

# CANADA COMMERCE

NOVEMBER  
1975

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## Swan Wooster's 50th

The Vancouver consulting firm, Swan Wooster Engineering Co. Ltd., this year is marking its 50th anniversary in business. Founded in 1925 when Col. W.G. Swan left the Vancouver Harbour Commission to go into private business, the firm now offers consulting services through six offices in North America and Asia. It also has a US subsidiary based in Portland, Oregon.

Col. Swan, who died in 1970, was a railway expert and built an international reputation as a designer of railways, bridges and harbour works. Today, Swan Wooster provides consulting services in hydroelectricity, municipal works, and pulp and paper, but continues to specialize in solving transportation problems that involve, as a company official puts it, "interfacing road, and rail, and the movement of goods through port terminals."



*Patullo Bridge, British Columbia — one of Swan Wooster's first projects.*

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## Venezuela: Managing with prosperity

J.E.G. GIBSON, Commercial Counsellor, Caracas

It is now about two years since the world's energy picture was altered so drastically. It is also 12 months since a new government took power in Venezuela, the world's fifth largest petroleum producer and third most important exporter.

Within these relatively short spaces of time the whole economic structure of Venezuela has changed radically and today the country is the most prosperous in Latin America, and probably the one with the brightest foreseeable future. In addition to its vastly increased per-capita income, now estimated at more than \$3,000 a year, Venezuela is blessed with a stable government which seems determined to move the nation away from such heavy reliance on petroleum and into a modern industrialized society.

The vastly increased petroleum export prices resulted in Venezuela's 1974 export performance reaching an all-time high of about \$12.4 billion, while at the same time, the value of Venezuelan imports was expected to approach \$4 billion. Approximately 95 percent of Venezuela's exports by value were in crude petroleum and petroleum products. The next largest single item in Venezuela's export package is iron ore, followed at a distance by coffee and other primary products.

Venezuelan government income in 1974 was \$9.94 billion of which petroleum resources contributed no less than \$8.4 billion — fully 85 percent. Comparable 1973 figures were \$3.82 billion of income, derived principally from petroleum at \$2.6 billion (68 percent). At the same time foreign exchange reserves, which had been rising gradually in recent years, shot up in 1974 and reached \$6.39 billion by the end of the year.

Venezuela has a presidential system of government involving a president and a congress with two houses elected once every five years. The current president, Carlos Andrés Pérez, won a sweeping election victory in December 1973 and



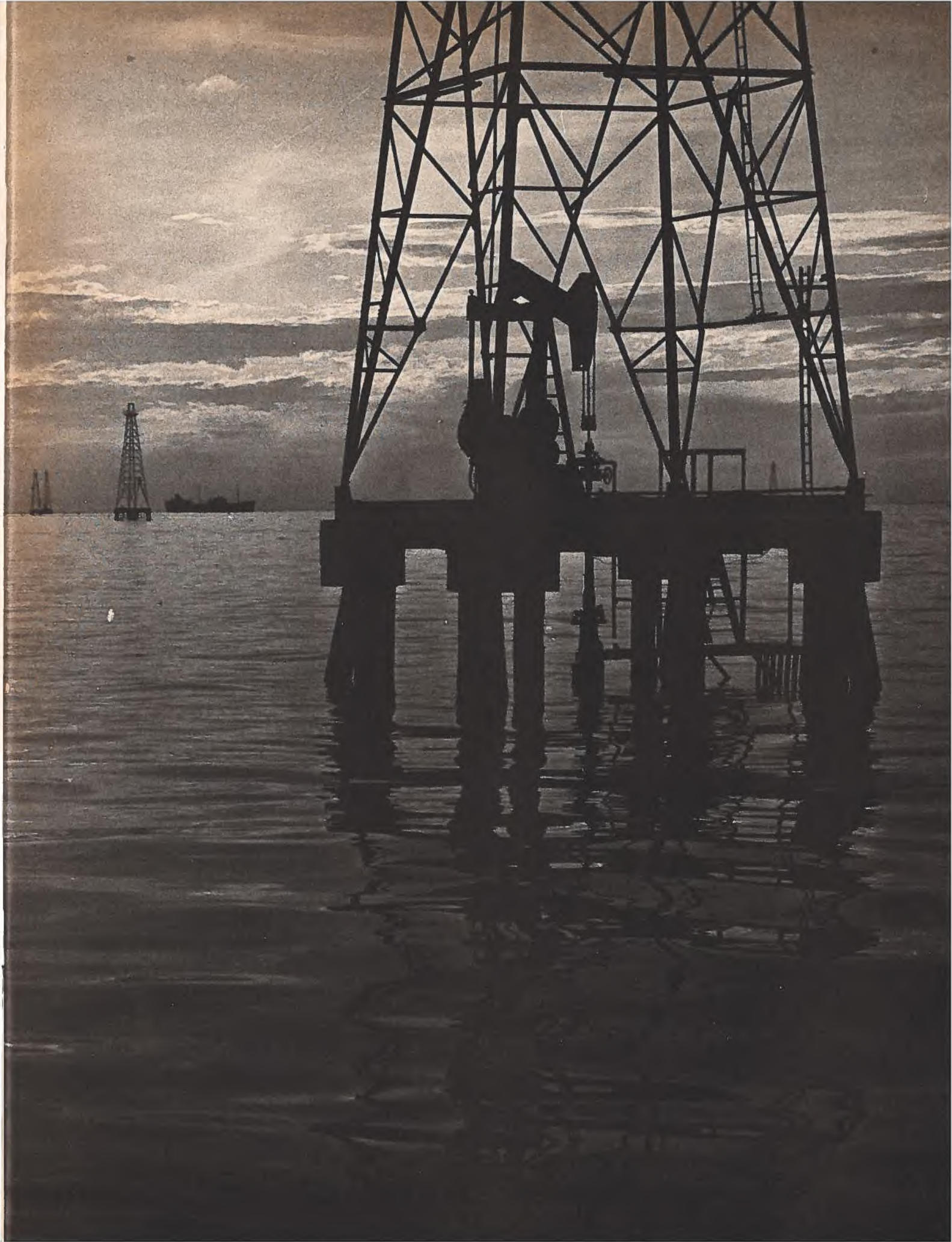
took office in March 1974. Since that time, he and his ministers have been working at a very fast pace with a resultant flow of laws and decrees, plans and projects almost unheard of in Venezuela's past. Most of Pérez' actions have been aimed at putting money in the pockets of Venezuelan citizens and while these moves have been admirable in their intent, they were to some extent offset by the world inflationary wave which hit Venezuela in 1974.

The other major achievement in



the first year of the Pérez regime was the nationalization of Venezuela's iron ore reserves, together with implementation of regulations respecting foreign investment. Other noteworthy activities were the establishment of a major educational program allowing Venezuelans to study abroad, thus preparing the country for the forthcoming industrialization with a new corps of middle managers.

Nonetheless, most of the long-term problems in this country still have to be faced and not the least of these are agriculture, education and social services. The president has designated agriculture as the number one priority but getting this sector off the ground will be relatively difficult, as this country is traditionally petroleum-oriented and it will take some effort for this to be changed. Nonetheless, with the resources now available, the government should, in the medium-



term, face little opposition in getting programs under way.

One of the problems facing the regime is what to do with the money that Venezuela is bringing in from its petroleum exports. Creation of the Fondo de Inversiones Venezolanas (Venezuelan Investment Fund), which is aimed at keeping a large amount of Venezuela's added petroleum income circulating abroad at rates of interest and growth ensuring that the currency maintains its value, should help. In due course these monies will be brought home for various infrastructure developments. The Fondo de Inversiones was initially capitalized last year, with \$3.02 billion and the 1975 budget includes a further \$3.09 billion. By 1978 the Fund should have received approximately \$17.5 billion, of which approximately \$12.5 billion should be earmarked for investment in internal development. The remainder of the funds are being invested abroad in short term investments, although in the longer term it is possible that these could be used for joint ventures in various countries doing business with Venezuela.

Probable future investments will go to further coal extraction plus other resources operations and, most probably, the eventual construction of a railway network.

It is also interesting to note that the Fund's resources will be used and, in fact, are already committed to developing countries, through multilateral programs but also in one or two instances through bilateral agreements. For example, the Fund has committed \$500 million to the World Bank, \$500 million to the Industrial Development Bank, \$60 million to the Corporacion Andina de Fomento, \$25 million to the Caribbean Development Bank, as well as smaller investments in other areas. These funds are, in the main, untied.

It should be added that while many of the funds have been earmarked tentatively for internal development, few have been com-

mitted. Undoubtedly this will begin to sort itself out after Venezuela's next Five Years Plan is announced and this is expected to be sometime during 1975.

As already indicated, Venezuela's prosperity is derived almost exclusively from its exports of petroleum products and it is expected that this will form the backbone of national wealth accumulation for the next several years. Two and a half years ago, Venezuela crude petroleum production amounted to 3.4 million barrels a day but this has been progressively scaled down to about 2.4 million barrels a day. The government is conscious of the need to conserve its resources, which in terms of primary recovery are currently estimated to be sufficient for the equivalent of another 12 years' production. Nonetheless, with secondary recovery techniques and tapping of possible new reserves, it is possible that production could extend as far as 35 years. In addition, there is the non-accounted wealth in the Guayana known as the Orinoco tar belt, which is estimated to contain reserves of 700 billion barrels. Of this latter figure, only about 10 percent is commercially extractable at the present time but with the development of new techniques it is probably only a matter of time until extraction of a very high percentage of the tar belt becomes a viable proposition.

Venezuela's leading customer for crude petroleum is the United States, with Canada in second place, and currently accounting for approximately 12 percent of production. It is obvious, therefore, that Canada will remain important in Venezuela's long-term export projections.

Petroleum concessions will start expiring in 1984 and the government intends to begin at that time nationalization without compensation. This process should be completed about 1997. The way this will be done is still under discussion but an announcement is expected

sometime this year and very possibly nationalization will take place shortly thereafter.

The future makeup of Venezuela's petroleum industry is not finally determined, but if all past indications are valid, future concentration will be on the production side, while international marketing will be left to international companies. Nonetheless, there may be a move to increase internal refinery capacities with the objective of adding value to Venezuela's petroleum exports.

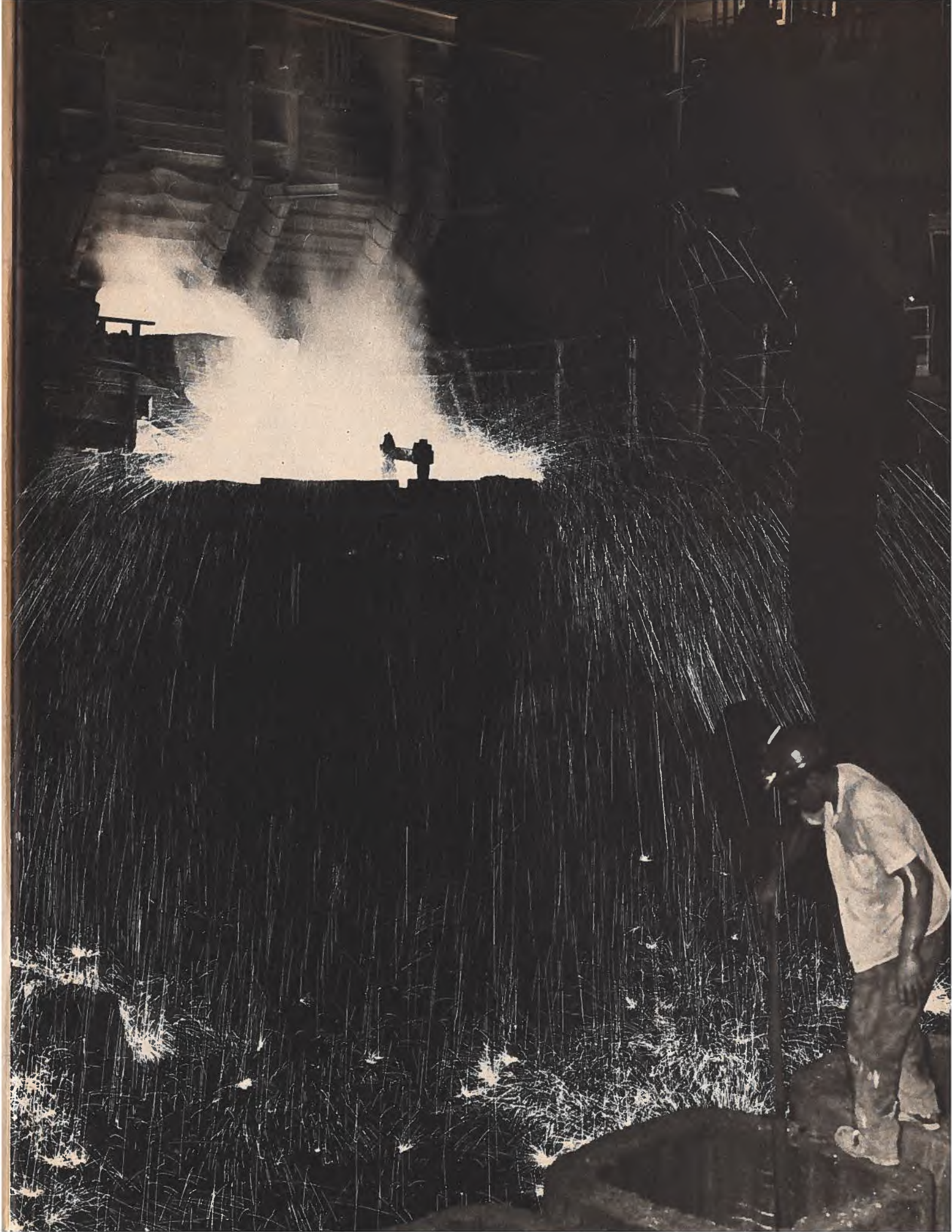
#### **Steel**

Iron ore is Venezuela's second largest export item, amounting to 26 million tons annually. On January 1, 1975, paying a compensation of U.S. \$101 million, Venezuela nationalized the two foreign-owned producers that accounted for 96 percent of production. The government plans to increase current annual steel production of 1 million tons to 5 million tons by 1978 and 15 million tons by 1985, at which time domestic consumption of iron ore will absorb supplies now exported.

Although iron ore production is reserved for the state, the government has indicated that joint ventures, including minority foreign capital positions will be entertained for specialty steels and finished steel products. It is estimated that 1.5 million tons of steel will continue to be imported in the short run to satisfy domestic requirements. Thus, as longer term expansion plans are realized, Venezuela should become a major steel exporter in the mid 1980's.

#### **Metals and minerals**

Coal reserves in Venezuela are conservatively estimated at 1.5 billion tons, while production in 1974 amounted to only 60,000 tons. With a rapidly increasing domestic demand predicted, expansion in production and future exploration has become vital and this is recognized by the earmarking of Venezuelan Investment Fund money for develop-



ment of the Naricual deposits, plus likely future allocations to the Guasare deposits, which are said to contain half of the nation's reserves.

Other noteworthy areas of minerals activity include manganese, copper, lead, zinc and phosphates. In addition, Venezuela produces annually small quantities of diamonds (approximately 1.2 million carats in 1974) and gold.

Aluminum production, currently at 54,000 tons a year, is expected to reach 420,000 tons annually by the end of this decade. Most of this will be exported to Japan, which has entered into a joint venture in the Guayana district.

Mineral resource development should become a major activity in the future but is inhibited today by high taxation, lack of incentives and, of course, uncertainty over the government's future intentions regarding ownership of non-renewable resources. If the route taken with iron ore and proposed for petroleum is applied to other extraction industries, foreign participation will be limited to exporting of goods and services.

#### **Primary produce**

The agriculture and fisheries sector accounts for around 7 percent of GNP and 20 percent of employment and yet is the weak sister in the Venezuelan economy. The major factors previously affecting fisheries and agriculture were inefficient management and production techniques, plus lack of capital. The money problem has disappeared although the distribution of financing continues to be a problem. A concerted attack on production improvement techniques is expected shortly.

Although normally a net exporter of seafood products and many crops including sugar, rice, coffee, citrus and melons, Venezuela continues to import many staples including beef, wheat (approximately 700,000 Mt a year), seed potatoes and black beans. In addition, Venezuela will be importing substantial technology and equipment in an ef-

fort to infuse new life into these sectors. Areas of possible Canadian interest include dairy and beef herd improvement, upgrading and expansion of fishing fleets and forest conservation.

#### **Transport and communications**

Venezuela has an excellent road system and air connections to most parts of the nation. Traffic congestion is severe in the major urban centres and this would seem to indicate a rapid transit system requirement, plus a possible inter-city STOL service. The Caracas Metro project which has been on the books for 10 years continues to be mixed-up in domestic politics but, as visitors to Caracas will attest, the need does not go away.

Venezuela does not have a railway system but plans are being developed to construct a 2,500-mile network by 1990. Today's estimated cost of the project, which would contribute materially to opening the south of Venezuela, is \$2.4 billion and it is expected that financing will be obtained from the Venezuelan Investment Fund.

Venezuela is expanding its merchant fleet. Ten general cargo vessels are being purchased at a cost of \$220 million and within the next year it is expected that Venezuela will begin building up a deep-sea tanker fleet. Following that will be the establishment of four shipyards in various parts of the country, with the capacity to build and repair ships for Venezuela and export customers.

The government will shortly embark on a five-year program to upgrade Venezuela's domestic airport system. It is expected that some \$60 million will be spent on civil works, communications equipment, navigational aids, lighting, surface vehicles and one aircraft for instrument calibration during the first three years of the program.

There are about 4.2 telephone sets per 100 people. It is intended that this will be increased to the modest level of 9 sets per 100 people by 1981, which should equate to 1.2 million sets. CANTV,

the telecommunications monopoly, will remain a major importer during the next several years.

#### **Electricity**

In addition to being a major world producer of oil and gas and in possession of good coal supplies, Venezuela also has major hydroelectric generation potential and intends to concentrate on this as the basis for future expansion. Total installed capacity at the end of 1974 was 4.2 million kilowatts, of which half was thermal. It is estimated that 82 percent of capacity was utilized in 1974.

The major project underway is at the Guri dam in the Guayana district. When the current phase is completed in 1976, capacity will be quadrupled to 2.1 million Kw and by 1980, capacity should be 9 million Kw. Canadian generators are being supplied to part of the current phase and there are good prospects for further participation in this project. CADAFE, the government utility which distributes 70 percent of power, has several projects in the planning and has also announced its intention of examining the feasibility of a nuclear plant.

#### **Industry**

Venezuela, the largest vehicle assembler in the Andean Pact countries, reached a production level of 118,000 units in 1974. Canada is an important supplier of CKD units and indeed this item is our leading export to Venezuela. While sales prospects appear good over the short-term, Venezuela is developing a policy of increased local content (70 percent by 1980 — double the present level) which will greatly reduce the number of assembly plants and vehicle models as well as introduce standardization of parts, particularly for drive trains. The government's aim is to reduce model production to five passenger models, five light commercial trucks and one jeep-type vehicle. It is predicted that \$500 million will be invested in new plant facilities over the next five years.



Venezuela is also a large producer of textiles, leather products, forest products (except wood-pulp and newsprint) and building materials (especially cement and food products). The future direction of industrial development will depend to some extent upon agreements reached within the Andean Pact but Venezuela is determined to expand its secondary manufacturing and thereby the maximum number of employment opportunities. This is imperative because 50 percent of Venezuela's population is under 15 years of age and even for those few coming on the job market today, opportunities are scarce.

There should be reference to tourism, another bright star in Venezuela's future. About 350,000 tourists visit Venezuela each year and the prediction is for one million visitors a year by 1980. This will require a rapid expansion in man-made facilities (part of which is underway) to match the abundant natural facilities with which this country is blessed.

#### **Andean Pact and foreign investment**

Venezuela became the sixth member of the Andean Common Market during 1973 and although trade with the region is small, this is expected to grow as the members move towards abolition of internal tariffs by 1985 and erection of a common external tariff wall by 1980.

In addition, Venezuela is currently negotiating its way into the industrial complementation agreements of the Pact by which production of a wide range of items is to be allocated to various countries. As a latecomer to the Pact, Venezuela would not normally be negotiating from a position of strength but its emergence as the major economic power in the region combined with its resources and industrial potential indicates that not much will be given away by this country.

Worth special note is Venezuela's interpretation and im-

plementation of Decision 24 of the Pact Agreement. Through this the government has limited profit and dividend repatriation by foreign investors to 14 percent of paid-up capital annually, although a formula has been established whereby additional profits and dividends can be invested in specified bonds with the effect of increasing company capital by as much as 5 percent a year and thus expanding the base for future repatriations. Equity obtained from the disposal of assets by foreign investors can be freely repatriated.

A Superintendency of Foreign Investments has been established to regulate all foreign investments in Venezuela, including those made by individuals. Several areas including services such as consultants, public utilities, transport and communications, financial institutions and insurance companies are to be at least 80 percent Venezuelan-held by 1977.

Other Venezuelan companies exporting within the Andean Pact must reduce their foreign shareholding to 49 percent by 1985 if they are to enjoy duty-free treatment within the region. Also, licensing and other technology contracts are subject to stiff regulations, including prior approval of all contractual details and a five-year limit on the agreement.

Although the new Venezuelan regulations came as a surprise to those accustomed to dealing in an open economy, the Government has made clear its intention to welcome and provide for new and needed technology, together with foreign investment. Nonetheless, control in the future will be majority Venezuelan.

#### **Your business visit**

Although Venezuela's area is 352,000 square miles and its population should reach 12 million during 1975, visiting business people, in many cases, will not have to leave Caracas in pursuit of sales. There are of course exceptions, particularly when calling upon industrial end-users, project

sites or the petroleum industry but on balance, much of the distribution trade is centered in Caracas, the capital, with a population of 2.5 million. Should travel to the interior be required, excellent road and air connections make day trips feasible in most cases.

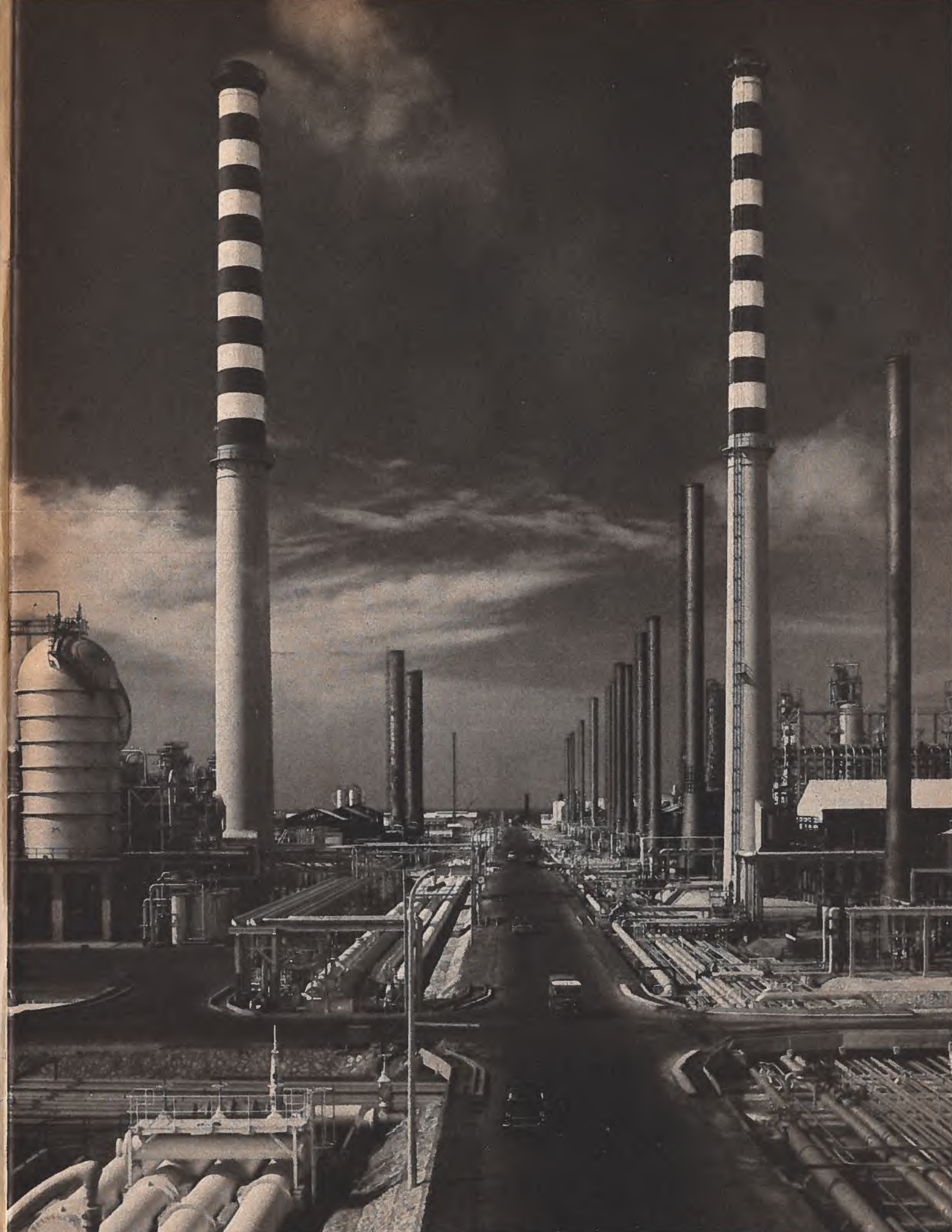
Canadian visitors to Venezuela require a valid certification of vaccination against smallpox plus a tourist card and passport in order to enter Venezuela. While not required, a TAB shot is always advisable. Embassy personnel are immunized against yellow fever before arrival in Venezuela but this is no longer a necessity.

Venezuelan tourist cards are supplied by travel agencies or the air carrier and should be obtained with airline tickets. Occasionally Canadian visitors obtain "transeunte" or ordinary visas from Venezuelan Consulates in Canada. These are only necessary if a person is coming to live in Venezuela and are not required by short-term visitors. If you have a transeunte visa in your passport you will be faced with the following requirements during your stay in Venezuela:

- Payment of 20-Bolivar tax on arrival;
- The payment of taxes upon your earnings or upon the salary you are deemed to have earned during your stay in Venezuela;
- Before departure, the obtaining of a Certificate of Solvency that establishes the payment up to date of your income taxes in Venezuela;
- Payment of 83-Bolivar exit tax upon departure.

The transeunte visa holder may not leave Venezuela until all of the foregoing requirements are met. Payment of taxes and obtaining the tax solvency certificate can take three working days and this procedure cannot be carried out through the Canadian Embassy. But the foregoing requirements do not apply to holders of tourist cards or any other types of visas.

Venezuela's legal tender is the Bolivar which is divided into one



hundred centimos. There are no exchange regulations affecting the movement into and out of the country of Venezuelan or foreign currency, although the foreign investment regulations limit repatriation of capital.

Caracas, a rapidly growing city is normally full of foreign businessmen and good hotel accommodation can be scarce. Caraquenos love night life and Caracas abounds in excellent restaurants of varied cuisine. Taxis are plentiful and not expensive but you should allow plenty of time to reach your destination, as monumental traffic jams can develop in moments.

#### **Import regulations**

Venezuela's tariff is based upon the Brussels Nomenclature and in most cases the duties are ad valorem. Venezuela is not a member of GATT and Canadian exports along with those from most parts of the rest of the world face the maximum tariffs. Special preferences are only granted to certain products from the LAFTA and Andean Pact nations and those have little impact at the present time.

Certain health regulations are in force relating to the import of food products, feeds and drugs. Basically these relate to registration requirements which are time consuming and sometimes expensive.

Documentation procedures were simplified in 1974 when the requirement for full consularization was dropped. Under the current system, the original bill of lading must be stamped, but not signed, by a Venezuelan Consulate. Full details are available in the pamphlet, *Venezuela — Shipping Documents and Customs Regulations*, available from the Department of Industry, Trade and Commerce in Ottawa.

#### **Marketing tips**

Venezuela is an expensive market to develop and exporters should be under no illusion about the degree of competition in this oil-rich

marketplace. Nonetheless, if an exporter can identify a requirement and is prepared to devote a sustained effort and probably substantial money to becoming established, he will most probably be able to build a long-term base. Although price is always an important element, Venezuelan customers are very quality/brand-conscious and look to regular, quick deliveries, and product support when making purchase decisions.

Central to establishing continuing sales in Venezuela is the appointment of an effective agent, representative or sole distributor. A representative is a requirement in doing business with the government and is almost equally important in penetrating the private sector. Good representatives are sometimes hard to find and given the fact that they are frequently overloaded with product lines, require close support from their principals. Once Venezuelan agents realize they are able to operate with the complete support of their principal, they can generally be relied upon to cover their market effectively. If they do not receive this support, neglect sets in. Accordingly, regular visits to the market, provision of Spanish-language literature, advertising assistance, provision of samples (when requested) at principal's expense, and up-to-date c.i.f. prices in Bolivars or U.S. dollars are some of the forms of support that should be seriously considered.

Given the substantial degree of involvement by the central government in Venezuela's economic development, it follows that government departments or agencies are frequent customers. The incidence of red tape is as high in Caracas as elsewhere and it can only be effectively cut by a Venezuelan. If you are selling to the government, be sure that your representative is politically acceptable as decisions here tend to be made at or near the top.

#### **Canada in Venezuela**

Although Venezuela is one of Canada's largest export markets in Latin America, the degree of direct Canadian activity is very small. Just over 600 Canadians are known to be resident in Venezuela and apart from Embassy personnel, the number of individuals with Canadian occupational ties can be counted on the fingers of one hand. Direct Canadian investment is also not significant in terms of overall foreign investment in Venezuela and indeed the absolute value of this is about to drop sharply with the announced intention to nationalize Canadian-held assets in electricity companies.

It is probably fair to say that most Canadian firms that have established an operations base in Venezuela, have found the experience satisfactory, as in almost all cases this has been done with Venezuelan partners. The need to be a "good corporate citizen" is not unique to Canada and indeed the practices being encouraged in Canada have application to doing business in Venezuela.

Canadian exports to Venezuela exceeded \$200 million in 1974 (equal to approximately 6 percent of total imports) and although the automotive sector accounted for a large part of the total, it is significant that a wide range of Canadian manufacturing capabilities is included in more than 350 Statistics Canada classifications shown in our 1974 figures of exports to Venezuela.

**TABLE 1**  
**Venezuelan Budget Allocations**  
**Ministry**

	Budget (\$ million)
Finance (incl. Venezuelan Investment Fund)	3,837
Internal Affairs	1,940
Education	981
Public Works	684
Agriculture	647
Defence	486
Health	403
Development	160
Communications	140
Labour	107
Justice	106
Foreign Relations	71
Mines and Hydrocarbons	64

**TABLE 3**  
**Canadian exports to Venezuela**

	(\$ million)
Passenger vehicles CKD	64,074,489
Trucks and chassis CKD	31,194,066
Newsprint	16,872,268
Motor vehicle parts and accessories	11,258,129
Woodpulp, bleached kraft	6,919,152
Copper bars, rods and shapes	6,398,788
Aircraft and aircraft engines	5,961,849
Wheat	5,824,888
Steel sheets and strips	5,554,133
Iron steel pipes and tubes	4,034,033
Generator parts and accessories	2,793,853
Plastic film and sheets	2,577,422
Seed potatoes	2,163,927
Zinc blocks, pigs and slabs	1,870,911
Skim milk powder	1,856,537
Asbestos fibres	1,594,838
Copper plates, sheets and flats	1,474,360
Writing and reproduction paper	1,311,959
Papermaker's felts	1,128,875
Oats	1,047,974
Copper alloy shapes and sections	1,022,908

**TABLE 2**  
**VIF-Financed Projects**

	(\$ million)
Steel, aluminum, hydroelectric projects (Corporacion Venezolana de Guayana)	3,256
Assistance to petroleum industry following nationalization	1,860
Increase oil refining capacity	698
Petrochemicals	360
Construction of four shipyards	244
Creation of tanker fleet	233
Thermo-electric power expansion	231
Expansion of merchant fleet	217
Petroleum protein plant	70
Coal mining	47
Cement Industry	23



## Cuba as a turn-key market

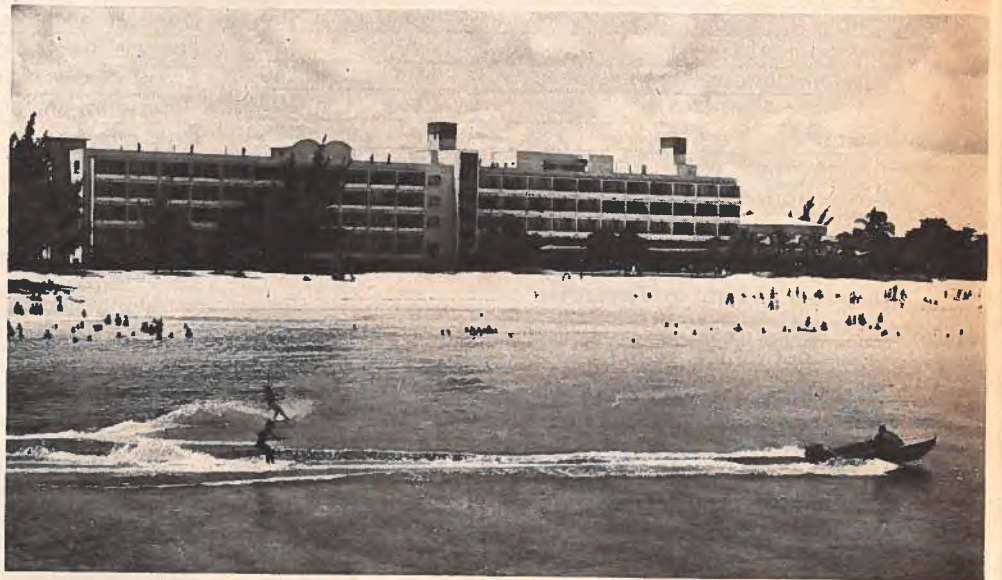
J.R. McLeod, Asst. Commercial  
Secretary, Havana

The building in the accompanying photo is currently under construction on Revolution Square in downtown Havana. When completed, its 38 stories will make it the highest building in the Caribbean Islands. It is being built by Cubans with some foreign technology and will house the Ministry of Industrial Development, Cuba's sole purchasing agency for complete industrial plants and other complete turn-key projects. This project gives some idea of the extent of the transformation that will take place in the Cuban economy during the next few years, and the systematic approach to it taken by the Cuban authorities.

Lacking experience and know-how in many areas, the Cubans realize this transformation requires a massive infusion of foreign technology. Originally, all technology was imported from COMECON countries, but with improved foreign currency earnings and the need for greater sophistication, the Cubans are turning increasingly to Western suppliers.

Although there is potential for straight consulting services in a few fields of specialized development, the much larger market here is for complete turn-key fixed-price bids on total plants. As other countries are prepared to bid projects in this manner, Canadian firms and groups must be prepared to quote on this basis in order to be considered. In recent months, Canadian firms have held talks in Havana with the Department of Industrial Development on a wide range of industrial plant projects including slaughter houses, textile factories, food processing facilities and electronic plants, as well as major infrastructure developments such as hotels, airports, thermal electricity stations, railway overhaul facilities and urban transportation.

The greatest advantage Canadians enjoy here is the Cubans' great regard for North American technology and the present absence of U S competition. The biggest drawback is the requirement to develop fairly detailed engineering studies as part of the



bid preparation exercise, with no guarantee of these development costs being recovered (unless, of course, the contract is won).

For firms prepared to take the risk, the rewards can be substantial and any firm winning a contract and performing well can be assured of more projects. The Cubans have a great respect for Canadian consultants and their knowledge of our accomplishments both in Canada and internationally is much greater than one would expect.

Cuba is seeking proposals in nearly all fields of industrial development as part of its 1976-80 Five Year Plan. If your firm has a special expertise in certain industries and is prepared to seek contracts on a turn-key basis, write our office outlining your areas of competence and we will approach the various Cuban authorities to find out if they are interested: Commercial Division, Canadian Embassy in Cuba, Box 499 (HVA), Ottawa, Ontario K1N 8T7.



# Central America: Prospects for pork producers

H. INTSCHER, Asst. Commercial Secretary, San Jose

Despite the continuing industrialization of the Central American countries, agriculture continues to be the mainstay of their economies, and bananas, coffee, beef, cotton and sugar are still the most important export products. Although Central America is well known for its substantial beef production, its pork production is a limited factor in the agricultural sector. With the exception of Nicaragua, virtually no slaughter hogs or pork are exported by any of the Central American countries.

However, we believe that good opportunities exist, particularly in Nicaragua, for a Canadian company to establish a slaughter house and meat processing operation, either integrated with its own farms or drawing on the production of farmers in the surrounding area. Given the high tariffs on meat products imported from outside the Central American Common Market and the low quality of domestically produced hams, bacons, and sausages, a company putting a good product within the Central American Common Market should be able to expand fairly quickly to cover the entire area. Moreover, it should be able to compete with American and Danish products in Panama since although tariffs are much lower, shipping costs from Nicaragua would be substantially less than from North America and Europe.

A joint venture with a local company would probably be the best way to establish such an operation. Concessions are available from the Nicaraguan government for slaughter houses as well as food processing plants. These concessions include tax holidays of five years and would be renewable if a similar company in Central America were still enjoying a tax holiday at the expiry date of the original concession.

The potential for pork production in Costa Rica is limited only by the availability of suitable feed, as grains are not produced in sufficient quantity here. Companies that can offer a solution to the feed

problem should easily be able to capture the substantial market for sine. Costa Rica currently imports approximately 60,000 slaughter hogs a year, mainly from Nicaragua.

Some potential exists also to expand exports of Canadian fancy meat and meat products to Panama where low duties offer an attractive market for this type of product. Panama imports approximately \$5.5 million per year in this category. The Central American Common Market countries, however, offer little opportunity for Canadian meat exports, as they impose very high duties on meat products.

## HOG PRODUCTION

### Costa Rica

The Costa Rican swine population in 1973 was approximately 216,000 and is estimated by the Ministry of Agriculture to be decreasing at the rate of 10 to 12 percent per year, mainly because imports of slaughter animals from Nicaragua are cheaper than those produced locally. The population consists mainly of some crosses of Duroc, Hampshire and Yorkshire.

The official slaughter in 1973 was 122,000 hogs, of which approximately 20 percent were imported from Nicaragua. Official import statistics show 23,931 slaughter hogs imported from Nicaragua in 1973, although unofficial estimates indicate that imports from Nicaragua probably run as high as 60,000 animals a year.

The Ministry of Agriculture estimates that about 15 large producers, most of whom are located near the big banana plantations, produce 60 percent of the Costa Rican hogs. Indeed, it is believed that many of the hog-producing companies are owned by the American-owned banana companies that provide banana by-products for animal feed. The remaining 40 percent are raised by small producers on banana and coffee farms.

The main barrier to expanding production in Costa Rica, as indicated earlier, is the problem of suitable animal feed. Grains are not

grown in sufficient quantity to be used as animal feed and the diet presently consists of only 5 percent grains, with the remainder made up of bananas, dairy by-products, fruits in general and, to a limited extent, yuca. Grains can only be imported duty-free by the Consejo Nacional de Produccion and by co-ops. A Canadian company contemplating swine production in Costa Rica would have to solve the feed problem before starting up. But, if this were done, good potential for pork exists.

Live animals destined for slaughter in Costa Rica may be imported freely, provided they come from a disease-free country. An import permit from the Ministry of Agriculture is required for the import of live swine (pedigreed animals only) for breeding purposes. If the Ministry of Agriculture recommends the importation, the animals may enter free of all taxes. If, however, the Ministry does not recommend it, but grants an import permit, the importer is obliged to pay a 10 percent ad valorem plus \$4-per-head tax. In 1973 Costa Rica imported only 200 breeding swine from the United States and Mexico.

Pork cannot be considered a very popular meat in Costa Rica. While it is cheap by Canadian price standards, it retails locally for almost the same price as beef, and beef is the preferred meat. The poor quality of local pork, ham and bacon no doubt affects market acceptance.

Pork imports from outside the Central American Common Market are impeded by high duties. Fresh or frozen pork is subject to \$0.60 per kilogram plus 10 percent ad valorem tax, ham and bacon to \$0.80 plus 25 percent ad valorem and, if in airtight containers, to \$1.00 plus 30 percent ad valorem. Meat imports of all kinds amounted to less than \$2 million in 1973.

### Nicaragua

Nicaragua is probably the largest hog producer among the three countries of our territory, although precise statistics for production are difficult to obtain. Some estimates





indicate annual market hog production as high as 350,000 or higher, although we believe these figures to be somewhat inflated. Probably 200-250,000 would be a more reasonable figure. The breeds are the same as those in Costa Rica — namely, crosses of Duroc, Hampshire and Yorkshire.

Nicaragua's official export statistics show exports of approximately 30,000 head in 1972, nearly all of which were destined for Costa Rica. But unofficial estimates put the export figure at more than twice official figures. During 1974 the market for live hogs in Guatemala and El Salvador began opening up but no reliable figures on hog exports from Nicaragua to those countries exist.

There are about 10 large farms in Nicaragua which, among them, produce approximately 70,000 market hogs annually. The remainder are nearly all produced by small farmers who own one or two sows. Animal feed presents no problem in Nicaragua as sorghum and corn are produced in substantial quantities. As well, there are three beef slaughter houses which produce

bone and blood meal and a fish meal plant is under construction. Cotton seed is abundantly available for protein and a program to plant yuca and soya is underway. Both feed and labour are significantly cheaper than in Costa Rica.

Imports of meat are subject to the same tariffs as in the rest of the Central American Common Market and 1972 imports amounted to less than \$1 million.

#### **Panama**

The Panamanian swine population in 1973 was approximately 175,000, down slightly from the preceding year. The population, as in Costa Rica and Nicaragua, consists mainly of Duroc, Hampshire and Yorkshire crosses. The official slaughter in 1973 was 81,000 animals. The only live imports to Panama are of purebred breeding stock, and in 1972 amounted to only 36 animals, all from Costa Rica.

Panama faces the same problem as Costa Rica with respect to pork production, namely the lack of domestically produced feed grains, although importing feed grains into Panama is easier than into Costa

Rica as private companies may import. Grain imports are also subject to lower import duties than in Costa Rica.

Good quality bacon, ham and pork sausage produced by a Canadian company in Costa Rica, Nicaragua or Panama should be able to gain entry to the Panamanian market and displace U.S. products, due to lower production and transportation costs. An operation located in Costa Rica or Nicaragua would have the advantage of being able to compete favourably in the Central American market as well.

#### **Entering the market**

Canadian companies interested in pursuing the opportunities in this field should plan a visit to the area. But before visiting, we strongly urge that you write to the Commercial Secretary, Canadian Embassy, Apartado 10,303, San Jose, Costa Rica, stating details of your interest and giving some background on your company. You should also contact your Regional Office.

# Surveying CC'S survey

E. C. BUTTON, Assistant Director, Creative Services, IT&C Ottawa

The survey is completed — we think. But those were trying times — primarily due to the fire at our printer, in the middle of it. Issues were delayed, cards not included and so on. Despite it all, we overcame — sort of.

The potential return on the cards was around 14,000. The return rate was just under 3 percent, a disappointment unless you consider the problems at that time. But 80 percent of the people who returned cards volunteered to be members of our Editor's Panel. Of that group, 85 percent completed and returned the lengthy questionnaire.

These numbers and percentages may sound confusing, so let us summarize what we achieved. Our editor has in his possession about 250 completed surveys which contain answers to 51 questions about *Canada Commerce* readers, and how they react to the magazine. Of equal importance, 131 readers made additional comments. Traditionally, our readers are not great letter-to-the-editor writers, (unless we make an error) so he is excited about the feedback we received.

The questions on the survey were in five groups:

- 1) An attempt to determine a reader profile;
- 2) Questions about regular features;
- 3) Questions about the more common topics covered;
- 4) Some thoughts on future editorial plans;
- 5) And some blank space to write narrative comments.

## Reader profile

The 250 surveys confirmed a few ideas we had about our readers, and injected a few new ones. The statisticians reading this may wonder about the reliability of the selection method, because we are unable to compare our group of 250 to the total readership. That is a valid point, but at least now we have those opinions. Let us examine that group:

- They are primarily in business — 80 percent to be exact. The remainder are in government, edu-

cation or other lines. Of the 80 percent in business, a little more than half are in manufacturing; the rest in service industries.

- Their duties are varied, but most are in administration or marketing. There is no significant trend here.
- Surprisingly, 40 percent are in companies or institutions with less than 50 employees. Another 20 percent work in a group of less than 300 employees. Fewer than 20 percent work in companies or institutions of over 1,000 employees. This, coupled with the 88 percent-in-business figure, may indicate that the larger number of *Canada Commerce* readers work in small business firms.
- What's more, 80 percent of those completing the survey classify themselves as either senior executives or management; are mostly in the 35-50 age bracket; and are primarily in the over-\$20,000 salary bracket.
- Our questions on education and specific business interests did not reveal anything significant.

## Regular features

Our questions on the value of what used to be the Green Section, and has since been expanded, as UPDATE, confirmed our feeling that this was a popular and useful section. In fact, the replies indicate that only 10 percent find this of little value. Information in International Projects, Market Facts for Decision Makers, Export Opportunities and our Foreign Service Directory are the most popular.

## Regular topics

The questionnaire section that looked into preferences of article topics was revealing. Articles that most indicated held considerable interest were:

- Business and economic reports on particular market groups, geographic areas and specific countries;
- Descriptions on how to conduct

business in other countries, and how to prepare for business visits to other countries;

- Those dealing with domestic business matters and specific Canadian success stories.

Our survey indicates that articles on socio-economic topics, missions abroad, and specific commodities have a more restricted interest.

## Future editorial plans

The answers to some of these questions were confusing. For example, while articles on socio-economic topics were rated as having only "some interest" in the previous section, 75 percent of our group stated they would like to see more articles of this nature. Of importance to our editor was a strong (more than 75 percent) interest in more articles on IT&C's services, as well as services to business available from other Federal Government departments. On the negative side, our group indicated that they would not be interested in more material on international trade shows, or specific commodities.

The response to one question was tremendous for our egos — 85 percent stated that back copies are kept on file for reference. We tried a little word game in the survey, and asked our group to check the word or words that they felt described their reaction to *Canada Commerce*. Here are the results:

Informative	202
Limited	32
Valuable	78
Stuffy	8
Current	57
Superficial	10
Behind-times	12
Versatile	29
Useful	169

From this, it seems we are "informative" and "useful" but not as "current" as we could be. At least we do not appear to have a "stuffy" or "superficial" image.

### **The editor**

We decided to interview our editor, and find out what he learned from the 131 narrative comments, the survey in general, and — of interest to our readers — what he plans to do in the future. Here is the essence of our discussion with David Magee:

**Did you find the survey useful to you as Editor of *Canada Commerce*?**

It was extremely useful. I was impressed by the quality of comments that so many people took the trouble to write. They were all to the point and very constructive. Even the man who accused the federal government of "raping" the business world and said he couldn't possibly support *Canada Commerce* because of that, had some valid suggestions. I wish more readers would write more often — maybe we'll have to do surveys on a regular basis.

**Did it reveal anything that you had not already had a feeling for?**

I can't say I read anything surprising, except that I didn't expect the magazine would receive so many compliments. And some suggestions concerned areas we hadn't really thought about before.

**What were some of the narrative comments about?**

Many people want more information about GATT; more about services and assistance available to the smaller business; and more about the experience of business people in various parts of the world. Many readers also said they'd like to hear more from the department's Commercial Officers, the people we hire locally for our various posts. And there were quite a few comments on the problems Canadians have in getting financial backing for new projects.

**Have you formulated any editorial plans or changes as a result of the survey?**

The survey showed a number

of ways we can improve the magazine. Some things will take a little time but most of them are feasible. Other improvements, such as increasing the frequency of our Trade Commissioner listing, can be made almost immediately.

**Do you have any immediate plans to go back to the survey group, your Editor's Panel in the near future.**

I think maybe we should introduce some of the suggested changes and then ask for comments.

In all, we found the survey a worthwhile exercise. And doing it

the way we did, the costs were very low. We know more about you and what you are looking for in *Canada Commerce*. This magazine is yours. It is prepared here in Ottawa from a staggering amount of available information — from IT&C's almost 100 posts across Canada and from headquarters staff — as well as other government departments that relate to the Canadian industry and business scene. The more we know about what you want, the more we can provide you. We express our thanks to all of you who took the time to participate in our survey and we hope to hear from you again.





# First word from Democratic Republic of Vietnam

ROBERT LOGIE, Commercial Secretary, Peking

Canada recognized the Democratic Republic of Vietnam in 1973 but it was not until this year that our Ambassador presented his credentials in Hanoi. It was evident on this visit that the country has made tremendous progress in its reconstruction program and could, in fact, have the work finished by the end of the year. So much has been accomplished that it should be possible soon for the DRVN to move into new areas of economic development.

The very large aid programs of the socialist countries are now being supplemented by Western countries, several of which have recently established relations with Hanoi. Sweden is building a pulp and paper mill; France has announced an agreement to build at least four small factories; and other countries including Australia, Norway, Finland and Japan are working out the details of planned aid projects. The impact of this aid is expected to increase as more Western countries establish diplomatic relations. Foreign aid is currently very high in relation to the size of the economy, and can be expected to provide the country over the next few years with a basic roster of industries and a strong impetus to further economic development.

Foreign trade no doubt will share in this development, but for the time being it remains small. At present, the DRVN has relatively few products suitable for export to convertible currency areas. The outstanding possibility is anthracite, which is of extremely high quality, if somewhat limited in supply. Other products exported to Western countries include jute, peanuts, pineapple juice, raw silk, duck feathers, handwoven carpets, herbs, liqueurs, basketry, handicrafts of lace, bone and mother-of-pearl, bamboo, rattan, coffee, beans, peanut oil, vegetable gums, bananas, pepper, cinammon, sugar and shrimps. Many of these items are in short supply but DRVN authorities have shown willingness to set aside some supplies for trade with Canada.

The DRVN will need to import many products, although the country's ability to pay for these will be limited by its earnings. Initial discussions with North Vietnamese authorities revealed that they have an immediate interest in newsprint, wheat seed, printing papers, and mining equipment. The Foreign Trading Corporations have also indicated special interest in hybrid corn and soya seed, milk powder, grain drying and storage equipment, geophysical equipment, cable logging equipment, simple logging skidders, aerial survey equipment, aerial mineral exploration equipment, petroleum exploration equipment, communications gear, cattle and poultry breeding stock, electrical turbines, and earth moving machinery. In the longer run, there may be interest in Canadian metals, hides, ships, wheat, synthetic yarns, transportation equipment, and complete plant. Little information is published about the country's economy, therefore it is difficult to say what types of machinery and plant will be imported.

The 1975 State Plan refers to certain sectors which will receive priority this year, including: livestock raising, cement, flour milling, machinery building, food packing, construction, forestry, agricultural equipment, fishing, fertilizers, agricultural chemicals, port equipment, and mining. Of the 80 industrial projects scheduled for completion in 1975, a good many will be built with foreign aid, while a few will be purchased abroad. Western companies interested in supplying large machinery or complete plant may be expected to provide credit or accept barter payment. It is also common for would-be suppliers of raw materials to be asked to accept payment in finished product. Whatever the form of your contract, it will be backed by the DRVN government, which has a good reputation for meeting its business obligations to Western trading partners.

All foreign trade is channelled through a dozen-odd state foreign trade enterprises, each of which is

responsible for exporting and importing a certain range of products.

You can begin your contacts with the DRVN in three ways:

- 1) You may write to the DRVN Chamber of Commerce, whose responsibility it is to act as a central clearing-house for information about foreign firms, put them in contact with the correct foreign trade enterprise, and arrange business visits;
- 2) If from the attached list, it is obvious which enterprise handles the products you are interested in you may write to them direct. It would be a good idea to send a copy to the Chamber of Commerce.
- 3) If your travels take you through Hong Kong, you may wish to contact the general Hong Kong agent, who represents all the state foreign trade enterprises of the DRVN. An advantage of this approach is that the Commission for Canada in Hong Kong is in close contact with this agent and could follow up on your behalf. There is no commercial agent of the DRVN stationed in the western Hemisphere.

Whichever approach you choose, we urge you to keep the Canadian Trade Commissioners in Peking and Hong Kong in the picture.

## Visit to the DRVN

Visits are difficult to arrange but if your initial contacts suggest that a visit would be worthwhile, request an invitation from the Chamber of Commerce and the state trading enterprise you are dealing with. They will study your request and if they believe prospects for doing business are strong enough to warrant your visit, they will issue you the invitation.

Access to the DRVN is not easy. As of February 1975, the major gateway by air was through Vientiane, with service four times weekly by Aeroflot and Royal Air Laos. There is less frequent service

from Dacca by Interflug, from Moscow by Aeroflot, and from Peking (CAAC). This last flight sets down at Nanning, where passengers from Canton can make connections. In practice, most Western businessmen choose to fly in from Vientiane (which has good connections from Bangkok and Hong Kong) or to take the plane or train from the Canton Fair via Nanning.

In fixing your route, you will have to make allowance for picking up your visa. The DRVN has embassies in Europe (e.g. London, Paris, Stockholm), but none in North America and few in Southeast Asia. For Canadians arriving trans-Pacific, the DRVN Embassy in Tokyo will be convenient when it opens later in 1975. Vientiane is another obvious

possibility. The DRVN also has a Consulate General in Canton which Canton Fair visitors may find handy. Peking and Djakarta are also possibilities.

When you have mapped your route, advise the Chamber where you want to pick up the visa and they will arrange to authorize the appropriate embassy to issue it. Smallpox and cholera shots should be up to date. In scheduling your visit, keep in mind that summer temperatures are very hot and your hotel room will not be air-conditioned. Winter temperatures are more comfortable, but a fine misty rain is common. Also be sure to avoid the Spring Festival (usually early February).

Foreign currency at present can be exchanged only at the main

bank, two blocks from the Thong Nhat Hotel, and only in the morning. At this writing, the rate of exchange is 2.85 dong per U.S. dollar; some business visitors qualify for a preferential rate of 4.30 per dollar. Leading travellers cheques and U.S. cash are accepted. You should budget about 30 dong per day for your hotel room, 20 dong for food, 50 dong for a hired car, if you need one. Souvenirs and handicrafts are available for hard currency in the hotels.

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## On dealing with Indian agents

T. V. SUBRAMANIAN, Commercial Officer, New Delhi

Although Indian imports are limited in range and volume and restricted to either "actual users" or "canalized agencies", there is a large and growing tribe of agents whose presence is very visible. These agents play a vital role, as a link in the chain of complex selling processes in India. Regardless of the size of their business, most of these agents are intelligent, able and persevering, and generally effective. For foreign exporters, they are the men on the spot.

The Commercial Section of the Canadian High Commission is aware of the role of the agent in furthering Canadian exports to India, and so makes it one of its functions to help Canadian firms find and line up suitable representatives. Today, about 250 Canadian firms have such agents and the number is growing each year.

### Small, complex market

Selling to India is a complex process, and often bewildering to uninitiated foreigners. The market

is small (roughly \$3 billion) and the range is limited — nearly 80 percent of imports are capital goods, components, industrial materials, foodgrains and fertilizers. Thus, competition is keen. India does not import goods that compete with local products and carefully avoids over-imports of those that do not. There is never enough foreign exchange and so what is open for competitive bidding are items India imports with what little free funds it has of its own, or which are provided by World Bank or other international or untied national sources (mainly petrodollars).

The limited number of customers belong mainly to two categories: 1) *actual users* (direct end users), who are allowed just enough imports to meet their proven minimum needs, and are mostly government industrial and infrastructural enterprises; 2) *canalized agencies* (like STC MMTC), which account for 70 percent of all imports, bring in bulk raw materials for resale to end users. These entities usually buy

through competitive tenders, except when buying proprietary items or purchasing from Eastern Europe.

Canada is a major supplier of goods and services to India and ranks as the third to sixth source — depending on foodgrain imports. This high position has been due mainly to the large size of Canadian aid programs — about 70 percent of Canadian exports are aid-financed. Canadian exports to India totalled \$97.9 million in 1972, \$155 million in 1973, and \$121 million in 1974. Canadian firms have to work very hard to retain their foothold in the market, and generally find the going arduous.

Indian buyers take a long time to formulate their buying plans. After a lengthy process of vettings and verifications, when they are ready with their tenders, they often specify equipment already brought to their notice at some stage or other by the alert agent. Obviously, therefore, firms that respond after tenders are published are at a disadvantage. The moral here is that

#### Useful Addresses

**Chamber of Commerce of the Democratic Republic of Viet-nam**, 33 Ba Trieu Street, Hanoi;

**Viet-nam National Agricultural Produce and Foodstuffs Export/Import Corporation (AGREXPORT)**, 6 Trang Tien Street, Hanoi;

**Vietnam National Handicrafts and Art Articles Export/Import Corporation (ARTEXPORT)**, 31-33 Ngo Quyen Street, Hanoi;

**Vietnam National Bamboo and Rattan Export Corporation (BAROTEX)**, 37 Ly Thuong Kiet Street, Hanoi;

**Vietnam National Machinery Export/Import Corporation (MACHINO-IMPORT)**, 8 Trang Thi Street, Hanoi;

**Vietnam National Marine and Animal Products Import/Export Corporation (MERANIMEX)**, 17 Cu Chinh Lan Street, Haiphong;

**Vietnam National Minerals Export/Import Corporation (MINEXPORT)**, 35 Hai Ba Trung Street, Hanoi;

**Vietnam National Forest and Native Produce Export/Import Corporation (NAFORIMEX)**, 19 Ba Trieu Street, Hanoi;

**Vietnam National Complete Equipment Import and Technics Exchange Corporation (TECHNO-IMPORT)**, 16-18 Trang Thi Street, Hanoi;

**Vietnam National Sundries Import/Export Corporation (TOCONTAP)**, 36 Ba Trieu Street, Hanoi;

**Vietnam National Vegetables and Fruits Import/Export Corporation (VEGETEXCO)**, 6 Trang Tien Street, Hanoi;

**Hong Kong agent of the Democratic Republic of Viet-nam state trading enterprises:**

Pham Hong Quang  
General Representative  
National Import-Export Corporations of the Democratic Republic of Viet-nam  
Bank of China Building  
Hong Kong (telephone: 5-231590)

#### Canadian Trade Commissioners:

Mr. Armand Blum  
Commercial Counsellor  
Canadian Embassy  
10 San Li Tun, Chao Yang District  
Peking, People's Republic of China  
(telephone: 52 14 75)

Mr. M.C. Spencer  
Trade Commissioner  
Commission for Canada  
Asian House, 14/15 Floors  
1 Hennessy Road  
Hong Kong (telephone: 282222/7)

unless Canadian firms get in early enough in the "pre-tender period", they will gain little by bidding for the tenders. Then there are the vexatious post-tender negotiations often spread over long periods of time.

Canadian firms can rarely hope to have the facilities or patience to go through all these activities and often find submitting bids a sad experience; as a result they tend to become indifferent to further opportunities in India.

#### Agents essential

This is where the agent can help. He is the man on the spot who has the appropriate contacts with buying agencies; maintains adequate staff to be in constant touch with the buyer; knows how to sell, and usually has those vital qualities for successful selling — perserverance and patience.

Most exporters to India are already aware of this. All the major exporters from the United States, Britain, Germany and Japan have

such agents. Even the Soviets invariably use agents to sell to Indian corporations. Furthermore, multinational corporations, with their own sales offices in India, use agents to sell their products. Most Canadian successes have come with the help of agents.

The Indian agent is a unique person. He seldom expects a retainer and is obliged to collect his commission in rupees from buyers after completion of shipments, even though the process may take a very long time and has already cost him a tidy sum in promotion and follow-up. If he fails to get the contract, he chuckles, writes off the expenses, and goes after the next opportunity. In either case, he costs his principal nothing by way of money.

He is in the know as to what purchases are planned by the various prospects and what price, delivery terms, and dressing up of bids can win a contract. He gives his principal the benefit of his knowledge and experience, and feeds him regular intelligence.

The fee of the agent is the time-honoured commission expressed as a percentage of the value of business he has helped to bring in. But in these days of intense competition, there are no longer standard rates of commission, as often it is the amount of commission which decides the fate of a bid. Therefore, it is usually left to the agent and his principal to decide on a commission that would ensure the twin purpose of keeping the bid competitive and providing adequate compensation to the agent to make his efforts worthwhile.

By and large, the rate of commission is higher — even 20 per cent — in the case of machinery and equipment as they involve protracted selling efforts, post-sales service and low turnover. The rate is low on bulk consumer articles such as fertilizers — there have even been cases where agents have operated on as low a margin as 0.5 percent.

### **Choosing an agent**

Selecting a representative is difficult. These hundreds of agents include the prestigious "large houses", foreign-owned trading companies, smaller companies and individuals whose only claim is "contacts".

Who is best? Certainly not the large houses as they no longer have the incentive to work on behalf of individual firms for small margins in an uncertain import market. These days they are concentrating on manufacturing and selling their own products where the returns are better. Indeed, they are generally no longer interested in overseas agencies.

Most of the foreign-owned trading houses are also ineffectual as their ability to take on new agencies and even renew the existing ones are subject to procedures with which they are unwilling and unable to comply. Such trading houses are either closing down or, to be able to continue, "Indianizing" themselves.

This leaves the medium and smaller firms and the individuals. Certainly they are the most effective. They find no business too small and are ready to give concerted attention to each account.

But who among them are the best choice? Obviously these would be those with headquarters or offices in New Delhi who do not hesitate to travel about to cultivate and service the customers. Being in Delhi is important because it is the city where the government buyers have headquarters; and in the centralized decision-making system in India, where the government plays a dominant role, it is imperative that the agents be close by.

For industrial commodities (such as metals, newsprint, asbestos, sulphur, fertilizers) it is immaterial whether the agent is a firm or an individual as the purchases are canalized through single entities located in Delhi. All that the good agent requires by way of qualifications are alertness, intelligence and contacts.

But in the case of value-added items, where hard and patient

selling efforts and technical knowledge and post-sales service facilities are required, medium and some smaller firms are the ideal choice. It does not matter if they do not have all the necessary capabilities "in house" — it is enough if they have ready access to all these when the need arises.

### **Help your agent**

Having accepted the philosophy that agents are indispensable to sales efforts, it is essential to keep their loyalties and enthusiasm unimpaired. This is by no means difficult. First, Canadian firms should be ready to supply complete literature and other sales aids. They must respond to the agents' communications promptly. (Many agents have complained of the tendency of Canadian principals to sit pretty on correspondence — even telexes, some seeking crucial information; this is in marked contrast to the promptness of U S, Japanese, German, Italian and French firms.) Next, Canadian firms must send their executives at least once in a while to visit the market — perhaps as part of a Southeast Asia tour — to talk to the agents and visit the prospects together. Canadians should also be ready to send technicians for either troubleshooting or to help explain technical merits of their equipment.

Finally, agents must be appointed on an exclusive basis to avoid duplication of bids — the buyers are apt to reject all bids of the same equipment presented through more than one agent.

### **Caution**

One thing to remember about agents is that they often tend to have competing agencies — as that is how they have built up their expertise and their facilities. Until recently, when bilateral aid credits were freely available, this did not result in any conflicts of interest, but when open market conditions come back — as they are tending to now — the conflict can be serious and favour non-Canadian firms.

The agent on his part is quite hap-

py to carry competing agencies as it gives him the freedom to offer and pursue the best among these, but the risk is that if the agent does not consider his Canadian product the best, he may play it down and push a competing product. It is therefore up to Canadian firms to ensure that their goods are competitive and that their agent is in a position to promote them properly.

### **We can help**

The Commercial Section of the Canadian High Commission plays an active role both in choosing the agents and in ensuring their usefulness. The Section is aware of the capabilities, limitations and areas of specialization of each existing and potential agent and is usually able to suggest appropriate agents.

We also provide services to appointed agents. These include assisting them in their selling efforts in any way necessary. Officers of the Section often accompany the agents on visits with customers when such visits appear useful and we also help the agents maintain communication with their principals.

For more information, contact your Regional Office. You can also write to us at the Canadian High Commission, P.O. Box 5208, Shanti Path, Chanakyapuri, New Delhi 21, India.

# Thailand: Dramatic changes but economy strong

JOHN M. HILL, Commercial Secretary, Bangkok

Thailand and Canada are as dissimilar as any two nations on earth — and half a world apart as well. The Thai economy is geared to agriculture and the export of such products as rice, maize, rubber, tin and tapioca, with the vast majority of its labour force living in rural areas. And of course, the people of Thailand — their institutions, religion, cultural traditions and ways of doing business — are quite different from our own. Yet despite the thousands of miles and the 12 time zones which separate the two countries, recent years have seen increased activity on all economic fronts — trade, development assistance, tourism and investment.

Two-way trade jumped by an astonishing 60 percent in 1974, with both countries increasing their exports by similar percentages. Canada's exports to Thailand continue to be, in the main, such traditional products as newsprint, aluminum, wood-pulp, asbestos, non-ferrous metals and sulphur — 60 percent of our overall trade.

Our sales of certain fully-manufactured goods, including electrical equipment, hand tools, materials-handling and construction equipment grew significantly during the past year, although less than a handful of individual Canadian companies benefited from this increase. Sales of these products accounted for about 27 percent of our exports to Thailand, with the remaining 13 percent spread over a range of semi-processed materials, manufactured goods and agricultural products.

Textiles, exotic oriental woods, lac and crude shellac, gems and shrimp made up the principal Thai exports to Canada. Canadian buyers made more numerous visits to Thailand, and interest was shown in private-label packing of fruits, vegetables and seafood. Thailand's first participation in a major Toronto giftware show in 1974 aroused considerable buyer interest, and should lead to greater sales in Canada of Thai handicrafts, teak, silk, bronze-ware and giftware items.

Despite the substantial growth of

1974, Canadian trade with Thailand remains small, both in relation to exports to neighbouring countries in the region and to the global situation. Canada and its products remain largely unknown in Thailand — and vice versa. On the other hand, many smaller Canadian companies — utilizing a range of government support, such as the Program for Export Market Development, and provincial government sales missions — have established new agencies and buying connections.

More recently, political and military developments in Thailand's neighbours have been widely reported and to the armchair observer in Canada may have added an increased aura of uncertainty about an already little-known country. And the period since October 1973 has also seen dramatic changes in the Thai political scene, with the changeover from a military-led government, the drafting of a new constitution, elections in early 1975, the emergence of a coalition government, as well as continuing student demonstrations and labour unrest.

But Canadian business people should note that over this same period of rapid political and social change, the Thai economy has remained strong. Thailand's major export products have benefitted from rising prices, and have assisted in offsetting the rise in oil prices. Foreign exchange reserves have increased to \$1.5 billion, and the balance of payments outlook is positive. The rate of domestic inflation has slowed considerably, following a rapid rise in 1974. Despite difficulties in the domestic textile industry, and a drop-off in new investment in the private sector, there is a consensus among economic observers that Thailand can handle the strain now felt throughout the world.

What this means for Canadian exporters is that there are, and will continue to be, good trading opportunities in Thailand — opportunities which are keenly pursued by Japanese, Australian, and

European businessmen. Canadian products, services and business skills can be fully competitive here, as demonstrated by the following: the signing of a major \$20 million contract for power boilers; the winning of an ADB-financed highway design and construction supervision contract; and the establishment (through equity investment) of a local presence by two of Canada's major international banks.

The recent publication of a special "Canada Supplement" in a leading local business magazine drew advertising support from 66 percent of the Canadian companies approached, with 18 individual companies taking up space. Yet despite these encouraging trends, only a limited number of Canadian companies have pursued the opportunities in Thailand.

At this time, guidelines for the Fourth National Economic and Social Development Plan (1977-1981) are being formulated, and while details of the Plan will not be available until mid-1976, the following areas will provide opportunities for Canadians:

#### **Electric power**

Continuing requirements for imported electricity generating, transmission and distribution equipment by the Electricity Generating Authority of Thailand, and the two distribution utilities — the Metropolitan Electricity Authority and the Provincial Electricity Authority. Untied multilateral and other financing sources are available.

#### **Communications**

Both World Bank and other untied financing sources will be used by the Telephone Organization of Thailand which has ambitious plans for expanding both local and long distance telephone service.

#### **Resource industries**

Mining development policy and the role of foreign mining companies is currently under review. A government-supported Mining Development Corporation is likely. There should be continuing opportunities for Canadian min-

ing companies to search out new deposits on a joint venture basis.

The forestry sector offers possibilities for direct Canadian involvement in all phases including investment, project management and equipment supply.

**Transportation**

There will be continuing activity in the transportation sector, including highways and feeder roads; the upgrading and development of new port facilities; increasing the efficiency of the nation's railway system; and development of a major new international airport.

**Water, tourism, housing**

Major projects are underway or in the planning stage for urban water distribution, the construction of major irrigation dams and distribution systems; there is a comprehensive development plan for tourism; and there is a new emphasis on the development of low-cost housing around metropolitan Bangkok.

Underlying many of the projects will be the requirement for consulting engineering services. Increased economic development activity in the rural area will lead to good sales prospects in construction, materials handling, mining and forestry equipment.

As a developing country with a modest industrial base, Thailand will continue to be an importer of a wide range of industrial machinery and equipment, electronic products, specialty chemical products, etc. There is a small but affluent market for highly-taxed consumer goods, now principally supplied from the United States and Europe.

Doing business in Thailand is a challenge. You must visit the market — not once, but on a regular basis. Representation or agency relationships can be established with a wide variety of companies, ranging from the traditional, multi-product, old-name trading houses to small one-product, one-project or one-man organizations which have



*Temple of the Emerald Buddha.*



*Thailand offers good buys in star sapphires, rubies, blue and white zircons, and pearls.*



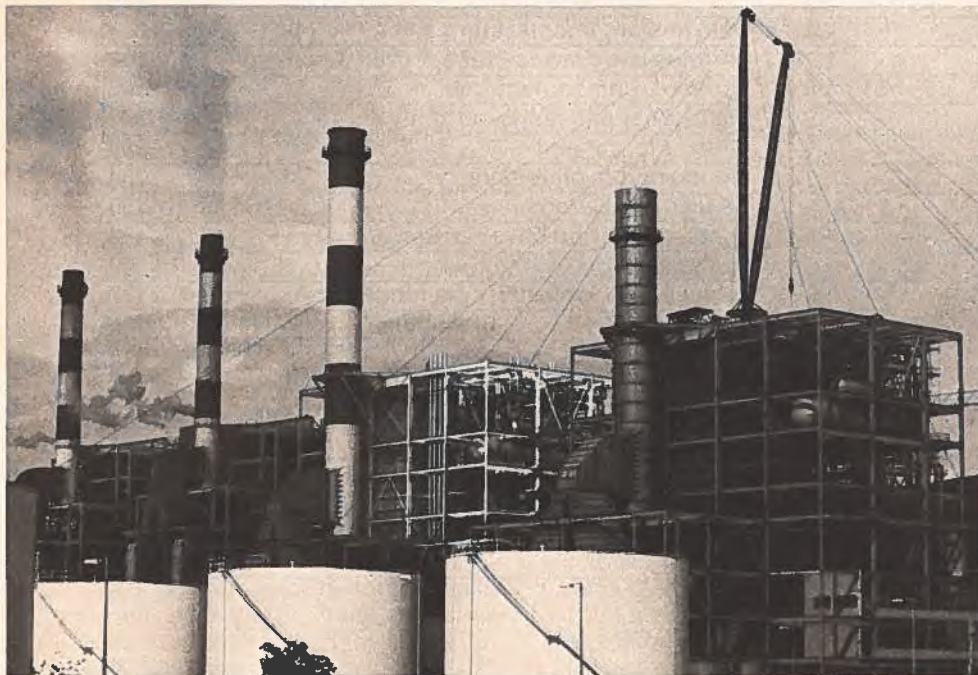
*The ploughing ceremony, held every May at Phramane Ground near the Grand Palace in Bangkok, to signal the farmers that it is time to start ploughing for the new rice crop.*



*Catching lobster the hard way, Southern Thailand.*



*Thai textile plant.*

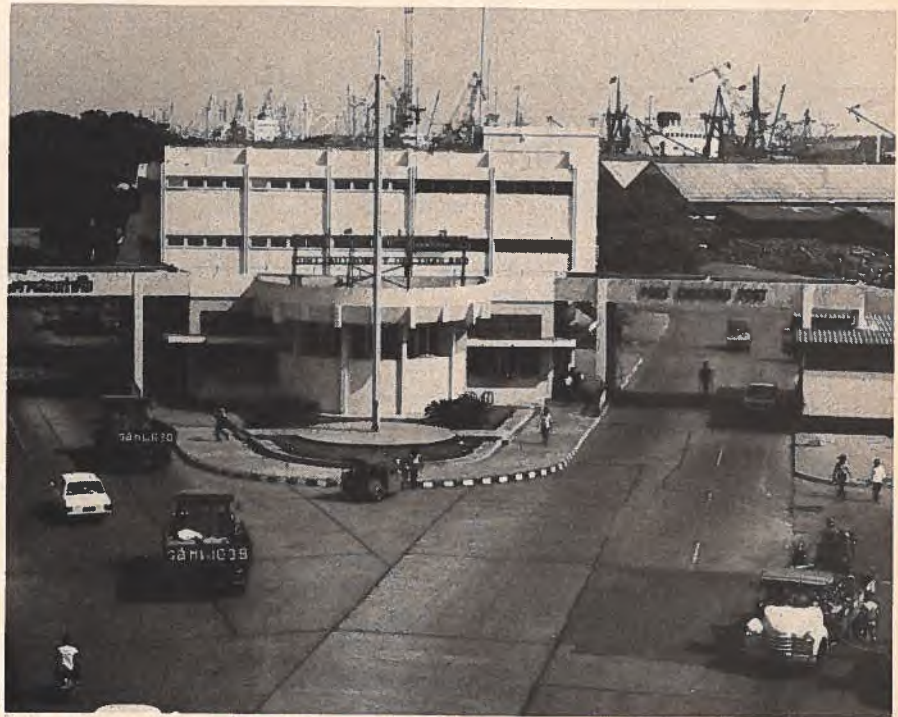


*South Bangkok thermal generation plant will have ultimate capacity of 1,300,000 Kw.*

good contacts. Many successful foreign companies combine the talents of both.

You must, of course, provide your agent with the tools of the trade, i.e. complete support, with brochures, technical information, product stan-

dards, c.i.f. prices, etc. The relationship between you and your agent is the key. Remember that it is entirely likely only your agent will be able to interpret the disposition of the customer and/or user, just as the agent is the one who will understand the subtleties of doing business here. And there is another point — many Canadian business people arrive here without brochures, price lists or even their company's annual report. Generally, they leave without company's annual report without making much impression on the market. For more information, write either the Asia Division, Pacific, Africa and Asia Bureau, Department of Industry, Trade and Commerce, Ottawa or the Commercial Division, Canadian Embassy, P O Box 2090, Bangkok, and you might send a copy of your correspondence to your Regional Office.



Port checking post of the Port Authority of Thailand.

**Canada's 1974 exports to Thailand . . .**

	(\$ million)
Newsprint paper	4.1
Electricity distribution equipment	3.6
Aluminum	3.2
Woodpulp	2.8
Asbestos	2.7
Zinc	1.4
Hand tools	.8
Files and rasps	.7
Materials handling equipment	.7
Copper and alloys	.6
Steel plate, sheet and strip	.4
Construction machinery	.3
Sulphur	.3
Telecommunications equipment	.2
Others	3.0
<b>Total</b>	<b>24.8</b>

**...And our imports**

	(\$ million)
Drill twill warp sateen, cotton	.904
Lumber, exotic species	.791
Lacquer and crude shellac	.646
Gem and ornamental stones	.586
Shrimps and prawns (fresh, frozen & canned)	.452
Tobacco, unmanufactured	.306
Flannel napped fabric, cotton	.305
Pineapple, canned	.258
Mono-sodium glutamate	.254
Veneer, hardwood	.185
Pants, men's and boys', cotton	.181
Beans, dried	.166
Tableware, not plastic, ceramic or glass	.137
Barbed wire	.116
Blouses, knitted	.114
Broad woven fabrics, cotton unbleached	.089
Shellfish and products (not fresh or frozen)	.082
Flooring, hardwood	.061
Shorts, outerwear, knitted	.043
Crude natural rubber	.041
Other products	.883
<b>Total</b>	<b>6.600</b>

## Canada/Iran trade at takeoff point

M.W. MURISON AND R. LOCKHEAD, Task Force for Iran, Iraq and Saudi Arabia, IT&C Ottawa

Last July, the inaugural sessions of the Canada / Iran Ministerial Joint Commission for Trade and Economic Co-operation took place. The announcement following the sessions — that there was agreement in principle for Canada to participate in Iran's development program to the tune of \$1.3 billion and negotiations for another \$650 million worth of business were underway — was well covered by the media. But not much has been said or written about how and why the Joint Commission came into being.

The Commission's establishment was one result of the Trade Development Mission which Alastair Gillespie led to Iran, Iraq and Saudi Arabia last year (*Canada Commerce*, August 1974). During the discussions in the Middle East it was agreed that development of bilateral trade relations could best be furthered within the framework of government-to-government arrangements. The Canada / Iran Joint Commission is intended to provide such a mechanism.

The idea is to identify and, where possible, implement projects suitable for co-operative development and during the visit to Canada of Iran's Prime Minister Hoveyda in December 1974, it was decided that the vehicle which allowed the greatest flexibility was a Joint Commission. It would accommodate Iran's desire for government-to-government deliberations and also provide Canada with a vehicle by which Iranian attention could be focused on the broad range of Canadian capabilities. In addition, Joint Commission meetings at regular intervals would ensure the continuing contact so vital to the developing relationship.

The primary task of the Joint Commission is to identify projects for co-operation between Canadian and Iranian enterprises and to assist their implementation. To take advantage of this, the Department of Industry, Trade and Commerce undertook an investigation of Canadian activities in Iran.

Following an inventory of projects under active negotiation by Canadian companies, the firms involved were surveyed to determine ways in which the Canadian delegation to the Commission could move negotiations forward. These firms and many others with a well-defined interest in the market were then included in a round-table session with the Canadian and Iranian delegations following the business meetings of the Commission's first sessions.

The two delegations reviewed Canadian capabilities and Iranian requirements in a number of sectors. Using presentations prepared in co-operation with the Canadian firms, the Canadian delegates were able to discuss thoroughly with their Iranian counterparts the projects under review and specialized working groups were established. In this way the Commission was able to focus on the progress made on individual projects, deal with problems that had arisen, and consider ways to facilitate implementation of projects. The Commission's work was supplemented in some cases by direct meetings between Canadian businessmen and Iran's Minister of Industry and Mines, Farrokh Najmabadi.

The result of these deliberations was the headline-grabbing set of agreements between Canadian and Iranian enterprises worth a total of \$1.3 billion. A number of Canadian firms are involved. Alcan Aluminum Ltd. is to undertake construction of smelting and fabricating facilities, together with Iranian partners. P.S. Ross will be the lead firm of a Canadian group asked to co-operate in the development of a centralized marine administration in Iran, including training facilities, and a variety of navigational aids and other hardware. The burgeoning Iranian cement industry will be further expanded by the award to Reid Crowther and Associates of a contract for the design and construction of a cement plant. Other Canadian firms in this group in-

clude Stadler Hurter Ltd. (development of pulp and paper industry), and Canada Wire & Cable Ltd. (joint venture for wire and cable production). The total package, as you may know, represents the largest single trade deal ever concluded by Canada.

But the Joint Commission meetings achieved a great deal more than this impressive array of projects. At the end of the two days of meetings, Mr. Gillespie was able to announce also that a second group of projects valued at some \$650 million was at an advanced stage of negotiation.

Obviously, these first sessions of the Joint Commission were immensely successful. The potential for trade between the two countries, in goods and services, is vast. What made the results of the first meetings even more promising was that both sides made it clear that the ultimate objective is a stable, long-term relationship based on mutual benefit and closer overall relations.

The Canadian delegation, therefore, also made presentations on the wide range of Canadian capabilities not included on the "shopping list" of specific projects. During these discussions, construction, particularly housing, and mineral exploration and development received prominent mention, as did forestry development. Iran indicated a special interest in the wide variety of products and technology available from the Canadian electronics industry. It was also suggested that Canada's skills in agriculture and especially food processing have a good market in Iran.

Some measure of the vast potential for an expanded two-way flow in goods, technology and technical skills is evident in the scope of Iran's current development plan. The fifth Five Year Development Plan (1973 / 1977-78) was originally approved early in 1973. Subsequent sharp increases in oil prices and government revenues during 1973 and 1974 radically altered the plan's financial

projections and called for a complete revision. The revised plan, calling for a total fixed capital investment of nearly \$70 billion, doubled the 1973 version's estimates and is seven times larger than the Fourth Plan (1968-69/1972-73).

The plan places heavy emphasis on improved material welfare and quality of life. In education, the government wants to develop the supply of skilled manpower to overcome a severe shortage of native technical and managerial skills. The resulting investment program will represent 4.7 percent of GNP in the Fifth Plan, and will involve construction of schools and implementation of a variety of training programs for technicians, teachers and managers.

In public health, medical services and nutrition, the government has adopted a wide range of policies to improve basic services. These measures include expanded preventative health services and medical care, a school food program, and a comprehensive health insurance scheme to be effective by the end of the Sixth Plan. A large number of hospitals and clinics will be built.

The government will implement a social welfare program which will include workers' and farmers' social security, welfare services for low-income and un-insured groups, and rehabilitation of the disabled. This program calls for \$1.2 billion in government expenditures, of which \$133 million will be used for fixed investment and the rest for current operations.

The rapid population growth, a more equitable distribution of national income and the consequent increase in the standard of living have intensified the need for urban infrastructure, particularly housing. The Fifth Plan calls for construction of one million housing units during the five-year period, of which 800,000 will be built in urban areas. Total investment will be around \$14 billion, mostly by the private sector, but with a government con-

tribution of some \$3.5 billion.

Other programs will encourage the private sector to expand domestic production of building materials and prefabricated housing. Along with the housing requirement there will be a need for a large number of commercial complexes on a turnkey basis.

On the environmental side, intensive programs for ecological surveys, pollution control research, conservation and rehabilitation of the environment will be carried out. Total allocation over the five years will amount to about \$200 million. This is in addition to expenditures on pollution controls that will be required to bring new plants up to recently stiffened environmental standards.

Since 40 percent of the Iranian labour force still lives in rural areas, one of the major objectives of the plan is to increase the level of agricultural production and the size of farmers' per-capita income. Consequently, acquisition of advanced agricultural technology, especially for rural co-operatives, farm co-operatives, livestock complexes and agri-businesses, has been given high priority. A highlight of this part of the plan is a program for the development, on a turnkey basis, of a series of large integrated dairy complexes.

Because of the growing need for reliable water supplies for urban, agricultural and industrial purposes, basic objectives of the Five-Year Plan are to provide water supply in urban areas; to increase the total area of irrigated land; and to increase hydro-electric power generating capacity. To achieve these objectives, a variety of programs are under development with emphasis on dams, and urban storage and distribution facilities.

In manufacturing, the main objectives are to expand existing plants and to encourage smaller organizations to merge to make most efficient use of industrial capacity; to establish new industries producing capital and intermediate goods to reduce future dependence on imported goods;

and to promote agriculture-related industries to overcome shortages of food. Some of the industrial projects receiving particular attention are: chemicals and petrochemicals, cellulose, cement, construction materials, ore concentrates, capital and intermediate goods manufacturing, the automotive industry, petroleum, natural gas production and mining.

In transport and communications, the basic objectives are to establish a modern telecommunications system for land, sea and air transport, and to speed expansion of the highway network. Increased port capacity, extension of the railway network and increased shipping services are also in the works.

This, of course, is not a detailed breakdown of the Fifth Development Plan. Rather, it is a summary intended to convey the plan's scope and the potential for sales of Canadian goods and services.

The second annual meeting of the Joint Commission will be held in Tehran. While there is no permanent secretariat for the Commission, IT&C has established a Task Force for Iran, Iraq and Saudi Arabia to co-ordinate a market development plan for these three countries. Canadian businessmen wishing to know more about the Canada / Iran Joint Commission or the opportunities in any of these three countries should contact the Head of the Task Force, J.L. Swanson, Department of Industry, Trade and Commerce, 112 Kent Street, Ottawa K1A 0H5 (613-996-9195).

## Procurement under World Bank projects

JOHN A. KING

This article originally appeared in the World Bank Publication, *Finance and Development*. Its author has been with the World Bank since 1963, in a number of senior positions. Currently, he is Assistant to the Vice President, Central Projects.

The cost of procuring goods and services under World Bank development projects (including the International Development Association (IDA) after 1960) from the time the Bank opened its doors in 1946 to June 30, 1974 has amounted to \$18,770 million. Procurement costs paid by the Bank first reached an annual rate of \$1,000 million in fiscal year 1967 and of \$2,000 million in fiscal year 1974; during fiscal years 1970-74 they averaged slightly over \$1,500 million a year.

The Bank's interest in procurement under its loans stems directly from the "project" requirement of its Articles which stipulates that it should lend for specific projects, except in special circumstances, and that it should ensure that the proceeds of the loan are used only for its specified purpose, with due attention to economy and efficiency. These requirements, among others, were included in the Articles to prevent a recurrence of some of the unsound practices characterizing international lending in the Nineteenth and early Twentieth centuries. They make it necessary for the Bank to ascertain what happens to the money it lends, and to supervise the execution of the projects it helps to finance, including the procurement of the necessary goods and services for them. But the Articles do not give much guidance about procurement policy and practice, and not all of the considerations which go into current policy and practice, were evident in 1946.

Scarcity was the controlling factor in procurement during the late 1940s and early 1950s. As productive capabilities of Europe and Japan had been extensively damaged by World War II, those countries were not interested in production for export. Virtually the only source of supply for capital goods was the United States. During this time, the Bank's primary concern with procurement was to help borrowers locate sources of supply for the goods and services they needed and to get the necessary government priorities

(usually in the United States) to procure them. International competitive bidding was then irrelevant.

Yet, during that early period the Bank made a crucial policy decision on project execution, including procurement, that is even more appropriate in today's very different development climate. It decided that the ultimate responsibility for project execution rests with the borrower and not with the Bank. This policy set limits to the Bank's role in procurement: the Bank can be (and is) a legislator and a judge but never the executive.

Simultaneously, the Bank recognized that its borrowers often lacked the skills to conceive, design and carry out the development projects which the Bank was being asked to help finance. To assist in meeting these deficiencies the Bank began recommending at an early stage that its borrowers and potential borrowers engage consultants to help carry out this work. The concept of engineering consultants, responsible only to the standards of their profession and independent of manufacturers of equipment or of contracting or construction firms, was the accepted commercial practice in Canada, the United Kingdom, and the United States. This concept, with its obvious advantages of professional competence, integrity, and lack of financial interest in any particular solution, therefore, became an element of the Bank's procurement policy.

The consultants were selected and engaged by the borrower, after consultation with the Bank, on the basis of professional qualifications and experience but without price competition. However, since firms of independent consulting engineers were not a part of commercial practice in much of continental Europe or Japan, this difference in commercial practice led in later years to some question regarding the fairness of the Bank's procurement system.

### International competitive bidding

By the early 1950s, however, a considerable amount of reconstruction had been achieved in Europe, thus opening up additional sources of supply for the goods and services needed for Bank-financed projects. This change led the Bank to develop a more specific procurement policy, and in 1951 it began introducing international competitive bidding (ICB) as the normal procedure for procurement of the goods and works needed for its projects. ICB is based on international notification of the opportunity to submit bids, clear and fair specifications, and the awarding of the contract according to the bid which, after evaluation, was determined to be the lowest meeting the specifications. This procedure met the requirement of the Articles for economic and efficient execution, by helping the borrower to get the best value for its money while guarding against discrimination and corruption. It also achieved the objective, derived from the Bank's character as an international institution, of giving all member countries an opportunity to compete in the supply of goods and works, thus contributing to the free flow of trade and facilitating investment for productive purposes. The Bank's Engineering Adviser at that time, General R.A. Wheeler, played a large role in establishing this policy. General Wheeler came to the Bank from the U S Corps of Engineers, which traditionally has been responsible for the execution of large civil works through competitive bidding. His familiarity with these procedures and with the concept of independent consulting engineers undoubtedly helped to establish these concepts as the basis for the execution of projects financed by the Bank. But the Bank could not in the long run have disregarded competitive bidding, the most widely employed safeguard against waste, corruption, and discrimination in procurement by public bodies.

ICB was ideally suited for the

type of project which the Bank was financing in the 1950s and early 1960s. The projects, more than two thirds of which dealt with power and transport, consisted of large civil works such as dams, major highways, and ports, or of heavy equipment such as electric generators, locomotives and rolling stock, and steel-making or mining machinery. These projects were designed by foreign consultants, and built by foreign contractors with equipment supplied from abroad. Since very few countries supplied a major part of these goods and services at that time, 55.6 per cent of the payments for them went to manufacturers or contractors in the United States, the United Kingdom, Germany, and France during the period 1946-64.

### Expansion and changing concepts

By the early 1960s however, circumstances affecting procurement under Bank-financed projects began to change. First, the Bank expanded its lending into new sectors. As a result, the Bank today lends for a wide variety of projects in agriculture, education, population planning, tourism, telecommunications, urban and rural development, and water supply, in addition to the traditional sectors of electric power and transport. Lending for agriculture, the single most important sector, amounted to almost \$1,000 million for about 50 projects in each of the last fiscal years 1973 and 1974. Further, the concept has evolved from the monolithic, capital-intensive, engineering-oriented project of the late 1940s and the 1950s to projects not only concerned with the transfer of capital but also with policy and institutional changes, the introduction and demonstration of new technology, and the improvement of the well-being of individuals.

This change in both scope and concept of projects has had an impact on procurement. The volume of Bank-financed business has grown greatly, from one \$250 million loan

in fiscal year 1947 to 174 loans, totaling \$4,300 million, in fiscal year 1974, and it is expected to continue this expansion. Lending for power and transport is expected to grow in absolute terms in accordance with this trend, but the share of these sectors is declining. This means a different character of equipment and works to be financed — proportionately fewer turbines, generators, or locomotives and more school furniture, laboratory equipment, and simple farm machinery; proportionately fewer major civil works such as dams and ports and more land clearance, simple irrigation works, rural school buildings and family planning clinics.

There were also implications for international competitive bidding. The number of countries supplying goods and works has recently increased greatly, making competition more intense. The share provided by the four largest supplying countries (Germany, Japan, the United Kingdom and the United States) has declined from 55.6 per cent for the period ended in fiscal year 1964 to 43.1 per cent in fiscal year 1974, when nine other countries — Australia, Belgium, Canada, France, Italy, the Netherlands, Sweden, Switzerland, and Yugoslavia — received an additional 20.3 per cent of disbursements. In addition, the pattern of competition among the developed countries has changed during the past decade, with a relative decline in the share of the United Kingdom and the United States and the emergence of Japan as a major supplier to the developing world (see the accompanying table). More important for the future, suppliers from a number of developing countries, such as Brazil, India, and Yugoslavia, are now successfully seeking business from Bank borrowers in other countries. There is also greater participation by manufacturers and contractors from the borrowing country itself, particularly for minor civil works, such as school buildings and feeder roads, and for simple equipment such as small

farm machinery or school furniture.

These changes have brought about some modifications in procurement policy. With the growing concern for development and the developmental impact of its projects, the Bank has become more interested in the emergence of local manufacturers and contractors and it has been able to foster such institutions within the framework of its procurement policy through two methods.

First, it developed a policy of accepting a margin of tariff preference in the evaluation of bids for domestically manufactured goods: 15 per cent or the actual tariff, whichever is lower. This policy, formally adopted in 1962, represented a reasonable ad hoc effort by the Bank to reconcile its concern for the development of local industry and the impact of its projects on development with the considerations of economy, efficiency, and international fairness and cooperation that had led to the adoption of international competitive bidding for procurement. For more than a decade, no similar preference was provided for local contractors because it was thought unnecessary in view of the natural advantages already enjoyed by the local contracting industry. In January 1974, however, the Bank's Executive Directors approved an experiment intended to foster the development of domestic civil works among contracting industries in countries with a per capita gross national product of \$200 or less, which are only 40 in number but include such large countries as Bangladesh, India, Indonesia, Nigeria, and Pakistan, through the application of a 7½ per cent preference in the evaluation of bids for bona fide, qualified, domestic contractors. The experiment initially covered civil works in projects approved by the Board during a one-year period ending in January 1975, but it has recently been extended for another year because of lack of experience during the first year to permit evaluation of its impact. The new

policy also provides other measures and incentives to help to develop local contractors.

Second, the Bank recognized the need for more exceptions to the ICB procedure, because it was not economic and efficient to require it for the procurement of goods and works that were too small or too dispersed to be of interest to foreign suppliers and contractors. There had always been some exceptions — for example, when the need for standardization made it appropriate to buy new equipment from the supplier of the old units. There had also been projects for which ICB was not suitable, such as those where the loan was to a financial intermediary, a development finance company, or an agricultural credit agency for on-lending to local borrowers whose individual expenditures would be so small, varied, and extended over time that ICB was impracticable. With the changes in policy, the exceptions to ICB became more common and more extensive. Competitive bidding not notified internationally but advertised locally and carried out in accordance with local procedures (acceptable to the Bank) increasingly became the most economic and efficient way of procuring many project items, and construction by force account or "international shopping" was accepted by force account items. Today, procurement is carried out in a variety of ways. Although ICB continues to be the norm, a very large number of transactions are governed by other forms of procurement.

#### **Criticism of the procurement system**

Over the years, the Bank's procurement system has worked very well, in the judgment of most observers, but because the concepts on which it is based are of necessity an attempt to reconcile conflicting interests, it has given rise to frustrations and has been criticized both fairly and unfairly. There are conflicting interests among suppliers of goods and

works from outside the borrowing country (usually but not always from developed countries), between suppliers from outside the borrowing country and local suppliers, and between the borrower itself and other concerns of its government. As legislator and judge the Bank seeks to achieve a balance and equity among these interests.

As legislator, it sets down its rules in advance; these are outlined in its *Guidelines for Procurement Under Bank Loans and IDA Credits*, which were first published for general use in June 1964 and have been periodically revised since then. The procurement procedures for all project items are established, in conformity with the Guidelines, in the loan documents. Even for contracts entered into before the loan is approved and signed, these procedures must be followed if the Bank is to disburse for expenditures under these contracts.

As judge, however, the Bank has the alternatives of review before or after the event; it can either review the bidding documents before bidding is invited, as well as the evaluation of bids and proposed award before it is made, or it can review the process as a whole after the award is made and when it receives the request for disbursement. In either case it decides whether the procedures established in the loan documents and the Guidelines have been followed. It is the practice today to require prior review for all significant transactions, in order to protect both the borrower and potential suppliers — the borrower from uneconomic procurement and the risk of not being reimbursed, and the suppliers from possible unfairness. This practice is, however, criticized sometimes by borrowers on the grounds that it is paternalistic and causes delays.

There are three major areas in the administration of procurement where the Bank has been subject to criticism:

### **The Bank's role**

As mentioned earlier, the Bank takes the legal position that the ultimate responsibility for implementation of a project, and hence for procurement, rests with the borrower. But as a development institution, it is also concerned with improving the institutional capabilities of its borrowers. These considerations limit its role in the procurement process. If the borrower acts reasonably in selecting its consultants, and if the borrower and its agents prepare the bidding documents reasonably in accordance with accepted practice and evaluate the bids in a reasonable manner, the Bank cannot substitute its judgment for theirs. This role is not always clearly understood by those who wish to supply the needed goods and services, and the Bank is often urged to involve itself more deeply in the selection of consultants, the preparation of specifications, or the evaluation of bids. But such involvement would not be in accordance with the legal responsibilities of the borrower; it would be a mistake as a matter of development policy, and it would be unmanageable administratively.

Inevitably, however, there are more losers than winners, and some of the losers may feel that theirs was the best offer and should have been accepted. Therefore, they may ask the Bank to intervene. The Bank will do so only if, after an examination of the facts, it concludes that the borrower or its consultants acted unreasonably or arbitrarily. And its intervention is limited as well; it cannot compel the borrower to award the contract to the lowest evaluated bidder determined in accordance with the proper procedures if the borrower refuses to do so. The Bank's sanction is limited to refusal to disburse against a contract awarded contrary to proper procedures and to cancellation of that part of the loan.

### **Consultants**

The role of consultants in the Bank's scheme of procurement poses several problems. First, the concept of independent engineering consultants is not part of the commercial practice in many developed countries, and in many developing countries there is neither the concept nor the engineering capability in any form. This has led to criticisms of the national allocation of this type of work, when some countries believe that their engineering profession is discriminated against. There may be some foundation for this complaint. In at least one developed country, Italy, where the concept is not part of domestic commercial practice, consulting firms have developed which meet the Bank's standards and which do a substantial amount of business, financed by the Bank and from other sources, in developing countries. And a number of developing countries, notably Brazil, Colombia, and Mexico in Latin America, and India and Pakistan in Asia, now have a local professional capability, in some cases developed in response to the needs of Bank work.

A related complaint is that contractors and manufacturers from one country are alleged to be at a competitive disadvantage if the consultants are from another country, particularly when both consultants and contractors or manufacturers are from the same country. This disadvantage, it is said, could be the result of both witting and unwitting actions, possibly arising out of differences in national engineering practices and standards. This complaint, however, is not borne out by experience. The Bank watches over this possible danger closely and requires, among other things, that the consultants prepare neutral specifications, so that no bidders from any country are favored. Also, the results of procurement demonstrate that the nationality of consultants is irrelevant; Germany and Japan have

been remarkably successful in supplying goods and works for Bank-financed projects but very few consultants from these countries are responsible for the design and implementation of Bank-financed projects, and other countries which have supplied a substantial share of consultants, such as the United States and Canada, do not receive a proportionate number of procurement awards. It is worth noting that in the great hydroelectric projects which the Bank has helped to finance — Kainji, Kariba, Volta, Mangla, and Tarbela — the consultants were of a different nationality from that of the prime contractor. Finally, in these days of national sensitivity, it may be a positive disadvantage to both contractor and consultant if they are of the same nationality, particularly during the implementation phase; they may be suspected of uniting against the borrower in the case of claims or controversies.

In addition, two other criticisms of the consultant system have some merit. First, it is claimed that the system works against the selection of new firms, specialized firms, and local firms, and that it favors the selection of large, established firms from the developed countries. The entity responsible for executing the project — for example, a national power authority is more likely to know about the work of established firms (it may in fact already have a good working relationship with such a firm). In protecting itself against criticism, should something go wrong with the design or implementation of the project, it is safer for the entity to select the firm with an established international reputation than to take a chance with a new or local firm. The system, with its emphasis on professional qualifications and the absence of competition on price, leans in this direction. In the few cases where the Bank itself is responsible for selecting the consultants (principally in the case of pre-investment studies financed by the United Nations Development Program), it tries to overcome these

tendencies.

Second, the system is not always sympathetic to the technological needs of the local economy. Consultants tend to design and implement projects in accordance with the technology they know best — usually that of the developed countries. In many cases, such as fertilizer or steel, this technology is as appropriate for a developing country as for a developed one, but in some situations it is not the most suitable and a new technology appropriate to local needs must be found. The system falters here, although there are sectors or sub-sectors where innovation is recognized as a prerequisite and consultants are responsive to this need. Local consultants are not necessarily the answer in these situations, because they too may be trained in the technology of the developed countries.

Finally, there is the issue of the status of "independence" of consultants. Under the original concept of "independent consulting engineering," the consultants were given a wide range of independence and authority to supervise the execution of the project, including the approval of modifications and the adjudication of claims, to make sure that the project was completed in accordance with the expectations of the client and within the terms of the contracts with suppliers and contractors. Today, contractors, suppliers, and the consultants themselves believe that this independence has been greatly eroded in practice. They feel that the consultants' authority has been limited by the terms of their contract with the client or otherwise, in ways not always clear to the suppliers and contractors, so that consultants can no longer fully perform their traditional role. Many observers believe that these changes have an adverse effect on project execution by delaying decisions and by leading to additional disputes and claims with referral of more disputes to arbitration. These situations bring about rising costs for some projects and lead to higher

contingency allowances in future bids or sometimes even to refusals to bid.

The Bank is often urged by consultants, contractors, and suppliers to strengthen the independence of consultants. The Bank believes that it has an interest in helping the borrower to keep costs down and to implement the project on schedule, but there are limits as to what it can do. It is probably easier psychologically for a borrower with considerable technical competence of its own to give broad authority and independence to its consultants than for one without such competence to do so. And there may be some feelings in developing countries that this "independence" is a form of neocolonialism. The Bank's most effective contribution in this area is to make certain that the exact extent of the consultants' authority and any limitations are known to the suppliers and contractors concerned, and to help resolve any conflicts between the consultants and the borrower over project execution as soon as possible.

#### **The "fair share"**

From time to time, individual manufacturers or contractors, their trade associations, or their governments complain that they are not receiving their "fair share" of procurement under Bank-financed projects. The developed countries have subscribed a major part of the Bank's capital; for example, its four largest shareholders — the United States, the United Kingdom, Germany, and France — held 51.2 per cent of the shares in 1961 and 41.7 per cent in 1974. World Bank borrowings have also been concentrated in the developed countries, with the major source being the United States throughout the 1950s and much of the 1960s but borrowings shifted to other capital surplus countries such as Germany and Japan in the late 1960s and 1970s, and most recently to some of the petroleum exporting countries. The developed countries have also provided the bulk of IDA funds.

The "fair share" argument, which has never been articulated very clearly, is that the capital supplied to the Bank for development by a country should be returned to it through the procurement of goods and services in the same country, in an amount proportionate to the capital it originally provided. This concept, which is analagous to "tied aid" in bilateral terms, appears to reflect feelings that are widely and instinctively held: (1) that a donor country should get a direct and prompt return for "aid given"; and (2) that suppliers from other countries have advantages for some reason over suppliers from the country arguing for its "fair share" in getting information about business opportunities, in dealing with the international procurement system, or in obtaining assistance for exports. As proof, these businessmen and their representatives often point out that they are much more successful in getting business financed through their own national export-financed institution than through international sources such as the World Bank.

An early example of the "fair share" concept can be found in the Kariba project on the Zambezi River in what was then the Central African Federation and is now the boundary between Zambia and Southern Rhodesia. The project was financed by a joint effort which included the Bank, the British Commonwealth Development Corporation, private mining and financial companies, and the Central African Federation. The main contracts were let through international competitive bidding, with the result that the main civil works contract went to an Italian firm. *The Times* of London received many letters criticizing the use of ICB in these circumstances, and the attitude was summarized in the closing sentence of one letter: "As this is an Empire project it is, therefore, reasonable that a fair share of the contract, should accrue to Great Britain". Similar views have been expressed in other countries, such as the United States and Canada, when they were doing less

well in procurement. But there seems to be no outcry against ICB when it provides a country with more than its "fair share."

These parochial views obviously run counter to the ICB concept and to the philosophy expressed in the Bank's Articles, particularly to the requirement that "the Bank shall impose no conditions that the proceeds of a loan shall be spent in the territories of any particular member or members." (Article 3, Sec. 5(a)). They are also mistaken in several respects. First, they appear to assume that the Bank is just another agency for the promotion of exports and they ignore the interest of the borrower and its country in getting the best value for its money. At the time of the Kariba bidding and awards, *The Times* also received letters from Africa defending ICB on the latter grounds. International competitive bidding does enable borrowers to take advantage of temporary pockets of excess capacity or localized lack of demand, and this advantage of the system goes not only to the borrower but also to the supplier who finds himself in this situation.

Second, these views ignore the indirect consequences of the award. The prime contractor may well purchase goods and services in other countries; this was the case in the Kariba project, for example.

Further, experience suggests that often suppliers who raise the "fair share" argument are either not competing effectively or not competing at all for Bank-financed business. There may be a variety of reasons for this, such as lack of experience in the developing country where the project is located, inadequate local representation, understandings with other suppliers with respect to the allocation of foreign markets, over-valuation of the supplier's currency, or full order books and a profitable home market.

Until the creation of IDA, the Bank was able largely to ignore the "fair share" argument. Its capital was already subscribed, and its source of additional funds (the private capital markets of the developed countries) shared its view that ICB was generally the most economical and efficient way of carrying out procurement. The private capital markets therefore regarded ICB as a safeguard protecting the funds they made available to the Bank. But with the creation of IDA in 1960 and the necessity of returning periodically to the governments of the donor countries and their legislatures for replenishment of IDA funds, the Bank had to recognize that the "fair share" argument as contrary to the letter and the spirit of its Articles and to its objectives as an international, development institution, while it seeks to convince others that ICB is in the best interest of all Bank members over the longer term.

Procurement under Bank loans is an important activity both for the borrower and for other member countries of the Bank, and one which is complex and sensitive because it requires the reconciliation of conflicting interests. The Bank's policy and practice in this field has evolved along lines that are consistent with the Bank's role as an international development institution.

## Selling to NATO's defence industrial market

E.A. COOLEN Former Counsellor (Defence Production), Canadian Delegation to NATO, now Trade Commissioner, Cleveland

Not all potentially interested Canadian firms may be aware of the extent of the business opportunities to be found in the NATO defence industrial market. Therefore, it seems a good idea to indicate again how firms may do business with NATO, especially in view of some new initiatives which should provide even greater business opportunities for Canadian firms.

The NATO defence market is diverse, and bidding opportunities may range from a spare part for an F-104 to a multi-million dollar communications installation.

Straightforward requests for quotations on "off-the-shelf" items are initiated by SHAPE Headquarters and NATO agencies such as the Maintenance and Supply Agency (NAMSA) in Luxembourg. Both SHAPE and NAMSA maintain a list of qualified and certified national firms. (1) These lists include the capabilities of the companies by product areas, which enables buying offices to forward bid sets direct to the appropriate Canadian firms. At the same time, copies of all bid sets are received by the Commercial Office of the Canadian Delegation to NATO and these are forwarded to the appropriate branch of the Department of Industry, Trade and Commerce and the Canadian Commercial Corporation for further sourcing. Worth noting is the fact that the Counsellor (Defence Production) of the Canadian Delegation is an accredited representative of the CCC and is authorized to act on behalf of the Corporation.

Another source of business is the bilateral market, which the Delegation can definitely influence. The Conference of National Armaments Directors (CNAD) — a high-level body of national officials responsible for national defence requirements and procurements — sponsors a series of sub-bodies which exchange information on military land, sea and air requirements.

When a Canadian firm has a piece of hardware considered of interest to several of the NATO nations, the

Commercial Office arranges for the company to make a presentation, including an equipment display if possible, to the appropriate group of national experts. This approach has been most beneficial, as the audience comprises the staff officers responsible for either preparing or contributing to national statements of requirements. For example, Canadian Westinghouse, Fleet, Canadian Marconi, Leigh Instruments, Computing Devices of Canada, Hermes Electronics and UACL, to name but a few, have all appeared in the NATO forum.

The main source of business in NATO is the infrastructure program, which amounts to about \$250-300 million yearly. The term infrastructure, as used by NATO, identifies the fixed installations of military facilities required for the deployment and operations of the integrated forces of the Alliance. The program embraces construction and or the maintenance of airfields, petroleum storage and distribution facilities, telecommunications, radio navigational aids, signal and radar installations and other similar items. Canadian firms are entitled to bid on these projects in accordance with the NATO rules for handling International Competitive Bids (ICB).

How does it work? Quite simply. The NATO military authorities recommend the project for inclusion in the NATO infrastructure budget and once the funds are approved, the host nation (the nation in which the installation will be located) undertakes technical studies, obtains cost estimates and refers these to NATO Headquarters for authorization to proceed. Once the green light is given, the host nation issues the ICB through the Embassies in its capital.

The Commercial Office of the Canadian Delegation monitors this activity to ensure that all opportunities are brought to the attention of interested Canadian firms, using the support of our Embassies abroad, ITC and CCC. The rules require the host nation to

award the contract to the lowest, qualified bidder, or if it is proposed to do otherwise, the matter must be referred to the NATO Committee which authorized the funds. Every precaution is taken to ensure fair treatment for all the nations which contribute to the infrastructure budget and the rules provide for extension of bid closing dates (often requested by Canada because of distance from the market) and a system of appeals in the event of a dispute. It is of interest that two years ago, NATO had cause to adjudicate a contractual dispute for the first time in its history. The delegation played a major part in preparing an argument in the case, in which a third-tier Canadian contractor was to supply equipment worth \$3 million. Happily, the award of the contract as proposed by the host nation was upheld, with consequent benefit to Canada.

Infrastructure projects, by their nature, take a long time to complete. The NATO Air Defence Ground Environment System (NADGE) is a case in point. NADGE comprises about 85 radar sites in nine NATO countries. It was started in 1966 but was not fully operational until 1973. This was a \$300 million project and, because of the unusually high cost, countries were guaranteed business approximately in proportion to their contributed share of the infrastructure budget.

For Canada, this promised a 5.12 percent return on investment and in fact, the volume of Canadian business achieved amounted to \$12.2 million. Other arrangements were made to counter the shortage this figure represents regarding the Canadian entitlement. The Canadian suppliers, among them Northern Electric, RCA, CAE Industries plus other smaller firms, were subcontractors to a consortium headed by Hughes Aircraft Corporation.

The latest large NATO enterprise is the NATO Integrated Communications System (NICS). This project, with a value of some \$450 million, will provide the Alliance with a NATO-wide advanced communications system including

satellites and associated ground terminals, telegraph automatic relay equipment message distribution centres and voice circuit switches. NICS is scheduled to be implemented over an 8-10 year period and should be completed by the end of this decade.

Again, because of the vast sums involved, a production-sharing agreement was negotiated by the nations so that each is guaranteed a share of the business. Canada's share was to be worth about \$17 million but we hope to achieve a total of about \$20 million by aggressively pursuing contracts in a limited area which has been set aside for open competition.

The NICS Management Agency — a special office set up to implement the system — is the principal on behalf of NATO and has been given responsibility for ensuring the application of the production-sharing formula. In recognition of the importance of the potential business to Canadian industry, the Commercial Office of the Delegation has been reinforced by a Commerce Officer who is an electronics specialist and who is, therefore, able to advise on the technical aspects of NICS as it affects Canadian interests. Over the past year, the Commercial Office has arranged for several Canadian electronics firms to visit the Agency to give presentations and to elaborate on their technical capabilities.

Canadian businessmen, too, participate directly in discussions sponsored by the CNAD. In 1968, NATO recognized the need for closer co-operation with the defence industries of the member nations and established the NATO Industrial Advisory Group (NIAG). NIAG is a high-level consultative and advisory body of senior industrialists who meet regularly at NATO Headquarters. This provides a forum for a free exchange of views on the various industrial aspects of NATO armaments questions and fosters a deeper involvement of defence industries in the research, development and production of

defence equipment.

Eminent business executives responded to the NATO invitation and the first chairman of NIAG was Dr. Th. Tromp, former Chairman of the Board, Philips Electronics, the Netherlands. The current chairman is Harry Lacy of British Aircraft Corporation. Canadian industry has been represented by such distinguished industrialists as F.J. Taylor, William Tate, James F. Hepburn, D.R. Taylor and the current leader of the Canadian group, R.K. Fraser of Ronyx Corporation. The Alliance is fortunate to have industrial advice immediately available at a time when a fresh mood is developing in the member countries to make better use of their total R and D resources.

In this connection, a new concept of a common market for Atlantic defence is being widely discussed in NATO. This is proposed in a study prepared for the U S Department of State and Defence by Thomas A. Callaghan, President of EX-IM Tech., Arlington, Virginia (2) Christened "the Callaghan Report", the document proposes "a two-way street" for armaments co-operation between the European member countries, and the U S and Canada. Indeed, the report draws attention to the success of the Canada, U S Production Sharing Program and suggests a similar arrangement based on interim and long-term dollar goals. Within agreed principles, the report proposes the following:

- An initial three-year goal of \$2 billion of defence procurement from one another;
- A three-year goal for harmonizing all defence basic research; an initial three-year goal of \$4 billion of complementary development projects underway on both sides of the Atlantic;
- A four-year goal for common logistic support of all common weapons and equipment;
- A 12-year goal for achieving complete military-industrial interdependence in the development, production and support of general purposes forces.

It is clear that given the bidding opportunities described above and the prospects of a common defence market for the Alliance, there will be increased opportunities for Canadian firms in the defence industrial sector and they will range over a wide spectrum of products and industries.

Members of the Department of Industry, Trade and Commerce and the Canadian Commercial Corporation will continue to exert every effort to ensure Canadian firms are informed of business opportunities and are assured of fair treatment under the NATO rules. For its part, the full support of the Commercial Office of the Canadian Delegation to NATO is available to Canadian companies wishing to sell in NATO's defence industrial market.

(1) *Firms wishing to be included on NATO bidder's lists should contact the Chief, Overseas Division, Defence Programs Branch, Department of Industry, Trade and Commerce, Ottawa K 1A 0H5.*

(2) *Interested readers may obtain a copy of the report, "US European Economic Cooperation in Military and Civil Technology," of August 1974, by writing the Director, Office of External Research, Department of State, Washington, D.C.*

# It started with Higginbotham and Lorch

JOANNE KIRBY, Commercial Officer, Dallas

It's hard to believe that a towering tantrum could form a firm foundation for a major industry — but that's how it happened with apparel manufacturing in Dallas, Texas.

Back around the turn of the century, two fine upstanding Dallasites, competitive jobbers Rufus Higginbotham and Augustus Lorch, kept getting swindled by city slickers in New York City. Time and again each would go to Baghdad-on-the-Hudson to buy clothing for resale in Dallas — to obtain "exclusives" for their territories. And time and time again, the "exclusives" proved to be identical. In furious indignation, both gentlemen decided to manufacture their own garments, and the Dallas apparel industry was born.

Today, the business ranks Number Three in dollar volume among all businesses in Texas and the Apparel Mart in Dallas probably packs more glamour per square foot than any other building in the Southwest. In fact, the construction of the Apparel Mart in 1964, has had a profound effect on the fashion industry throughout the United States. It has changed the wholesale shopping habits of the ready-to-wear business, and stimulated a whole new world of manufacturing.

Prior to 1964, Dallas had a small regional buying market with showrooms in a downtown building called The Merchandise Mart. A few better firms from New York and Los Angeles insisted on remaining aloof and showing their collections in posh hotels. Buying then was a pretty exhausting and uncomfortable experience — unfortunately it still is, in most of the other major markets of the world. In those days, if 3,000 buyers showed up for the market in Dallas, everyone thought it was all that could be expected.

But an imaginative real estate developer envisioned a giant buying coliseum where a buyer could find everything needed to work contained under one roof — showrooms, restaurants and snack bars, lounge areas, and theatres for fashion shows.

Today, two expansions later, the Apparel Mart has more than a million square feet under its roof, contains 1,200-1,500 showrooms, and exhibits about 5,500 labels in men's, women's, and children's clothing — plus shoes, cosmetics, accessories, and fabrics. About 1,500 apparel sales people maintain permanent showrooms.

The two big markets, May and October, draw up to 15,000 buyers from every state and many foreign countries. Under the Mart's roof, merchandise with a retail value of \$3 billion changes hands each year. This is vastly more buying power than was ever influenced by Parisian couture in its heyday.

A buyer begins his-or-her day in the building at breakfast, and seldom emerges until dinner time. He will still have to walk a lot to do his shopping, but he won't have to fight for a taxi, or look for a place to eat, or try to dodge the sleet and slush of winter or the steam heat of summer. He will do his walking in air-conditioned comfort. And only a veteran of the shopping wars in New York and Europe can appreciate what this means.

Dallas is essentially a working market. The buyers who attend its major markets for the most part do not come to play and they set the tone of the market. Thanks to the under-one-roof luxury of the Mart, they are able to make remarkable mileage. They can see their choice of lines assembled from all over the world, get some badly needed instruction and direction, and get back home in record time.

The heart of the Apparel Mart is The Great Hall — and the name is an understatement. The room is just slightly shorter than a football field, and it is four stories to the top of its skyview roof, with balconies on upper floors overhanging its expanse. It is a truly impressive showcase.

In this room the Mart's fashion director co-ordinates and acts as commentator for the most important show of each market — the traditional Monday morning breakfast show (some of our Canadian manufacturers have been fortunate

recently to be a part of this presentation). This is a massive, broad-spectrum review of what that particular market has to offer — merchandise of every type, at every price level. The clothing is carefully grouped and accessorized so that the buyer gets a news-packed seminar of trends in the industry. (Actual possession of sample garments — approximately 400 — seldom exceeds 24 hours — during which time they must be fitted to models, pressed, somehow made relevant to the rest of the show, actually shown, and returned to the showrooms from which they came.)

So swift is the pace that even the most experienced buyer is seldom aware of how much work has been done for him while he lingered over his second cup of coffee. (Shows at the Mart are always at mealtime, on the theory that the buyer has to eat anyway, and this distracts him as little as possible from his main business of shopping. The Monday morning show saves the buyer literally thousands of steps, because through it he can determine which of the bewildering array of suppliers has exactly the type of merchandise he wants.)

The more esoteric shows for each market — couture, children's wear, fabric forecasts, and so forth — are held upstairs on the third floor in the Fashion Theatre, which seats about 400 people. Comparatively speaking, it's a little room — only about the size of the grand ballroom of a major hotel.

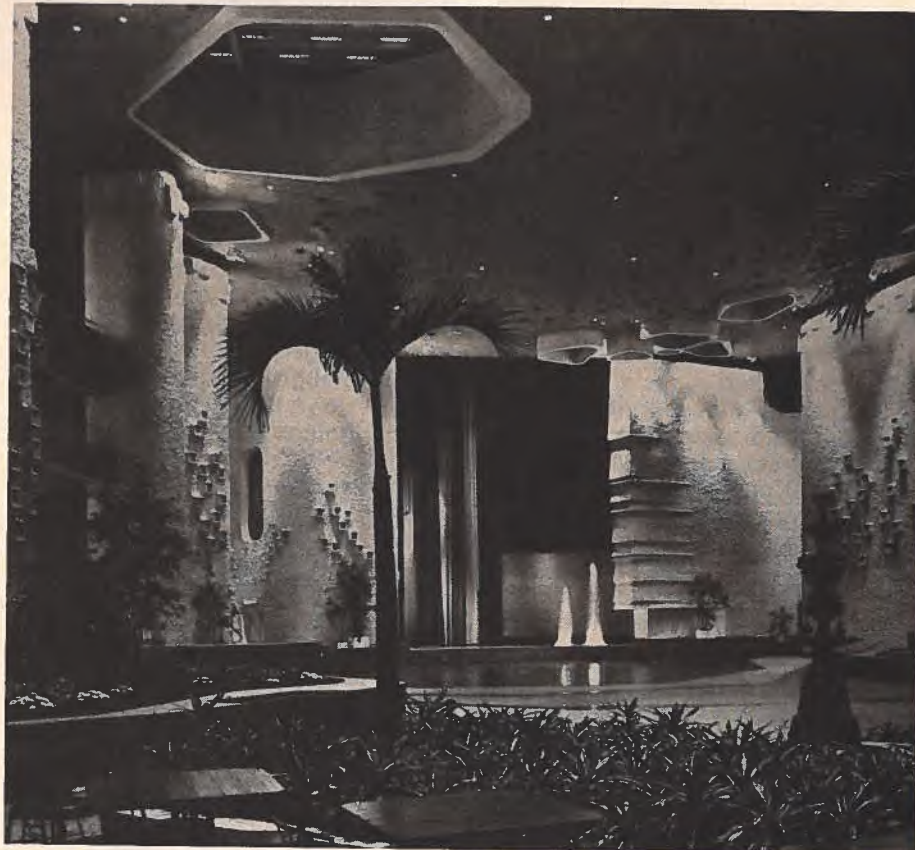
May 1972 saw a great breakthrough. Here, for the first time, major couture lines recognized what the rest of the fashion world had already accepted — that Dallas was where it was happening. Such labels as Mollie Parnis, Malcolm Starr, Anne Fogarty, Oscar de la Renta, Leo Narducci, and Geoffrey Beene — banded together to show on the "fourth" floor of the Mart. (These are temporary showrooms leased to outside manufacturers during market week.) Most of these labels had never before shown their prestigious collections outside

*The West Atrium forms the centre core of the Dallas Apparel Mart's latest addition which opened just over two years ago.*



Continuing to think about  
Technological assessment

*The Great Hall is in the original Apparel Mart building and offers a spectacular setting for fashion shows and market entertainment.*



their home offices in New York City. Today, these firms have permanent showrooms at the Mart on the third floor of the expansion section in an area dubbed "Group III." This term has since become a synonym for better ready-to-wear in the Dallas market.

Obviously this is a market Canadian manufacturers can no longer afford to overlook. If you haven't been down to look for a representative, maybe it's about time. We've even taken the hassle out of getting here — no more changing planes in New York or Chicago. Since July, Air Canada has been flying direct once a day. It's difficult to imagine that we're not going to hear from you more progressive types now that you've been enlightened.

Oh, and what happened to Rufus Higginbotham and Augustus Lorch, who started it all so long ago, you may ask. Well, Rufus didn't stay in

the apparel business long. He had too many other projects afoot, and went on to get rich in other fields. But he left a legacy of trainees from his plant who opened several other apparel firms. Augustus Lorch founded a dynasty which still ranks high in the leadership of the Dallas garment industry, with his descendants manufacturing at least six different labels.

Meanwhile, the Dallas apparel industry, known by New Yorkers as the headquarters of the "dumb" dress, is prospering. Money is what counts in the final analysis in the fashion business and the weight of the money now flowing into the Dallas industry is going to force its eventual recognition. When this fact filters through, Rufus and Augustus will smile celestial smiles. They will, at long last, have had their sweet revenge.

# Something to think about: Technological assessment

E.C. BUTTON, Assistant Director, Creative Services

A cold, cold wind made the morning walk over to the Government Conference Centre very unpleasant. Seven below zero. Too early in the day for the sun to have any effect. Clouds of exhaust fumes, exaggerated by the winter chill, hung over every intersection. Pretty Ottawa girls passed by in a hurry, faces covered against the cold. But the day held promise. We were on our way to the International Conference on Technology and Growth. The list of speakers, we had heard, was impressive.

Inside the lobby of the centre, people milled around the coat racks and registration desks. We lined up to register and studied the crowd. The name tags were revealing. This was truly international, and some significant institutions were represented. Ahead of us in the line stood a heavy-set executive from the smelting division of a mining company. Beside the desk, a group of computer people, representatives of some key manufacturers and service companies, stood reminiscing. Behind us in the line stood a man from Boeing in Seattle. We overheard the receptionist tell him there were more than 370 participants.

We registered, received our conference notebook, and mingled with the crowd. We noted a man from the British High Commission. People from companies such as Kodak and General Motors. Professors from most of the universities we had heard of, and others we had not. People from the federal and provincial governments, the US government, Radio-Canada, Canadian Press, and the *Montreal Gazette*. Many names from Canadian and American research companies. A few tags indicating the wearer came from Europe. Perhaps, we thought, this may be better than an average assignment.

We wandered inside, found a seat and started to read the conference material. The list of those on the panels was more impressive than the parade of name tags in the lobby. A Canadian federal cabinet minister, Bell Canada executives,

professors from universities ranging from MIT and Michigan through Laval and Calgary. Key figures from our own Science Council of Canada, from the Office of Technological Assessment of the US Congress, from Friends of the Earth in England, and the International Institute for the Management of Technology in Milan, Italy. And above all, the co-author of the now famous *Limits to Growth*, Dennis Meadows of Dartmouth College.

But enough of that. Let's get down to this business of Technological Assessment, or TA as the conference often referred to it. Just what is TA? There are many definitions but here are a few we picked up at the conference.

Formally, TA is an interdisciplinary study of the total implications — the political, the social and the economic implications — of advancing technology. It is a means of providing policy makers and decision makers with directive information, not supportive information. It assesses the short and long-term total impacts of technology on our society. It must be active, not reactive — in the words of one panelist, we must look before we leap. TA is the assessment of technology changes across academic and international boundaries. But lengthy definitions aside, it was summed up by one speaker as being "just plain common sense".

It is an awareness going formal. In the Canadian sense, it is the continued, formal application of our past activities in areas such as our commission on drugs, studies on pipelines, on northern development, or our STOL experiment. It is arising out of our growing awareness that we can no longer leap without looking. It is an indication that we are gradually accepting the fact that we must learn to think twice as hard, and waste half as much.

And it is frighteningly complex. The conference opening featured addresses by C.M. Drury, Minister of State for Science and

Technology, and J.C. Thackray, Executive Vice-President — Operations, Bell Canada. Sponsored by the Ministry of State for Science and Technology and the International Society for Technology Assessment, the conference was organized by the Business Planning Group, Bell Canada and Datacap Limited, Ottawa. This two-day conference was to be an international exploratory dialogue on technological assessment and the limits to growth. The intent was to create an awareness and understanding of the substantive and complex issues that we will face in the coming decades.

Then came the key-note speakers, opening up two approaches which were to reappear continually throughout the conference. One side was to approach the imminent diminishing-resource, growing-demand problem through technology. On the other side was the idea that the problem is not one of technology but of an institutional nature and that our resource demand problems are really correctable institutional crises. The conference was underway.

We are not going to delve into the techniques of Technology Assessment in this article — but we will try to create an awareness of the problems it is tackling, and to give you an idea of the people who are becoming concerned. Perhaps the most important aspect of this conference was not what was said, but the fact that it did take place. While the causes and remedies for the resource demand problem are subject for much debate and discussion by many — very few actually deny the existence of the problem. And it is a problem for all of us — not only for our political, social, economic and scientific leaders.

In a world where we are facing the reality of thinking twice as hard and wasting half as much, it is a concern of all of us, particularly the readers of *Canada Commerce* who daily play an important role in our economy. Specifically, it is a con-

cern of those of you who direct or work in resource-wasteful industries. What of the future? In a world where some resources are entering limited supply, can we proceed as before, or should we seek opportunities in alternatives?

Back to the conference. We heard a panel discuss the very complex, very sensitive problems faced when the subject of the Technological Assessment crosses international boundaries. We listened to the technocrats of Technological Assessment present their concepts, packages and new acronyms. We heard discussions about our being "hooked" on technology — on the social unrest that may occur when we may no longer be able to live our high-energy-consuming lives. We heard about zero growth.

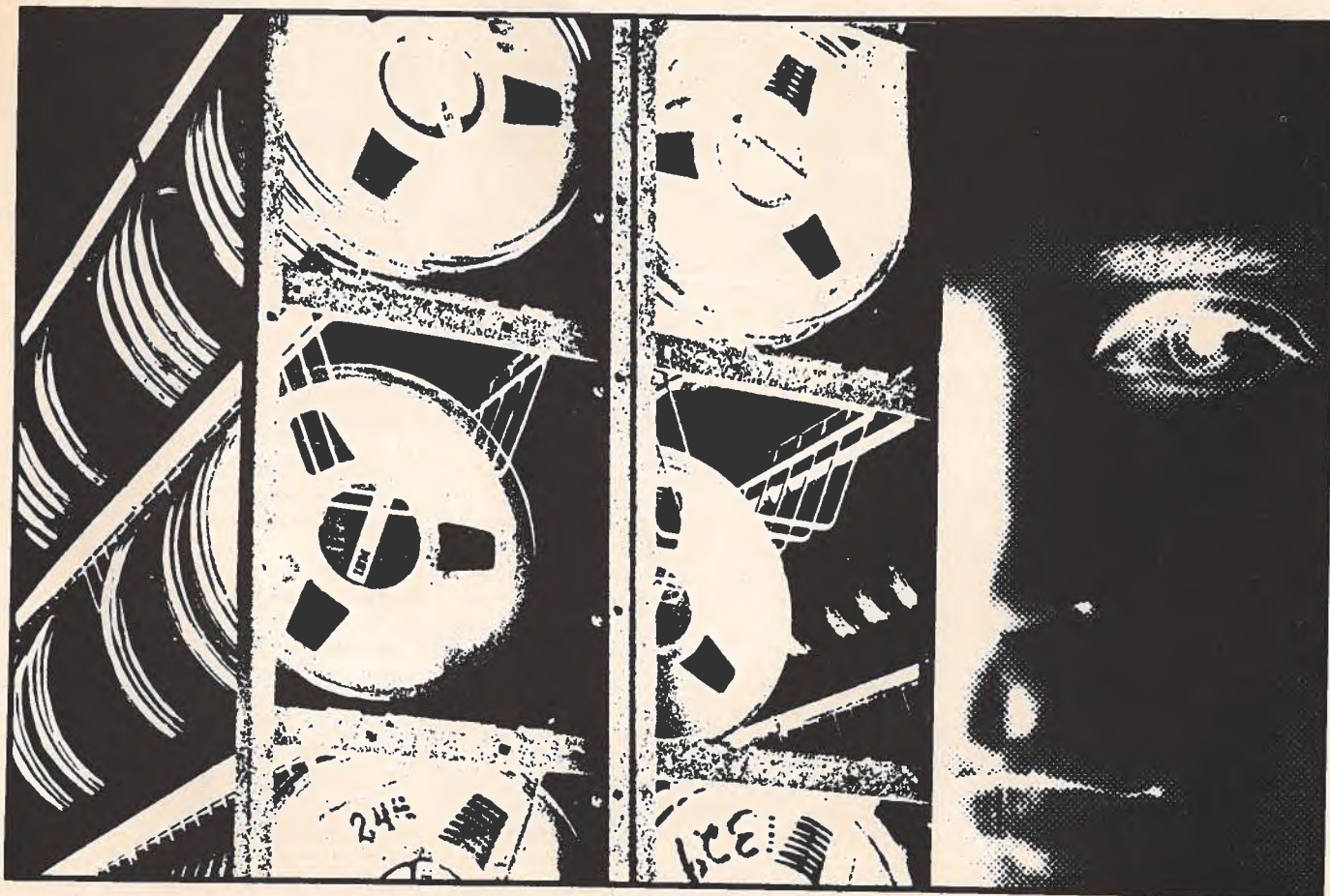
We listened to debates on the nature of public concern — we heard how, to the unemployed, the environment takes a back seat to the next pay cheque; while the depletion of game in Africa is of great concern to the "jet-set." We learned that gasoline rationing is of no interest to unfortunate souls facing starvation.

We listened with attention when a speaker wondered why nowhere on the panels, nor anywhere in the audience, could he see representatives of the under-developed nations. We felt our own concern arise as we listened to Dennis Meadows repeat the plea of the Club of Rome study which demonstrated that growth as we know it is limited and cannot continue. And with all the current awareness of

the role of women in today's world, we wondered at the all-male panels and the few, too few, women in the audience.

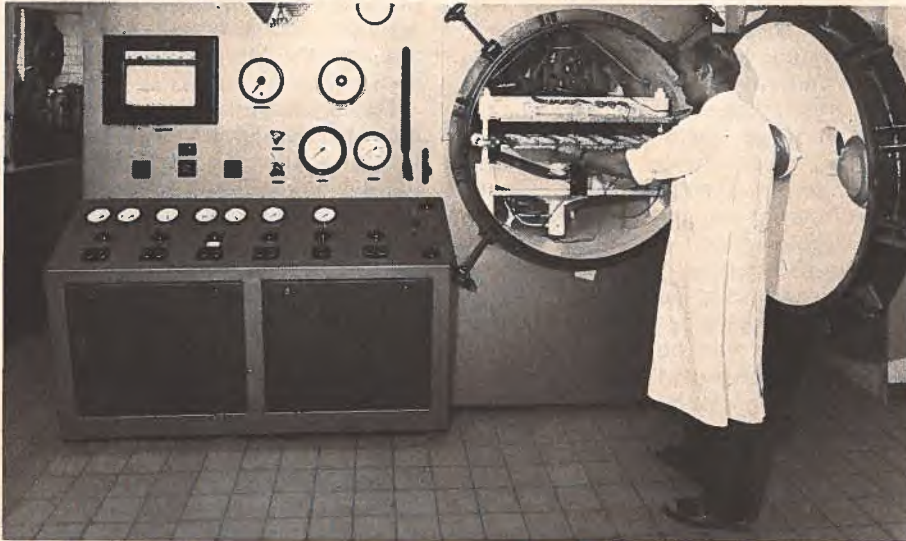
But above all, we came away with the memory of one moment, when a patient soft-spoken woman waited to raise a question from the floor — a question to a speaker who had elaborated at length on the techniques and results of a study for expanded technology. "Did you ask do we need it," she wanted to know, "or did you just try to justify what you plan to do anyway? Did you ask do we need it?"

This patient woman did not cast doubt on the value of Technological Assessment. We need it. We need its commonsense. But we also need to assess the assessments.



# Danish agriculture and the EEC

T.W. HARBOE, Commercial Officer, Copenhagen



*The slaughterhouse research institute at Roskilde.*

Denmark joined the European Economic Community on January 1, 1973, with the Common agricultural Policy becoming fully effective a month later. Even though people in Danish agriculture are not entirely happy with their present position, it is clear that the sector has benefitted from EEC membership. Higher prices have provided farmers with markedly improved incomes and the value of agricultural exports rose by about 41 percent between 1972 and 1974.

However, the president of the Agricultural Council, A. Pilegaard-Larsen, in his latest report expressed regret that the "insufficient" average price increase of 8.5 percent in the spring of 1974, combined with the collapse of the meat market during the summer and the increase in costs, had led to a decline in farmer incomes. The Danish government has provided support to the sector but whether this has been enough continues to be a matter of debate.

There has also been dissatisfaction with some aspects of the relationship with the EEC. For example, the Danish agricultural organizations negotiated with their Committee of Professional Agricultural Organizations for



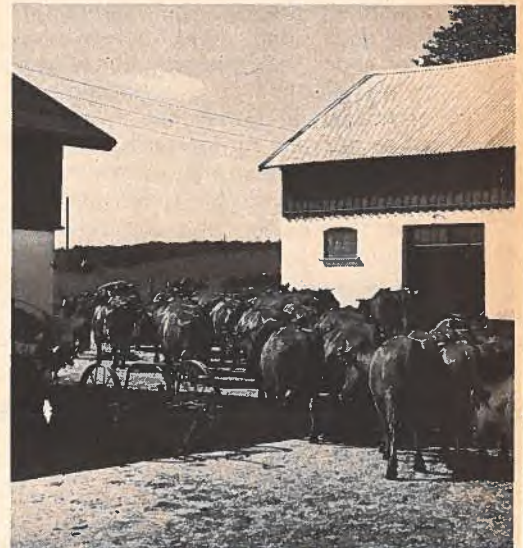
*Danish breeding cattle is in demand all over the world.*

average price increases of 15 percent for 1975-76 but early this year, the EEC Ministers of Agriculture agreed to increases of just over 10 percent. The Danes went along with this, but reluctantly.

As far as the future is concerned, Mr. Pilegaard-Larsen has said he fully supports the fundamental principles of the Common Agricultural Policy (CAP), but hopes for a more consistent agricultural policy rather than short-term solutions. In this connection, he stated that the decision-making procedures should be made more effective and that the agricultural sector be given a greater voice in them. He further said that Danish agriculture considers it important that inter-



*Slaughtering chickens — strict quality control has given Danish poultry a tremendous international reputation.*



*Trollesminde at Hilleroed, a national experimental farm.*

national commodity agreements be signed to ensure greater stability in the supply of raw materials for the agricultural sector, and that agriculture should support efforts to establish international emergency stocks for the most important basic food products.

## **Memorandum on CAP**

In December 1974, the Danish government submitted a position paper on the Common Agricultural Policy, pointing out that there had been many repercussions from international economic developments. It stated: "In agriculture, international economic developments have entailed increased production costs and sagging demand. At the same



time, the output of various sectors has gone up. These factors have posed income problems for certain producers in the Community. Several member states have tried to alleviate these problems through support schemes and other measures which have disrupted intra-Community terms of competition.

"International monetary developments have necessitated increased use of monetary compensatory amounts, which has hampered the free movement of goods and tended to distort competition," the memorandum says.

"The world food situation has added a new dimension to the Community's share in the responsibility for supplies on the international level and intensified the need for increased international co-operation."

The memorandum rejects demands for improving incomes of Community producers through direct support of prices or incomes because "they would delay the necessary structural reform in agriculture within the Community ... income problems existing or arising for certain community producers must be solved via structural policy or via regional and social policies."

Noting that while the new situation does not call for fundamental alteration of the principles and mechanisms of the Common Agricultural Policy, it has accentuated the need for taking account of longer-term objectives in planning and administering the Common Agricultural Policy.

#### **Agricultural production**

The total value of Danish agricultural production in fiscal year 1973-74 was D.Kr. 15,556 million — 18.5 percent more than in 1972-73. The production of principal livestock products in 1974 increased, with the exception of butter and pork.

The national herd increased by almost 190,000 head, with cows increasing by 23,000 to 1,226,000. This growth might be called mar-

ginal as it was achieved with much the same labor force, but with some improvements in equipment.

Pork production decreased substantially. The Chairman of the Co-operative Bacon Factories, in his annual report, said this was mainly due to changes in production capabilities. The number of small farms decreased by about 2,000 and the larger farms that were established increased cattle numbers did but not replace the swine production lost through amalgamations. High building costs, very high interest rates and the simpler and cheaper production alternative of selling grain

The Chairman stated that pigs possibly comprise Denmark's most important "raw material", and the Government should encourage production by increasing interest restitutions from 5 to 6 percent — as agreed by the EEC Ministers of Agriculture — and by doubling the modernization support of pig barns.

The meat processing industry encountered serious economic difficulties in 1974, partly because of a surplus on the United States market, which led to considerable storage of Danish hams and pork shoulders resulting in marked price falls. Smaller FEOGA restitutions, the fall of the U.S. dollar, and high domestic production costs were contributing factors, resulting in the closing of some factories and layoffs in others.

Denmark has for years produced lean bacon, primarily for the British market. For this, an extra rib was added to the steam-lined and intensely uniform Danish Landrace, the product of which has brought consistently top prices in Britain. The Royal Agricultural and Veterinary College now is experimenting with the production of so-called "heavy pigs" with a view to obtaining larger hams and pork shoulders for the West German market. The experiments will continue for some time.

Beef and veal production showed a marked increase as a result of the larger cattle population. The high level of beef prices in 1972-73 was expected to continue and led farmers to withhold a large number of heifers from slaughter, with a view to increasing stock. This policy has to some extent been justified, as beef prices were higher in 1974 than in 1973.

The poultry and egg sector in Denmark experienced a recession in 1974, partly because of the expansion of poultry and egg production in the whole of Western Europe. Higher prices for feeds following accession to the EEC and higher world market prices, for feed combined with a stagnation in consumption due to economic conditions in Denmark, made it impossible to cover production costs, and this will probably lead to lower production in 1975.

#### **Grain crop**

The grain harvest in 1974 was somewhat larger than in 1973, with wheat increasing by 69,000 metric tons to 592,000, rye by 20,000 to 168,000 and barley by 516,000 metric tons to 5,967,000.

In spite of the increase in barley production, there was an import of 176,000 tons, 36 percent more than in 1973. Of this, nearly 32,000 tons came from Canada. The imports of malting barley were the result of large exports (almost 478,000 tons), creating a domestic shortage. Canada also supplied 421 tons of wheat out of a total import of 1,952 tons.

#### **Agricultural exports**

The total value of Danish agricultural exports in 1974, including canned milk and meat products, was D.Kr. 11,586.3 million, an increase of 11.4 percent over the preceding year. FEOGA payments in 1974 amounted to D.Kr. 1,402.2 million, including D.Kr. 661.9 million in export restitutions, so agricultural ex-

ports earned D.Kr. 13 billion or 27.7 percent of the country's total export earnings, compared with 23.5 percent in 1972 — before EEC membership. Britain continued to be Denmark's largest customer.

**Butter** exports increased by 10,500 tons to 93,189 and were 1,500 tons above the 1968-72 five-year average. Exports to Britain rose by 9,624 metric tons to 83,969 tons.

**Cheese** exports increased by 11,221 tons to 95,088, exceeding the five-year average by 26,768 tons. Exports to Britain rose by 1,113 tons to 14,568 but West Germany and the United States were the major outlets, the former taking just over 26,000 tons and the latter just over 23,000.

**Bacon** exports continued to decline from 337,023 tons in 1973, to 336,705 tons in 1974 (the five-year average being 357,130 metric

tons). Exports to Britain — the main market — showed a decrease of 2,099 tons to 292,671. There was an increase of 7,200 metric tons to 22,200 to West Germany, appreciably above the five-year average of 5,438 metric tons.

**Beef and veal** exports, as usual, went mainly to Italy. Although they decreased by 10,400 metric tons to 54,200, they were still well above the five-year average of 48,973 tons. Shipments to Britain increased sharply from 3,768 to 28,910 tons (five year average 1,383).

**Live cattle** exports to West Germany rose by 7,457 to 23,511 head, but they were far below the five-year average of 90,102 head.

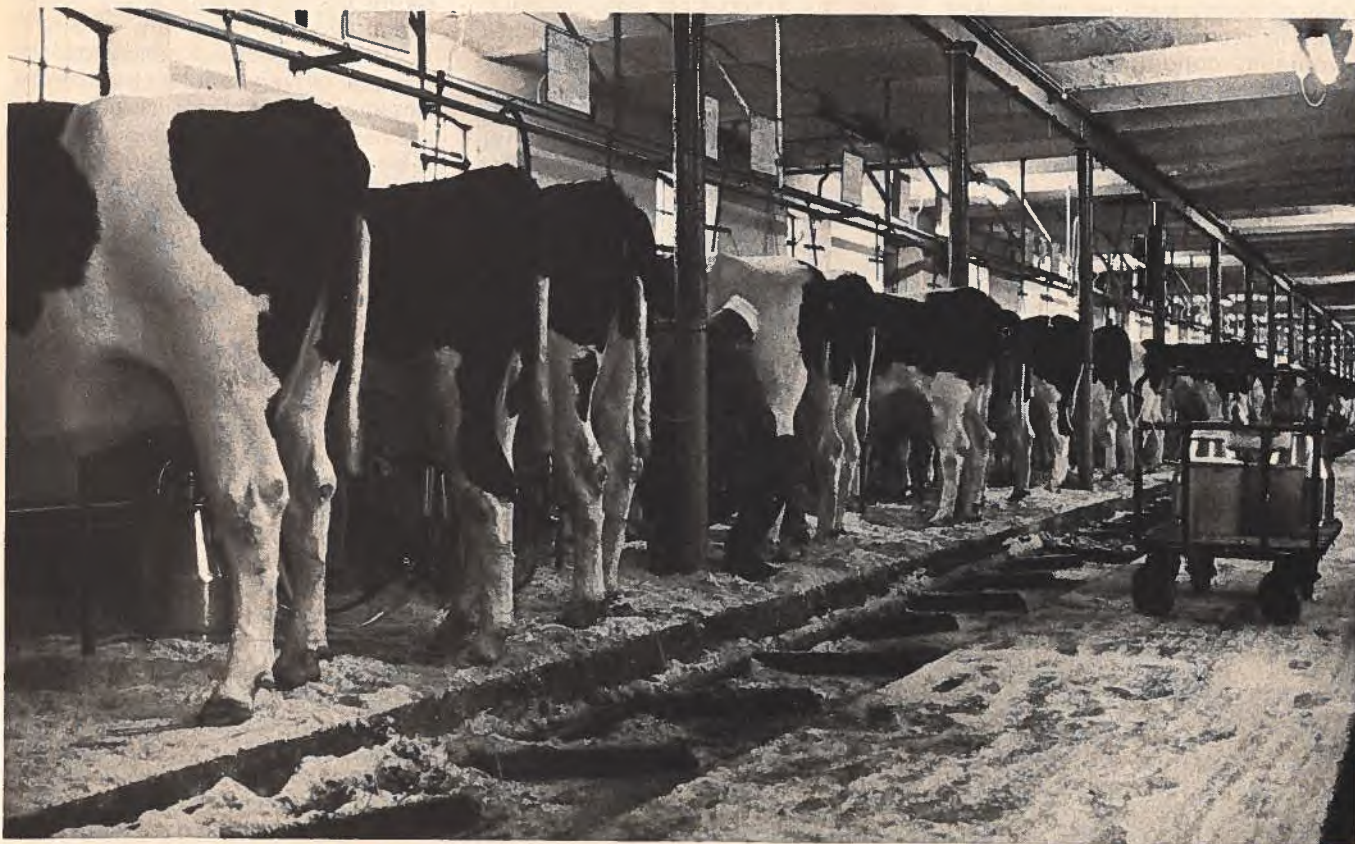
**Poultry** exports to Britain decreased, but increased to West Germany; they rose to the Far East and nearly doubled to the Middle East, which became the

major market at 13,700 metric tons.

**Canned meats** are usually considered a manufactured product in Denmark but their influence on the agricultural sector is obvious. The total export fell from 205,123 tons in 1972 to 188,254 in 1973 to 174,794 in 1974. It is interesting to note that exports to the two major markets, Britain and the United States, were nearly equal at 60,522 tons respectively.

#### **Exports to Canada**

Cheese was Denmark's fourth largest export to Canada, increasing from 3,246 tons in 1973 to 3,784 tons in 1974 and in value from D.Kr. 33,105,000 to D.Kr. 42,238,000. Shipment of canned meats to Canada fell from 3,369 tons to 1,894 with a decline in value from D.Kr. 21,793,000 to D.Kr. 14,868,000.



# Honey: The pot is getting sweeter

SALLY PAWLEY, Special Correspondent

Canada produces approximately 50 million pounds of honey a year. Is that a lot of honey? Well, the average Canadian consumes 2 to 3 pounds of that honey a year so in theory we consume just about all the honey we can produce.

But the story of honey production in Canada isn't quite that simple. The country exports approximately 20 percent of its annual production (more than 10 million pounds) to 24 countries and imports three-quarters of a million pounds from 21 countries. The total picture of this slowly growing industry includes more than 10,000 beekeepers, about the same numbers of seasonal employees, processors, packers, retailers — and a growing market for this natural food, which is produced in every province.

Let's start with the beekeepers. Although Ontario has more beekeepers than any other province, Alberta is the major honey producer. This is due to a greater yield of honey per bee colony and this, in turn, is due to more favourable conditions for the industry in Western Canada.

As bees work only during daylight hours, the longer days during the Western summer allow more working hours for the bees. This is particularly true in the Peace River District, where the days are still longer. The Prairies also enjoy a more consistent weather pattern of clear, warm, sunny days — an advantage because the temperamental bees won't produce during extremes of hot and cold weather, or on cloudy and rainy days. Weather deals another good card to the Prairie beekeeper. Very low winter temperatures tend to kill off any parasites, thus saving the bees from a struggle with them in spring. The normally heavy winter snow cover in the West protects the vegetation from winter kill, a hazard the East must reckon with. This means that the vegetation on the Prairies, still quite alive after the winter, starts its nectar buildup earlier in the spring (Nectar is the product the bees collect to convert into honey). But in Eastern Canada,

the bees must be fed in early spring while the vegetation matures to the nectar-producing stage.

The type of vegetation cover on the Prairies also works in favour of the Western beekeepers. Willow, dandelion, clovers, rapeseed, alfalfa and fireweed are high in nectar and pollen sources and they all flourish on the Prairies. At one time Ontario was the leading honey producing province, but a change in Ontario's agricultural policy in the Sixties encouraged farmers to grow less legume crops and more corn. With this change about 9 million acres of nectar and pollen sources were lost to the busy bees and Alberta surged ahead as the leading honey producer.

Although Eastern Canada does not enjoy the advantages of entirely favourable weather and vegetation patterns, there is a ready local market. Beekeepers in the East generally sell locally and many sell their product from their front doorstep, thus negating transportation costs. Ross Hopkins of North Gower, Ontario, is one such beekeeper.

Hopkins, an apiarist for 40 years, started his business full-time after the war with financial aid from the War Veterans Act.

Although living in the midst of the large Ontario market, Hopkins cites marketing as one of his major problems. There are several methods of selling his product, but each presents problems. He can sell to local co-operatives for export but feels he cannot get the best price for his honey through these outlets.

He can sell to local wholesalers, but this involves a constant flow of supply to the wholesaler who does not usually have a lot of storage space. Thus transportation becomes inconvenient and expensive. It also doubles the price of the honey for the consumer.

Hopkins can sell the honey at an open consumer market, but the time involved renders this impracticable. His fourth alternative is to sell from his doorstep and this he does, in spite of the sometimes inconvenient

times the customers choose to drop by.

In spite of his marketing headaches Hopkins, typical of the successful Ontario beekeeper, enjoys a comfortable living from his 1,000 colonies, and feels happy with his independent business. He only wishes more young people had opportunities to get into the same business.

The stumbling-block for would-be apiarists may be in obtaining a loan to help cover the initial capital outlay. Hopkins feels the money isn't readily accessible through loans because the money lender lacks a real appreciation of the agriculturalist in general and the beekeeper in particular.

A young apiarist needs \$30,000 to start his business. This would buy three acres of land, a barn, a truck, the bees and hives, the extractor (to take the honey from the wax) and processing equipment. Normally the business would get a complete return on the capital outlay in ten years.

"The agricultural situation in Canada is very bad", complained Hopkins. "Except for cereals, the U.S. is practically feeding us." He feels the money lenders haven't really got their fingers on the agricultural pulse of Canada. "Young people need money to get into agriculture or in 25 years there will be no agriculture, at least as we know it today. Beekeeping is a good solid practice."

On the other hand, Karl Meilike of Prince Albert says that there is an excellent program to help young people in Saskatchewan. This is a provincial enterprise called Farm Start. As the name implies it is designed to help would-be farmers to initiate their business. On the federal level the Department of Finance administers the Farm Improvement Loans Act under which it may guarantee loans made to farmers by an accredited money lending institution.

The Farm Credit Co-operation administers the Farm Credit Act and a new amendment to the Act (May 1975) allows a young farmer under

the age of 35, to borrow up to \$150,000. The Co-operation may lend up to 100 percent of the value of the real estate, depending upon the need. Terms are repayable up to 30 years. Since 1965, the beekeeper has been defined as a farmer under the Act (During the 1974-75 fiscal year the FCC loaned \$486,600 to beekeepers through 16 individual loans.

If the need is there and the terms are right, the beekeeper may also qualify for financial aid from the Department of Regional Economic Expansion, or from the Industrial Development Bank. Actually, the beekeeping business is expanding steadily. Between 1963 and 1972 there were about 9,500 Canadian beekeepers. By 1974 there were more than 11,000 and during those 11 years the total value of the honey and wax produced increased from \$9 million to \$23 million.

A new beekeeping enterprise is quickly coming into its own in the West. This involves pollenization of orchards and crops by bees. Leaf-cutter bees are used to act as a pollenizing agent. They do not produce honey. One other change in beekeeping practices in the West is on the horizon. Until recently Western apiarists killed their bees every fall and imported new ones from California each spring. But with the rising cost of buying new bees, apiarists are now wintering their colonies. And some beekeepers are actually raising bees. Karl Meilike, who raises Queen bees, is a pioneer in this field in Canada and he predicts this practice will grow.

Until recently, the majority of Canada's export shipments of honey were in bulk form but during the past few years, exports of packaged honey have increased considerably, accounting for more than 35 percent of total shipments.

"Packaged honey encourages consumer demand", explains George Wright of the Department of Industry, Trade and Commerce. "These buyers learn to recognize the labels with the result that the demand increases for the Canadian

product." Exporting in retail packages also creates business at home for both processors and packers.

The United States provides the largest foreign outlet for Canada's honey. This market may become more important in the future because Britain, the now second-largest foreign market will probably do more trading within the EEC and their tariffs are increasing as well. Tariffs in Japan, another big market, have also increased considerably, making it difficult for Canada to compete on the honey market there. But the Canadian Honey Council is making efforts to have this tariff lowered.

The largest portion of Canadian honey exports come from the Western provinces, due largely to the lack of a large local market and this trend is expected to continue.

#### **West Germans eat more honey**

During the calendar year 1974, the per-capita consumption of honey in West Germany increased to 903 grams, compared with 873 grams in 1973. Total domestic consumption amounted to 56,000 tons compared with 54,000 tons in 1973 and the largest proportion was imported — 42,300 tons compared with 46,200 in 1973. The most important suppliers were Mexico (10,900 tons), Argentina (8,500 tons) and the People's Republic of China (4,000 tons). Imports of Canadian honey amounted to only 468 tons.

While domestic production increased from 10,000 tons to 15,000 tons, West German exports went down from 2,200 tons to 1,300 tons. The total number of bee swarms remained more or less unchanged and is estimated to be approximately 1 million. But quite a number of swarms were killed this spring when temperatures reached abnormal highs, followed by unusual cold. (from Karl Schmitz, Marketing Officer, Bonn)



# IT&C's Office of Design

Gordon D. Hutchison, Special Correspondent

Whether you are aware of it or not, every time you make a purchase, you are casting your personal vote on the design of the product selected. Price, of course, plays an important role. But when prices compare, the decision is whether or not one particular product suits your purpose better than another. You are making a design decision.

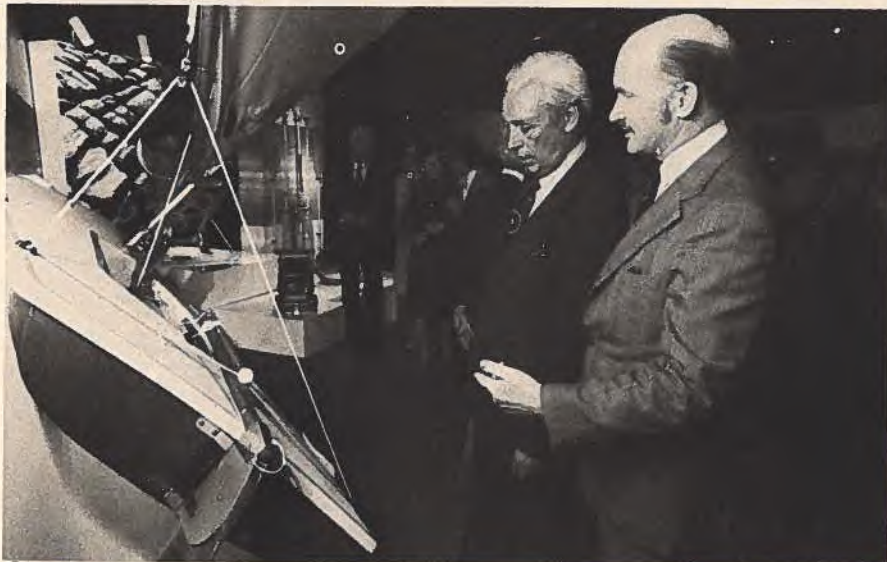
Well-designed products sell better than poorly designed ones. It's a fundamental fact of life, and true in both domestic and foreign markets. Recognizing this, the Department of Industry, Trade and Commerce has established an efficient office of specialists to encourage industry to utilize Canadian design talent in the development and marketing of their products.

Staffed by industrial designers and related professionals, the Office of Design provides a number of services to industry, the industrial design community, provincial governments and educational institutions. These services include industry grants, scholarships, management courses, seminars, exhibits and design award programs.

One of the more visible activities of the Office of Design is policy direction and design evaluations of the Industrial Design Assistance Program (IDAP) by the Design Application Division. Created in 1970, IDAP puts dollars into the hands of Canadian firms to help pay professional design fees for approved projects. Up to 50 per cent of the industrial design and administrative costs are covered by the program for the design of new products or for the redesign of an existing line. The program is intended to introduce businesses to the advantages of working with design professionals, and is restricted to projects of product innovation.

While a business may initially see design as an expense it is actually an investment. With a better designed product, the company should be able to recover its costs through improved sales, while the government recovers its grant through increased tax revenues. The ratio of actual product sales to IDAP expenditures has been 13:1, and the projected ratio is in the neighbourhood of 90:1. Potentially a very good payoff, which explains why the department has expanded the budget from the initial \$250,000 a year to \$1,000,000.

There have been some outstanding design success stories in Canada, and the Office of Design has documented several of them in the form of case study reports. The Potpourri portable toilet and the Webster Electro Air Compressor are examples of IDAP-funded successes; other studies, on such products as the Laser Sailboat, Bombardier's Can-Am motorcycle and Bell-Northern Research's Traffic Operator Position System (TOPS), tell design success stories that happened without IDAP aid. In all cases, the application of sound industrial design principles were instrumental in the marketability of the products.



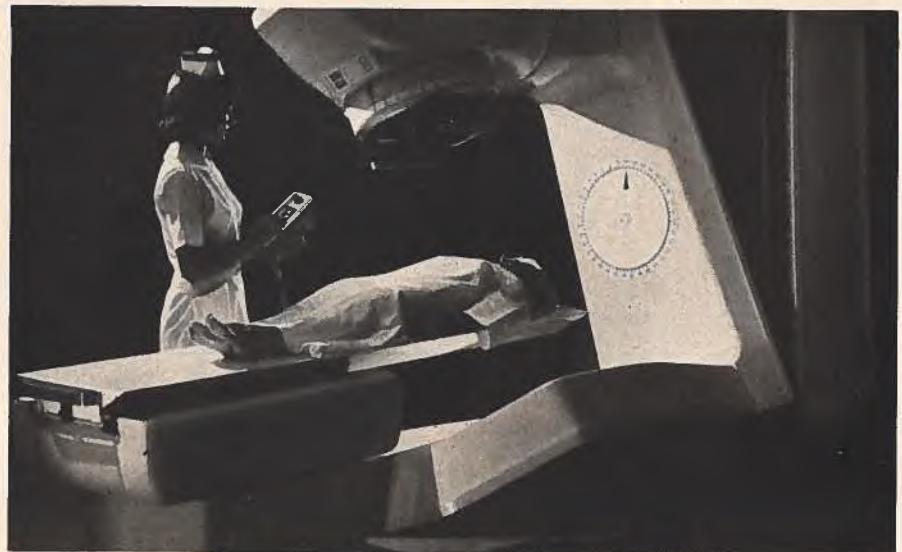
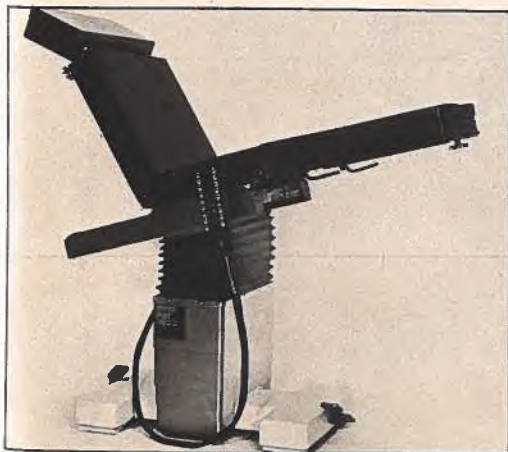
Even the most rational of programs needs a little support. The Design Communications Division actively promotes design through an integrated program of literature, travelling displays and design in concrete, steel, unit masonry, engineering or design management.

*Canadian Design*, a bi-monthly newsletter, provides an informative view of the state of design in Canada. Distributed to Canadian industry, design professionals, the international design community, and other interested parties, its objective is to keep readers informed of design achievements and opportunities in Canada. A major concern of the Office of Design is to work towards ensuring the availability of skilled talent to meet Canadian design needs. This is accomplished by maintaining an up-to-date file of available design expertise, the "Record of Designers", and, to ensure continued renewal and expansion of design manpower, the office offers financial assistance to qualified design students and educational institutions.

The "Record of Designers" is a confidential listing of Canadian design consultants according to their speciality and geographical location. The registrar of the Record regularly provides short lists of qualified designers in response to industrial inquiries.

The Design Capability Division also sponsors research projects and courses concerned with design management and development of professional designers in a number of Canadian colleges and universities. To date, more than 200 scholarships have been awarded, valued at more than \$700,000, sending Canadian design students to the best international schools.

The Design Liaison division was recently created to assist in the rapidly developing inter-provincial design programs. Over the past two years, the growth of provincial design responsibility centres has generated considerable activity between the federal government and the provinces, Industry, professional associations, and international organizations. The liaison division staff work back and forth between these various groups and institutions to ensure the smooth flow of design programs and information.



# Spotlight on Design

## First Governor General's Award for Engineering Design

On October 3, at Government House in Ottawa, representatives of seven Canadian firms were presented with a newly-established award for excellence in product design. The firms were chosen by a jury of senior personnel nominated by the Canadian Council of Professional Engineers, the Engineering Institute of Canada, the Association of Canadian Industrial Designers, the Association of Consulting

Engineers of Canada, the Royal Architectural Institute of Canada and the National Design Council. The Governor General's Award program is administered by the Department of Industry, Trade and Commerce in co-operation with the National Design Council. The award will be presented every two years.

### Award of Excellence

*Picker X-Ray Manufacturing Ltd.*, Bramalea, Ontario.

### Awards of Merit

*Pulp and Paper Research Institute of Canada*,  
Pointe-Claire, Quebec  
*Hauptmann, Green and Associates Ltd.*, North  
Vancouver, British Columbia  
*SED Systems Ltd.*, Saskatoon, Saskatchewan  
*The Proctor and Redfern Group*, Toronto, Ontario  
*Hiram Walker & Sons Ltd.*, Walkerville, Ontario  
*Ritter Engineering Ltd.*, Calgary, Alberta



# UPDATE

Canada's Trade Commissioners and  
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Foreign Tariffs and Trade Regulations



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*Cable:* CANADIAN HAVANA  
*Phone:* 2-6421

**CZECHOSLOVAKIA**

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 Mickiewiczova 6  
 125 33 Prague 6, Czechoslovakia  
 W.A.I. Cross  
 Commercial Counsellor  
 M. Hudec  
 Commercial Officer  
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**DENMARK**

**Commercial Counsellor**  
**Canadian Embassy**  
 Prinsesse Maries Allé 2  
 Copenhagen V, Denmark  
 W. Mackenzie Hall  
 Commercial Counsellor  
 T.W. Harboe  
 Commercial Officer  
 Mrs. J.L. Neergaard  
 Commercial Officer  
*Cable:* CANADIAN  
*Phone:* 31 33 06  
*Telex:* 27036 (DMCNC DK)  
*Territory:* Greenland

**EUROPEAN COMMUNITIES\***

**Mission of Canada to the  
 European Communities**  
 rue Loxum 6  
 B-1000 Brussels, Belgium  
 R.B. Gourlay  
 Counsellor  
 L.T. Dickenson  
 First Secretary  
 J. Castonguay  
 First Secretary  
 C.M. Courtemanche  
 First Secretary  
 Miss C. Tremblay  
 Second Secretary  
*Cable:* CANADIAN  
*Phone:* 13.06.00  
*Telex:* 21613 (DOMCAN BRU)  
*Territory:*  
 European Economic Community,  
 European Atomic Energy  
 Community, European Coal and  
 Steel Community  
 \*The Mission handles only those  
 inquiries that relate to Community  
 law, regulations and activities or  
 that require liaison with the  
 Commission of the European  
 Communities

**FINLAND**

**Commercial Secretary**  
**Canadian Embassy**  
 Pohsois Esplanadi 25B  
 00100 Helsinki 10, Finland  
 C.R. Donley  
 Commercial Secretary  
*Cable:* DOMCAN HELSINKI  
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*Telex:* 121363 (121363 DMCNH)

**FRANCE**

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**Canadian Embassy**  
 35 Avenue Montaigne  
 75008 Paris, France  
 F.I. Wood  
 Minister-Counsellor (Commercial)  
 J.D. Welsh  
 Commercial Secretary  
 J.N. Guerin  
 Commercial Secretary (Agriculture)  
 R. Goulet  
 Commercial Secretary  
 A. Dallaire  
 Assistant Commercial Secretary  
 R.L. Kohler  
 Assistant Commercial Secretary  
 J. Besnard  
 Commercial Officer  
 J.L. Baron  
 Commercial Officer  
 Miss C. Balas  
 Commercial Officer  
 J. Hourdeau  
 Commercial Officer  
*Cable:* CANADIAN PARIS  
*Phone:* 225-99-55

*Telex:* 28806 (DOMCAN A PARIS)  
*Territory:*  
 Andorra, Monaco

**GERMANY**

**Bonn**  
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 Commercial)**  
**Canadian Embassy**  
 Friedrich-Wilhelmstrasse 18  
 53 Bonn, West Germany  
 G.F. Mintenko  
 Minister-Counsellor (Economic/  
 Commercial)  
 O.A. Sulzenko  
 Commercial Counsellor  
 L.J.W. Duffield  
 Commercial Secretary  
 D.G. Ryan  
 Commercial Secretary  
 A.S. Poole  
 Assistant Commercial Secretary  
 G. Starr  
 Assistant Commercial Secretary  
 O. Schroeder  
 Commercial Officer  
 Mrs. K. Bayerwaltes  
 Commercial Officer  
 H.E. Lanzrath  
 Commercial Officer  
 K. Schmitz  
 Commercial Officer  
*Cable:* CANADIAN  
*Phone:* 231061  
*Telex:* 886421 (DOMCA D)  
*Territory:*  
 States of Baden-Wuerttemberg,  
 Bavaria, Hesse, Rhineland-  
 Palatinate, Saar

**Duesseldorf**

**Consul General**  
**Canadian Consulate General**  
 Immermannstr. 3  
 4 Duesseldorf, West Germany  
 C.M. Forsyth-Smith  
 Consul General  
 T.A. Williams  
 Consul and Trade Commissioner  
 M.J. Hladik  
 Consul and Trade Commissioner  
 P.R. Zalite  
 Vice Consul and Assistant Trade  
 Commissioner  
 H. Mahncke  
 Commercial Officer  
 H. Vogel  
 Commercial Officer  
*Cable:* CANADIAN  
*Phone:* 353471  
*Telex:* 8587144 (DMCN D)  
*Territory:*  
 State of North Rhine-Westphalia

**HAMBURG**

**Consul General**  
**Canadian Consulate General**  
 Esplanade 41-47

**2000 Hamburg 36, West Germany**

T.G.E. Woollam  
 Consul General  
 M.W. McQuinn  
 Consul and Trade Commissioner  
 K.D. McNamara  
 Vice Consul and Assistant Trade  
 Commissioner  
 D. Alberts  
 Commercial Officer  
 W.M. Schefczyk  
 Commercial Officer  
*Cable:* CANADIAN  
*Phone:* 351805  
*Telex:* 215555 (DMCNH D)  
*Territory:*  
 City States of Bremen and  
 Hamburg; States of Lower Saxony  
 and Schleswig-Holstein; West  
 Berlin

**GREECE**

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 Canadian Embassy  
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 J.M. Duval  
 Assistant Commercial Secretary  
 G.V. Bastounis  
 Commercial Officer  
 C. Swift  
 Commercial Officer  
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*Phone:* 739-511  
*Telex:* 5584 (215584 DOM GR)

**GUATEMALA**

**Commercial Counsellor  
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 Guatemala City, Guatemala, C.A.**  
 C.A. Carruthers  
 Commercial Counsellor  
 M.A. Bouchard  
 Consul and Commercial Secretary  
 R.V. Castillo  
 Commercial Officer  
 H. Cerezo  
 Commercial Officer  
*Cable:* CANADIAN  
*Phone:* 61560, 67227, 61005  
*Telex:* 206 (DOMCAN GU 206)  
*Territory:*  
 El Salvador, Honduras

**HONG KONG**

**Canadian Government Trade  
 Commissioner  
 Commission for Canada  
 14/15 Floors, Asian House  
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 Trade Commissioner  
 C.S. Russel  
 Assistant Trade Commissioner  
 F.M. Loh  
 Commercial Officer  
 B. Yeung  
 Commercial Officer  
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*Phone:* 5-282224, 5-282423  
*Telex:* 73391 (DOMCAN 73391)  
*Territory:*  
 Macao

**HUNGARY**

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 B. Gyonor  
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*Telex:* 22-4588 (CANADA H)

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 Chanakyapuri  
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 I.B. Robertson  
 Counsellor (Development  
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 P. Dingleline  
 Commercial Secretary  
 F. Laberge  
 Assistant Commercial Secretary  
 T.V. Subramanian  
 Commercial Officer  
 R.C. Kamo  
 Commercial Officer  
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*Telex:* 2346 (DOMCAN NDI 2346)  
*Territory:*  
 Bhutan

**INDONESIA**

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 R.H. Dorrett  
 Commercial Counsellor  
 H. McNairnay  
 Assistant Commercial Secretary  
 P. Manogari  
 Commercial Officer  
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 Commercial Officer  
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 44345)

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 Avenue Takhte Tavous  
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 G.D. Valentine  
 Commercial Counsellor  
 D.C. Webb  
 Commercial Counsellor  
 B. Adam  
 Assistant Commercial Secretary  
 M.H. Yassini  
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*Phone:* 622623, 629898, 625269  
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**IRAQ**

**Commercial Secretary  
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 J.G. Tardif  
 Commercial Secretary  
 G.J. Shannon  
 Assistant Commercial Secretary  
 R. Sadurian  
 Commercial Officer  
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 20652 (DOMCAN BERYT)

**IRELAND**

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 Canadian Embassy  
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 J.L.N. Villeneuve  
 Commercial Secretary  
 J. Sullivan  
 Commercial Officer  
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*Telex:* 5488 (DMCN EI)

**ISRAEL**

**Commercial Secretary  
 Canadian Embassy  
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 Commercial Secretary  
 Miss D. Morin  
 Assistant Commercial Secretary  
 B. Fynne  
 Commercial Officer  
 J. Ingber  
 Commercial Officer  
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*Phone:* 287121  
*Territory:*  
 Cyprus

**ITALY**

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 Minister (Economic Commercial)  
 Canadian Embassy  
 Via G.B. de Rossi 27**

**00161 Rome, Italy**

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 Minister (Economic Commercial)  
 V. Wightman  
 Commercial Counsellor  
 (Agriculture)  
 R.F. Andriago  
 Commercial Secretary  
 D.A. Rosenthal  
 Assistant Commercial Secretary  
 G. DeLuca  
 Commercial Officer  
 M.J. McDermott  
 Commercial Officer  
 C. Marati  
 Commercial Officer  
*Cable:* CANADIAN  
*Phone:* 864-327  
*Telex:* 61056 (DOMCAN ROME)  
*Territory:*  
 Provinces of Toscana, Marche,  
 Umbria, Lazio, Abruzzi-Molise,  
 Puglia, Campania, Basilicata,  
 Calabria, Sicilia, Sardegna. Other  
 countries: Malta

**Milan**

**Consul General**  
**Canadian Consulate General**  
**Via Vittor Pisani 19**  
**20124 Milan, Italy**  
 C.J. Van Tighem  
 Consul General  
 K.G. Ramsay  
 Consul and Senior Trade  
 Commissioner  
 S.A. Bigsby  
 Vice Consul and Assistant Trade  
 Commissioner  
 U. Boschetti  
 Commercial Officer  
 W.H. Skouse  
 Commercial Officer  
 E. Recchi  
 Commercial Officer  
 A. Todesco  
 Commercial Officer  
*Cable:* CANTRACOM  
*Phone:* 652-600 657-0451  
*Telex:* 31368 (CANTRACOM  
 MILAN)  
*Territory:*  
 Provinces of Emilia-Romagna,  
 Lombardia, Piemonte, Trentino-  
 Alto, Adige, Veneto, Liguria,  
 Trieste, Valle D'Aosta, Friuli-  
 Venezia

**IVORY COAST**

**Commercial Secretary**  
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**Abidjan, Ivory Coast**  
 J.D.R. Roy  
 Commercial Secretary

G. Willows  
 Assistant Commercial Secretary  
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*Telex:* 593 (DOMCAN ABIDJAN  
 593)  
*Territory:*  
 Gambia, Guinea, Liberia, Mali,  
 Mauritania, Niger, Senegal, Upper  
 Volta

**JAMAICA**

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**Corner Trafalgar Road and Knuts-**  
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**Kingston 10, Jamaica**  
 C.D. Miller  
 Commercial Counsellor  
 A.E. Lepage  
 Commercial Secretary  
 K.J. Sunquist  
 Assistant Commercial Secretary  
 Miss M.J. Phillipson  
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*Territory:*  
 Bahamas, Belize, Cayman Islands,  
 Turks and Caicos Islands

**JAPAN**

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**Embassy of Canada**  
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 R.M. Dawson  
 Minister (Economic/Commercial)  
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 J.G. Price  
 Commercial Secretary  
 W.R. Parkinson  
 Commercial Secretary  
 R.A. Fairweather  
 Commercial Secretary  
 N.M. Switucha  
 Commercial Secretary (Metals,  
 Minerals and Energy)  
 D.G. Summers  
 Assistant Commercial Secretary  
 M. St. Laurent  
 Assistant Commercial Secretary  
 S. Kiyohara  
 Commercial Officer  
 Y. Yazaki  
 Commercial Officer  
 S. Matsuura  
 Commercial Officer  
 S. Fukuda  
 Commercial Officer  
 Y. Yabe  
 Commercial Officer

T. Higuchi  
 Commercial Officer  
 N. Takazoe  
 Commercial Officer  
*Cable:* CANADIAN  
*Phone:* 408-2101/8  
*Telex:* TK 2218 (DOMCAN TK2218)  
*Territory:*  
 Guam

**KENYA**

**Commercial Secretary**  
**Canadian High Commission**  
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**Industrial Promotion Services**  
**Building**  
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**Nairobi, Kenya**  
 Z.W. Burianyak  
 Commercial Secretary  
 R.D. Ballhorn  
 Assistant Commercial Secretary  
 P. Musira  
 Commercial Officer  
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*Telex:* 22198 (DOMCAN NRB)  
*Territory:*  
 Ethiopia, Somali Republic, Tan-  
 zania, Uganda

**KOREA**

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**Canadian Embassy**  
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 L. Boisvert  
 Assistant Commercial Secretary  
 C.S. Lee  
 Commercial Officer  
 C.W.C. Hang  
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**LEBANON**

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**Hamra Street**  
**Beirut, Lebanon**  
 D.J. Browne  
 Commercial Counsellor  
 F. Veenema  
 Assistant Commercial Secretary  
 M.G. Stinson  
 Assistant Commercial Secretary  
 E.A. Maklouf  
 Commercial Officer  
 J.S. Marrow  
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Phone: 350-660  
Telex: 20652 (DOMCAN BERYT)  
Territory:  
Bahrein, Jordan, Kuwait, People's  
Democratic Republic of Yemem  
(Aden), Qatar, Sultanate of Oman,  
Syria, United Arab Emirates,  
Yemen Arab Republic.

#### **MALAYSIA**

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M.M. Vujnovich  
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G.H. Bates  
Assistant Commercial Secretary  
M. Yee  
Commercial Officer  
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Telex: KL 30269 (DOMCAN  
MA30269)  
Territory:  
Burma

#### **MEXICO**

**Commercial Counsellor**  
**Canadian Embassy**  
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**Melchor Ocampo 463, 7th Floor**  
**Mexico 5, D.F., Mexico**  
R.D. Sirrs  
Commercial Counsellor  
P. McKellar  
Commercial Secretary  
R. Noble  
Assistant Commercial Secretary  
G.E. Belanger  
Commercial Officer  
L.F. Arguelles  
Commercial Officer  
J.A. Pahnke  
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#### **NETHERLANDS**

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Commercial Counsellor  
J.D. Leach  
Commercial Secretary  
Miss N.M. Stiles  
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W. Rekker  
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F.W. Zechner  
Commercial Officer  
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Phone: 61-41-11  
Telex: 31270 (DOMCAN HAGUE)

#### **NEW ZEALAND**

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**Molesworth Street**  
**Wellington, New Zealand**  
D.A.B. Marshall  
Commercial Counsellor  
R.B. Johnson  
Assistant Commercial Secretary  
J.M. Mabbett  
Commercial Officer  
A.S. Chisholm  
Commercial Officer  
Cable: DOMCAN Wellington  
Phone: 70-644  
Territory:  
Cook Islands, French Oceania,  
Gilbert and Ellice Islands, Tahiti,  
Tonga, Western Samoa

#### **NIGERIA**

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**Canadian High Commission**  
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**Niger House**  
**1/5 Odunlami Street**  
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D.D. Van Beselaere  
Commercial Secretary  
D. Carrette  
Assistant Commercial Secretary  
B. Starr  
Assistant Commercial Secretary  
B.I. Olowu  
Commercial Officer  
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Phone: 53630  
Telex: 21275 (DOMCAN LAGOS)  
Territory:  
Dahomey, Ghana, Sierra Leone,  
Togo

#### **NORTH ATLANTIC COUNCIL** **Delegation of Canada to the North** **Atlantic Council**

**1110 Brussels, Belgium**  
F.J. McNaughton  
Commercial Counsellor  
(Defence Production)  
Cable: CANDEL BRUSSELS  
Phone: 215-88-53

#### **NORWAY**

**Commercial Secretary**  
**Canadian Embassy**  
**Postuttak**  
**Oslo 1, Norway**  
R.D. Merner  
Commercial Secretary  
G.R. Barton  
Commercial Officer  
B.J. Hanssen  
Commercial Officer  
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Phone: 46.69.55

Telex: Oslo 11880 (118880  
DOMCAN)  
Territory:  
Iceland

#### **PAKISTAN**

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**P.O. Box 1042**  
**Diplomatic Enclave**  
**Ramna 5**  
**Islamabad, Pakistan**  
P.W. Belanger  
Commercial Secretary  
M.H. Jafri  
Commercial Officer  
M.Y. Farroqi  
Commercial Officer  
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Phone: 21101-04  
Territory:  
Afghanistan

#### **PERU**

**Commercial Counsellor**  
**Canadian Embassy**  
**Casilla 1212**  
**Libertad 132**  
**Miraflores**  
**Lima, Peru**  
H.R. Wilson  
Commercial Counsellor  
H.E. Sarafian  
Vice Consul and Assistant  
Trade Commissioner  
L.G. Poma  
Commercial Officer  
L.B. DeLaTorre  
Commercial Officer  
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Phone: 463890  
Telex: 25323PU (DOMCAN  
PU25323)  
Territory:  
Bolivia

#### **PHILIPPINES**

**Commercial Division**  
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A.C. Perron  
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R.J. Brown  
Assistant Commercial Secretary  
Miss M. Huber  
Assistant Commercial Secretary  
F.V. Maravillas  
Commercial Officer  
T.C. Jr. Sanie  
Commercial Officer  
D. Tiu  
Commercial Officer  
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Phone: 87-65-36 or 87-78-46  
Telex: 3676 (DOMCAN PN 3676)

**POLAND**

**Commercial Secretary**  
**Canadian Embassy**  
**Matejki 1/5**  
**Srodmiescie**  
**Warsaw, Poland**  
 G.C.M. Lambert  
 Commercial Secretary  
 T.G. Cullen  
 Assistant Commercial Secretary  
 B.J. Janczewski  
 Commercial Officer  
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**PORTUGAL**

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 Commercial Counsellor  
 Manuel de Jesus Dantas de Lima  
 Commercial Officer  
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*Telex:* 12377 (DOMCAN P)  
*Territory:*  
 Azores, Cape Verde Islands,  
 Madeira, Portuguese Guinea

**PUERTO RICO**

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 P.D. Donohue  
 Consul and Trade Commissioner  
 R.B. MacKenzie  
 Vice Consul and Assistant Trade  
 Commissioner  
 C. Colon  
 Commercial Officer  
 A. Nones  
 Commercial Officer  
*Phone:* 764-2011 (Area Code: 809)  
*Telex:* 3450297 (Canada 3450297)  
*Territory:*  
 British Virgin Islands, Dominican  
 Republic, Haiti, U.S. Virgin Islands

**SAUDI ARABIA**

**Commercial Secretary**  
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**King Abdul Aziz Street**  
**Queen's Building — 6th floor**  
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 J.P. Lefebvre  
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 M. Gaudette  
 Assistant Commercial Secretary  
 S.A. Al Mubarak  
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*Phone:* 34597/8

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**SINGAPORE**

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 D.C. Butler  
 Commercial Secretary  
 W.H.C. Chia  
 Commercial Officer  
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*Phone:* 37-1322  
*Telex:* 277 (DOMCAN SPORE)  
*Territory:*  
 Brunei

**SOUTH AFRICA**

**Johannesburg**  
**Consul General**  
**Canadian Consulate General**  
**901 Standard Bank Centre**  
**76 Fox Street**  
**Mailing address:**  
**P.O. Box 61619**  
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**2107 South Africa**  
 M.B. Blackwood  
 Consul General  
 J.E. Graham  
 Vice Consul and Assistant  
 Trade Commissioner  
 G.A. McGregor  
 Vice Consul and Assistant Trade  
 Commissioner  
 W.H. Smith  
 Commercial Officer  
 T. Grevelling  
 Commercial Officer  
*Cable:* CANADIAN  
*Phone:* 834-6521  
*Telex:* 7189 (43-7189 JH)  
*Territory:*  
 Provinces of Natal, Transvaal.  
 Other countries: Angola,  
 Botswana, Comoro Archipelago,  
 Lesotho, Malagasy, Mauritius,  
 Mozambique, Reunion, Swaziland

**Cape Town**

**Consul and Trade Commissioner**  
**P.O. Box 663**  
**African Eagle Centre, 13th Floor**  
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 A.W. Evans  
 Consul and Trade Commissioner  
 D. Cassidy  
 Commercial Officer  
*Cable:* CANADIAN  
*Phone:* 2-5134/5  
*Telex:* 7060 (5-7060 CT)  
*Territory:*  
 Cape Province, Orange Free State.  
 Other countries: St. Helena

**SPAIN**

**Commercial Counsellor**  
**Canadian Embassy**  
**Apartado 117**  
**35, Nunez de Balboa**  
**Madrid, Spain**  
 L.D. Burke  
 Commercial Counsellor  
 David Lee  
 Assistant Commercial Secretary  
 D. Thibault  
 Assistant Commercial Secretary  
 J. Medcalf  
 Commercial Officer  
 M.F. Crawcour  
 Commercial Officer  
*Cable:* CANADIAN  
*Phone:* 225-9119  
*Telex:* 27347 (DOMCA E)  
*Territory:*  
 Provinces outside the peninsula  
 Balearic Islands, Canary Islands,  
 Spanish Sahara

**SRI LANKA**

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**Cinnamon Gardens**  
**Colombo, Sri Lanka**  
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**SWEDEN**

**Commercial Counsellor**  
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 D.I. Ditto  
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 W.D. Hutton  
 Commercial Secretary  
 W. Manston  
 Commercial Officer  
 Mrs. U. Hansson  
 Commercial Officer  
 P.O. Holm  
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*Telex:* 10687 (10687 DOMCAN S)

**SWITZERLAND**

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**Kirchenfeldstrasse 88**  
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 L.D. Lederman  
 Commercial Secretary  
 E.A. Mallory  
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## International Projects

### BOLIVIAN TOURISM AND INDUSTRY LOAN

The Inter-American Bank has announced the approval of two loans equivalent to \$7 million to help Bolivia carry out an industrial and tourism development program. The loans include one equivalent to \$6 million from the Fund for Special Operations and one for 2,420,000 Swiss francs (equivalent to \$1 million) from the Swiss Fund for Latin American Development which the Bank administers.

The total cost of the project is estimated at \$9.5 million, of which the Bank loan will cover 73.6 per cent and local sources the remaining 26.4 percent.

**Implementing organization:** Banco Industrial, S.A. (BISA), La Paz, Bolivia.

### ANIMAL DISEASE PREVENTION IN CENTRAL AMERICA & PANAMA

The Inter-American Bank has announced the approval of \$400,000 in grant technical co-operation to help finance a training program related to the prevention and control of animal diseases in Central America and Panama.

The technical co-operation will be used by the Pan American Health Organization (PAHO) to train professional personnel from the beneficiary countries — Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama — in methods and techniques of social communication and animal health education.

The total cost of the project is estimated at \$844,000, of which the Bank's resources will cover 47 per cent, PAHO 15 percent and the beneficiary countries 38 percent.

### IVORIAN SMALL BUSINESS

The World Bank has approved a loan of \$5 million to assist the development of small-scale enterprises in the Ivory Coast. The loan will be made to the Credit de la Côte d'Ivoire (CCI) with the guarantee of the Republic of the Ivory Coast, in the form of a line of credit to provide financing for the establishment and expansion of small-scale enterprises. The project is expected to improve the efficiency of, and the co-operation between, CCI and OPEI (Office de Promotion de

l'Enterprise Ivoirienne), the country's principal financing and technical assistance agencies in this field. Moreover, it will foster co-operation with other institutions engaged in the promotion of indigenous small enterprises. CCI was already selected as the financial channel for a recently approved Bank-financed tourism development project.

The proceeds of the loan will be used to provide financing for up to 60 percent of sub-project costs, equivalent to the estimated average foreign exchange cost. Sub-loans will be at an interest rate of 12 percent a year, for terms of up to 15 years including an appropriate grace period. OPEI will identify branches suitable for lending. Three branches — woodworking, garages, and bakeries — have already been identified for this project. The loan will generate an estimated total investment of about \$9.4 million. This will permit the establishment or extension of some 130 small-scale enterprises and the creation of about 1,600 jobs.

### LIBERIAN HIGHWAY PROJECT

The World Bank has approved a \$27.5 million loan to help finance a third highway project in Liberia.

The project, with a total cost of \$46.4 million, aims at improving the transport infrastructure of Liberia, presently a major constraint to the development of the country. The project includes the construction of a two lane bridge, with an extension of 1,400 feet, across the Mesurado River and upgrading of United Nations Drive (5.4 miles) in Monrovia; the construction and realignment of the Totota-Ganta Road (83 miles) and a three year program for construction and improvement of about 150 miles of feeder roads in the Lofa County. The project also includes technical assistance to the Ministry of Public Works' Planning Division, consulting services, feasibility studies for the improvement of two other roads, detailed engineering for the Mount Coffee Dam road and a study of Monrovia's urban development and transport system.

**Implementing organization:** Ministry of Public Works, Monrovia, Liberia.

**Procurement:** Construction contracts for major works will be awarded

following international competitive bidding. In addition, the project provides for the purchase of equipment, operating costs and spare parts totalling an estimated \$1.3 million, \$1 million of which will be procured on the basis of international competitive bidding. Specifications will be prepared by the Ministry of Public Works and reviewed with the Bank, and bids will be evaluated on the basis of c.i.f. costs (Monrovia).

**Consultants:** Consultant services will be financed under the loan to assist the new planning unit in the Ministry of Public Works, and to supervise construction of major works as well as to undertake feasibility studies for 90 miles of road.

### PARAGUAYAN PRE-INVESTMENT STUDY

The International Development Association (IDA), an affiliate of the World Bank, has approved a \$4 million development credit to the Republic of Paraguay to help finance a pre-investment study project.

Under the project, high-priority investment studies will be carried out during a three year period mainly in the transportation, agriculture, tourism and education sectors.

The project is expected to improve budgeting and resource allocation, increase the number of high priority development projects in the public sector, and contribute to a more effective co-ordination of external financial assistance.

**Implementing organization:** The Central Bank of Paraguay will establish a Management Committee to carry out the project. The National Projects Office (NPO) will be responsible for processing and supervising individual project studies. Banco Central de Paraguay, Asuncion, Paraguay. Oficina Nacional de Proyectos, Asuncion, Paraguay.

**Consultants:** Contracts will be awarded in accordance with the Pre-investment Fund's Operating Manual to firms selected from a short list of consultants (normally an international representation of three to five firms), with capability in the particular field. Eligible consultants would be from a member country of IDA and Switzerland.

# Wanted Manufacturers

This information is intended to promote additional manufacturing in Canada and is reprinted from the New Products Bulletin, published by the Industrial and Trade Enquiries Division of the Department. Further material on items listed is for Canadian manufacturers only and no responsibility is assumed for claims or statements made. Address inquiries, quoting item numbers to: Industrial & Trade Enquiries Division, Department of Industry, Trade and Commerce, Ottawa K1A 0H5.

## Garment labelling

British firm seeks to licence a Canadian company to manufacture its sealer/printer for printing and attaching garment labels. Labels can be printed and heat sealed permanently by this machine which utilizes a special hot melt adhesive and a heat activated foil. There is no wastage such as with pre-ordered labels as garment manufacturers do their own printing. Label information can be changed in seconds. It is claimed that the labels will withstand dry cleaning or washing up to boiling temperatures. The device has a production capacity of 400 labels per hour. Literature available. **Item 3223**

## Tree harvester

Swedish firm is offering the rights for manufacturing under licence in Canada its patented machine which is designed for harvesting trees by uprooting them and cutting off their sideroots. This diesel powered device is of rugged construction and is mounted on a four-wheel carrier for portability. It is claimed that the stump and root wood add approximately 20 percent to the normal yield. Other claimed advantages are shorter periods for regeneration as well as reduced risk of damage from fungus and insects. Literature available. **Item 3224**

## Wood processing machines

Italian firm is offering the Canadian manufacturing rights to its line of machines used in the wood processing field. These machines include a log charger suitable for use with any type of wood peeling machine; a veneer guillotine for the cutting of peeled or sliced wood; a paper splicer, with or without paper breaker; a double carpet automatic and electropneumatic clipper complete with electronic measuring equipment and a numerical readout system for cutting the peeled veneer at preset sizes; a slicer which produces veneers of constant thickness from all kinds of wood; lathes for the peeling or semi-peeling of wood, etc. Literature available. **Item 3225**

## Impulse burner

Czechoslovakian state licensing agency is seeking a licensing arrangement with a Canadian firm for the manufacture of its impulse-type burner with high outlet velocity. The high discharge velocity of combustion products provides an intensive impulsive action for the stream which, when injected into the surrounding atmosphere, provokes an intensive flow of combustion products inside the furnace. The burners are made in eight sizes to correspond to performances from 25 Mcal/h to 3000 Mcal/hr. Due to high heat transfer, it is claimed that a heat economy as high as 50 percent and an output increase approaching 100 percent can be attained. Literature available. **Item 3226**

## Motor regulator, electronic motor

Swiss company is offering the right for manufacturing under licence in Canada its electronic regulating device which is specifically designed for regulating the speed of single phase AC motors. By means of this compact unit, motors up to about 1.5 HP can be infinitely variably regulated from standstill up to full speed with practically constant torque. The unit is unique in that it utilizes an AC motor thus eliminating the high maintenance items of DC motors such as commutators, brushes etc. The company is also offering the manufacturing rights for an electronic motor especially developed for use with this regulator. Literature available. **Item 3227**

## Continuous weighing machines

British firm is seeking a licensing arrangement with a Canadian company for the manufacture of its continuous weighers for powdered and granular materials. The system consists basically of two side by side measuring hoppers, each mounted on a load cell measuring device. Material is directed alternately into each hopper by a two-way valve. The material flows into one hopper until a preset weight is reached at which time the flow is diverted to the

other. The material in the filled hopper is then accurately weighed and discharged. Claimed advantages include accuracies within 0.1 percent compactness and reliability. Capacities up to 50 tons/hour are possible. A range of associated electronic modular process control options has been developed covering batching, blending, controlling material into and out of stock, etc. Literature available. **Item 3228**

## Steel casting technology

Czechoslovakian state agency is offering the Canadian manufacturing rights to its technology for casting from above high and medium alloy steels. The method employs a layer of slag of reducing character which prevents the steel from being oxidized and nitrided by exposure to the air. It forms a thin layer between the ingot outer and the mold inner wall which favours the forming of a good ingot surface and reduces possible casting defects. In addition, this new method is claimed to increase the yield of liquid steel by 5 to 7 percent and to reduce dust formation during pouring. Literature available. **Item 3229**

## Ferritometer

Czechoslovakian state licensing agency offers for manufacture under licence in Canada its device for determining whether steel bars and other steel products are suitable to be formed or welded. This equipment can be used with any piece of austenitic 18-8 type steel with a thickness above 20 mm. It is claimed that ferrite values can be assessed in any depth of the cross section to be measured, that measuring can be performed without taking samples and that results are negligibly affected by the surface condition of the steel. The device is portable and is powered by an alternating current of 220V 50 Hz. Literature available. **Item 3230**

### **Thermoplastic sheathing process**

German firm is offering the rights for manufacturing under licence in Canada its plastic-coated particleboard profiles. A new process is claimed to permit the economical mass production of plastic sheathed interior semi-structural mouldings. A seamless plastic sheath completely surrounds the peripheral surface of the particleboard core and follows its most intricate contours, grooves and projections. Because the plastic is permanently bonded to the core, the profiles can be sawn, nailed and glued like wood sections. Applications are practically limitless and include furniture mouldings and drawers, door frame components, partition parts, floor and ceiling mouldings, etc. Literature available. **Item 3231**

### **Method of toxicological analysis**

Danish firm offers under licence the Canadian manufacturing rights to a method for conducting biological-toxicological analyses of industrial waste water and drinking water. Analyses to reveal acute toxicity are carried out on algae, bacteria, zooplankton and spat of shrimps, and can be used for factory inspection of process drains, for control of flows to purification plants, percolation from dumping grounds and slag from incineration plants, and as a useful supplement to chemical and bacteriological investigation of drinking water. Literature available. **Item 3232.**

### **Compensating high speed recorder**

Czechoslovakian state agency offers under licence the Canadian manufacturing rights to a compensating high speed recorder for measuring the temperatures of molten liquids in steel plants, foundries, glass shops, etc. This all-transistor instrument is fed from an alternating current of 220V 50 Hz. It can measure temperatures within the 900-1700°C range and record graphically the results. The apparatus is claimed to facilitate checking work and to lower the rejection level. Literature available. **Item 3233**

### **Tear-off tops**

German firm seeks to licence a Canadian company to manufacture its aluminum tear-off container tops. Four types are available for use with carbonated drinks, non-carbonated drinks, and liquids under vacuum. The tops feature a

gripping tab which is secured to the cap at the tear-off end of the separable strip. Literature available. **Item 3234**

### **Toilet partitions**

American company offers under licence the Canadian manufacturing rights to its metal and plastic laminate toilet and shower partitions used in institutional, commercial and office buildings, gymnasiums, schools and government installations. All doors, panels and pilasters are prepared with a suitable internal reinforcement and pre-drilled to accommodate all hardware and fittings. The various models of partitions can be wall hung, ceiling hung, overhead braced or floor supported. Literature available. **Item 3235**

### **Road surface material**

British firm is offering the Canadian manufacturing rights to its formulations for a series of road surfacing materials that are claimed to provide higher wet skid resistance than can be provided by standard asphalt. Each formulation takes account of traffic conditions, laying thickness and aggregate availability to give a resultant surface that is custom designed for a specific application. This new approach to surfacing applies to concrete as well as bituminous materials. The chief advantages claimed for this technique over hot rolled asphalt include greater wet skidding resistance, improved vehicle ride, and a reduction in spray generation and tire and road noise. Literature available. **Item 3236**

### **INVENTIONS**

The following manufacturing opportunities represent products and processes that have not been commercially proven. In some cases, prototypes have been developed.

### **Steel deck home roof system**

American inventor offers under licence the Canadian manufacturing rights to his prefabricated roofing system consisting of 8' x 14' sections built of 2" x 4" lumber. Insulations and gypsum board are attached to the sections prior to transporting them to the building site. The sections are supported on 4" x 8" beams which form part of the house framework. Steel sheeting is nailed on top to complete the roof. This system is claimed to be

simple in design thus permitting rapid and easy construction using semi-skilled labour. Literature available. **Item 3237**

### **Lifting equipment**

British inventor is offering under licence the rights to manufacture in Canada two automotive lifting jacks for use in garages, showrooms and exhibitions, on car ferries, by motorists, etc. One, a swivel jack, can raise a vehicle so that it may be moved sideways or rotated as on a turntable or held at a convenient level or angle (up to 45°) for inspection or repairs. The other a careening jack rocker, is claimed to raise a vehicle and safely tilt it sideways up to 90° for inspections or repair. Literature available. **Item 3238**

### **Propulsion unit for skiers**

American inventor seeks to licence a Canadian firm to manufacture his propulsion unit for skiers. This device consists of an internal combustion engine located in a cleated roller with handles projecting forward from the roller hub. The handles are fastened together and held parallel by a box containing the fuel tank, battery, etc. The skier propels himself forward by actuating a throttle on the handle. A strap across his posterior transmits the thrust. The unit is claimed to drive a skier on the level or uphill and also to tow a loaded tobaggan. Literature available. **Item 3239**

### **Soaker hose holder**

American inventor offers for manufacture under licence in Canada his clamp for holding a soaker hose in a secure position on the lawn so that the water can reach a maximum area. The device has two metal prongs which are pressed into the ground. In the part above the ground, there is a holder for the soaker hose. The top part of the holder acts as a handle for placing the clamp into the ground and removing it without separating the hose from the device. The clamp is designed to prevent the hose from turning and twisting. Literature available. **Item 3240**

# Export Opportunities

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

## Equipment and Machinery

**MALAYSIA** — An engineering corporation in Selangor, Malaysia would like to represent Canadian manufacturers of welding electrodes (hardfacing, stainless steel, etc.) welding accessories and welding equipment. Please contact the Commercial Secretary, Canadian High Commission, P.O. Box 990, A.I.A. Building, Ampang Road, Kuala Lumpur, Malaysia.

**PAKISTAN** — A leading wheat miller in Pakistan is contemplating converting its facilities to the milling of Guar into Gum and would like to hear from Canadian com-

panies with the technology to collaborate on this venture. Additional information regarding its operations will be gladly supplied. Contact: Commercial Secretary, Canadian Embassy, P.O. Box 1042, Diplomatic Enclave, Ramna 5, Islamabad, Pakistan.

## Sporting Goods, Toys, Gift Items and Novelties

**AUSTRALIA** — An Australian agent and distributor wishes to contact Canadian suppliers of the following: swim masks; swim goggles; rubber inflated sports balls; cowboy repeating cap pistols, in plastic holster with belt; water pistols, pop

guns; dolls dressed (all types); fur fabric foam filled Teddy Bears and Pandas; rubber play balls; cloth picture books; dart boards (good quality ships dart board); metal tops (all sizes); printing sets; wooden musical chime trinket boxes, etc.; vinyl zip travel bags (sizes 10", 16", and 18"); tartan shopping bags, beach bags, etc.; ladies' and teenage girls' brush, comb and mirror sets costing 30p to 60p per set; all teenage ladies' and girls' gift lines, purses, handbags, etc.; all teenage boys' gift lines; plus samples of all new toys, novelties, games, sporting goods, etc.

# Foreign Tariffs & Trade Regulations

## Argentina

The fees for consular legalization of commercial invoices were increased from 1½ percent to 3 percent, effective July 1, 1975. The minimum charge for shipments valued up to and including U.S. \$66.83 is \$2.00.

Resolution NBR 22 effective August 5, suspended until December 31, 1975, imports of several goods ranging from raw materials such as zinc oxide and lead, machinery, electric motors and luxury goods. Resolution NBR 23, establishes that certificates of need for imports will only be considered for imports of capital goods or parts for direct users, im-

ports of amounts of not more than \$10,000 per importer, and imports being negotiated in LAFTA or under bilateral agreements with Bolivia, Ecuador, Paraguay and Uruguay. No further details are available at present.

The Argentine authorities announced a further devaluation of the peso effective August 11, 1975. The new rates of exchange have been established as follows: commercial rate was increased from 28.08 to 33.50 pesos to the U.S. dollar and the financial rate from 35.40 to 42.50 pesos to the U.S. dollar. The previous devaluation was on July 15.

## Bahamas

A Customs Tariff based on the Brussels Tariff Nomenclature was introduced on July 1, 1975. The new tariff rates of duty incorporate the Emergency Taxes and Inland Taxes which have been repealed.

Information regarding the rates of duty applicable on specific products may be obtained from the Caribbean Division, Western Hemisphere Bureau.

## Brazil

The Customs Policy Council has announced the following tariff changes.

Tariff item	Description	Former rate	New rate
71.01.01.00	Natural pearls	130%	30%
71.01.02.00	Cultured pearls	130%	30%
71.02.02.01	Unworked diamonds	115%	0%
71.02.02.02	Cut diamonds	120%	5%
71.02.02.99	Other diamonds	115%	20%

**Resolution 2469** of June 12, 1975 exempts from duty for one year ships unsuitable for navigation for

use as scrap iron (tariff heading 89.04.00.00).

**Resolution 2470** of June 16, 1975 amends the duty on the following tariff headings:

71.02.04.00	Other precious and semi-precious stones, cut or otherwise worked		
	Agates, emeralds	120%	30%
99	Others	20%	30%
71.03.01.01	Synthetic or reconstructed precious or semi-precious stones, etc.		
01.00	Unworked	30%	20%
02.00	Cut or otherwise worked	130%	30%
71.05.02.00	Silver alloys, unwrought	100%	0%
03.00	Silver powder	100%	0%
04.00	Bars, rods, wire and sections of silver	120%	20%
05.00	Tubes, hollow bars and the like of silver	45%	20%
06.00	Plates, sheets and strip of silver	120%	20%
99.00	Other silver unwrought or semi-manufactured	120%	20%
71.07.01.00	Gold, unwrought	100%	0%
04.00	Bars, rods, wire and sections of gold	120%	20%
99.00	Other unwrought or semi-manufactured gold	120%	20%
71.08.02.00	Plates, sheets and strip of rolled gold on base metal or silver unwrought	115%	15%
71.09.00.00	Platinum, and other metals of the platinum group unwrought or semi-manufactured		
02.00	Platinum alloys, unwrought	100%	0%
03.00	Sponge platinum	100%	0%
05.00	Bars, rods, wire and sections	120%	20%
06.00	Plates, sheets and strip	120%	20%
08.00	Palladium, unwrought	100%	0%
99.99	Other	120%	20%

**Resolution 2473** of June 16, exempts from duty until December 31, 1975 a quota of 400 million I.U. of insulin crystals (tariff heading 29.39.31.00)

**Resolution 2474** of June 10, 1975 exempts from duty for one year common newsprint and off-set paper weighing more than 35 grams per square metre, without watermarks, for the printing of newspapers, magazines and books when imported by news papers, editors and book printers for their exclusive use (tariff heading 48.01.02.02).

**Resolution 2478** of June 23, 1975 reduces the duty from 145% to 45% on transfers (decalcomania) for use on woven or knitted fabrics (tariff heading 49.08.03.00).

**Resolution 2479** increases the duty from 15% to 30% on white artificial corundum, with grading up to 220 mesh (tariff heading 28.20.03.00).

**Resolution 2480** of June 23, 1975 reduces the duty from 185% to 55% for one year on a quota of 26 million units of plasticised carton containers "Pure-Pak" with a capacity of one litre (tariff heading 48.16.99.00).

**Resolution 2483** of June 23, 1975 reduces the duty from 115% to 15% on copper powders and flakes (tariff heading 74.06.00.00).

**Resolution 2484** increases the duty from 17% to 47% on carbon brushes for electrical starting and ignition equipment for internal combustion engines and on metal graphite plates for use in the manufacture of carbon brushes for motor vehicles (tariff headings 85.24.03.00 and 85.24.99.00).

#### Colombia

Colombia has implemented a new method of taxation affecting non-Colombian consultants doing business in Colombia.

While there is some uncertainty in the interpretation of the decree (which may result in the exclusion of remittances for some foreign consulting) Canadian consultants are advised to take on new projects in Colombia only with great caution as the tax can amount to approximately one third of the value of the contract. Discussions with our Trade Commissioner in Colombia, and with a member of the Colombian legal profession are also strongly recommended.

#### Mexico

The following additional information has been received regarding the import restrictions imposed by the Mexican authorities on July 14, 1975.

For the balance of 1975 no import permits will be authorized by the

Ministry of Industry and Commerce on the following: any type of motorcycles; electrical and electronic appliances for personal, domestic or office use; canned foodstuffs, all beverages except wines and liquors which will be subject to a quota; tea and cinnamon; toys, including educational; ceramics, cut crystal; plastic, paper, glass, wooden or metal materials for personal or office use; watches, except checking; jewellery; lighters; lawn mowers and garden utensils; telephones and housing inter-communication equipment; video equipment except professional for use in T.V. stations or education or scientific institutions; magnetic tapes, blank or recorded; marble and building materials, except when originating from countries with commercial agreements; fruits all type, including processed or canned; extinguishers; hoisting tackle; mechanical jacks including with hydraulic remote control; weighing scales for humans; water filter for domestic use; laundry equipment; aerographic pistols; tire dismounting equipment; portable lamps, except those blast proof; luxury items in general; modelling articles; typewriters; cash registers; Christmas Trees, lights and ornaments.

The importation of the following products will not be authorized for amounts that will exceed 50 percent

of 1974 imports; photographic articles, including cameras, projectors and accessories; sensitive paper; photocopying equipment; checking watches; accounting and statistical machines; adding machines; precious and semi-precious stones, genuine or imitation; musical instruments; polaroid film.

A maximum quota effective during 1975 will be applied to the following products: asbestos sheets; sporting goods; wines and liquors; rubber; aluminum sheeting for beer and juice cans; portable lamps, blast proof.

The authorization to import construction machinery will be subject to the availability of same in the country.

In the case of importation of

machinery and equipment for new industries or for the expansion programs, consideration will be given to the impact that such imports may have on the balance of payments as well as the job opportunities, exports, import substitution, local supply of raw materials and parts or the existence of limitations or restrictions to use parts of local manufacture or exports of finished products.

Imports of various parts and components, such as motors, structures, piping, electric installations, valves, reducers, cable ducts, panels, etc. required for the manufacture of plants and processing equipment will only be authorized subject to presentation of a study specifying the parts and com-

ponents of local manufacture which will be incorporated and the technical reasons justifying their importation.

The importation of planes, helicopters and boats of all types, either for the private or public sector will be subject to approval from the Ministry of Industry and Commerce once the need for importation is demonstrated. The importation of boats for touristic services will only be permitted for the zone of Baya California North and South, the Presa de la Amistad and Chetumal and Quintana Roo subject to approval of the Development Committees of the corresponding areas.

## EEC opens office in capital

The European Economic Community has opened new offices at 350 Sparks Street, Ottawa. This is part of a move to promote increased trade, investment and other business relations between Canada and the EEC. We already have an office in Brussels. The EEC office here is being run by a skeleton staff until the spring, when more personnel will be added.

## New man in Canberra

IT&C's office in Canberra, Australia, now enjoys the services of J.W. Patterson as Commercial Secretary (Metals Minerals and Energy). Mr. Patterson was seconded for the job from the department's Resource Industries and Construction Branch. He will be reporting to both IT&C and Energy, Mines and Resources on activities in metals, minerals, and energy, not only in Australia but also New Zealand, Fiji, Papua, New Guinea, New Caledonia, New Hebrides, Solomon Islands and Indonesia. For more information, contact your Regional Office.

## Monenco Special Issue

Monenco has published a special issue of its house magazine *Monenco International News*, which describes some of the ramifications of international financing.

According to a Monenco news release: "Canada is one of several industrial nations which provide aid to less developed countries — and in the process enhance both their own export trade and expertise. Yet the extent and complexities of these operations are relatively little known — except to the dedicated specialists who administer the programs and the suppliers and consultants who work with them".

The magazine describes, for example, the operations of the Canadian International Development Agency (CIDA) and the Export Development Corporation. It provides a brief account of the activities of the "big daddy" of international financing, The World Bank; also the Inter-American Development Bank and the Asian Development Bank — in all of which Canada has substantial stakes. It also covers the work of the chartered banks which, during the past few years, have increased their own involvement in international financing.

Monenco itself has been working with all these agencies and with other foreign organizations for many years and the magazine illustrates a sampling of current and past projects. They range from airports in Jamaica and Afghanistan to power plants in Panama and telecommunications in Zaire. If you want a copy of the special issue, contact John Walsh, Monenco Limited, Place Bonaventure, Montreal, Québec (514-395-3636).

## 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 is a list of 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 in which you are interested.

Report No.	Class No.	Subject	Period
45-75	661-15) 661-89)	Microwave ovens	April to June 1974
46-75	523-85) 523-867	Tungsten carbide tipped drill bits	April to June 1974
47-75	409-57	Benzoic acid and benzoates	Nov. & Dec. 1974 & Jan. 1975
48-75	625-39	Solid and cushion tires	Oct. to Dec. 1974
49-75	503-75	Rotors and stators	April to June 1974
50-75	705-08	Laboratory glassware	April 1974
51-75	377-65) 377-67) 377-69) 377-73) 377-79) 377-89)	Broad woven fabrics of mixed man-made fibres	Oct. 1973 & May 1974
52-75	146-40) 146-45) 146-50)	Food colourings, flavouring extracts, essences and powders	Oct. to Dec. 1974
53-75	672-19) 672-99)	Plumbers' brass goods and bathroom accessories	October 1974
54-75	338-79	Softwood plywood	July to Sept. 1974
55-75	444-25 444-85)	Stainless steel bars	May to July 1974
56-75	655-29	Compressed air dryers	Feb. to Oct. 1974
57-75	144-99	Materials for food preparations	Oct. to Dec. 1974
58-75	509-99) 528-19) 529-36 529-49)	Dispersers, dissolvers, mixers and mixing machines	April to June 1974
59-75	473-06	Sheet glass (over 30 oz. per sq. foot)	Oct. to Dec. 1974

## Be kind to feet

"Good old feet. Kind, faithful and true. Think of all the nice places they've taken you without asking anything in return. Isn't it time you did something nice for them?"

That's part of the copy used in an advertisement for Roots Natural Footwear that appeared recently in *Rolling Stone*, the hippie newspaper that went suburban. It may be a little corny but that kind of copy has proven

extremely effective for the young Canadian company with its headquarters in Toronto and stores all over Canada, the United States and, now, in Europe.

Roots unabashedly bills itself as a Canadian company — the ad copy makes it clear ("...Roots are made in Canada...of the most luxurious top-grain Canadian leather."), and the company logo features a beaver (What

could be more Canadian, except maybe a maple leaf rampant?). The company seems to be proving that being Canadian can be an asset.

Roots shoes use the negative-heel concept and when that kind of shoe came along about four years ago it was funny-looking. These days, a lot more people appreciate its wearability and it's now quite common to see shoes with the front end higher than

the back. The idea is that when you walk, your weight falls first on your heel. With a Roots shoe, your heel fits comfortably into the lowest part of the shoe. As you walk, the Roots people explain, your weight is transferred from the heel diagonally over the outside of the foot to the big toe. In their shoe, the arch is specially reinforced to help with the weight transfer, and the toe area of the sole is thinner, with a built-in "rocker". What happens, they claim, is that you walk more naturally.

The concept must be sound. Michael Budman and Don Green, the brains behind Roots Natural Footwear, say that virtually every mailman in San Francisco has a pair of their shoes and the police department of Amsterdam, the Netherlands, was thinking about getting Roots for its men on the beat (There's a Roots store in Amsterdam). The company has gotten a lot of mileage also out of the fact that many celebrities, including tennis kook Bobby Riggs and movie star Dustin Hoffman wear

Roots.

But Budman and Green point out that they are not making any overblown claims about the health aspects of their shoes. They state emphatically that Roots shoes are not the answer for all foot and back problems and may even aggravate injuries affecting such parts as the Achilles tendon or they may cause problems for people who do not have normal feet. But for the average person with good healthy feet, Roots, they say, are just the ticket.



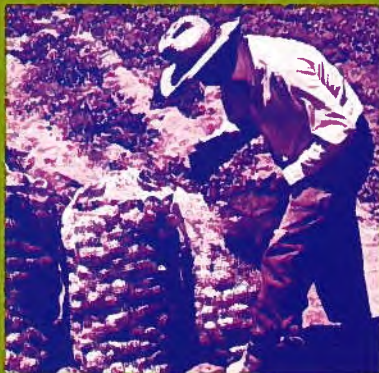
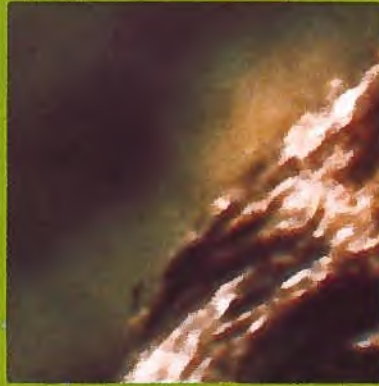
*The newest Roots store is the one in Munich, West Germany, which was opened earlier this year. During the opening ceremonies, Mrs. Alan K. Jackson, wife of Roots' European manager, modelled the company's product. All Roots stores are supplied from the Toronto factory run by master shoemaker John Kowalewski and his sons.*

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