CANADA COMMERCE

DECEMBER 1975

Message

Underlying the season's greetings which I extend to industrialists and business men is a firm resolve that my department will redouble its efforts to stimulate Canadian trade and industry in the year ahead.

Our economy is largely dependent upon the goods and services we offer in the international marketplace and our success as a trading nation is founded upon the mutual goodwill and confidence which exists between government and the private sector.

The government will continue to review with other countries the question of tariffs and trading agreements and it is my sincere hope that our efforts will expand existing markets and open up new business opportunities both at home and abroad.

Donald C. Jamieson, Minister

As a comparitive newcomer to the Department of Industry, Trade and Commerce, I can appreciate the outsider's imperfect knowledge of the services which are at the disposal of each and every Canadian company. So in wishing readers of Canada Commerce a happy and prosperous New Year, I ask you to consider how this department may be of assistance to your organization in 1976. We exist to help your individual effort.

The coming year will bring many new challenges. Canadian business and this department, by working together, can turn many of these challenges into new opportunities that will contribute to the development of the country.

O.G. Stoner, Deputy Minister

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In This Issue

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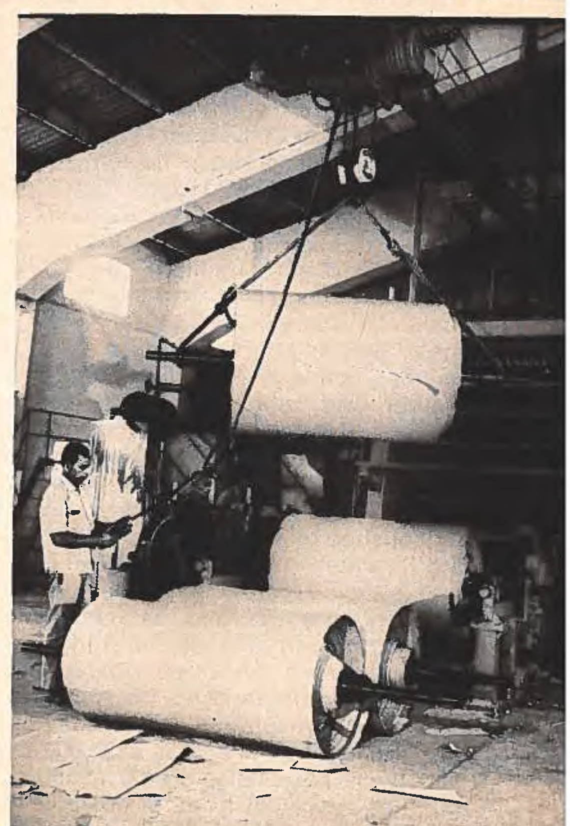
Don Jamieson, Minister

O.G. Stoner, Deputy Minister

Pakistan: Development finance companies

PETER W. BELANGER, Commercial Secretary, Islamabad



Pakistan offers increasing commercial opportunities for Canadian suppliers of goods and services in a number of fields including chemicals, tourist development, textiles, food processing, and paper production. The foreign exchange required for many of the projects in these fields will be provided from one or more of Pakistan's development finance companies (DFC's), all of which receive multilateral loans.

Let's take a look at three of these organizations:

Pakistan Industrial Credit and Investment Corporation Limited (PICIC)

This is a public limited company, established in October 1957 to provide financial assistance to the private sector of industry in

Pakistan. It has a paid-up capital of Rs. 70 million ($7 million), 64 percent of which is held by Pakistani investors and 36 percent by foreign financial institutions in the US, Britain, Japan, West Germany, Italy, France and Switzerland. The International Finance corporation (IFC), an affiliate of the IBRD, is also a shareholder of PICIC. The government of Pakistan does not directly own any part of PICIC capital.

PICIC provides both long and medium-term finance in foreign and local currencies, and one of its major activities is financing the foreign exchange cost of industrial imports. In the case of large projects, it shares financing, whenever possible, with other institutions abroad. Loans are secured against a mortgage on the enterprise financed. PICIC can lend up to 60 percent of an enterprise's total capital requirements and the interest rate charged is 2 percent above the central bank rate.

From its inception to June 30, 1974, the amount of industrial finance provided by PICIC amounted to $402 million, of which $381 million was in foreign currencies. The textile industry has been the largest recipient of PICIC funds ($219 million), followed by: food products and processing ($103 million); engineering ($43 million); paper, paper products and printing ($36 million); cement, ceramics and glass ($29 million); chemicals ($25 million); tourism ($6 million); and, leather and rubber products ($5 million).

The economic, technical and financial viability of projects considered for PICIC financing is established by PICIC's professional staff, which includes engineers, marketing experts and financial analysts. For certain industries requiring complex technology, assistance is obtained outside PICIC and often involves the hiring of foreign consultants. PICIC does not give loans smaller than $150,000 and these are available only to industries covered by the government's industrial investment schedule. The corporation prefers to finance industries which are based on local raw materials and are either export-oriented or would result in import savings.

In addition to providing direct financial assistance, PICIC also acts as a catalyst in attracting foreign resources in the form of equity participation or direct loans (or both) for larger projects. From inception to June 30, 1974, PICIC's activities as a catalyst had provided $8 million in the form of equity participation and $59 million in the form of direct loans from abroad.

The total resources of the corporation as of June 30, 1974 were Rs. 5392.9 million (approximately $539 million) of which Rs. 4776.7 million (approximately $477 million) were lines of credit in foreign currencies. During the year 1973/74 PICIC received new lines of credit in foreign currency amounting to $30.6 million, including a $25 million loan from the IBRD. It is expected that PICIC will continue to receive assistance from the ADB and IBRD whose funds are open to Canadian procurement, as well as from traditional bilateral sources.

The Industrial Development Bank of Pakistan (IDBP)

The bank was established in August 1961 to provide both long and medium-term industrial financing to small and medium industries primarily in the private sector. The bank relies for its operations on its paid-up capital of Rs. 50 million ($5 million), entirely held by the federal government, its reserves, loans from the federal government and the State Bank of Pakistan, deposits, foreign credits raised by the federal government from various countries and development financing institutions, and development loans negotiated by the bank directly with such international financing institutions as the ADB and World Bank.

Loans are provided in both foreign and local currencies. The bank's normal lending limit is Rs. 4 million unless prior approval is received from the federal government to accept higher value loan financing. Loans are secured by mortgaging the assets of the industry financed. Lending rates for local currency are 3 to 4 percent above the central bank rate, while foreign currency loans are given at a maximum of 2 percent over the rate of interest that the bank must pay on its foreign exchange borrowing.

The IDBP professional staff establish the economic viability of each project which they are asked to help finance. In some cases, outside consultants are hired. The bank also conducts pre-investment studies to assist entrepreneurs in identifying potentially profitable areas of investment.

From its inception to June 30, 1974, the IDBP had provided loans to private industries totalling approximately $171 million, of which foreign currency loans were of the order of $136 million. The cotton textile industry has been the main recipient of IDBP loans with $93 million, followed by other textiles ($12.8 million); food industries ($8.2 million); chemical and chemical products ($4.3 million); transport services ($3.9 million); non-metallic metal products ($3.8 million); milling industries ($3.1 million); cotton ginning and pressing ($3 million); printing, publishing and allied products ($3.1 million).

The bank depends heavily upon foreign loans and suppliers' credits allocated to it by the central government, as well as on credit loans directly negotiated with foreign lending agencies. The foreign currency resources of the bank at the end of March 1974 stood at U.S. $22.10 million. In addition to multi-lateral credits the IDBP has also obtained bilateral credits from Britain, France, Denmark, Japan, Switzerland and West Germany.

The National Development Finance Corporation (NDFC)

The corporation was established by the federal government and commenced operations in July 1973. Its objectives are to promote industrial expansion and economic growth by providing financial and technical assistance to new projects and for the balancing, modernization and expansion of existing enterprises in the public sector. It is also responsible for identifying and developing new investment proposals. The NDFC has a paid-up capital of Rs. 100 million ($10 million) and is fully owned by the government.

Among its clients are Pakistan Western Railways, Pakistan International Airlines, Karachi Port Trust, Pakistan Industrial Development Corporation, Pakistan Steel Mill Corporation, the Trading Corporation of Pakistan, the Oil and Gas Development Corporation, the National Shipping Corporation, and the National Construction Company.

During the first 18 months of its operation, NDFC approved financial assistance to 51 projects totalling $41 million. Twenty-nine percent of NDFC's project assistance has been in the chemical field, 25 percent in the steel and engineering sector and 18 percent in automotive industries.

New projects financed by NDFC include the establishment of a wheel rim manufacturing plant, a sugar mill, a textile mill and a manufacturing plant for organic solvents. Expansion projects include soda ash and caustic soda manufacturing, petroleum refining, and gas distribution and transmission.

While the NDFC is a relatively new organization, it is anticipated that it will play an increasingly important role in the financing of major industrial projects in Pakistan. The NDFC predicts that it will re-lend up to $58 million in foreign exchange during the period 1975-77.

In May 1975, the NDFC received an IDA credit of $30 million. The NDFC is hoping to raise the balance of its foreign exchange requirements from other bilateral and multilateral sources and is currently negotiating a loan with the Asian Development Bank.

Opportunities for Canadian companies

Canadian firms wishing to do business in Pakistan should make themselves known to PICIC, IDBP and the NDFC. Although these DFC's do not normally specify the source of supply of foreign equipment required for projects being financed by them, they do have a major say in the final purchase decision. Not only can they recommend to their lenders potential sources of supply, they must also insure that their clients have thoroughly investigated foreign markets for the equipment they are seeking.

Unfortunately, very few Canadian companies have contacted any of the Pakistani DFC's and consequently, Canadian manufacturing capabilities are virtually unknown within these organizations. To do business with PICIC, IDBP or NDFC, it is essential for Canadian manufacturers to have a good local agent who can keep his principals advised of new projects being sanctioned by the DFC's and who can provide them with up-to-date information on the Canadian firms' product lines. Personal visits by Canadian companies to the DFC's could also be rewarding.

The Commercial Division of the Canadian Embassy will be pleased to assist Canadian companies wishing to contact PICIC, IDBP, and/or NDFC and will also help in locating suitable agents that can assist them in penetrating this market.

Canadian firms interested in joint ventures or licensing arrangements are also encouraged by PICIC, IDBP or NDFC to contact them. These institutions are prepared to undertake pre-investment and feasibility studies of new industries and manufacturing processes that could be of benefit to Pakistan. They will also attempt to find local partners for foreign firms which they consider have a useful product or service to offer.

The government of Pakistan is encouraging private sector investment in the following industries: textiles, leather, paper, sugar, cotton ginning, rice milling, jute manufacturing, paper sacks, particleboard, essential consumer goods such as soap, matches, bicycles and other consumer durables, engineering goods, construction material, glass and ceramics, electronics, deep sea fishing, and exploitation of mineral resources.

If your company is interested in exploring the possibilities of joint ventures or licensing arrangements in Pakistan, please contact us and we will direct your enquiries to the appropriate Pakistani organizations and follow-up on your behalf.

Don't overlook Pakistan. It is more than an aid market, and foreign exchange is available for foreign purchases. Many other countries are selling a wide variety of goods and services here and there is no reason why Canadian companies should not have a share of this market if they are willing to make the effort.

PICIC, IDBP and NDFC could be your key to new business.

Pakistan Industrial Credit and Investment Corporation Limited (PICIC), State Life Building, 1.1 Chundrigar Road, Karachi, Pakistan.

The Industrial Development Bank of Pakistan (IDBP, State Life Building No. 2, Wallace Road, P.O. Box 5082, Karachi, Pakistan.

The National Development Finance Corporation (NDFC), NSC Building, Maului Tamizuddin Khan Road, P.O. Box 5094, Karachi, Pakistan.

Monitoring the procurement process

DAVID M. SASSOON, Legal Department, World Bank

This article originally appeared in the World Bank publication, *Finance and Development*. Mr. Sassoon has held a number of professorial posts and is the author of several books and articles dealing with international business, commerce and shipping.

The tenth and latest version of the *Guidelines for Procurement Under World Bank Loans and IDA Credits* is now being published. The first Guidelines for procurement of goods and civil works published by the World Bank in June 1964 were an extension of an internal checklist originally prepared in the public utilities division of the then Projects Department of the Bank as a guide for staff who supervised procurement of goods and works in the public utility sector. That checklist was later expanded, and the Guidelines presently cover procurement of goods and works in all lending sectors in which the Bank is active. Thus, what was contained in 1964 in a letter one or two pages long now occupies a substantial volume of printed matter, often taking up as much, if not more, space than all of the other provisions relating to the execution of the project under a loan or credit agreement (excluding the applicable General Conditions). The Guidelines, however, do not cover the procurement of consultant or transport and insurance services financed by the Bank.

This concern over procurement procedures is based upon the provision in its Articles of Agreement that the Bank pay due attention to considerations of economy and efficiency in the use of its loans. Thus the basic aim in the mind of the early framers of the Guidelines was to ensure that the borrower got the best contract at the most favorable price. This was the premise of the first set of Guidelines as instituted in June 1964.

With the passage of time, however, this underlying principle was to some extent compromised by other considerations that find expression in the procurement policies of several governments. For example, the Bank has for the past several years agreed to accept certain margins of domestic and even regional preferences in the comparison and evaluation of bids. Regional preferences apply in the case of customs unions or free trade areas between developing countries and are limited to 15 per cent of the c.i.f. price of nonregional goods or the difference in tariffs, whichever is the lower. Domestic preferences, amounting to the lower of either 15 per cent of the c.i.f. price of imported goods or the customs duties which a nonexempt importer would have had to pay on such goods (duties which are otherwise to be excluded for the purpose of comparison of bids) were initially limited to contracts for the supply of goods or equipment. In January 1974, however, a 7½ percent margin of preference was extended to domestic civil works contractors in the poorest countries on a trial basis. This preference presently extends to loans granted between January 22, 1976 in the case of 40 countries with a $200 or less per capita annual income. These preferences, which are to be applied at the request of the government of the borrowing country, reflect the broader objectives of the Bank as a lending institution for development and its increased participation in local currency financing. The fostering of domestic industries is clearly an important component of economic development, and a balance therefore had to be struck between this overall objective and the principle of economy and efficiency embodied in the Articles of Agreement. The new Guidelines will also state that "the Bank seeks through its procurement procedures to encourage the development of local industry (and that) suppliers and contractors in the borrower's country may bid independently or in joint venture with foreign suppliers or contractors," adding, however, that "the Bank does not approve conditions of bid invitation which require that foreign firms enter into compulsory joint ventures."

International competitive bidding

The most recent edition of the Guidelines will be divided into Parts A and B, followed by Annexes which contain typical procurement provisions contained in loan agreements with the Bank — for example, those relating to preference eligibility and to the methods of computation of preferences. Part B and the Annexes will be entirely new, while Part A, which is exclusively devoted to international competitive bidding (ICB), is a substantially revised and rewritten version of what was formerly the entire body of the Guidelines. Part B, entitled "Other Procurement Procedures," for the first time expressly sets forth procedures other than ICB as an alternative means for achieving economy and efficiency. Nevertheless, the Guidelines still proclaim that "the Bank considers that in most cases international competitive bidding is the most economical and efficient method of procuring the goods and works required for the development projects it finances." At the same time, the interest of the industrial and capital exporting member countries in supplying goods and services for Bank-financed projects is not overlooked, and is in fact expressly acknowledged. "International competitive bidding," the Guidelines state "also ensures that suppliers and contractors from its members have an opportunity to compete in providing goods and works financed by the Bank."

ICB, which is sometimes also described as the principle of "untied aid," is thus, inter alia, designed to ensure that procurement will normally be open to suppliers and contractors of all member countries and Switzerland. ICB consists of: (1) notifying potential suppliers through embassies of Bank member countries and Switzerland of the opportunity to submit bids; and (2) advertising the invitation to prequalify or bid, as the case may be (locally, and, in the case of major contracts, internationally also). Where ICB is an inappropriate method of procurement — for example, where it is clearly unlikely that overseas suppliers or contractors would be interested in submitting bids, or where the advantages of ICB would clearly outweighed by the administrative or financial burden involved — the first requirement is dispensed with. However, generally invitations to bid must still be advertised locally and interested foreign parties would not be precluded from bidding on the contracts in question (except where direct procurement or negotiation of contracts or force account work is permitted because of special circumstances justifying a departure from competitive bidding procedures). This latter procedure is sometimes loosely described as "local competitive bidding", demonstrating that the essence of ICB under the Guidelines is that information on the invitation to bid should reach potential foreign suppliers and contractors, thus enabling them to participate in Bank-financed projects. Exceptional circumstances, however, may justify a departure from all competitive bidding procedures. Such exceptions will now be expressly recognized in Part B of the Guidelines and will include cases of construction by force account (where this is more economic or efficient, or is the only practical way to get a project constructed); extension of existing contracts; the need for compatibility of equipment or need for spare parts or speed; or the utilization of loan proceeds through an industrial or agricultural financing institution which relends the funds to beneficiaries in accordance with an established commercial practice acceptable to the Bank.

Lowest evaluated bid

The Guidelines provide that in the normal case of competitive bidding the contract is to be awarded to the lowest evaluated bidder which is "not necessarily (the bid) with the lowest submitted price." In other words, price is only one of the important elements to be considered in bid evaluation, and other relevant factors such as the time of performance, the reliability of construction methods or efficiency of the equipment, and the availability of maintenance services, should normally be taken into account, too, when determining the lowest evaluated bid. The relevant factors (other than price) should be stated in the bid documents and should be expressed in monetary terms or given a relative weight. Price adjustment provisions are, however, to be completely disregarded in bid evaluation.

Bidders should normally be invited to submit bids in their own currency, in a currency widely used in international trade (except for the portion of the price which the bidder expects to spend in the borrower's country which should normally always be stated in that currency), or in the borrower's currency. All bids should be compared on the basis of a single predesignated currency (to be stated in the bid documents). Further, the rate of exchange to be used for any conversion should be the rate applicable to similar transactions on the day the bids are opened or on the date of the award, if the exchange rate alters subsequently.

Bids must, of course, be responsive to the bidding documents, but where the invitation permits or requests alternative bids, the evaluation may become a much more difficult task, with more leeway for individual judgment than is usual. To reduce the scope for error in bid evaluation, the Guidelines state that a technical analysis is to be made for the purpose of evaluation and in order "to enable bids to be compared." Often the Bank also requires that the borrower hire suitably qualified consultants to assist in solving such problems and in administering the procurement of the goods and works to be financed from the proceeds of its loans. The Bank usually requires the preparation of a detailed report on the evaluation and comparison of the bids, the purpose of which is to set forth "the specific reasons on which the decision for the award of the contract, or rejection of all bids, is based."

Some general principles
Based on the Bank's extensive procurement experience, the Guidelines contain a brief description of general operational principles. These include, inter alia, a list of factors to be considered in the prequalification procedures which are normally required for large or complex projects in order to ensure (in advance of bidding) that invitations to bid are confined to suitable contractors: the type of information that bidding documents ought to contain; the clarity of bidding documents and of conditions of contract; provisions relating to bid and performance bonds and guarantees and to retention money; the use of standards and brand names; provision of payment; price adjustment clauses; and other technical and legal matters including *force majeure* and settlement of dispute provisions in contracts. On the latter issue, which is often a matter of great concern to foreign suppliers and contractors, paragraph 2.18 of the most recent edition of the Guidelines will provide:

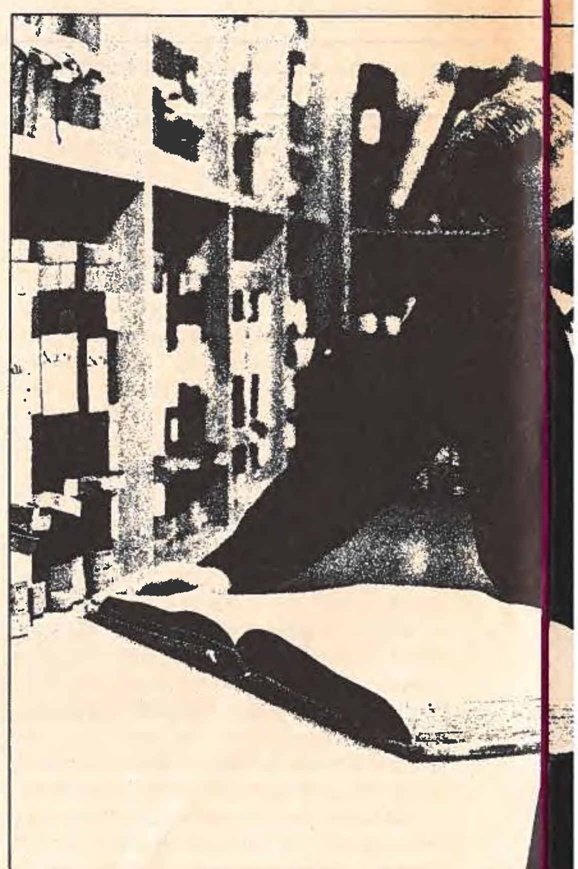
"It is advisable to include in the conditions of contract provisions dealing with the applicable law and the forum for the settlement of disputes. Experience indicates that international commercial arbitration may have certain practical advantages over other dispute settling methods. Borrowers should therefore consider the advisability of providing for this type of arbitration in contracts for procurement of goods and works. The Bank, however, should not be named arbitrator or be asked to name an arbitrator."

The brevity of the Guidelines on bidding documents and contract provisions assumes that borrowers (with whom the ultimate responsibility for procurement rests) and contractors alike have made use of the special legal expertise necessary to draft and, where necessary, negotiate the terms and conditions of the procurement documents. Some professional organizations have prepared standard forms or conditions of contract for international works or for the supply of goods. Several of these organizations have approached the Bank from time to time requesting it to recommend their model forms to borrowers, but the Bank has so far refrained from formally sponsoring any of them although there may be some merit in encouraging such standardization from the point of view of procurement administration and supervision.

The Guidelines will state that "bids should not be rejected . . . solely for the purpose of obtaining lower prices, except in cases where the lowest evaluated bid exceeds the cost estimates by a substantial amount, (and that) in these latter circumstances the borrower may as an alternative to retendering and, after consultation with the Bank, negotiate with the lowest evaluated bidder (or failing a satisfactory response, with the next lowest evaluated bidder) to try to obtain a satisfactory contract." Rejection of all bids is also justified when either bids are not substantially responsive, or when there is a lack of competition. The Guidelines state that when all bids are rejected, the cause or causes justifying the rejection ought to be reviewed to consider whether revisions of the relevant specifications or modifications in the project might be desirable prior to inviting new bids.

Conclusions
Procurement under Bank loans is an important topic for all members of the World Bank Group. For the developed countries which are interested in markets for their products, such procurement is the instrument for preserving or expanding export sales on the basis of rules that afford them an equal competitive opportunity and minimize financial and other risks for the enterprises concerned. For the developing countries (the Bank's borrowers), the Bank's untied procurement approach and its almost universal membership helps ensure the best sources of supply. Various studies conducted by the United Nations Conference on Trade and Development (UNCTAD) have clearly demonstrated that restrictions placed on the choice of sources of supply by foreign assistance programs usually result in higher costs to the country that receives the aid.

The amount involved in public procurement by most governments (often representing a substantial portion of their budgets) is very considerable in both developed and developing countries alike. However, the problems associated with public procurement are more serious in the developing countries where resources are scarcer, where sufficient expertise is often lacking, and where the share of imports



(whether purchased locally or brought from abroad) in total public sector procurement is normally much larger and requires additional skills that may be unnecessary when dealing with domestic and more familiar sources of supply. It is thus not surprising that the resolution of issues relating to procurement often consumes more time than any other aspect associated with Bank-financed projects; that there are several cases in which slow disbursements of Bank / IDA loan funds are caused by procurement problems of one sort or another, and that consultants hired to assist Bank borrowers on procurement problems largely come from the developed countries. As a result, there is a real need for more training programs and facilities for officials of developing countries in the field of procurement and procurement administration as well as in the related area of supply management.

An important first step in offering such training facilities was taken by the United Nations Institute for Training and Research (UNITAR) in 1972-73 through a series of five regional seminars on international procurement. However, this effort, which was carried out with the support of a Swedish International Development Assistance (SIDA) grant with marginal assistance from the Bank, appears to have come to an end. UNITAR's program report clearly confirms the need to continue and expand such training efforts, and it is to be regretted that no immediate follow-up to this pioneering initiative is in sight.

Third International Financing Data Kit

The third edition of the *International Financing Data Kit,* prepared by IT&C's International Financing Branch is now available. The kit contains information on all sources of international financing available to the Canadian exporter, including chartered banks, Export Development Corporation, Canadian International Development Agency and the multilateral development agencies of the world.

The kit also contains material on IT&C's multilateral project information system, which is now being used by about 800 Canadian firms. As was done with the first two editions, the kit is being distributed at the financing seminars sponsored by the International Financing Branch and it is also going to the department's regional offices and foreign posts.

New aid program: Canadian sales probably not affected

Amid growing demands from developing countries for a "new economic order", Canada has been one of the first rich nations to respond at a policy level.

On September 2, Allan MacEachen, Secretary of State for External Affairs, released a policy paper outlining major changes in Canada's relations with developing countries. The 48-page report, *Canada-Strategy for International Development Cooperation 1975-1980,* analyzes the crises of recent years which have virtually destroyed the economies of many of the poor countries, and comes down strongly for a much broader orientation of Canadian efforts to improve conditions in the Third World. A key feature of "new thrust" is the adoption of a "multi-dimensional approach", combining new trade arrangements and investment flows with foreign aid as means of transferring needed Canadian resources to developing countries. An inter-departmental committee has been set up to study ways to implement this approach and to evaluate the implications it could have for the Canadian economy.

Untying aid

Like most donor countries, Canada allocates a substantial portion of its aid budget for the purchase of domestic supplies and services to be used in a wide variety of aid projects. This is called "tied aid" and over the years has injected millions of dollars into the Canadian economy.

Following the 1970 Foreign Policy Review, the Canadian International Development Agency, the federal body responsible for the aid program, was authorized to untie up to 20 percent of its bilateral funds (roughly 60 percent of the total budget) for the purchase of goods and services in developing countries. In addition, CIDA pays the cost of shipping materials supplied by its bilateral and multilateral programs. The annual bill ranges from $15 to $20 million, depending on the volume of the aid program.

New government policy calls for the immediate untying of bilateral development loans so that developing countries will be eligible to compete for contracts. In exceptional circumstances, CIDA will consider untying to other donor countries. Thus, the remaining 80 percent of CIDA's bilateral funds now become available to international bidding.

Will this mean a possible loss of millions of dollars annually for Canadian suppliers and consultants?

According to Neil Overend, CIDA's Vice-President for Bilateral Programs, it will have little impact on most Canadian exporters who have done business with CIDA in the past, because most bilateral funds finance projects where Canada can compete internationally.

"It is inconceivable," he said, "that we would provide funds to build a fertilizer plant, as this technology is not available in Canada. But indirectly we could, by providing funds to build the infrastructure, such as transportation assistance, play a co-ordinating role in helping a country acquire such facilities."

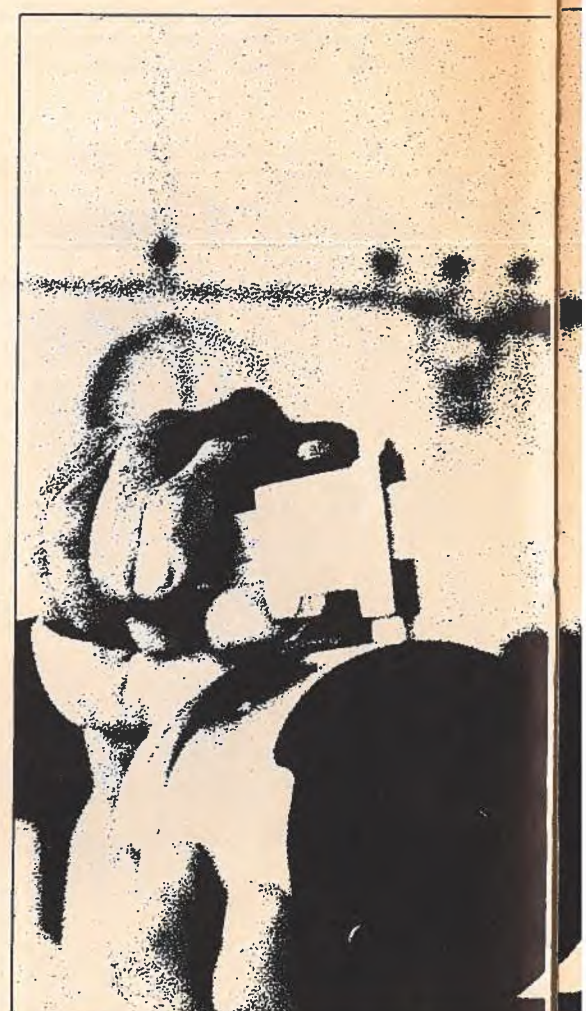
Aid experts feel that Canadian experience should parallel that of the United States which untied its aid a few years ago. To date, this has not affected US suppliers in any significant way. channeling about 5 per cent of the former tied aid to developing countries.

"Where it makes sense to do so," Mr. Overend said, "we will offer to finance certain projects of high priority, or simply component parts of other projects, involving goods that may not relate well to Canadian capabilities. Instances of this kind are expected to be exceptional. By allowing such advantages to suppliers in developing countries, Canada will be helping both the country which receives the project and another developing country that supplies it."

Assistance to be more specialized

Canada will adopt a more systematic approach to its aid program, concentrating on fewer sectors and on fewer countries. The intent is to marshall the best Canadian resources available to attack the world's major problems. As emphasis will be on assistance to food production and distribution, rural development, education and training, public health and demography, shelter and energy, as well as on continued assistance to such important sectors as transportation, communications and resource development, Canadian suppliers and consultants will now have a better idea of what aid funds will be spent on.

For developing countries at the upper level of the development spectrum, Canada will provide assistance more closely tailored to their emerging self-reliant capabili-



ties. Mr. Overend said transitional policies are being devised for countries now benefitting from skyrocketing resource prices. This could include the involvement of CIDA and the Export Development Corporation in joint financing schemes.

"For example, CIDA could concentrate on financing the software required for certain kinds of industrial development," he said. "Likely our loan funds could be used to purchase technical assistance to enable the country to train workers for professional and managerial jobs. The hardware, or equipment, should more appropriately be bought from Canadian suppliers through financing obtained from the EDC at commercial rates."

The CIDA Vice-President also observed that such countries are now capable of absorbing a wider range of development-oriented imports. CIDA has already taken action in this regard through a lines-of-credit program which enables Canadian suppliers to deal directly with customers in developing countries. Direct supplier/importer arrangements are followed within guidelines established by CIDA and the recipient country. CIDA monitors the program to ensure that no luxury or military products find their way to developing countries. Eleven lines of credit agreements are in effect now, and Mr. Overend said that 16 more are in the planning stages.

How to do Business with CIDA

Canada's foreign aid expenditures have been rising at a rapid rate in recent years. This year, CIDA's disbursements are expected to exceed $900 million or about 0.5 percent of gross national product. More than 60 percent of the budget will be in the form of bilateral assistance, direct Canada-to-recipient country assistance.

Under the bilateral program, CIDA buys goods and materials from Canadian suppliers as well as contracting with firms for a wide range of professional services. The materials, machinery and equipment purchased must have a "Canadian content" of 66 2/3 percent, and suppliers must be registered with the Department of Supplies and Services in Ottawa. Declaration-of-Canadian-content forms are available from CIDA's Contracts and Commodities Division, Hunter Building, Ottawa. Firms providing services must be 51 percent Canadian-owned, operating in Canada and employing Canadian workers. Such firms should register with CIDA's Consultant and Industrial Relations Division, Jackson Building, Ottawa.

Annually CIDA awards some 100 contracts, worth about $150 million. A computerized system containing names of firms registered with CIDA will be in operation by the end of the year, thus, speeding up the selection process.

CIDA also encourages firms to become involved in international cooperation through establishing joint business ventures with partners in developing countries. Financial assistance is available for "starter" and feasibility studies necessary to investigate business opportunities. More details may be obtained by contacting the CIDA Information Division, 122 Bank Street, Ottawa, Ontario.

Something to Think About: Identifying the high performance exporter

DR. GORDON H.G. McDOUGALL, Associate Professor, Faculty of Business Administration, University of Windsor, Canada

BRUCE W. STENING, Doctoral Candidate, University of New South Wales, Australia

The following does not necessarily reflect the policies of the Department of Industry, Trade and Commerce.

A research study which investigated the marketing practices of exporting firms in three countries provided an opportunity to identify certain characteristics of the high export performer. The research results indicated that certain marketing practices and company characteristics tended to be related to good export performance.

A questionnaire was sent to a random sample of 300 marketing managers in manufacturing firms in each of three countries: Australia, Canada and New Zealand. A total response rate of more than 57 percent suggested that the returns could be considered reasonably representative of all firms. Export performance was measured as the ratio of a company's export sales to total sales and information was also collected on company characteristics, environmental factors, and marketing practices (Table 1). The objective of the analysis was to identify in a consistent manner the marketing practices and company characteristics related to export performance. In other words, the aim was to determine the variables associated with high export performance.

Company characteristics

The results reported in Table 2 indicated that high export performers tended to spend more on research and development, and had more experience in exporting — not a surprising discovery. It confirms the generally accepted principle that investing in research and development normally leads to rewards in both domestic and export markets.

Neither the size of the firm nor its business orientation affected export performance and, as was expected, export performance varied widely over product industry areas. In addition, there was considerable variation across industries between the three countries. While certain industries achieved a high export performance, the variations in export performance within industries indicated that it would be more logical to consider characteristics of the firm rather than characteristics of the industry in explaining export performance. It became evident that the individual firm has more to do with its export performance than does the industry the firm is in.

Export sales profitability was not consistently related to export performance. It would appear that relative profitability of exports did not directly encourage or discourage these manufacturing firms. Other considerations, such as growth objectives or excess capacity, probably reduce the importance of export profits alone in affecting export performance.

Environmental factors

Because of specific differences between the three countries, three variables — export incentives, transportation costs and source of competition — were incorporated for control purposes. Export incentives are provided by the Australian and New Zealand governments, but not by the Canadian government. Because of their geographic location, Australian and New Zealand exporters are faced with higher transportation costs than are Canadian exporters in reaching the major markets of Europe and North America. Similarly, because of different trade patterns for the three countries, a measure of the main source of competition in export markets was included.

The results, reported in Table 3, indicated that export performance was not affected by either transportation costs or source of competition in export markets. Although it has been suggested that high transportation costs may hinder export performance, this idea was not supported by the results.

Regarding export incentives, Australian and New Zealand manufacturing firms which had low export performance ratios tended to take negative action (e.g., stop exporting) if incentives were removed. These firms also tended to be recent entrants into the export field. Thus, "new" exporters probably entered foreign markets partially because of government incentive programs. The "older" exporters, with higher export performance ratios, generally continued exporting if the incentives were removed, probably because of a lesser dependence on incentives for profitability.

Marketing practices

The relationships between export performance and marketing practices, summarized in Table 4, revealed that in most cases specific practices led to higher export performance. These were classified in two categories.

In the first, were those practices which the exporter adopts after gaining experience in foreign markets. For example, certain marketing practices which lead to higher export performance were also related to the number of years engaged in exporting. These were: the administrative procedures for handling exports, the number of countries exported to, the channels of distribution for exports, and the types and sources of marketing research for exporting. It appeared that as a firm gained experience in exporting, it tended to develop formal units to handle exports; to export to more countries; to set up foreign branches; and to have market research conducted internally. These practices suggested a logical progression for firms involved in exporting. However, it should not be overlooked that these practices were related to higher export performance. That is, firms that do not adopt these types of practices may not achieve higher export performance ratios, regardless of the length of time they have been engaged in exporting.

The second category of marketing practices included those which were not dependent on experience in exporting — involvement of senior management and frequency of visits to export markets by senior executives. It appeared that a critical element in achieving higher export performance was the committment of senior management to export activities.

No relationship was found between export performance and pricing methods. In terms of the reason for intial entry into exporting, there was a relationship between higher export performance and what could be considered "positive" entry reasons — e.g., test market results, other research, visits. Lower export performance tended to be associated with "negative" reasons — e.g., export incentives, approaches by overseas firms, opportunities presented by devaluation. The results suggested that firms that entered exporting for "negative" reasons did so because of "carrots" offered externally rather than internal strengths of the firm.

Conclusions

The results of this comparative study, an examination of manufacturing firms in Australia, Canada, and New Zealand, provided evidence that certain company characteristics and marketing practices were associated with high export performance. Investment in research and development and experience in exporting, as measured by the number of years in exporting, were the two company characteristics affecting export performance.

In terms of marketing practices, those firms attaining a "high" export performance level would, in general, be described as being more committed and involved in exporting. More specifically, this committment and involvement consisted of: emphasizing the importance to the firm of exporting; handling of marketing research and foreign distribution internally; frequent visits to export markets; exporting to a number of countries; and entering exporting for positive versus negative reasons.

While these types of activities enhanced the export performance of a firm, it clearly cannot be concluded that a combination of these practices will result in high export performance. In particular, as experience in exporting increases, it becomes more appropriate for a firm to adopt certain marketing practices, such as distributing through foreign branches. What can be concluded is that firms which have these patterns of company characteristics and marketing practices have achieved high export performance.

TABLE 1
INDEPENDENT VARIABLES SELECTED FOR STUDY

Company characteristics
1) Company size
2) Business orientation
3) Major product areas
4) Research and development
5) Export sales profitability
6) Years in exporting

Environmental factors
1) Export incentives
2) Transportation costs
3) Source of competition in export markets

Marketing practices
1) Relative importance of exporting in the firms operations
2) Administrative procedures for handling exports
3) Number of countries exported to
4) Channels of distribution for exports
5) Type and sources of market research for exporting
6) Basis of initial entry into exporting
7) Pricing method for exports
8) Frequency of visiting export markets

TABLE 2
RELATIONSHIPS BETWEEN EXPORT PERFORMANCE
AND COMPANY CHARACTERISTICS

Company characteristics	Measure	Result
Size	Total annual sales	No clear relationship
Business orientation	Consumer or industrial products	No clear relationship
Major product areas	Specific product areas	Wide variation in export performance over product areas
Research and development	Percent of sales spent on research and development	Greater export performance associated with higher expenditures on research and development
Export sales profitability	Relative profitability of export to domestic sales	Mixed results — in one case, New Zealand export performance related to greater profitability
Years in exporting	Number of years in exporting	Export performance increased with number of years engaged in exporting

TABLE 3
RELATIONSHIPS BETWEEN EXPORT PERFORMANCE
AND ENVIRONMENTAL FACTORS

Environmental Factor	Measure	Result
Export incentives	Proposed action if export incentives removed	Export performance related to type of action
Transportation costs	Transportation cost as a percentage of total product cost	No clear relationship
Source of competition in export markets	Principal competition (other foreign, domestic, both)	No clear relationship

TABLE 4
RELATIONSHIPS BETWEEN EXPORT PERFORMANCE
AND MARKETING PRACTICES

Marketing practice	Measure	Result
Relative importance of exporting in the firms operations	Seniority of executive in charge of exporting	Tendency towards higher export performance when senior management involved
Administrative procedures for handling exports	Type of unit handling exports (no formal unit, marketing department, export department, other)	Higher export performance when firms handled exports within their firm either through some department used for domestic marketing or through a separate export department
Number of countries exported to	Number of countries exported to	The more countries exported to, the higher the export performance
Channel of distribution for exports	Type of channel used (direct, export agent, foreign agent, foreign branch)	Higher export performance achieved when exports distributed through foreign branches

Type and sources of market research for exporting	Research agency (firm itself, home country consultant, overseas consultant, overseas agent)	Higher export performance achieved by firms that carry out research in-house
Basis of initial entry into exporting	Reason for initial entry	Higher export performance associated with — results of test marketing, excess capacity, visits to overseas countries, research into export potential
Pricing method for exports	Pricing method (prevailing, market will bear, cost-plus)	No clear relationship
Frequency of visiting export markets	Number of visits by senior executives	Firms that visit their export markets more frequently tend to have a higher level of export performance

New centres for international business studies

C.G. CHARETTE, Office of Industrial Policy, IT&C Ottawa

Four Canadian universities have established Centres for International Business Studies under a program of the Department of Industry, Trade and Commerce. The centres form an integral part of the management development program of the Office of Industrial Policy.

The nation-wide network of centres was established after an extensive review of the capabilities and plans of Canadian business schools. Provincial authorities were closely consulted on the final selection. The centres are at University of British Columbia, Vancouver; University of Western Ontario, London; l'Ecole des Hautes Etudes Commerciales, Montreal; and Dalhousie University, Halifax.

The Department provides financial assistance to these centres in two forms: development grants for the creation and implementation of appropriate programs; and fellowships for students with a strong interest in international business and outstanding academic capability.

Each centre has four major functions:

1) Graduate courses in international business with substantial Canadian content;
2) Programs of continuing education for practicing managers;
3) Research projects oriented to topics of major interest in the international business sphere;
4) Scholarships for graduate students interested in international business.

In carrying out these functions, each centre has developed a unique approach to the overall objectives of the IT&C program.

At the University of British Columbia, the centre is called the Division of International Business Studies and is chaired by Professor J.W.C. Tomlinson. It gives special attention to the international operations of resource-based industries; international trading, consulting and finance companies; and joint ventures across national borders.

The division emphasizes business with the Pacific Rim, Latin America and South West Asia. Specifically, it has started work on two country specializations: a Canada-Japan program and a Canada-Mexico program. In addition to management development seminars and research or advisory projects, these two projects will involve faculty and student exchanges.

A seminar, "Canadian-Japanese Future Relationships", held in Vancouver in February of this year, served as a successful introduction to these programs. It included what was probably the most distinguished group of Japanese speakers to be assembled for such a program in North America. The first activities in the Canada-Mexico program are scheduled for the current academic year.

Dr. Harold Crookell is the Director of the Centre for International Business Studies at the University of Western Ontario. In the area of research, the centre at Western concentrates on developing original materials dealing with problems in international business of special significance for countries facing a high incidence of foreign ownership. Special emphasis is placed on the development of case studies to be employed in the international business courses at Western. The centre also plans to offer a summer management program in international business.

The initial areas of geographical interest for this centre are Brazil and Iran. An internship system will permit selected students to work on summer assignments in Iran under the supervision of a Western Professor assigned to the Iran Management Centre.

The Centre d'Etudes en Administration Internationale at l'Ecole des Hautes Etudes Commerciales is under the direction of Roger Charbonneau, previously the distinguished Director of HEC for more than 10 years. Seven courses in international business are offered in the 1975/76 academic year at the centre at HEC. The initial research efforts will be directed toward the development of considerable Canadian materials for these courses. In addition, research will be conducted on the export experiences of small and medium-sized businesses in Quebec. This centre will concentrate on the United States, the European Community and certain French-speaking countries, especially in Africa.

During the past summer, selected MBA students successfully completed an industry-government internship under the supervision of Professor Jean Emile Denis. The team worked on the development of business cases and other teaching materials illustrating the opportunities open to Canadian companies in foreign markets and the tools and assistance programs available to Canadian businesses to assist them in realizing these opportunities.

HEC will hold seminars on exporting and the recycling of petrodollars for practising managers.

Dr. Donald Patton is Director of the Centre for International Business Studies at Dalhousie University. This centre will place significant emphasis on the maritime aspects of international business. In conjunction with the Faculty of Law, it will offer a course on the regulation of trans-national business. The Department of Oceanography will provide considerable support for an inter-disciplinary seminar on international business and ocean resources. International transportation will be the subject of another course.

The centre's research effort has begun by situating industries of Atlantic Canada within the international economy, and identifying the international trade and capital flows relevant to each. It is developing case studies on selected industries. There is also a plan to begin special research projects in the areas of international transportation and ocean resources. This centre will concentrate on the European Community and the Carribean area.

In 1976, Dalhousie plans to hold a series of short seminars in export marketing at each of the major urban centres within the Atlantic region.

The four centres are united in their desire to offer programs which will assist present and future managers in meeting the challenges the international economy. Each of the centres has established an advisory board comprised of leading members of the business community, the university and the federal and provincial governments. The prime objective is to bring to bear the interests of the Canadian business community to the processes of curriculum development, selection of research projects and design of management development seminars.

For more information on the Program for the Development of University Studies in International Business, write to Roland Lussier, Head, Management Development Section, Office of Industrial Policy, Department of Industry, Trade and Commerce, Ottawa, Ontario, K1A 0H5.

Colombia: Growing communications and electronic equipment market

ADOLFO AMADOR, Commercial Officer, Bogota

In mountainous Colombia, with its high degree of urbanization, decentralization and difficult topography, rapid and reliable communications services are essential, not only for the administration of the country but also for the development of the economy and foreign trade.

It is estimated that in the relatively near future, Colombia will require about 180,000 new telephone lines, 21,000 long distance terminals and 4,100 new Telex subscriber lines for expansion programs. In addition, other communications equipment, navigation aids and electronic components will be required.

Main users of the communications networks are the public companies such as Empresa Nacional de Telecomunicaciones (TELECOM), the telephone companies of the main cities (Bogota, Medellin, Cali, Barranquilla, Cartagena), the Departamento Administrativo de Aeronautica Civil, the Colombian Armed Forces and the police forces.

TELECOM

As a Colombian government-owned entity, TELECOM has a monopoly on national telegraph, Telex, long distance telephone services and all international telecommunication services. With 53 other entities, TELECOM provides local telephone services in main cities with the license of the Ministry of Communications, and in any rural area where the local municipality cannot operate such services. Out of 866,820 local telephone lines in operation in Colombia, TELECOM operates 35,000, about 4½ percent of all telephone lines in the country.

TELECOM is carrying out its Third Telecommunications Project for the period 1974 through 1980, which will be completed in two stages — The first, from 1974 to 1977, and the second Stage from 1978 through 1980. The total program cost is estimated at US $171.2 million, including a foreign exchange component of US $106.5 million, and includes the following aspects of interest to Canadian suppliers:

1) Extension of the international telephone exchange by about 400 lines and the international Telex exchange by 200 lines;
2) Installation of six new teleprinter exchanges with a total of 2,450 subscriber lines and 1,350 channel terminals; 1,440 VFT channels and 2,500 teleprinters;
3) Installation of HF radio equipment; VHF/UHF radio equipment and microwave equipment with associated multiplex equipment, to provide about 9,100 additional circuits;
4) Installation of three new long distance automatic exchanges (total of about 2,600 terminals), and extension of existing long distance exchanges, providing a total of 18,000 additional terminals;
5) Purchase of testing equipment, tools and transport.

Part of the equipment provided under the first stage of the project is financed by the World Bank, and will be procured through international competitive bidding. Other items will be procured by negotiations with suppliers or through competitive international bidding. Local industry will supply, through competitive bids, such items as cables, cable tops, poles and fittings.

Canadian suppliers are in position to participate, not only in the World Bank-financed purchases, but also for the equipment to be financed by suppliers' credits.

Civic telephone companies

Apart from TELECOM, some large municipalities have created separate telephone enterprises to administer and operate local telephone services. In smaller cities and towns, however, the telephone service is operated by public utilities, which also supply water and electric power services. Following are general expansion projects existing in the largest cities:

1) Empresa de Telefonos de Bogota — This municipal

company has 368,800 lines installed and is planning to increase, by 40 percent the number of existing switchboards by 1976. A new, fully electronic telephone exchange with 10,000 lines will be purchased for trial purposes in the near future;

2) Empresas Municipales de Cali Division de Telefonos — The telephone company of the city of Cali operates 80,900 lines. An expansion program to increase the capacity of the telephone exchange by 40 percent is underway, including installation of 30,000 additional lines;

3) Empresas Publicas de Medellin Division de Telefonos — 68,000 lines are operated by this telephone company. There is an expansion program calling for 20,000 telephone lines.

4) Empresa Municipal de Telefonos de Barranquilla — Ericson Company is carrying out an expansion program up to 1976 of this telephone company. From 1977 this enterprise will add 10,000 lines annually.

5) Empresa Municipal de Telefonos de Bucaramanga — This telephone company operated by GTE Automatic Electric Canada Ltd., is presently operating 22,000 lines and is preparing an expansion project of 8,800 additional lines and a new group of telephone exchanges.

6) Compania Telefonica de Cartagena — This company has 13,500 lines operated by mobile exchanges which will be replaced by fixed location exchanges, to be purchased by international tenders.

Another three telephone companies in smaller cities are going to add 11,000 lines to their operations by 1977.

Departamento Administrativo de Aeronautica Civil

This department regulates, guides and inspects air commerce and civil aviation; controls air traffic and operates aeronautical communications; builds airports, installs, administers and maintains aeronautic infrastructure facilities and works; carries out tasks related to civil aviation and air transport; and manages the National Aeronautics Fund (FAN).

The National Aeronautical Fund is responsible for the management of the necessary expenditures for the construction, maintenance and administration of the Government's airports and navigational aids.

There are 685 airports registered with the department. However, the majority (520) are secondary airports for single-engine aircraft — of the remaining 165 airports, 70 are owned by FAN, five are military and the balance are privately owned or belong to a municipality.

The Civil Aeronautics Department is planning the procurement of the following equipment in the near future: eight radio beacons of 1 to 2KW power; six VOR; one ILS; 200 downed-aircraft position indicators; radio communication equipment; 10 homing devices for government planes to be used in search and rescue; a complete emergency lighting system for a secondary airport; and two aircraft, one for passenger travel and one for instrument calibration, both with all necessary electronic equipment installed.

Colombian Armed Forces

It is roughly estimated that the communications and electronic equipment required by the Colombian Armed Forces for the near future, amounts to US $4 million.

Consumer electronics, components and instruments

The majority of TV and radio sets are assembled locally or manufactured under licence from international manufacturers such as General Electric, Philips, Sharp, MacSilver, Motorola, Zenith, Hitachi, Sanyo, New Yorker, Admiral, etc. However, there are local manufacturers of TV and radio sets using imported components from foreign suppliers. Communications equipment (SSB, AM, FM,) is manufactured by only one plant in Colombia. In addition it is assembled by local plants under licensing arrangements from Philips, Sanyo, Sunny, Motorola, Spilsbury & Tindal (Canada). Inter-office communication equipment is also assembled locally by GTE, Siemens, Ericson.

Foreign suppliers are competing in this expanding market of electronic components and instruments, as production is still in the developing stage in Colombia. A few local companies manufacture polyester and electronic condensors, electronic transformers, antennae, and printed circuits.

Calculators are assembled in Colombia under licensing from Busicom, Facit, Texas Instruments, Sharp, Borroughs, Ollivetti, and Friden.

How to sell

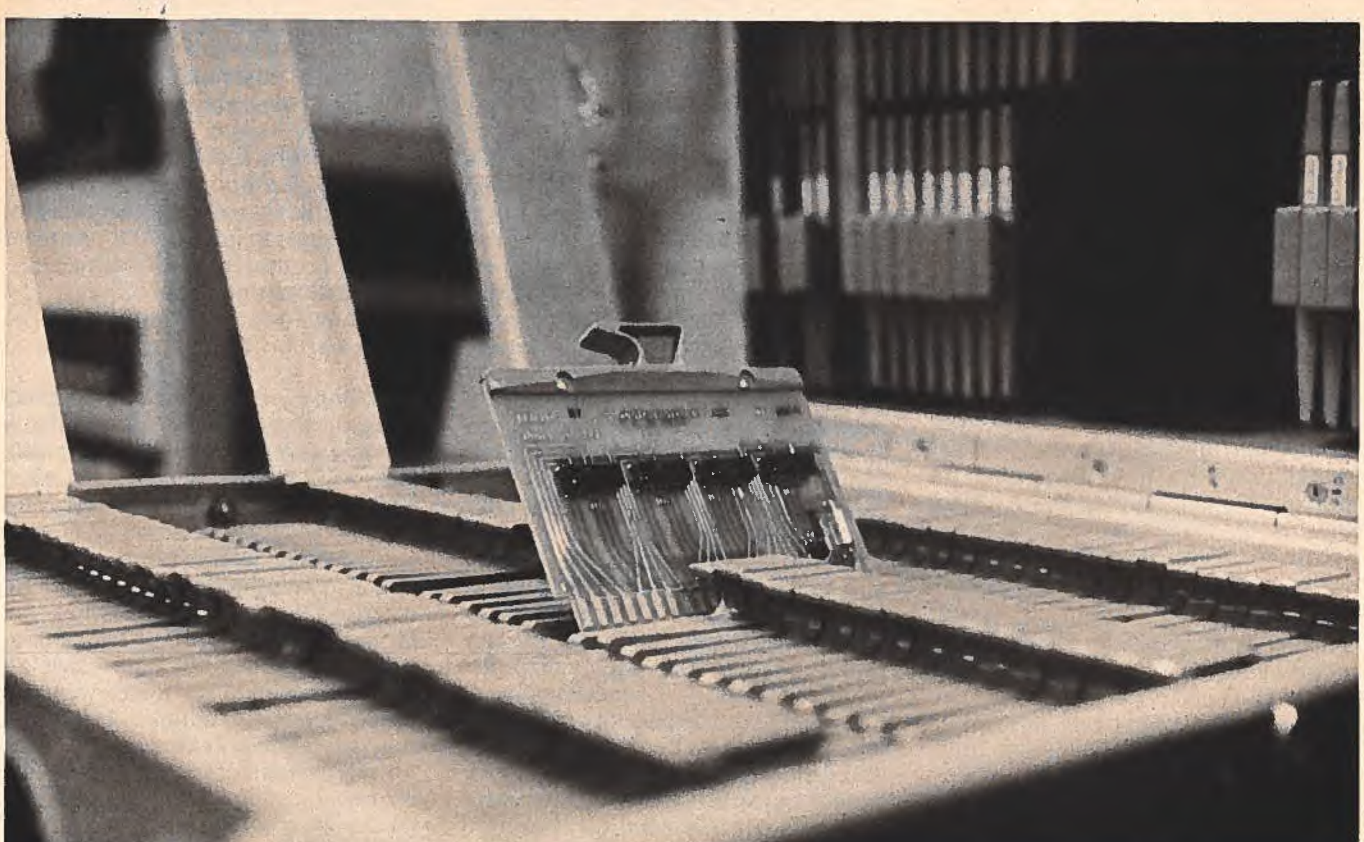
The best way for Canadian companies lacking representation to promote their communications and electronics equipment, and components is through an aggressive local agent with sufficient technical expertise and servicing facilities where required. He is in position to introduce equipment to local users and assist in marketing efforts, not only with official entities but with local industry. In addition, a personal visit to the market is essential.

Seventy percent of consumer electronic products, electronic instruments, communication equipment, etc., either imported, or assembled locally is of United States origin. It is quite common for Colombian importers to specify US standards, therefore, Canadian suppliers of similar equipment and spare parts, competitive in price and quality should be able to increase their volume of sales to this market.

One area of the Colombian electronics market which offers good potential for Canadian manufacturers is the possibility of establishing joint ventures, or licensing arrangements with local companies, to supply the six countries that are members of the Andean Group (Venezuela, Colombia, Ecuador, Peru, Bolivia, Chile). Although the manufacturing of electronics products has not yet been "assigned" to any of the member countries, it is likely that some will be given to Colombia as the member of the Andean Group with more experience in manufacturing or assembling electronic products. Polyester, paper and electronic capacitors, condensors, potensiometers, resistors, (metal film, carbon, wire) tubes, semiconductor devices (transistors, diodes, integrated circuits) are some of the products, among others, that might justify associations for local production in Colombia.

UHF, VHF and HF radio equipment is assembled by one local plant although the quality and production capacity are not enough to meet the growing demand for defence purposes, and for use in official entities, industrial, commercial, and banking enterprisses. This deficit is supplied almost totally by imports from Phillips and Motorola. Provided these two large organizations, which have assembling plants for other electronic products, are not persuaded to assemble or manufacture locally, Canadian manufacturers might have good prospects in this field through joint ventures or licensing arrangements with local firms.

The assembly or manufacture of highly sophisticated electronic apparatus may not be profitable due to frequent advances in electronic techniques. Any plant established in Colombia for the local manufacturing of this type of equipment would become obsolete in a rather short time. Therefore, local industry is not interested in this specific area and the market's requirements are all imported — 70 percent from the United States, 29 percent from Canada and European countries, and 1 percent from Japan.



Selling specialty foods in the United States

Recently, one of IT&C's Commercial Officers in New York, Lillian Brittain, interviewed Arnold Hansen-Sturm, past president of the National Association for the Specialty Food Trade, Inc. Mr. Hansen-Sturm is president of Romanoff Caviar Company. He talked with Ms. Brittain about the US specialty food market:

What is the NASFT?

The association has a regular membership mainly of importers, distributors and domestic specialty food manufacturers. Our associate membership comprises brokers, foreign governments, magazines, confectionery companies and just about anybody who does not fit in the first three categories. We have a total membership of well over 200.

Supposing a Canadian manufacturer of some specialty item wanted to join. Could he take out associate membership?

A Canadian or other foreign manufacturer could become an associate member for the purpose of disseminating information about his product in order to tie up with a distributor.

There are all kinds of definitions of specialty or fancy foods in terms of their place in food merchandising. What would be your definition?

This is a very difficult question to answer, but primarily, three ingredients make a specialty food product and the most important one is quality. It must be the very best of that particular item available anywhere, based on the taste and actual quality of the item.

The second ingredient would be packaging, especially if the product is destined for the retail market. If it is destined for the institutional market, this is of less importance. And the third consideration would be price. Normally, specialty food items demand a higher price due to their more expensive packaging and higher quality. Specialty food items normally have a lower turnover than the mass-distributed item. To take this a step further, if I might, the specialty food market in this country is very hard to pinpoint as to its dollar-size because of the definition question — just where do you draw the line between what is and what is not a specialty food?

I would say that an item could be quickly classified as a specialty food if sold through specialty food channels or distribution — that means specialty food importers, specialty food distributors or brokers; or if it finds its way to the mass market through the specialty food distributor. This is someone who store-door delivers to the supermarket in the U.S., who has a specialty food section that he takes care of, versus the chain store buying the product, and then warehousing and distributing it.

So, to take another step again, I would say that once an item leaves a specialty food distributor, it may no longer be a specialty food item. We lose it because it goes into the chain warehouse.

I suppose some brands of biscuits manufactured in England or Canada which are above the average cookie in quality, are an example of this process. Now that they are being distributed through supermarkets, they are no longer specialty items.

Yes. Also, what might be considered a staple item in another country may become part of the specialty food category here, based on the fact that it is a foreign import, is different, new, unique, and not available on the local market. It would be handled by specialty food distributors.

I think, with regard to Canada, producers of items that are not in distribution in the US, that are quality products with quality packaging, should definitely look to the specialty food importer — not the mass distributor.

How does an exporter decide this? What happens when you have a manufacturer who says: "Well, let's call this a biscuit instead of a cookie and we'll put a high mark-up on it?"

I think it's a very tough decision for a manufacturer to make. He would have to look at what his product really is: on the basis of quality, packaging, his pricing structure based on his cost for producing the product — and then if it is a relatively inexpensive item, he can reach mass distribution. Probably, specialty food distribution is not what he is looking for.

If it is a high-cost item, of a

specialty nature, then the specialty food industry is the place to go to find the market for his product. So, definitely, prices are another criterion.

Are we too close, and our way of life too much like the American, for us to have a distinctive Canadian image?

No. I really think that the label "Product of Canada" on an item would be of definite interest to the US consumer. Canada's a country to the North. It has the image of cleanliness, of pure northern waters, so to speak. A Canadian product definitely would be considered an imported specialty item if it met the criteria I have already mentioned.

I think the main thing is, if it's not an item already in distribution in the US, then it has the greatest potential, because the US buyers in our industry are looking for new items. Buyers are innovative and not bound by tradition. They welcome new products, but these must meet the US laws. For instance, in the case of low-acid canned food, the Canadian processor would definitely have to register his production facilities under the US Low-Acid Canned Food Regulations and comply with the Good Manufacturing Practices Act. And his labelling has to comply with US Food & Drug laws, which change frequently.

Canadians should have an advantage over European, Australian, and Japanese competitors, in terms of just moving the product to the market shelf. Do you think we should be emphasizing this?

You definitely have the advantage as far as transportation costs are concerned. Also, because of your proximity, you should have more control over the regulation of deliveries. I would say, though, that the key for the Canadian exporter wanting to distribute via the specialty foods industry, is to find a good sales agent or importer to handle the item on a national or regional basis, whatever the decision might be from a marketing standpoint. A Canadian exporter might want to take the country and split it into quarters, giving exclusivity to four different distributors in these areas or he might want to give it to one sales agent or one importer on a national basis.

From the standpoint of our company, we will only handle items on a national basis. We insist on exclusivity from the exporter, no matter what the country, and if we were to deal with a Canadian exporter, we alone would handle the product and guarantee national US distribution. That's the only way we would handle it and I think that's the way your exporters should approach it.

How does a seller determine whether he needs an importer or an agent?

Of course this depends on the item. I think an exporter would definitely need an agent and/or an importer. Now, in the case of an agent, he's going to sell it to as many different importers and distributors across the country as he can. I'd say it would depend on the product, and the objectives of the exporter in relation to the product, whether the item should be given to an exclusive importer or an exclusive agent. It's a very hard thing to kind of pinpoint.

With people who have the contacts?

Contacts are of greatest importance in the US specialty food industry. We're dealing with items of lower turnover than the mass distributed items, there are more items involved and it's definitely an industry where personal contact plays a great part. Knowing those who know where to place a product best for proper distribution, and who can gain that distribution, is paramount.

Well, given that someone is interested in the market, should he be prepared to support it promotionally and if so, with what sort of promotion?

If it's an item of any sort of potential volume, or that has potential to enter the market on a national basis, the exporter should allocate money for advertising, for catalogue promotion, for co-operative ads in regard to retailers and distributors and in addition, he should allocate funds for off-case allowances or free goods. The exporter should budget his product accordingly. I'd say the minimum of a 5 percent agency fee should be allocated in the first year for advertising promotion, if not more.

I suppose they should also allow for the fact that they might want to participate in the National Fancy Food and Confectionery Show?

Oh, very much so. I'm glad you brought that up. I think it's imperative that anybody entering the market or wanting to strengthen their position in the market should exhibit at that show every year.

Just to maintain their image in the industry?

Definitely. If they are in the market and successful, they should be there to perpetuate their image. This is very, very important. And if, by being at the show, they're looking for distribution, they have an opportunity of being exposed to every importer and sales agent in the country, so they can tie up with whoever they want to meet.

And you get a high response from the importers and sales agents, as well as from the retailers?

All the people of any significance in the American specialty foods and confectionery industry are at this show, and the attendance from other countries is very high.

What about specialty food buying trends? Are people still spending in restaurants?

Oh yes, but sales in this market are declining. The institutional market is shrinking on the high end, which verifies the fact that there is a definite shift to home entertaining in this country, and I also see a shift on high-price specialty items to the low end of the product spectrum.

In other words, speaking of my own products, you take a 4oz. jar of caviar — Romanoff Beluga Caviar — that sells for, say, $23 retail. Its turnover is limited. It's meeting price resistance, while the item that's selling very successfully is lumpfish caviar, which retails for $1.49 and which is an excellent product for what it is. It's a specialty food product, has our name on it, it's got beautiful packaging and thus is reaching volume turnover. So, there's a definite shift from the high-priced items to the low end, yet still within the specialty food category.

From what you have said, one might think that the person who used to buy a Beluga Malossol in a restaurant and is now not spending as much money there, would want to enjoy the best at home, but apparently does not?

There's an old saying we have: "If you have to ask the price of caviar, you can't afford it". Of course, I'm referring to the most expensive grade of fresh Beluga Malossol. This retails for $110 a pound. Now, this is not hurting us, per se. The market is still there, but there's a shortage of supply.

It's the middle-range items that are hurting. The middle American is doing more home entertaining, watching his dollars. He is buying more and more specialty food items because he's becoming more sophisticated, but he's buying the lower end. Instead of buying the $20 caviar, he'll buy the $1-5 jar of caviar.

What I'm saying is this — if an item is on the very high end of the product price spectrum, as a specialty food, it's going to find a limited market and distribution in this country. If it's a very high quality, unique specialty product, but the cost is relatively low and it's a good value to the consumer, it could find tremendous distribution.

I understand that the growth rate of the specialty segment of the food industry was estimated at around 10 percent in the Sixties and early Seventies. Does this still hold true?

I put the growth of our industry at present in the region of 6-10 percent. In the light of the recession, I consider this excellent. But the recession itself has helped maintain this growth through the shift to home entertaining. Other factors are the increased sophistication of consumers and the growth of cooking schools. I understand it takes about six months to get into James Beard's school — and I don't know if he even specializes in fish cookery.

Then, New York is a leader in these trends?

New York is definitely the largest market in the US. Years ago, the industry always said 60 percent of our business was done in this area and 40 percent in other parts of the country. I think this is rapidly changing. It's hard to say what it is today, but it's probably more on a 50-50 basis, or maybe 40-60. But the New York metropolitan area is still the largest specialty market in the country and anybody wanting to enter the US market, should look at New York as the area to concentrate time and effort.

So you think that a newcomer should look to New York and figure if he can get in there, he can get in anywhere, rather than trying out some smaller regional market first?

I would say if he can break New York, he could be successful anywhere — but this doesn't mean that if he does not enter New York, he cannot be successful elsewhere. New York is a very highly competitive market and an item that does not gain acceptance here can still sell well in Chicago or California.

Do you have any general advice for a company looking at the US specialty market — other than coming to New York and cracking the nut?

I think that a potential exporter who is not aware of the market should first avail himself of the services of the Canadian Consulate and then approach our Specialty Foods Association. Our Executive Secretary, Jean Frame, can suggest names of possible contacts or mention the offer in one of our memoranda to members. The exporter will thus make contacts quickly. If there's an interest, he'll know promptly.

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For additional information on market requirements and other information, potential exporters of specialty foods should contact: US Division, Department of Industry, Trade & Commerce, Place de Ville, 112 Kent Street, Ottawa, Ontario K1A OH5; Deputy Consul General, Canadian Consulate General, 1251 Avenue of the Americas, New York, N.Y. 10020; National Association for the Specialty Food Trade, Inc., c / o Jean Frame, Executive Secretary, 30 East 42nd Street, New York, N.Y. 10017.

US Customs: An ounce of prevention

C.J. Kelly, Asst. Director, Western Hemisphere Bureau;
E.C.H. Shelly, Acting Chief US Division (Marketing & Operations),
Department of Industry, Trade and Commerce, Ottawa

Canadian exporters to the United States of America may be surprised to learn that even minor inaccuracies on export documentation can lead to US Customs charging the exporter with fraudulent invoicing, or put more bluntly — fraud. The penalty resulting from a fraud action can be very serious, as the penalty is normally set at an amount equivalent to the full value of the merchandise described on the Customs entries on which fraud is alleged. It is then up to the exporter to seek mitigation by proving to US Customs that there was no intent to invoice fraudulently. Even in cases where this is clearly demonstrated,it is not usual that the full penalty is withdrawn.

The US Division of the Department of Industry, Trade and Commerce has noticed a sharp increase in the number of fraud actions involving Canadian companies. The Division is prepared to assist Canadian exporters who are involved in penalty actions — provided that there was no intent to engage in fraudulent practices.

The most common causes of these infractions are ignorance of US laws governing imports and a lack of awareness of what steps can be taken by the exporter to protect himself before attempting to market a new or modified product in the US. To protect himself against a possible fraud action, the exporter requires market access information which falls into two basic categories — customs and non-customs. The former covers subjects such as tariff classification, rates of duty and valuation, while the latter relates to the many US laws affecting imports, in such areas as safety, food and drugs, endangered species, labelling, electrical standards, flammable fabrics, trademarks, and so on.

Exporters are strongly urged to obtain all market access information on new products to be marketed in the US from IT&C's US Division in Ottawa, which is constantly in contact with US Customs and other agencies on behalf of Canadian exporters and which, over the years, has acquired an in-depth familiarity with the actual interpretation and implementation of the regulations governing access for imports into the US market. While the US Customs officials at the ports of entry are responsible for interpretation and enforcement of the various import regulations, official rulings obtained from Washington by the US Division on behalf of the exporter are of immeasurable help in bringing order to a potentially complicated situation.

Documentation required by US Customs has reached such a degree of refinement that today few exporters can do without the services of a US Customs broker to prepare and submit export documentation to US Customs. However, if the exporter is to benefit from the experience and expertise of the custom specialists in Ottawa, it is essential that all access information on the US market be obtained from the US Division.

In order to assist an exporter in obtaining this information the division needs the following data:

Tariff classification rulings

1) A full and complete description of the article
2) The chief use of the article in the United States
3) The commercial, common or technical description of the article
4) Where the article is composed of two or more materials, the material in chief value and weight
5) Textile materials or articles require information as in 4)
6) Chemical products should include specifications and where possible a laboratory analysis as well as sample
7) Photographs, drawings or other pictorial respresentations of the articles, where samples are not sent.

Valuation rulings

1) All relevant information required on a special US Customs invoice for 5515
2) The nature of the transaction, whether f.o.b. / c.i.f. ex-factory or some other arrangement.
3) Relationship of the parties (if any), whether the transaction is at arms-length, whether there have been other sales of the same or similar merchandise in the country of exportation, whether an agency situation exists and an explanation or copy of any agreement, contract or other relevant document.
4) Any other information relevant to a determination under Section 402 or 402(a) of the Tariff Act of 1930, as amended.

Care must be taken in preparing the submission, as a ruling request will not be considered by US Customs until all information required is submitted. Should any additional information requested by US Customs not be forthcoming within 30 days, officials will give no further consideration to the request for ruling.

IT&C's US Divislon can also help Canadian exporters with a wide range of other trade-related problems which have implications vis-a-vis customs. Unfortunately, many exporters end up coming to the division after they have encountered difficulties with their shipments. But we are prepared to do all that we can to overcome the problem.

Why not contact the US Division before getting into trouble? Why not phone Ottawa (613-996-5471) for a discussion of your export plans? Or, if tariff classification or valuation rulings are required, write (enclosing the information mentioned in this article) to: US Division, Department of Industry, Trade and Commerce (29), 112 Kent St., Ottawa, Ontario, K1A 0H5.

Single copies of the booklet, *Exporting to the United States* may be obtained at any US Customs field office on individual request. Extra copies may be obtained from the Superintendent of Documents, US Government Printing Office, Washington, D.C., at $1.70 a copy.

Tax refund

The federal excise tax on gasoline of 10 cents a gallon went into effect on June 24. The tax is paid at the manufacturing level on all gasoline used in internal combustion engines. It is not levied on diesel fuel, aviation fuel or heating fuels. Under certain circumstances the tax may be refunded. The following questions and answers will provide some help in determining whether you are eligible for refund but you should contact your District Excise Office, Revenue Canada for more detailed information.

Who qualifies for refund?

The tax will be refunded in full on gasoline used for commercial or business purposes. This includes governments (federal, provincial and municipal); farmers for farming use; commercial fishermen, hunters and trappers for commercial fishing and hunting; business, professional people and the self-employed in the conduct of their business.

How to file a claim.

If you are eligible for refund, pick up Form XE8 from any Excise Office, Customs Office, Taxation Office or Post Office. A form can also be obtained by writing or telephoning the nearest Excise Office (there is no need to go there in person).

When may refund claims be filed?

Claims of $200 or more are accepted monthly, beginning in September. No more than one claim a month may be filed. Claims of less than $200 may be submitted at six-month intervals beginning December 31, 1975 and every June 30 and December 31 thereafter.

Is there a time limit on filing claims?

Applications for the tax refund must be made within two years of the date the gasoline was bought.

What documentation is required to substantiate a refund claim?

While documentary proof of purchase and business use does not have to be attached to the claim, purchase invoices from the supplier, receipts or vouchers and proof of business use should be retained on file.

To facilitate computer identification, the social insurance number or employer number must appear on the refund form. The lack of a number will cause the computer to reject the form and create delays in sending out refund cheques. A person who has neither a social insurance number nor an employer number may apply to the Department of National Revenue, Excise, for an Excise Identifier number to use on refund claims.

What is meant by "commercial or business purposes?"

Regulations define "commercial or business purposes" as any activity carried on for the purpose of earning income. The gasoline tax is recoverable in the same proportion that the activity is deductible as a business expense for Income Tax purposes.

What is the status of a handicapped person who cannot use public transportation?

Persons certified by a doctor as permanently handicapped to the extent that their use of public transportation is hazardous may claim a refund of the gasoline used for commuting to work. This is the only group that may claim commuting mileage. Gasoline used for purposes not connected with commuting and business may not be claimed by the handicapped.

May ministers and the clergy claim refunds?

Yes, they may, if they administer or are in charge of a diocese, parish or congregation, for transportation incidental to the discharge of their duties.

Do native peoples have to pay this tax?

As individuals operating vehicles for personal use, they do. There are no special provisions for native peoples in the legislation. They may, of course, claim refunds for gasoline used in hunting, fishing or trapping, if this is a business. Their business co-operatives may claim refunds of the tax on gasoline used in their activities. Bands registered as municipalities and so described in their charters are, of course, exempt for band business.

Are any groups, agencies or institutions (such as non-profit organizations) eligible for refunds?

Yes. Regulations have been promulgated extending refunds to: Canadian amateur athletic organizations and charitable groups registered under the Income Tax Act; boards of trade, chambers of commerce and agricultural organizations; corporations set up exclusively for scientific research; municipal and provincial corporation boards, authorities and commissions; and unions or organizations representing labour, industrial, trade and professional groups.

But that these regulations do not include individual members of the bodies described, who continue to pay the tax on gasoline used for their personal use.

How about the self-employed?

Generally speaking, any person who can deduct vehicle expenses for income tax purposes is entitled to a refund of the excise gasoline tax in the same proportion as his gasoline costs are allowed as an expense for his income tax calculations. Travel to and from a place of business is not, however, considered a business expense, except in the case of the handicapped.

How about companies that pay mileage expenses to employees?

The employer who pays mileage to personnel has two alternatives. The firm may retain documentation of gasoline purchase and use and claim ten cents a gallon as other claimants do. However, regulations have been promulgated to reduce the documentation in such cases. An employer may elect to show the travel mileage paid to employees and claim 5/8 of a cent per mile.

Is an employee who does not receive business mileage from his employer entitled to refund of the gasoline tax?

Yes, an employee who does not receive business mileage from his employer, such as a salesman working on commission, is considered to be self-employed and may claim the refund himself.

How does this affect income tax status?

The taxes are quite distinct. But if gasoline costs are deducted as an expense in calculating income tax, only the net cost may be claimed as an expense. In other words, if a person charges as an expense the full price he paid for gasoline, including the ten cents per gallon, he must add any gasoline tax refunded to him to declared income. If he charges only his net expense for gasoline, excluding the tax rebate, no adjustment to declared income is necessary.

Is anyone exempt from paying the tax when buying gasoline?

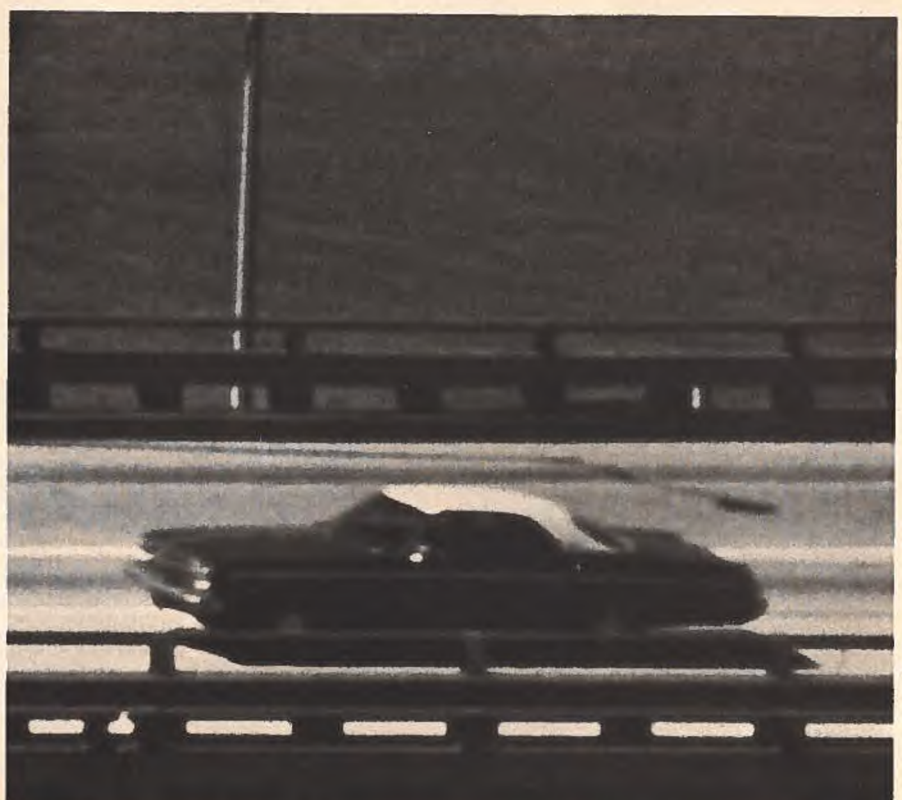
There is no provision at the present time for tax exempt purchases of gasoline. It is expected that special regulations for the exemption of certain bulk purchases will be promulgated in the fall.

Where may one get further information or clarification of special cases?

Anyone wishing further information or clarification may contact any Excise Office across Canada. Their telephone numbers are listed on the XE8 refund claim form. Information is also available from the Excise Gasoline Tax Division, Box 345, Ottawa, Ontario, K1N 8V3.

Who should you contact about claims already filed?

You should contact: Revenue Canada, Excise Gasoline Tax Division, P.O. Box 345, Ottawa, Ontario, K1N 8V3.



$60 million market for water systems

H. INTSCHER, Asst. Commercial Secretary, San Jose

All three countries of our territory, — Nicaragua, Costa Rica and Panama — have ambitious plans for the expansion and upgrading of their water and sewerage systems, and investments in excess of $60 million are called for by the end of 1976.

Most of these requirements will be financed by the Inter American Development Bank (IADB) and the World Bank (IBRD). Opportunities abound and Canadian suppliers of pipe, valves, pumps and accessories would be well advised to pursue this multi-million dollar market. There is no doubt whatsoever that Canadian companies can compete successfully. In June, a Canadian pipe supplier won a $725,000 contract for ductile iron pipe and accessories from Servicio Nacional de Acueductos y Alcantarillados (SNAA), the Costa Rican water authority. Sale was by international public tender and represented the first major Canadian sale of pipe and accessories to SNAA. The order may be increased to nearly $1.5 million by direct negotiation between SNAA and the Canadian supplier.

Nicaragua

Most of the water and sewerage system of Managua, the country's capital (pop. 400,000), was destroyed by an earthquake in December 1972 and the Departamento Nacional de Acueductos y Alcantarillados (DENACAL) is pushing ahead with projects to rebuild this system and to provide water and sewerage service to the new areas which have sprung up around the perimeter of the ruined city. At the same time DENACAL is striving to meet the needs of smaller urban centres as well as rural areas. The following projects are now active or will come on stream during 1975/76:

- Second stage of the Managua sewerage project — DENACAL has applied to the IADB for a $14.4 million dollar loan for this project which will present substantial requirements for 12-inch cast iron pipe as well as sewage pumps and accessories. The engineering work has already been awarded.
- Water and sewerage project for 25 cities — A $12.5 million IADB loan has been sought for this project. Requirements are for engineering work, pipe pumps and accessories.
- Portable water project — A $4.2 million IADB loan is expected for this project. Requirements are for engineering work, pipe pumps and accessories.
- Engineering studies — DENACAL has also applied for funds for studies for three other water projects in Nicaragua. These will eventually give rise to pipe and equipment requirements.

On-going projects also offer opportunities for Canadian suppliers of pipe and water system-related equipment:

- PVC pipe — In the near future DENACAL will call for offers for 23 kilometres of plastic sewer pipe in 8, 10, 12 and 15-inch diameters for an IADB financed project.
- Asbestos pipe — DENACAL imports large quantities and recently purchased 20,000 tons of this piping from Mexico. Considerable quantities remain to be purchased for various water distribution projects financed by the World Bank and the Inter American Development Bank.
- Meters, valves, seals and pumps — This market requires these items on a continuing basis.

To date, Canadian companies have not been very active in this market. While many earlier projects were financed by AID funds or IADS loans predating Canada's membership in that bank, future projects will be financed by IADB loans and Canadian companies are now eligible to participate.

Costa Rica

This country is striving to meet the rapidly growing needs for water and sewerage in San Jose, the capital (pop. 400,000), as well as in the quickly developing smaller cities and rural areas. The Servicio Nacional de Acueductos y Alcantarillados (SNAA) has plans for several important projects during the coming two years:

- Second stage of the water distribution project, Metropolitan San Jose — SNAA has been awarded a $15 million IADB loan for this $21 million project. The project calls for the construction of: 1) four collectors totalling 20 kilometer requiring 14-48 inch pipe; 2) five subcollectors totalling 12.2 kilometers requiring 12 to 24 inch pipe and, 3) a water distribution system of 112 kilometers requiring 8 to 12-inch pipe. Most of the IADB loan will be used to purchase PVC pipe, ductile iron pipe, asbestos pipe, pumps, meters, valves, and accessories. Some of these requirements have already been obtained but about two thirds remain to be purchased by the end of 1975 and early 1976.
- Second stage rural water project — A $7 million loan has been applied for this project scheduled for 1976/77. The loan should be approved late in 1975. Requirements will be for pipe, pumps and accessories.
- Rural water project Guanacaste and Pacific Coast — This $3 million project, financed domestically calls for the drilling of wells, installation of pumps and pipes. Public tenders will be called.

Panama

The instituto de Aqueductos y Alcantarillados Nacional (IDAAN) is the agency responsible for treatment and distribution of water and sewage disposal in Panama. Like the other countries IDAAN has an ambitious program underway and substantial projects in the offing. These include:

- An application to IADB for a $16.5 million loan for a project to supply water to 76 rural centers. This project is broken down as follows: $2.0 million for PVC and asbestos piping and accompanying steel accessories: $2.7 million for extensions and improvements to existing rural systems; and $11.8 million for concrete sewer pipes (Panamanian-made) and steel accessories.

- Financing of $14.4 million is being sought for a water and sewage project in La Bahia. This will involve: $1.3 million for water pipe, $.86 million for sewer pipe, $3.6 million for collectors; $1.15 million for a pumping station and $7.5 million for a sewage treatment plant.
- Also financing is required for a $2.2 million water and sewer project for the San Felipe sector of Panama City.
- A $2 million sewage treatment plant for David.
- Further in the future a sewage treatment plant for Panama City. A $400,000 study is currently being financed with IADB Pre-Investment funds.
- A 10 mile water line from Sanchez to David using 12-inch and 24-inch diameter ductile iron pipe.
- A $500,000 feasibility study is underway for a $5 million water treatment plant in Colon.

On-going projects offer opportunities to Canadian suppliers of ductile iron, PVC and asbestos piping, valves, meters and all other accessories.

Capitalizing on these markets

In order to effectively compete in these markets, we offer the following guidelines:

1) All public tenders for equipment and services in the three countries of our territory require that foreign companies submit these offers through a local agent. If you are not already represented in these three countries you should make arrangements soon as possible to establish your relationship well in advance of tender calls.

2) Write the Commercial Secretary, Canadian Embassy, Apartado 10303, San Jose, Costa Rica. He is well equipped to assist you in locating a suitable agent and to offer you advice about the market. When you write or telex (2179 DOMCAN SAN JOSE) you should include as much information as is possible about your company, your products, prices and the type of marketing arrangment you wish to establish. With respect to your product, it is important that you provide a short description of its use and to identify competing products (both other Canadian and foreign). With this information in hand, the Commercial Division can quickly survey the local market and refer you to several potential local agents with the type of experience and product lines suitable to your requirements.

3) Visit the territory. After initial contact with the prospective agents you should plant to visit the area to discuss your product and your marketing strategy with these companies and with the Commercial Division of the Embassy. At the same time you should call on the purchasing and technical departments of the executing agencies for the projects outlined earlier in this article.

Spotlight on design

As the educational system changes, its environmental needs change. In the late Sixties, the Metropolitan Toronto School Board conducted a Study of Environmental Facilities (SEF) for which designers were hired to lay down specifications for an entire school. Because the study was to lead to the building of 24 schools almost simultaneously, the board had the buying power to make industry listen to its requirements.

Flexibility was the key — the freedom of form to provide a better learning environment, and multiple use of furniture pieces to lower costs. The designers involved in the study established that furniture based on a series of compatible containers would be ideal for the popular open-plan teaching system. The containers were to be light, non-toxic, fire resistant and sturdy enough to be used in a variety of positions, either singly or in groups. Among the details included in the study recommendations were doors that would hinge to any side of the containers, panels to double as doors or barriers, and desk legs that could be adjusted to different heights by the children without using tools.

When the Board sent out invitations to tender, Cameron-McIndoo of Don Mills, Ontario hired designer Earl Helland to work on the project. Don Cameron, President of Cameron-McIndoo, worked closely with Helland, and as a team they hurdled each design and production problem and won the contract. The result is the FF5 (freeformfive) system. Says Cameron, "We weren't satisfied with just doing enough to win the SEF contract. We perfected each detail and in several cases improved on the original concept."

Sales on the SEF contract reached $1.3 million between 1970 and 1972. In 1975, with 80 percent of the business now going to the United States, FF5 sales will reach $3 million. Export sales don't stop in the US — Australia is sending orders now, and exhibits in a French furniture contest are expected to encourage sales there. Other possible markets include England and the Middle East.

UPDATE

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Trade Fairs 76

The following is a tentative list of trade fairs and shows in which the Department of Industry, Trade and Commerce will be involved in 1976, through its Promotional Projects Program. Dates shown here may change. For more information, contact your IT&C Regional Office.

Event	Location	Date
International Home Textiles Fairs (HIEMTEX)	Frankfurt, West Germany	Jan. 14-18
International Hotel and Restaurant Trade Institutes, Hospitals and Industrial Canteens Fair (HORECAVA)	Amsterdam, Holland	January
Mini-Solo Textile Show	Port of Spain, Trinidad	January
Salon International du Batiment (BATIBOUW)	Brussels, Belgium	February
International Watches, Jewellery, Silverware Trade Fair	Munich, West Germany	February
International Sports Equipment Fair (ISPO)	Munich	Feb. 26-29
Food Sales Meeting	Boston, Massachusetts	Feb.-Mar.
Food Sales Meeting	Minneapolis, Minnesota	Feb.-Mar.
Food Sales Meeting	Cleveland, Ohio	Feb.-Mar.
Construction and Building Materials Exhibition (BOUWEURS)	Utrecht, Holland	March
International Exhibition/Technical Conference for Medical Electronics and	Basel, Switzerland	March
International Automotive Services Industries Show	Chicago, Illinois	March
Junior Fashion Fair (NCWA)	London, England	Apr. 5-8
International Fur Fair	Frankfurt, West Germany	Apr. 7-11
Milan International Trade Fair	Milan, Italy	Apr. 14-25
International Treffpunkt	Hanover, West Germany	Apr. 28
Southern Furniture Mart	High Point, North Carolina	Apr. 28
3-1 Farm Equipment Show	Kansas	April
Women's Solo Apparel Show	New York City	April
Food Sales Meeting	Philadelphia, Pennsylvania	April
Food Sales Meeting	Seattle, Washington	April
Los Angeles Solo Apparel Show	Los Angeles, California	April
International Food and Fibre Expo	Pretoria, South Africa	May 13-22
Clothing Textiles Trade Fair (INTERSTOFF)	Frankfurt, West Germany	May 12-15
International Household Electronics and Domestic Appliances (HEDA)	Birmingham, England	May 23-31
Society Petroleum Engineering Offshore Technology Conference (AIME)	Houston, Texas	May 2-6

Event	Location	Date
International Petroleum Exhibition	Tulsa, Oklahoma	May 16-22
International Shipping Exhibition (POSIDONIA)	Athens, Greece	June 7-12
Poznan International Trade Fair	Poznan, Poland	June
Algiers International Trade Fair	Algiers, Algeria	Aug./Sept.
International Trade Fair	Izmir, Turkey	Aug. 20-Sept. 20
International Trade Fair	Lagos, Nigeria	August
National Fancy Food and Confection Show	New York City	August
Porto Alegre Show	Porto Alegre, Brazil	Aug./Sept.
International Restaurant Equipment Fair (IREF)	Tokyo, Japan	Sept. 1-4
Tehran International Trade Fair	Tehran, Iran	September
Home Materials Show	Tokyo, Japan	September
International Trade Fair	Plovdiv, Bulgaria	Sept. 3-10
La Semaine du Cuir	Paris, France	September
Offshore Technology, North Sea	Stavanger, Norway	Sept. 21-24
International Woodworking Machinery Show	Louisville, Kentucky	Sept. 18-22
Marine Trades Exhibit and Conference	Chicago, Illinois	Sept. 30-Oct. 3
Baghdad International Trade Fair	Baghdad, Iraq	Oct. 1-21
International Hotel and Catering Equipment EQUIPHOTEL	Paris, France	Oct. 14-25
Junior Fashion Fair (NCWA)	London, England	Oct. 18-21
International Automotive Spare Parts and Accessories Exhibition (AUTOMECHANIKA)	Frankfurt, West Germany	October
Automotive Parts and Accessories Association Exhibition	Las Vegas, Nevada	Oct. 19-21
Southern Furniture Mart	High Point, North Carolina	October
Tokyo Motor Show	Tokyo, Japan	November
Clothing Textiles Trade Fair (INTERSTOFF)	Frankfurt, West Germany	Nov. 23-26
International Fair for Components and Production Facilities (ELECTRONICA)	Munich, West Germany	Nov. 24-30
Women's Solo Apparel Show	New York City	November
American Vocational Association Show (AVA)	Houston, Texas	Dec. 3-8
In-Store Food Promotions	Japan	NA
Commodity Samples Shows	Melbourne, Australia	NA
Catalogue Show-Manufactured Wood Products	Djakarta, Indonesia	NA
Mini-Solo Fisheries Products Shows	Europe	
Mini-Solo Fisheries Products Shows (4)	USA	NA

Foreign Tariffs and Trade Regulations

Argentina
The Argentine government has established new exchange rates for the peso effective August 25,1975. The new rates of exchange are as follows:
Financial rate — 44.50 pesos to the US dollar (old rate 42.50)
Commercial rate — 34.45 pesos to the US dollar (old rate 33.50)
Tourist rate — 63.00 pesos to the US dollar (old rate 60.00)

The commercial rate will apply for essential imports and exports of agricultural products. The financial rate will apply to the rest of the imports and exports, loan operations and interest payments. Exchange transactions covering payments for freight, insurance, commissions, consular fees, communication tariffs and travel expenses will be negotiated at the tourist rate (also called special financial rate).
• Under a sectorial agreement signed between all paper importers, particularly newsprint, and the Secretariat of External Trade, the importers have agreed to pay for their requirements in terms of no less than 270 days.

Barbados
Miscellaneous Controls (General Open Import Licence) Regulations Amendment No. 7 of August 25, 1975 announced that an import licence is required for all the following items: refined salt; sulphuric acid (excluding for scientific experimentation and laboratory use); necklaces of wooden beads; paper and plastic transfers (decalcomanias); textile curtains of bonded fibre fabrics or bonded yarn fabrics; kniotted or crocheted curtains; other textile curtains; jute sacks; welding electrodes; and necklaces of shell.

Ecuador
By Resolution No. 786 of August 21, 1975 the Ecuadorian government transferred 697 items from List I (Essential goods) to List II (less essential and luxury goods). In order to obtain an import licence the importer must pay a tax of 1 per cent of the c.i.f. value for List I goods and 6 percent for List II goods. Duties on List II goods have been increased by 60 percent and on List I goods by 5 percent to 25 percent.

A further 75 items have been placed on the prohibited list, including articles of jewellery of precious metal, imitation jewellery, other articles of precious metal, camping trailers, mattresses, brushes (except machinery brushes), paint rollers, artificial Christmas trees, decorations and similar articles.

Jamaica
Notice to Importers No. 2939 of August 30, 1975 announced the cancellation of all outstanding import licences previously issued for the importation of capital goods. A list of the items considered as capital goods was published in Notice to Importers No. 2941. The list includes live animals, lumber, automotive parts, explosives, wire, telephone equipment, prefabricated buildings, tires, rails, tools, knives, machinery and electrical equipment of Chapters 84 and 85, instruments, paints, cement, building materials, etc. Licences may be revalidated in certain circumstances (i.e. in instances where there is acceptable evidence of irrevocable commitment prior to the date of notice 2939).
• Notice to Importers No. 2940 of August 30, announced that during the next 18 months, and until further notice, no import licences will be issued for computers, cranes of all types, road rollers and earthmoving equipment.

Uruguay
The government has eliminated the 180-day financing requirement for the import of goods.

Wanted Manufacturers

This information is intended to promote additional manufacturing in Canada and is re-printed 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 and Trade Enquiries Division, Department of Industry, Trade and Commerce, Ottawa K1A 0H5.**

Office furniture
Australian company is offering the Canadian manufacturing rights to its integrated system of office furniture consisting of 21 basic units. Designed to furnish offices, from reception to executive level, the series is suitable for open office planning as well as conventional layout. It is claimed to save space, eliminate partitions and provide an almost endless variety of office layout. The system utilizes modern

plastics bonded to particle board to provide heat, stain and scratch resistant surfaces in a variety of colours. Literature available. **Item 3241**

Control and security equipment
Belgian firm seeks to licence a Canadian company to manufacture its automatic vehicle access control and parking control systems as well as its pedestrian traffic control and security stems. These systems are designed to provide efficient control of car park entrances and exits, to control access to premises, level crossings, restricted areas, etc., and to control and direct pedestrian traffic in public areas. Manual or electric lifting gates are available in lengths up to 45 feet. Literature available. **Item 3242**

Insulated pipeline system
Danish firm is offering the Canadian manufacturing rights to its insulated pipeline system for use where a guaranteed constant temperature of the liquid running in the pipes is required. The pipes are made of high-frequency and resistance-welded tube of the highest quality, insulated with polyurethane, and enclosed in a jacked of PVC tubing. To allow for expansion of the steel, polyurethane and PVC, a special sliding agent is used, which enables expansion of the three materials to take place independent of one another. The pipes can be laid directly in the ground without the use of ducts, and do not require a frostfree laying-depth. Literature available. **Item 3243**

Fertilizer spreading machines
Australian company is offering under licence the Canadian manufacturing rights to a full range of bulk spreading equipment capable of handling all types of granulated fertilizer and lime. The equipment includes three-point linkage machines of 660 and 1000 pounds capacity, one and two-ton capacity trailed spreaders, and truck mounted spreaders with capacities up to 10 tons. One spinner type broadcaster is designed for attachment to a truck or trailer, and is driven by the rotation of the rear wheel of the vehicle. Attachments are available to permit sowing of seed in conjunction with fertilizer spreading. Literature available. **Item 3244**

Baling presses and compactors
Swedish firm offers under licence the Canadian manufacturing rights to its line of waste paper presses and garbage compactors. These machines are hydraulically operated and are designed for use in department stores, paint shops, hotels and apartment houses. They are claimed to be compact, sturdy, easy to operate, and to require a minimum of maintenance. Literature available. **Item 3245**

Conveyor system
German firm is offering the Canadian manufacturing rights to its unit-type enclosed overhead conveyor system. The system is comprised of a chain equipped with large plastic rollers to reduce noise; polished steel tubing slotted on the bottom which has special flanges that serve as hanging points; horizontal and vertical bends; a tensing station and a drive unit which are fitted in the track at suitable locations; and suspending hangers. The system features high load bearing capacity, low dead weight, smooth and noiseless operation, limitless length, and no maintenance. Literature available. **Item 3246**

Telewriter system
British firm is offering the Canadian manufacturing rights to its telewriter system. This is a telephone line terminal apparatus for the instantaneous transmission of manuscript information from a local source to a remote receiver. The apparatus uses applied electromechanical and electronic techniques to convert the mechanical motion of a pen in the writer's hand to FM signals for transmission through standard telephone circuits. No special lines are required. Machines are interchangeable. Original and up to two carbon copies can be taken at both the transmitter and receiver stations. Literature available. **Item 3247**

Steel rule tools
British firm seeks a licensing arrangement with a Canadian company for the manufacture of its blank and pierce press tools which provide a quick and inexpensive method of tooling short to medium runs in steel, non-ferrous and nonmetallic material. These tools have special steel cutting edges set in a laminated material of high tensile strength. It is claimed that the tool is simple to manufacture and that, since the time saving steel rule technique is used for both halves, the cost is less than half that of conventional steel tools. Literature available. **Item 3248**

Grass concrete surfacing
British firm is offering manufacturing licences in all provinces except New Brunswick for its grass concrete surfacing process. This insitu process produces a well-drained continuous surface having the general appearance of grass and the loadbearing capacity and durability of concrete. Polystyrene moulds in three sizes are used in combination with concrete, reinforcing steel, soil and grass seed to produce the surface. Depending on the size of mould used, the resultant surface is suitable for one of the following conditions: moderately heavy vehicles and pedestrians; heavy vehicles and heavy water flow; occasional light vehicles and pedestrians. Literature available. **Item 3249**

Endoscopes
American company is offering the rights for manufacturing under licence in Canada a range of endoscopes for visual, photographic and televised observations inside high temperature enclosures. The optical system used in this equipment has a front pupil with an aperture of very small diameter which is used to advantage in ventilating and protecting the front objective lens face. These endoscopes make possible permanent observation and complete supervision inside furnaces and boilers. Literature available. **Item 3250**

Inter-conducting logic tester
Japanese firm offers under licence the Canadian manufacturing rights to its interconducting logic tester. Interconducting and logic testing are performed by means of signal sound through an electronic automatic switching device using a cell as a power source. It is claimed that acoustic discrimination eliminates measuring by eye tracing. Literature available. **Item 3251**

Rolling window shutters — joint venture
Italian firm seeks a joint venture arrangement with a Canadian com-

pany for the manufacture of its prefabricated revolving window shutters. Designed to be inserted between double windows, the rolling shutters are made of wood or PVC louver boards connected by a continuous chain of zinc coated steel hooks. They are claimed to provide good thermal insulation as well as protection against the sun's rays. Literature available. **Item 3252**

INVENTIONS

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

Blue-flame combustion

Canadian inventor is offering for sale the rights to his blue-flame, recirculating combustion system. It consists of a device built into an oil furnace which is claimed to provide 88 percent combustion without any trace of carbon monoxide. The gases escaping through the smoke discharge pipe are recovered and returned to the combustion chamber. It is claimed that the combustion efficiency of a burner equipped with such a device is significantly greater than that in ordinary burners. Literature available. **Item 3253**

Cooking unit

Canadian firm offers under licence the Canadian manufacturing rights for its portable methyl hydrate-fired outdoor barbeque or cooking unit. This patented unit is constructed entirely of metal and is designed to be mass-produced. It is an enclosed, smoker-type unit which incorporates a heat reflecting plate in the casing to increase the intensity of heat developed. The device is claimed to be simple and economical to produce and to use. Literature available. **Item 3254**

Ice rink mould

Canadian inventor offers for manufacture under licence in Canada his patented plastic moulding system for use in the construction of outdoor natural ice skating rinks. The mould employs a cellular structure to contain the water during flooding and freezing. Claimed advantages over commercially available moulds include the possibility of forming a basic ice surface with a single flooding, and of constructing a rink on uneven ground. Principal use envisaged for these moulds is the construction of rinks in the yards of private homes. Literature available. **Item 3255**

Plumbing tools

Canadian inventor offers for manufacture under licence in Canada his patented plumbing tools. One device permits welding, soldering or brazing operations to be performed while water is still draining from the pipeline. It consists of an expandable rubber sleeve attached to a shaft, a screw jack mechanism for adjusting tension, and an internal drain. The other tool permits the changing of faulty valves or the installation of new branch lines without shutting off the water pressure. These tools are claimed to have application in plumbing, heating, oil refineries and public utilities. Literature available. **Item 3256**

Automatic mitering tool

American inventor offers under licence the Canadian manufacturing rights to his mitering tool which is claimed to permit quick and exact mitered cuts for any angle made by an inside or an outside corner. It is particularly useful for cutting mouldings for corners not built at precisely 90°. This carpentry tool can be used in conjunction with a power saw or adapted for use with adjustable miter boxes. It is claimed to be simple in design, inexpensive to manufacture and rugged in construction. Literature available. **Item 3257**

Epoxy coating system

Canadian firm acting on behalf of the American inventor offers under licence the Canadian manufacturing rights to a new development in polymer technology involving the reaction of true epoxies with most kinds of monomers and a wide variety of polymers to create a range of new single component polymer products. While this system may be used in conventional solvent media, a novel feature is its operation in aqueous media which results in polymerization at room temperature and films of very high elongation (over 100 percent). The products from this technology extend from elastomeric shapes to fibres to films and include specialty coatings, membranes, photopolymers, etc. Literature available. **Item 3258**

Fiddle rings

Canadian inventor is offering for outright sale or manufacture under licence the rights to a mechanical puzzle for persons in the six years to adult age bracket. The puzzle consists of a bar through which rods and rings are set, and a bent wire bow upon which the rings can be placed and removed. The object of the puzzle is to take all the rings, which appear to be inextricable, off the wire bow by a series of intricate moves. Literature available. **Item 3259**

Export Opportunities

The inquiries listed come from several sources, including various Branches of the Department in Ottawa and the Trade Commissioners abroad. However, the Department of Industry, Trade and Commerce cannot assume any responsibility for trade negotiations that any firm may enter into on the basis of information obtained from these inquiries.

Electrical and Electronics

INDIA — Distribution transformers, ACSR conductors, insulators, energy meters, LT capacitors. Tender documents to be purchased from: Chief Engineer, Electricity (General Purchase), Karnataka Electricity Board. Cauvery Bhavan, PB No. 5315, Bangalore PC 560009, India.

Equipment and Machinery

SWITZERLAND — Book-keeping equipment; packaging machinery; Commercial Secretary, Canadian Embassy, Kirchenfeldstrasse 88, 3000 Berne, Switzerland.

Foodstuffs
GREECE — Cornmeal (5,000-6,000 bags per month): D. Th. Spiliotacopoulos SA, 16 K. Mavromichali Street, Piraeus 34, Greece (Telex 2237).

SWITZERLAND — Potatoes, linseeds, frozen seafood, canned salmon, other foodstuffs: Commercial Secretary, Canadian Embassy, Kirchenfeldstrasse 88, 3000 Berne, Switzerland.

Wood and Wood Products
MALAYSIA — Party intending to establish plant to manufacture various laminations suitable for truck decking and container flooring seeks joint venture partner: Commercial Secretary, Canadian High Commission, PO Box 990, AIA Building, Ampang Road, Kuala Lumpur, Malaysia.

UNITED STATES — Lumber and related products: McKay Associates, Import / Export Marketing, 107 Chestnut Street, Philadelphia, PA 19106, attn: A.A. Kurtz (telephone 215-925-1614).

Miscellaneous
SWITZERLAND — Top-quality white duck, goose feathers and down; flower seeds; ice hockey jerseys and stockings; self-adhesive masking tape; various terrycloth-fabricated materials; chemicals, pharmaceuticals; bathroom accessories, including showers, toilets, toilet paper: Commercial Secretary, Canadian Embassy, Kirchenfeldstrasse 88, 3000 Berne, Switzerland.

Representation
UNITED STATES — Firm wants to represent Canadian manufacturers of farm machinery, tools, and supplies; fertilizers; cement and building supplies; and printing machinery in West African countries, as well as the Caribbean, on a commission basis: Carol Cross, Askia Enterprises, P.O. Box 2567, Eugene, Oregon 97402 (telephone 503-345-0248).

Trade Lines

Argentina
The Argentine Industrial Development Secretariat has selected three companies to establish and operate industrial plant for manufacture of cellulose pulp to be used in newsprint production. The companies are: Fabricas Argentinas del Papel SA (a new company), Papel del Tecumen SA and Papel Prensa SA. Establishment of the new facilities should permit pulp production of about 320,000 tons a year. This will be in addition to the 100,000 tons a year to be produced by Papel Prensa SA, starting in 1976. This should cover demand for newsprint in Argentina.
● According to *El Cronista Comercial*, petroleum production decreased about 1.7 percent during 1974. It is also reported that during the first five months of this year, production was down 3.5 percent, compared with the same period in 1974. Assuming that production stablizes at about 24 million cubic metres a year, Argentina has reserves which will last about 16 years — Buenos Aires.

Costa Rica
The Banco Exterior de Espana has granted Costa Rica's Development Agency, CODESA, a $50 million loan for construction of a cement plant at Colorado de Abangeres on the Gulf of Nicoya. The plant will have an annual capacity of 600,000 tons. CODESA has also been offered a 20-year $55 million loan by a West German bank to help finance installation of a sugar mill at Guardia de Liberia, as well as improvement of railway and port facilities.
● The country's electricity authority, Instituto Costarricense de Electricidad (ICE) has been offered a $10 million loan by an international consortium headed by Dillon Read. The Banco Nacional is to receive $6 million from another group lead by the First Wisconsin National Bank of Milwaukee.
● The Central American Bank for Economic Integration has authorized a loan of $3.7 million for a tourist complex being set up in the Santa Ana valley, and another loan of about $1.9 million for construction of a hotel outside San Jose. The Regional Bank will provide $1 million for bridge construction over the San Carlos River at the frontier with Nicaragua — San Jose.

Egypt
About $40 million over the next five years has been allocated for development of Lake Nasser. A number of roads will be built and a high-tension power line will be constructed. There will be tourist, archeological and mining projects as well as housing for local fishermen. There will be a fish processing plant, a slaughterhouse with grazing pastures for animal fattening and other projects — Cairo.

Turkey
Turkey's overall paper production — paper produced by the state-run SEKA mills and private mills — has risen to well over 350,000 tons a year, according to a recent statement by the Director General of SEKA. He said the modernization and expansion of SEKA mills in Izmit were about to be completed and would turn out 155,000 tons of paper annually. With the inauguration of Silifke, Balikesir and Afyon paper mills by 1978, Turkey's total production capacity would reach 800,000 tons per year.
● Turkey is the second biggest chromium producer in the world after South Africa, the *International Chromium Report* says. South Africa produced 661,700 tons of chromium in 1972 compared with Turkey's 243,900 tons. Rhodesia, the third biggest producer, turned out 181,000 tons. Total world production was 2,770,000 tons. Other producers included India (139,700), Philippines (124,000), Iran (86,000) and Cyprus (14,200) — Ankara.

New regional director

Don Laplante, general director of IT&C's Regional Offices Branch recently announced the appointment of C.B. Bullis as director of the department's Alberta and Northwest Territories Branch. The branch office is in Edmonton. Mr. Bullis was previously Commercial Counsellor in Wellington, New Zealand.

As you may know, W. Mackenzie Hall, former Edmonton director, was seconded to the Trade Commissioner Service earlier this year and is the Commercial Counsellor in Copenhagen, Denmark.

Tanzanian import / export directory ready

The Import/Export Directory of Tanzania contains information on a number of areas including economic statistics, lists of Tanzanian importers and exporters, import and exchange control regulations, forms and returns, commissions and fees, and insurance. For more information write: The National Bank of Commerce, International Banking Department, Trade Promotion Section, PO Box 1255, Dar es Salaam, United Republic of Tanzania.

Servinter serves Canadians in Brazil

By the time you read this, Claude Meunier probably will be ensconced in his Sao Paulo, Brazil, office. Mr. Meunier is founder and president of Servinter Ltd., which also has offices in Montreal. He speaks fluent Portuguese, as well as French and English. Among its services, Mr. Meunier's firm will introduce Canadian companies to the Brazilian market and will carry out investment research, specializing in hydro power, pulp and paper and mining. The firm belongs to the Brazil-Canada Chamber of Commerce. The Montreal address is: Servinter Limited, 666 Sherbrooke West, Suite 701. Montreal, Quebec, H3A 1E2 (telephone 514-284-1200) In Brazil, the address is: Rue Heitor de Moraes, 978, Pacaembu, Sao Paulo, SP, Brasil 01237 (telephone 011-62-47-28).

Acknowledgement

Photographs used to illustrate September's feature on Britain's offshore gas and oil industry were supplied by British Information Services, through its Information Department at the British High Commission in Ottawa. Our belated thanks for this co-operation.

Opportunities'76

The Ontario Ministry of Industry and Tourism is sponsoring a Manufacturing Opportunities Show in the Queen Elizabeth Building, Exhibition Park, Toronto, from May 4 to 6.

The show will feature both Canadian and foreign products, and processes, available for manufacture by Ontario companies under royalty, joint venture or other similar arrangements. In addition, Canadian manufacturers importing components are being invited to exhibit these items in order to obtain domestic sources. For more information, write: Industrial Diversification Section, Industrial Development Branch, Ontario Ministry of Industry and Tourism, 900 Bay Street, Queen's Park, Toronto, Ontario M7A 1S8 (Telephone 416-965-5491).

CALA V
Canada and Latin America — the implementation of the partnership
January 30 & 31, 1976
Tamanaco Hotel, Caracas, Venezuela

For further information on this, the Canadian Association for Latin America's fifth conference and first to be held in Latin America, please contact: Michael Lubbock, Executive Director, Canadian Association for Latin America, 42 Charles Street East, Toronto M4Y 1T4.

African Timber Organization

More information on the African Timber Organization is now available, courtesy Gary P. Scott of IT&C's Africa and Middle East Division. First word on formation of the organization was carried in the September issue of *Canada Commerce*.

Mr. Scott reports that although Nigeria, Sierra Leone, Kenya and Uganda had been invited to attend the spring conference at which agreement on forming the organization was reached, they did not send representation. Signing the agreement were delegates from Ghana, Ivory Coast, Liberia, Cameroon, Central African Republic, Congo, Gabon, Equatorial Guinea, Zaire, Madagascar and Tanzania.

According to the agreement, the basic objective is "to enable its member countries to study and co-ordinate ways and means to achieve an optimal pricing of their wood and wood products". Mr. Scott reports that the following "sub-objectives" are importance:

1) To harmonize commercial policies of the member countries,

particularly those regarding prices, fiscal matters, trade names, nomenclatures, product classifications, and standardization of processing and quality control;

2) To ensure a study of freight rates as well as transport modalities for African products and to promote co-ordination of negotiations between member countries;

3) To co-ordinate industrialization policies of the member countries.

Report available

A comprehensive report on one of IT&C's high-level missions abroad is now available. The report deals with a mission of senior business and government people to Bulgaria, Czechoslovakia and Poland earlier this year. Copies may be obtained from the Eastern Europe Division of the European Bureau, Department of Industry, Trade and Commerce, Ottawa, Ontario K1A OH5.

Change of address

In the September issue we told you the Canadian Embassy in Lima, Peru, had changed its address. We should have told you that is not the mailing address. Assistant Commercial Secretary Haig E. Sarafian tells us letters will be delivered much faster if you write: Canadian Embassy, Casilla 1212, Lima, Peru.

Next Month in Canada Commerce:

The US Mid-Atlantic market;
Some words about IT&C's Commercial Officers;
News from the industrial heart of Latin America.

Note: From time to time *Canada Commerce* carries information obtained from other publications. The source of this information is always indicated and in no way intended to be a reflection of policies of the Department of Industry, Trade and Commerce. The information is provided as a service to readers.

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