supplies. Sales supervisors are established in the major centres across Canada, each of whom handles the complete range of products and works closely with the product managers.

In export markets, distributors are appointed to handle specific territories and lines. Dominion Lock does not normally grant exclusive distributorships in any market because it has found that one distributor does not usually cover all possible marketing outlets and channels. Accounts dealing with original equipment are dealt with directly from Montreal through local representatives of the company. Other distributors are set up in the same countries according to the market coverage they can provide for the line orders they are equipped to handle. The granting of non-exclusive distributorships has worked well over the past 40 years: most of the distributors originally appointed still represent the company though new distributors have also been added. In reaching an agreement with a new distributor in a new territory, exclusivity is agreed to for a short period after which it is decided whether or not it is mutually advantageous to continue the relationship. The question of exclusivity, therefore, generally solves itself.

Export activities — In order to better service the export market, Dominion Lock has opened sales offices in London, England; Ostend, Belgium; Paris, France; Sydney, Australia and in Plattsburgh, U.S.A. The first two also operate as warehouses, while manufacturing and warehousing operations are combined



with offices in Sydney and Plattsburgh. The London office handles all British and Scandinavian sales. Paris, and Ostend are responsible for the rest of the European Economic Community.

Because of the importance of the export market, the company has special staff in the Montreal head office to deal only with exports. These personnel are trained in customs regulations, shipping routes, etc., and handle all documentation. The overseas customer, therefore, has only to pick up the goods at his local port and doesn't have to go through all the headaches arising from such transactions. This attention to detail has

undoubtedly helped to promote customer satisfaction and leads to improved business relationships.

The two Dominion Lock subsidiary plants were set up to suit the peculiar requirements of the Australian and U.S.A. markets. Exporters to Australia may find themselves facing high tariffs that protect domestic industry and so Dominion Lock Company Ltd. decided to establish a manufacturing plant in Australia, although components for the specialty items are still made in Canada and shipped out there.

The Plattsburgh subsidiary, Dominion Lock U.S.A. Inc., started



manufacturing last November and holds high promise for the company because the U.S. market is undoubtedly one of the world's largest and potentially most lucrative — albeit most competitive. The establishment of a plant in the U.S. means no tariff costs (except for components shipped from Canada) and makes the company eligible to bid on U.S. government contracts.

The European market poses problems of its own. Traditional European designs, for example, either have to be duplicated, or a strong selling job done to convince European customers to accept North American designs. Rather than duplicate European designs,

Dominion Lock decided to promote their own. Their success to date attests to the soundness of this decision.

Delivery and after-sales servicing, which can be a problem in Europe for North American countries, is handled through the company's subsidiary in Ostend, where products are kept in bonded warehouses. The British market is handled through the London office, which was established pre-war. This office, incidentally, also has been able to promote company products in other Commonwealth countries through contacts with representatives of those countries stationed in Britain.

The U.S., Europe, the Middle East,

Africa, New Zealand and South and Central American countries have all proved good markets for Dominion Lock. Material shortages and changes in currency levels have resulted in recent inquiries from several new markets including Japan and others in the Far East.

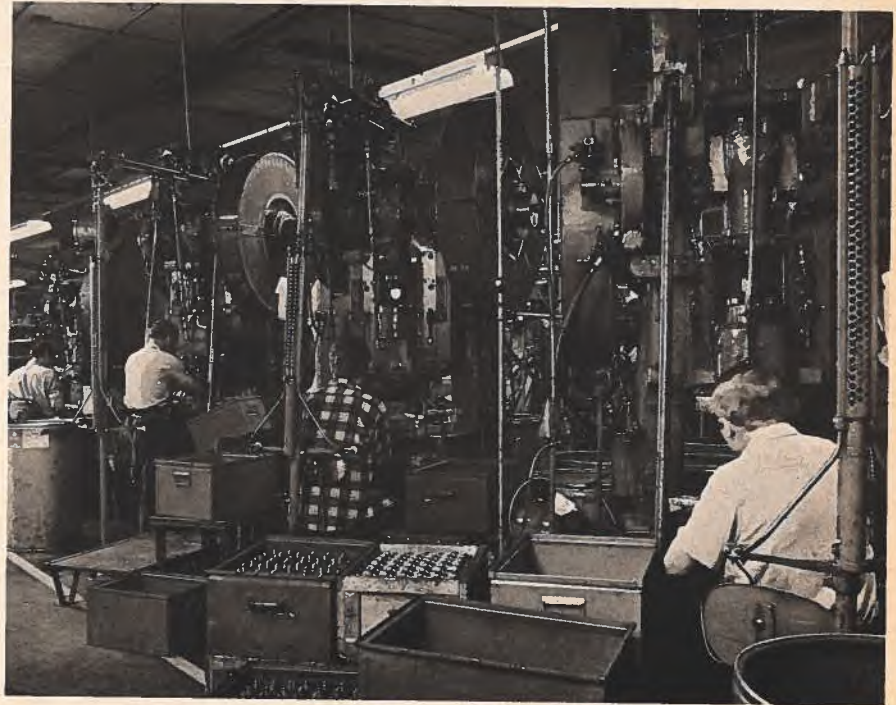
The company has found trade fairs to be helpful in promoting new markets, and exhibits annually at the Cologne International Trade Fair. The company has had good results also in the British Hardware Trades Fair (in which it exhibited under the sponsorship of the Department of Industry, Trade and Commerce), though now that several of its distributors exhibit at the show,

Dominion Lock will exhibit only new and special lines in the future. The company also exhibits regularly at the National Hardware Show in the U.S.

Development activities — One of the main reasons for the company's success has undoubtedly been the insistence on quality products and the need to keep ahead of the market. The company has a group working on new product development and the updating of existing products. This group is also responsible for product modifications to suit export markets.

Productivity improvement is a constant aim and the company keeps its equipment modern and up to date partly by investing in new machinery and partly by developing its own, with the result that it prides itself as being one of the most efficient manufacturers in the industry.

Although Dominion Lock is now producing more than five million keys every month, the demand does not seem to be abating. It appears as though losing keys is an international trait. This, combined with the increasing demand for greater security, seems to indicate a great future for the Dominion Lock organization.



World Mining Fair

At press time, 20 Canadian companies were planning to display their goods and services at Tecnomin 74 in Lima, Peru from November 3 to 12. This is the first world fair featuring major displays of mining and mineral processing equipment and it is being held at the same time as the 8th World Mining Congress (November 3-8) which also gathers in Lima this year.

Reporting on plans for Tecnomin 74, the trade journal, *Skilling's Mining Review*, said: "The Pacific International Trade Fair, which is the largest organization of its type in Latin America, has had 15 years of experience in sponsoring

general and specialized commercial fairs. Its fairgrounds, covering a surface area of 2,500,000 square feet, contain 30 permanent pavilions and the modern installations and infrastructure required for a world fair. The large-scale purchases programmed by the Peruvian mining industry and holding the 8th World Mining Congress in Lima combine to make Tecnomin 74 a specialized international fair of world structure."

Exhibits at the fair are expected to cover every aspect of the mining industry from survey equipment to chemical analysis instruments. In addition, the wares of many support industries will

be on display. The Canadian pavilion is being sponsored by the Department of Industry, Trade and Commerce. It is the first time the Department has participated in a mining equipment show.

Mining Congress

The 8th World Mining Congress has as its theme: "The Prognosis of Mining Development up to the Year 2000." It has been organized jointly by the Peruvian Ministry of Energy and Mines and the International Organizing Committee of World Mining Congresses, which has its headquarters in Warsaw, Poland.

Food for Thought

Items in this feature are re-printed from the Department's in-house Technology Monitoring Journal and the Orba Information Ltd. publication, Changes. The Department accepts no responsibility for their accuracy.

Nuclear power facilities are being built across Canada and around the world without adequate assurances that the uranium required for their operations will be available.

The Gazette - Montreal

Production of uranium in the Western world will have to be tripled in just under seven years to meet the needs of the proliferating nuclear industry.

Globe and Mail

Development of Alberta's enormous coal resources over the next three decades has been recommended to take advantage of an emerging sellers' market for the fuel for thermal power generation and metallurgical purposes.

Major markets are considered to be Ontario and Japan.

Globe and Mail

Toshiba has designed and installed a 3,000 kw superconducting d.c. generator, claimed to be the world's largest-capacity generator of its kind ever made, at the Furukawa Metals Corporation's Nikko copper works at Nikko City, north of Tokyo.

Electronics and Power

One barrel a day of additional oil producing capacity can be brought in, in the Middle East, at a cost of \$300, with a lead time of one to three years between the start of development and the time the oil begins moving to market.

The comparable cost in the Canadian Arctic, Atlantic offshore area and the North Sea is \$5,000 to \$8,000 per barrel of daily capacity, with an eight to 15-year lead time. For synthetic oil — that is, from oil sands or shale — the cost is \$8,900 to \$10,000, with a lead time of seven years, assuming that the technology is available. In terms of crude oil

equivalent, the cost of daily capacity is \$10,000 to \$12,000 for coal gasification, with a lead time of seven years, and \$12,000 to \$25,000 for hydro and nuclear power, with a lead time of five to 10 years.

R.G. Reid, President, Imperial Oil Ltd. addressing the International Primary Aluminum Institute in Montreal

Statistics show that Japan's oil shortage has been largely a myth; it is becoming apparent that the country's real petroleum problem is one of rising prices. For December 1973 — the height of the embargo — imports of crude were up 7 per cent over November and 6.6 per cent higher than the year before's totals. Imports from Saudi Arabia easily made up for any shortfall due to cutbacks in deliveries from Kuwait.

Canada — Japan Newsletter

The availability of skilled labor — and not capital — will determine whether Canada can meet its energy output objectives in the second half of this decade, according to Darcy McKeough, Ontario's Minister of Energy.

Globe and Mail

A new research organization is being formed as a joint venture of the federal Government and the forest industries to develop more efficient wood harvesting operations.

Globe and Mail

The discovery by a Toronto engineer of a method of treating human wastes was described by a Science Council member as "an invention more important to humanity than space research or modern technical discoveries." Johanns Sollinger, 44, spent seven years per-

fecting his system, which treats sewage in such a way that the end products can light cities and perhaps feed the world's starving populations. The system produces methane gas and a residue that can be used as fertilizer. Sollinger has kept his invention process a secret.

Ottawa Citizen

New regulations to maintain a minimum protein content in artificial meats is being prepared by the federal government to meet the expected marketing next year of all-vegetable sausages, weiners and baloney.

Globe and Mail

American Express has agreed to allow merchants honoring its credit cards to offer discounts to consumers who pay cash. The move was an agreement forced by an anti-trust suit brought by the Consumers Union. Cash paying customers may now obtain discounts from between 3 per cent and 5 per cent, the amount assessed by American Express on companies using the credit service. It is expected that other credit companies will follow suit, possibly reversing recent U.S. trends towards increased credit buying.

New York Times

Canada has committed \$13.6 million to participate in an experiment in satellite navigation along with the US. and the European Space Research Organization. Frank Bentley, telecommunications director at the transport dept., said a satellite system would provide quality 2-way communications for trans-Atlantic jetliners in addition to highly accurate tracking data. The system would not become operational until the late 1980's, but approval for the \$100-million 5-year test program is imminent.

The Gazette.

TRADE LINES

Danish joint export company

Four major Danish consulting engineering companies (Cowiconsult AS, Birch & Krogboe KS, Ramboll & Hannermann AS and Rauschenberger AS) have formed a joint export company, Dangroup Consulting Engineers and Planners AS. It will engage in water supply projects, bridge and road construction, industrial building and environmental projects. The main office in Copenhagen will use the branch offices of the four companies in Norway, France, West Germany, Africa, Saudi Arabia and the Seychelles. The company hopes to expand its operations into Latin America and Asia — Copenhagen.

New petrochemical plant for Argentina

Argentina has started up a new 250,000-ton-a-year xylene benzene petrochemical plant. Petroquimica is a state corporation that will produce 90,000 tons of benzene, 50,000 tons of paraxeno, 55,000 tons of cyclohexane, 20,000 tons of toluene, 20,000 tons of ortho-xylene, 5,000 tons of xylene and 12,000 tons of high-flash aromatics each year.

Forty per cent of production is intended for domestic consumption while 60 per cent will be for the export market. The plant was constructed by McKee Argentina with licences and basic engineering acquired from Atlantic Richfield Engelhard and Hydrocarbo Research — Buenos Aires

Nigerian uranium mine

A mining consortium is being formed in Nigeria in which the Nigerian Government will have a 31 per cent capital participation. The French Atomic Energy Commission (CEA) will have 34 per cent, Japan's Overseas Uranium Research & Development (OURD), 25 per cent and Spain's Instituto Nacional de Industria (INI), 10 per cent. Deposits in northern Nigeria will be worked, starting in 1977 or 1978 and it is hoped that annual production will total 2,000 tons by 1980 — Madrid.

Norwegian yttrium oxide plant opened

AS Megon, a consortium of nine Norwegian firms, has opened a new and highly advanced yttrium oxide production plant at Kjeller, in the southeast sector of the country. At full production

the plant will manufacture between 30 and 50 tons a year with 99.99 per cent purity. The product has been developed in a seven-year program involving nine research institutes. Only five other plants in the world are capable of producing yttrium oxide of this purity — Oslo.

Spanish/Brazilian steel plant

A Spanish/Brazilian joint venture will build a steel pelletization plant in Brazil with annual capacity of 3 million tons. Total investment will be about \$55 million. This agreement is in line with Spanish policy of seeking joint ventures abroad to develop strategic raw materials which are not available in sufficient quantities in Spain — Madrid.

Subway for Spanish city

The mayor of Seville has announced that tenders will be called before the end of 1974 for construction of a subway. However, it will be necessary to tunnel deeply to locate suitable subsoil and there may be other technical difficulties. Therefore, work is not expected to start before 1976 — Madrid.

Businessman's Bookshelf

John Davies, the editor of *Plant Management & Engineering*, a Maclean-Hunter publication, describes his magazine this way: "It is aimed at the plant manager, with information dealing with current trends and developments in industrial management generally, labour relations, management control systems and industrial building planning. Prominent consultants in the industrial management sphere are commissioned for articles and contributions often are accepted from company engineers working in the field.

"The coverage in this magazine of plant engineering topics involves every production and processing industry. The plant engineer is given information on all industrial plant systems and general plant and machinery maintenance. Magazine staffers visit industrial plants to determine the nature of problems found by engineers and to collect information on recent developments in their field.

"The editorial staff of *Plant Manage-*

ment & Engineering keeps abreast of current events in industry and government, watching particularly for new legislation from various levels of government that affects both management and the people in the shop. In other words, the magazine involves itself with any significant happening that might have an effect on industry and our readers."

For more information write to John Davies, Editor, *Plant Management & Engineering*, 481 University Avenue, Toronto, Ontario M5W 1A7.

The Canadian Banker & I.C.B. Review is published six times a year by The Canadian Bankers' Association. It is intended to be "a forum for discussion, not a medium of official pronouncement" and often contains information of interest to the small businessman. A recent issue included articles on the Federal and Provincial budgets, prospects for Canadian exports to Saudi Arabia and the art of interviewing. For more information contact W.G. Ivens,

Editor, *The Canadian Banker and I.C.B. Review*, Box 282, Royal Trust Tower, Toronto Dominion Centre, Toronto, Ontario M5K 1K2.

Canadian Petroleum is Canada's only monthly energy industry magazine covering the entire range of industry activity in this country. From editorial offices in Calgary and Toronto, a team of technically-trained editor-researchers reports each month on the latest significant technological developments in the oil and natural gas field. The magazine is of special interest to engineers, geologists and operating management. Subscriptions are available by writing to the Circulation Department, *Canadian Petroleum*, Southam Business Publications Ltd., 1450 Don Mills Road, Don Mills, Ontario M3B 2X7. One year — \$10, two years — \$16.

Canadian Beekeeping is the news magazine of the Canadian honey industry. It is published monthly and subscriptions are available at \$5 a year by writing Box 128, Orono, Ontario.

New Office at Industry, Trade and Commerce

The Program for Export Market Development (PEMD) Office has been amalgamated with the Department's Fairs and Missions Branch to form a new unit, The Office of Export Programs and Services. D.J. Janigan, formerly Director of the Special Projects Branch of the Office of International Special Projects, has been named Director of the new Office which began operations September 1.

The Program for Export Market Development has provided incentives for the participation of Canadian companies in capital projects abroad as well as

assistance in identifying potential export markets and in adapting marketing methods to changing conditions.

The Fairs and Missions Branch has arranged such promotional events as fairs, missions, samples shows and in-store promotions. In addition it has developed trade and industrial promotions and has co-ordinated promotional events with the provincial governments and the private sector.

The Office of Export Programs and Services has assumed the responsibilities of the old organizations.

If undelivered return to:
"Canada Commerce"
Dept. Industry, Trade and Commerce
Ottawa, Canada K1A 0H5

Canada Post / Postes Canada
Postage paid / Port payé

Third class / Troisième classe

K1A 0H5
OTTAWA

Canada Commerce goes public !!

Most magazines from time to time will run a survey to find out if they are providing their readers with valuable and worthwhile information. Next month's issue of *Canada Commerce* will include this type of survey — a very short question card that will only take a few minutes to complete and will tell us how you feel about *Canada Commerce* generally.

This is important — as your

replies will tell us if we are doing a good job for you, and if we should continue along the same lines. But we would like to have much more input from our readers — input that will not only say how the magazine is doing but, of more importance, have a significant effect on the contents of *Canada Commerce* in the future. We would like to know what our readers do — are you in large, medium or small companies? What type of

industry are you in? What role do you play in your company? What education, age, salary groups do you belong to? What articles and regular features of *Canada Commerce* are of most value to you? What other information would you like *Canada Commerce* to feature? Where are we strong? Where are we weak? In all, information about you, and what you want *Canada Commerce* to do for you.

To survey all of you would be impractical. So we have planned to create an "Editors Panel" — a panel made up of a group of readers who are willing to complete a simple questionnaire for us in the next few months.

First of all, there will be a card in next month's issue with a few simple questions by which you can tell us how you feel about *Canada Commerce*. The card will also have space for your name and address. We ask you to fill out your name and address only if you think you will have the time to answer the full questionnaire. We will then send you the questionnaire to answer at your earliest convenience and return to us anonymously.

Even if you do not want to be on the "Editors Panel" please take a few minutes to fill in the question part of the card and pop it in your out basket. Without some feedback from all of you we cannot hope to keep a *Canada Commerce* magazine that is up-to-date with your needs.

Remember, next month *Canada Commerce* goes public!

