CANADA COMMERCE

MARCH
1975

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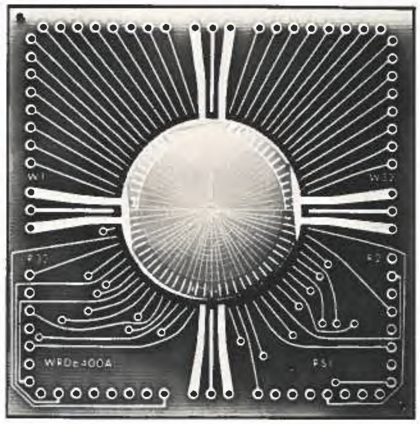
ELECTRONICA 74

That the Canadian electronics industry is gaining an international reputation for the sophistication and reliability of its products was proven by reaction to the Canadian exhibits at Munich's recent Electronica'74. Sixteen firms participated under the sponsorship of the Department of Industry, Trade and Commerce and $500,000 worth of on-site sales were reported. It was estimated that potential for sales within the year as a result of the show was about $8 million.

Electronica is a bi-annual event and fair board officials have decided to alternate it with a new show, Productronica, which will debut September 16, 1975, in Munich. It should be of great interest to those involved in the hybrid micro-electronics field and will feature static exhibitions, practical demonstrations and a series of conferences.

For more information contact either your Regional Office or the Commercial Division of the Canadian Embassy, 5300 Bonn, Friedrich-Wilhelm-Str. 18, West Germany.



CANADA COMMERCE

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In This Issue

Many people consider that 1974 is a year best forgotten. But it was an interesting year, bearing in mind an ancient Chinese curse goes something like this: "May you live in interesting times."

Certainly, it was an interesting year for the European Economic Community, a year filled with uncertainties, a year in which the world reeled from the effects of the energy crisis. In fact, the crunch came just as *Canada Commerce* was going to press with its annual special on the Community. Many last-minute editorial changes were necessary and much of the information was incomplete.

This year, the world is no less uncertain about its future but there is reason for optimism as far as Canadians are concerned. We seem to be closer to establishing precisely what sort of relationship we are to have with the Community and, according to the articles on the following pages, there are many opportunities for Canadians to do business.

We also draw your attention to the article about Velan Engineering, another Canadian success story worth reading. It is about a company that had nowhere to go but up when it started two decades ago — and did.

And if you are having difficulty relaxing in these tense times, Bill Jeffrey's article on page 47 may be of some assistance.

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CANADA AND THE EUROPEAN ECONOMIC COMMUNITY

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

The economic difficulties and uncertainties which have afflicted the world during 1974 have not spared the European Community which has, in some respects, been particularly vulnerable to the disruptions caused by the sharp increases in petroleum prices and by monetary instability. 1974 has also been the second of the five years of the transitional period during which Britain, Denmark and Ireland move progressively to full integration in the Common Market. It involved notably the second step in the reduction of customs duties on trade between the old and new Community members, the first step in the application of the Common External Tariff to the latter and the second step in the alignment of their agricultural prices. The year has therefore been one of adjustment and some uncertainty for the Community — its relations with Canada have reflected this.

In keeping with the general buoyancy of world trade, both Canada's exports to the Community and its imports from it have expanded notably during 1974. While price increases account for most of this expansion, there has been some rise in volume, perhaps the most encouraging feature being the relative increase in our exports of fabricated materials and end products. It may thus be said that the enlargement of the European Community on January 1, 1973, and the resulting deterioration in our terms of access to the British market, have not had the overall injurious effects feared by many, although our export interests have suffered in certain specific sectors. It is still too early to judge what the longer run impact of enlargement will be on Canadian trade. Not only will the relative terms of access to the markets of new acceding member countries continue to move against us during the next three years, but the generally encouraging trends of 1973 and 1974 reflect, to some extent, the exceptional world demand which has developed for certain raw materials and foodstuffs and which may prove to be temporary. It is, moreover, notable that Canada's trade with Britain has not, this year, expanded as fast as our trade with the rest of the Community and that, overall, we lag behind the other major trading partners of the Community in our relative export performance. While, therefore, our trade relations with the Community in 1974 give grounds for satisfaction, the evidence is not conclusive that the difficulties envisaged as a result of enlargement are behind us and the situation requires watching.

Viewed from a broader perspective, there have been a number of developments in Canada's relations with the Community which indicate a growing awareness of our common and complementary interests and the desire for a closer relationship which cannot but prove useful in trade and economic terms over the years ahead. In the first place, the rhythm and scope of contacts with the Community has increased over 1973, with numerous contacts at the ministerial and official level, including, notably, the visit of the Prime Minister last October. Visits in the opposite direction included those of Commissioner Simonet (responsible in the Commission for energy policy) and a two-week trans-Canada tour by a Community forestry mission to explore the possibilities for trade, investment and joint ventures in that sector. During the Prime Minister's discussions with the Commission, the latter confirmed the Community's intention to open a full-fledged mission in Ottawa during 1975. The Community already has such missions, which have both representatives and information responsibilites, in Washington and Tokyo and the decision to establish a mission in Canada has been warmly welcomed by the Canadian Government. Relations were also reinforced at the Parliamentary level when it was decided during a liaison meeting in Strasbourg between members of the Canadian and European Parliaments last November that such contacts should in future take place regularly on an annual basis.

The broader question of Canada's long-term relationship with the Community, and the initiative we took in April, 1974, when we proposed the conclusion of a trade agreement with them, were also extensively discussed with Commission President Ortoli and Sir Christopher Soames (responsible for External relations and trade) during the Prime Minister's visit. The initial response to our initiative had been cautious, in part due to the precedent which the establishment of such a formal contractual link with an industrialized country would create for the Community and because of the general atmosphere of uncertainty and disarray caused by world developments, particularly on the monetary front. These external disturbances had obliged the Community to defer moving ahead on a number of common actions decided at the Paris Summit Meeting (1972) and, indeed, to re-evaluate the whole program for Community development adopted at that time. Under these circumstances, the Community found it difficult to decide the lines along which it wished its relationships with industrialized countries to develop. However, during the Prime Minister's visit these hesitations were largely laid to rest insofar as Canada was concerned. The Commission readily accepted his explanations of the importance for Canada of the relationship with Europe in the context of our foreign policy and the real contribution to the development of that relationship and to the promotion of our common trade and economic interests which a contractual link would provide. It was therefore agreed that exploratory talks would be held in the near future on the nature and scope of the negotiations which will subsequently define the form and context of our relationship. At this time there appear to be two broad alternatives: either a trade agreement of the traditional kind (such as Canada proposed last April out of deference to the limited competence of the Community outside the trade field) or a rather more ambitious agreement covering both trade and economic co-operation. Opinion in the Community appears to favour this latter formula both because trade relations between Canada and the Community are already extensively covered by multilateral agreements such as the GATT and because of a large and increasing interest in Europe in co-operation with Canada in many areas which lie outside the traditional competence of the Common Market, e.g. energy and industrial materials, investment, environment, etc. It remains to be seen just how far such an agreement can and might go and this will be a major subject of discussion in the exploratory talks which it was hoped would begin early in the New Year and bring along the closer relationship between Canada and the community envisaged during the Prime Minister's visit.

Even before the Trade Reform Bill was enacted by the United States Congress, preparatory work for the Multilateral Tariff Negotiations has been proceeding in Geneva and has involved both Canada and the Community. This has, however, been less active as a matter of bilateral contact than have the GATT Article XXIV:6 negotiations through which Canada has been seeking from the Community fair compensation for the deterioration in our contractual rights as to access to the British, Irish and Danish markets following enlargement of the Community. By the end of July, the Community had concluded its negotiations with most of the other trading partners concerned but the Canadian Government, judging the compensation inadequate, was not able to accept the Community's final offer. Discussions nevertheless continued through the fall and winter months.

WHITHER THE COMMUNITY

L.Y. FORTIN,
First Secretary, Mission of Canada
to the European Communities.

Since its inception in 1956 the European Community's progress towards commercial, economic and political union has followed an unsteady pattern. This reflects in great part the difficulty of reconciling widely divergent national interests in an institution in which, when one moves beyond the obligations spelled out in the Treaty of Rome, each member state has a veto power over almost all issues and decisions, regardless of their importance. The reluctance of members to accept new transfers of sovereignty to the Community's institutions has been manifested in the Council of Ministers by the constant confrontation of national interests, tending to agreements on the lowest common denominator even on issues of relatively modest importance.

These difficulties at the political level with which the European Community has been faced have not impeded significant progress, particularly in areas defined in the Treaty of Rome. The creation of the customs union, the Community commercial policy and the common agricultural policy are all very tangible examples. Although it is true that the development of these common policies required long negotiations, the basic decisions involved on the limitation of national sovereignty had already been made, and the benefits that members drew from these decisions more than compensated them for their inherent inconveniences. As these developments were occurring, the European experience became a model of regional integration. This period of progress, however, was to be followed by growing difficulty and some disillusionment as Europe started trying to move beyond commercial integration.

Proposals for political, economic and monetary union have been current for some years as the best means of integrating Europe further and of consolidating earlier accomplishments. In particular, the guidelines laid down by the heads of government of the nine members at their summit conference held in Paris in October 1972 required the Community's institutions to draw up common policies on matters not provided for in the Rome Treaty itself. The modalities for an economic and monetary union had not been covered in the Treaty. The proposals were put forward on the basis of a consensus among the nine heads of government that these blanks could be filled in without need for fresh treaties or parliamentary ratification. It is precisely on this new phase of integration that the nine have been stalled.

No consensus – Confronted with difficult international economic and monetary problems which they had not anticipated and which affected their national interest seriously and in a differential manner, the members have been unable to move ahead or even to reach a consensus on how to tackle these problems. In fact, since January 1974, or more precisely since the beginning of the energy crisis, no major innovation has been possible to strengthen the Community from within and to consolidate its accomplishments.

There is even a tendency discernable among some members of the Community to think less in terms of integrated Community action and more in terms of inter-governmental co-operation. This shift, if confirmed and extended, would threaten the foundations of the Community and reduce chances for further progress towards European union as it has been conceived.

The great question now is whether the European Community will stagnate or move forward again and, if so, on what basis? Through a change in its methods and its institutions? Or by new treaties establishing the goals and modalities of the next steps towards integration? While the Commission of the European Communities, whose role (apart from administering the Common Market) consists essentially of preparing and submitting proposals to the Council of Ministers, has been blamed by some for the EEC's inertia, it seems clear to the impartial observer that the problem lies rather in the decision-making process of the political institutions of the Community, namely, the Council of Ministers and the European Parliament.

In this respect, three main problems will have to be resolved: (1) The reluctance to embark on common policies and transfer of national powers to the Community's decision centres; (2) the blocking of the decision-making process by the rule of unanimity or veto which, even though not formally established, applies in practice to most of the Community's activities; and (3) the lack of parliamentary control at the Community level over decisions made by the Council of Ministers.

French initiative – Paradoxically, the first proposal in recent months aimed at solving the quandary came from France, a country which has traditionally been very cautious about increasing the degree of supra-nationality in the Community decision-making process. In preparation for the December summit meeting last year, President Giscard d'Estaing put forward a proposal to shift more power from the capitals of the members to the Community's political institutions.

In essence, the French proposed to institutionalize the summit meetings, to move away from the rigid application of the unanimity rule and to set a target date, perhaps 1980, for the direct election of members to the European Parliament, as prescribed in the Treaty of Rome. The members of the European Parliament have so far been sent to Strasbourg by national parliaments and their power has been extremely limited except in relation to certain EEC budgetary matters.

Some of these French proposals were among those adopted at the December summit meeting, where decisions on the institutional framework of the community could well have a vital impact on the Community. Indeed, the heads of government agreed to institutionalize their meetings and to meet two or three times a year in the future to deal with both political and economic problems.

Just as important, however, is the adoption in principle of the majority rule for most decisions. The heads of government have pledged to retain the use of veto power only in special circumstances. These general decisions will of course require a good deal of interpretation and only time will tell their real importance.

1980 elections? – Finally, the Summit, with the exception of Britain which is re-negotiating its membership in the EEC, took a positive attitude towards the election of the members of the European Parliament by universal suffrage and it now seems possible that the first direct elections could take place before 1980. Direct election would, of course, improve the status of the Parliament and reinforce its claim for a greater say in decision-making and control over the all-important Community budget.

The fact that the Community in recent times has not met the expectations of those devoted to the cause of European unity and integration has led to a widespread recognition that the power structure within the EEC and its decision-making processes needed changing if the Community and its major accomplishments were to be protected and extended. The December summit meeting showed once again that it is often in the face of difficulties that humanity rises to the challenges facing it and it is conceivable that once again the basis has been laid for a further consolidation of the Community and progress towards new horizons.

DEVELOPING A SOCIAL POLICY

JACQUES ARCHAMBAULT,
Labour Counsellor, Mission of Canada
to the European Communities

After the October 1972 summit talks in Paris when the heads of state and government leaders of the member states of the European Economic Community unequivocally and for the first time asserted the importance of producing a coherent and structured social policy, the European Commission set to work quickly. Its proposed program for social action contains numerous specific measures for protecting the workers. Among other things, the measures are concerned with the aligning of the social systems within the Community. Certain social security benefits were successfully co-ordinated in this way so that migrant workers can now carry certain benefits, such as social allowances, with them from one member nation to another.

But this co-ordination is also achieved through the European Social Fund (*Fonds social européen*) which was created to promote job opportunities and geographic and vocational mobility for the workers within the Community. Thus the various member nations are granted special funds in accordance with a clearly defined procedure for retraining and vocational re-education of the workers in various sectors — agricultural workers, for instance, who turn to industry and those who leave industry for some other activity. Community efforts have also been focussed on the most underprivileged worker categories, such as young people coming on to the labour market, the handicapped and the elderly.

However, none of these measures are substitutes for the efforts of the actual parties concerned. All the Commission's documents insist, like a recurrent theme, on the need to involve the social partners in the economic and social decisions at the company and Community level alike. But on this point many difficulties are encountered, arising mainly out of differing national attitudes. It is also important to point out that one year ago all the national trade union groups came together to form a powerful European confederation comprising almost 40 million members — The Confédération Européenne des Syndicats (C.E.S.) or European Trade Union Confederation.

The Community's ambitious social policy program is not only concerned with giving Europe a more humane aspect, it also shows the political resolve to counter the detrimental effects of economic expansion and inflation.

The broad program was endorsed by the Council of Ministers in January 1974. By the end of the year the Commission had submitted seven proposals or draft directives to the Council:

- A contribution from the Fonds social européen for the migrant workers and the handicapped workers.
- A program of action for handicapped workers in the free economy.
- A directive for reconciling the legislations of the member nations to the principle of equal pay for men and women.
- The setting up of a European Foundation to improve living and working conditions.
- The decision, as an immediate objective, to make the normal working week of 40 hours general by 1975 and four weeks of paid leave general by 1976.
- The formation of a general committee for safety on the job and the extension of powers to the permanent agency for safety and health in the coal mines.
- A directive regarding the reconciling of the legislation of member nations with respect to mass layoffs.

BLEU
better conditions for canadians

NORMAN W. BOYD,
Commercial Counsellor, Brussels

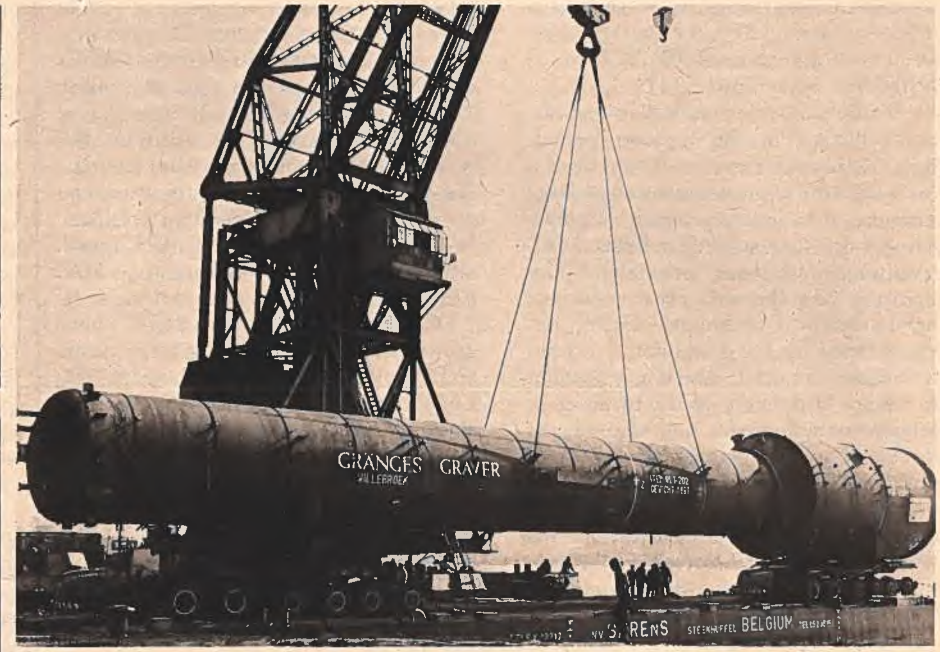
Despite some slackening of economic activity in Belgium in the last half of the year, it was anticipated that GNP growth in real terms would reach 4 per cent in 1974 (5.75 per cent in 1973). The outlook for 1975 is 3 to 3.5 per cent, anticipating reduced growth in exports as economic activity in Belgium's major trading partners slows down. The main concern of the Belgian Government is to combat inflation, currently running at more than 15 per cent, without jeopardizing economic growth, employment and international trade.

The Luxembourg economy has been performing well, bolstered by a high level of activity in the steel industry. But industry there is vulnerable to a decline in economic activity in neighbouring countries. Exports account for more than 47 per cent of the Belgian GNP and even more of the Luxembourg GNP. A slowdown, therefore, seems inevitable in the economies of both countries. Furthermore, more than 70 per cent of Belgian/Luxembourg exports are concentrated in the EEC and 60 per cent of that goes to West Germany, France and the Netherlands. This indicates the degree of sensitivity to changes in economic conditions in just a few neighbouring countries.

It also underlines the concern in Belgium when the country's inflation rate exceeds that of some of its best customers (and competitors), such as is now the case with respect to West Germany, the Netherlands and France. This situation, should it continue, could seriously affect Belgium's vital export position in international markets.

Contrary to earlier fears that increased oil and other commodity prices would cause a recession, economic activity in Belgium was high during the first part of 1974. Industrial production in July 1974 was up 7.2 per cent from a year earlier. Both internal and external demand was strong, particularly in the chemical, steel and metal industries, no doubt influenced to some extent by anticipated future price increases.

Barometer falls — But more recently there has been much evidence of a deterioration in the business climate. Towards the end of October, the Belgian National Bank announced a marked



fall in its "business conditions barometer" (a synthetic curve which summarizes the main results of the Bank's monthly survey of business expectations). In September, the indicator stood at 4.33, compared with 5.89 in August and 7.22 in July. The curve's most recent peak was in April 1974 (8.72), but since the beginning of 1972 it always has been above its present level. The curve's fall in the last few months undoubtedly reflects a decrease in both external and internal demand. Unemployment was on the increase as the year drew to a close.

Inflation is the major problem. The increase in consumer prices was relatively moderate in 1973, rising by 7 per cent — the most moderate increase among EEC countries. But higher oil prices and more costly raw materials have had a major impact in 1974. At the end of October, the consumer price index was 15.8 per cent higher than it was a year earlier and Belgium is experiencing an inflation slightly above the average of OECD countries.

The Belgian Government is pursuing a variety of programs designed to combat inflation, while at the same time endeavouring to minimize the unemployment. Although there are some signs that inflationary pressures are lessening — for example, there has been a marked decline in various world commodity prices — it seems evident that Belgium will be faced with double digit inflation for some time.

Payments surplus — However, the balance of payments position is encouraging and the Belgian franc remains strong. Provisionary figures show an over-all surplus of BF 29 billion in balance of payments of the Belgo-Luxembourg Economic Union (BLEU) for the first eight months of 1974 (8.4 billion for the corresponding period in 1973). This significant increase in the over-all surplus, despite Belgium's high degree of dependence on oil imports, is the result of a strong growth in exports, reduced foreign portfolio investments by BLEU residents, increased direct foreign investment in the BLEU and other factors.

Substantial increases in the value of both imports and exports were registered in the first seven months of 1974. BLEU imports were up 42.3 per cent and exports increased by 32.9 per cent compared with the corresponding period in 1973. However, this can be attributed in large measure to price increases — expressed in constant prices, the increases would be substantially smaller. The trade balance on a transaction basis over the first seven months of 1974 showed a deficit of about BF 30.5 billion compared with a surplus of BF 10.4 billion for the first 7 months of 1973.

The Belgian economy underwent two basic changes in the postwar period. First, there was the conversion from a low-wage to a comparatively high-wage economy, then industry began manufacturing more sophisticated products. This development has been stimulated by integration into the over-all economy of the European Community and it has been carried out, to a significant extent, by foreign companies which now account for about 30 per cent of the turnover of Belgian manufacturing and exports and provide about one fifth of industrial employment. Such foreign investment has tended to concentrate in areas of high technology — rubber, chemicals and petrochemicals, electro-technical equipment, engineering, transport equipment and paper processing.

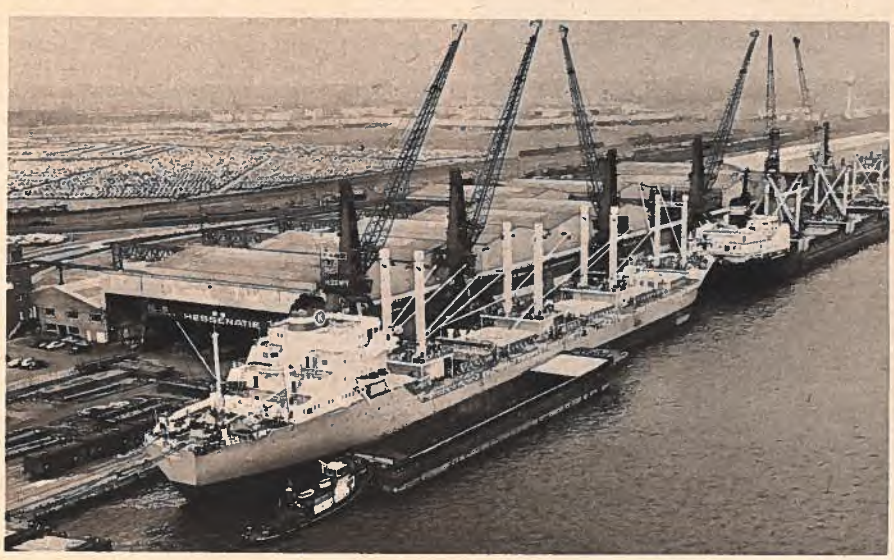
Community-oriented — Because of the limited size of the Belgian market, this new industrial development, like traditional Belgian industry (extractive, textile and heavy metalworking industries), looks to the European Community for its market. Because of this concentration of the bulk of Belgium's exports in a small number of highly industrialized countries, and the resulting sensitivity to changes in the economic activity in these few markets, the Government is attempting to persuade exporters to diversify their markets.

The degree of Belgium/Luxembourg economic integration within the EEC is also illustrated by the fact that more than 70 per cent of BLEU imports are from EEC countries. Only about one per cent of BLEU imports are from Canada. But BLEU constitutes an important and growing market for Canadian products. In 1973, BLEU was Canada's fourth largest export market within the enlarged EEC (and eighth over-all export market).

Canadian exports to BLEU have grown steadily over the last few years and should exceed $300 million in 1974. Canadian imports from Belgium/Luxembourg amounted to $103.8 million in 1973 and will probably total about $150 million in 1974 — largely manufactured products.

There may be reductions in the value of some exports such as industrial materials but, on the other hand, partly as the result of recent currency fluctuations, Canadian exporters have been finding that their competitive position is actually improving. This situation will be beneficial to companies already exporting to BLEU and will help other Canadian firms attempting to establish themselves here.

For statistics, see special section on page 33.



BELGIUM plans to clean up

DAVID HORLEY,
Assistant Commercial Secretary, Brussels

April 1974 saw for the first time a member of the Belgian cabinet designated as being responsible for the co-ordination and harmonization of environmental activities. Shortly after taking office, the first incumbent of the new position of Secretary of State for the Environment, Karel Poma, made it clear that his goal was to determine an over-all direction for environmental policy in Belgium.

A guide to Mr. Poma's relative priorities can be drawn from the order in which he listed these problems in one of his first speeches: water, air, solid waste, radioactive wastes and noise. Despite this encouraging step forward, the prospects for the sale of environmental equipment in Belgium are mixed.

The legislative framework to demand that municipalities and industry meet environmental standards is still only patchy, hence the necessary incentive to install the expensive equipment and processes for anti-pollution purposes is still lacking for the most part. On the other hand, because Belgium has come to recognize the hazards of unsupervised industrial and municipal development rather later than some of its neighbours, there remains much ground to be made up.

This is a good time to explore the market for the sale of products and technology. Policy directions are evolving now that will influence the amount and nature of environmental control for several years to come. Of course, Canada faces some competent rivals: nearby countries, such as the Netherlands, Germany and Switzerland, have already enacted stricter emission and effluent standards and companies from these countries are already on the doorstep ready to sell equipment and technology as opportunities occur.

Priorities — The very diversity of situations covered by the term "environmental control" makes an enumeration of individual opportunities difficult. It is perhaps easier to consider some of the major aspects of pollution in the order of their national concern in Belgium. Certainly at the top of the list comes the question of pollution control of water resources.

The legal structure necessary to set

conditions and limits for water use is not yet fully in place. In March 1971 two basic laws were passed setting the principle of protection of both surface and ground waters. However, under the Belgian system a number of *Arrêtés Royaux* or royal decrees are necessary to translate these basic principles into specific tools of legislative controls. For the more important question of surface waters it is estimated that some 30 *arrêtés* will be necessary to present all aspects of standards, time limits, etc. necessary. The last of these is expected to be made public in 1975.

Despite the competition that exists both from Belgian firms and from other European companies, any Canadian firms having unique or special processes can expect to excite an interest. This holds true for both industrial and municipal treatment matters. A pioneer Canadian firm in this respect has been Chemetics International Ltd. which has had success from its active promotion of its equipment to treat sulphuric acid in Belgium, France and Germany. Canadian firms will probably want to look towards either a joint venture or a licensing arrangement with a local partner, or move towards at least partial local fabrication of the equipment. The Commercial Section of the Embassy in Brussels can prepare a shortlist of appropriate local firms based on the requirements specified by the Canadian company

Clean air — The study of air pollution is less advanced in Belgium and the legal framework to control standards is also in its embryonic stages. Plans have been drawn up and tenders let for the establishing of a national network of monitoring equipment. Unofficial comment indicates that Siemens and Philips, two European electronic giants, have an inside track on this initial contract, but Canadian manufacturers of sophisticated monitoring and detection equipment should find opportunities when the first-stage equipment is expanded and supplemented.

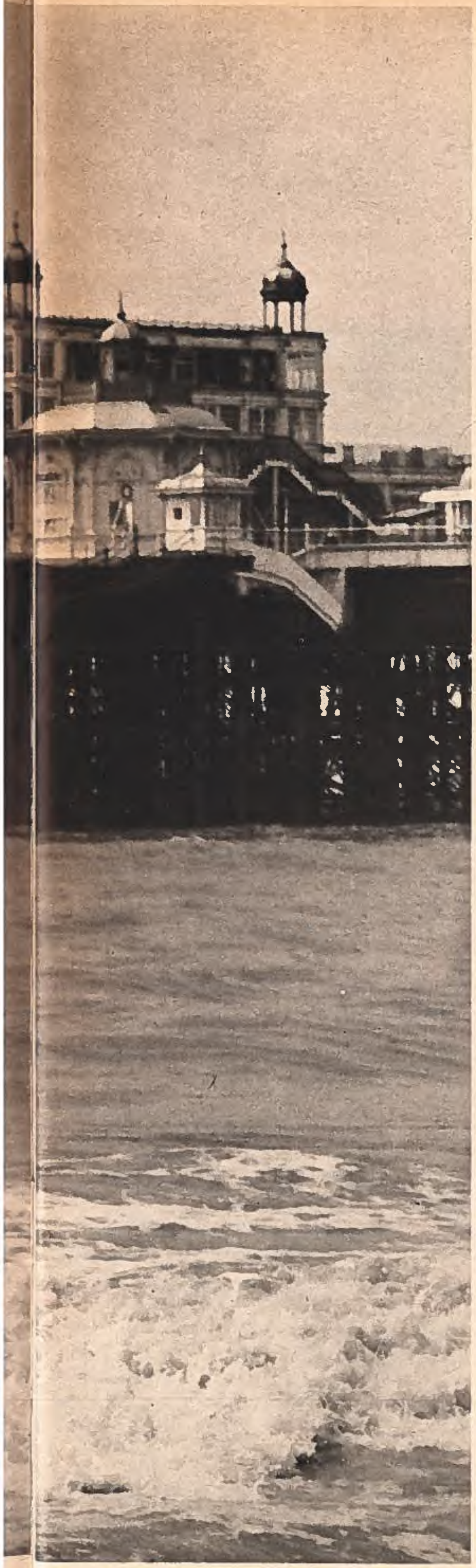
Incinerators — Despite the very little space Belgium has for dumping solid wastes, public discussion of solid waste disposal is really only just starting. Nevertheless, authorities are very aware of the growing problem that solid waste presents. A study made at the end of 1972 by the Crédit Communal de Belgique showed that 40 per cent of the municipal authorities admitted to a serious problem.

In the forefront of the attack on solid waste disposal are the provincial governments of Belgium. For example, the Economic Council of the Province of Antwerp recently published recommendations that proposed four large treatment centres with incinerators able to process 600,000 metric tons per year. These incinerators are estimated to represent an investment of about $6 million each, with the anti-pollution equipment included. Partly because of their cost, Belgium has only a limited number of incinerators for domestic garbage, but this approach increasingly will have to be part of an integrated solution to solid wastes in Belgium. Furthermore, rising fuel costs guarantee that strong interest will be shown in any firm that can offer engineering for a plant that provides efficient burning of solid waste coupled with the production of usable energy as a by-product.

Another concrete sign of the increasing attention being given to environmental matters was the inauguration of the first Salon des Techniques de Protection de l'Environnement in September 1973. The healthy number of companies exhibiting was witness to the burgeoning commercial and government interest in environmental matters in Belgium. The second edition of this fair will be held in Brussels June 8-12 inclusive, 1975.

Contacts — Most sectors of Belgian business life have their own well-organized associations. On the industrial side are two federations of direct interest to Canadian companies. Antipol is a sub-grouping of companies with competence in the environmental control area, and was created under the auspices of Fabrimetal, the metal industries association. Some of the participants in Antipol are manufacturers of environmental control equipment while others provide engineering and consulting services. A second association, Ecochem, was founded at the end of 1970 by the Federation of Chemical Industries of Belgium. Both Antipol and Ecochem have among their aims the promotion of collaboration among their members toward the solution of environmental problems. For Canadian companies with competence in the environmental field, these two associations can offer an excellent point of contact if a local partner is sought having complementary skills.

In approaching the environmental control field in Belgium, the dynamics of the particular situation will dictate to the Canadian firm whether it chooses a joint venture with a local partner, whether it seeks a licensee or whether it selects an independent presence of its own. Whichever route best meets the needs of the Canadian company, the Commercial Section of the Embassy in Brussels will be pleased to offer its full assistance. You will have stiff competition to contend with, but the markets will be there.



BRITAIN

still an important market

JACQUES J. FILION,
Commercial Secretary, London

The economic problems facing all Western European contries over the last 18 months have perhaps hit Britain harder than most. Persistent inflation, lack of sustained economic growth and serious balance of payments problems have led the government to re-consider some of its economic priorities. Indeed, these developments have added considerable impetus to the process of re-negotiating Britain's terms of accession to the EEC and have strongly influenced the thrust of the November 1974 budget of the newly re-elected Labour Government.

Against this rather gloomy background there are a number of brighter spots — deliveries of North Sea oil are expected to improve greatly the balance of payments situation within the next three years, while the trade deficit in non-petroleum products has been reduced markedly since the latter half of 1973 as a result of a strong export performance by industry. Although the future looks uncertain as the country faces a year of hard decisions, we are nevertheless confident Britain will continue to be a most important economic partner of Canada.

The economy — Some figures taken from a recently issued survey of the economy by the Confederation of British Industry give a general profile of Britain's problems. The economic indicators show a plateau in consumer expenditures, some danger of increased unemployment, inflation running at around 18 per cent and deficiency in planned real investment. The rapid rise in wages (around 23 per cent during 1974), the high cost of borrowing, cash flow problems, price controls and an apparent lack of confidence in the future have had an adverse effect on private industrial investment, which has fallen steadily by an average of two or three per cent in every quarter during 1974, compared with the previous year.

At the same time, input prices (raw materials and fuels) have been running about 38 per cent higher than last year while average output prices rose 26 per cent in the same 12-month period. Industrial production figures, which account for about 44 per cent of the GDP, showed an increase of less than 1 per cent in 1974.

The extent of the problems is fully recognized by the government which attempted to redress some of them in its November budget. It has taken steps to improve the financial position of industry in order to shift resources into exports, investment and stockbuilding. These measures, combined with others which are aimed at curtailing consumer demand for oil, energy and luxury items, may have a beneficial effect on the balance of payments which has steadily deteriorated during 1974, despite a good export performance, to an estimated deficit of $10 billion, a deterioration of $6 billion from 1973 (about $5 billion of which was accounted for by the rise in oil prices).

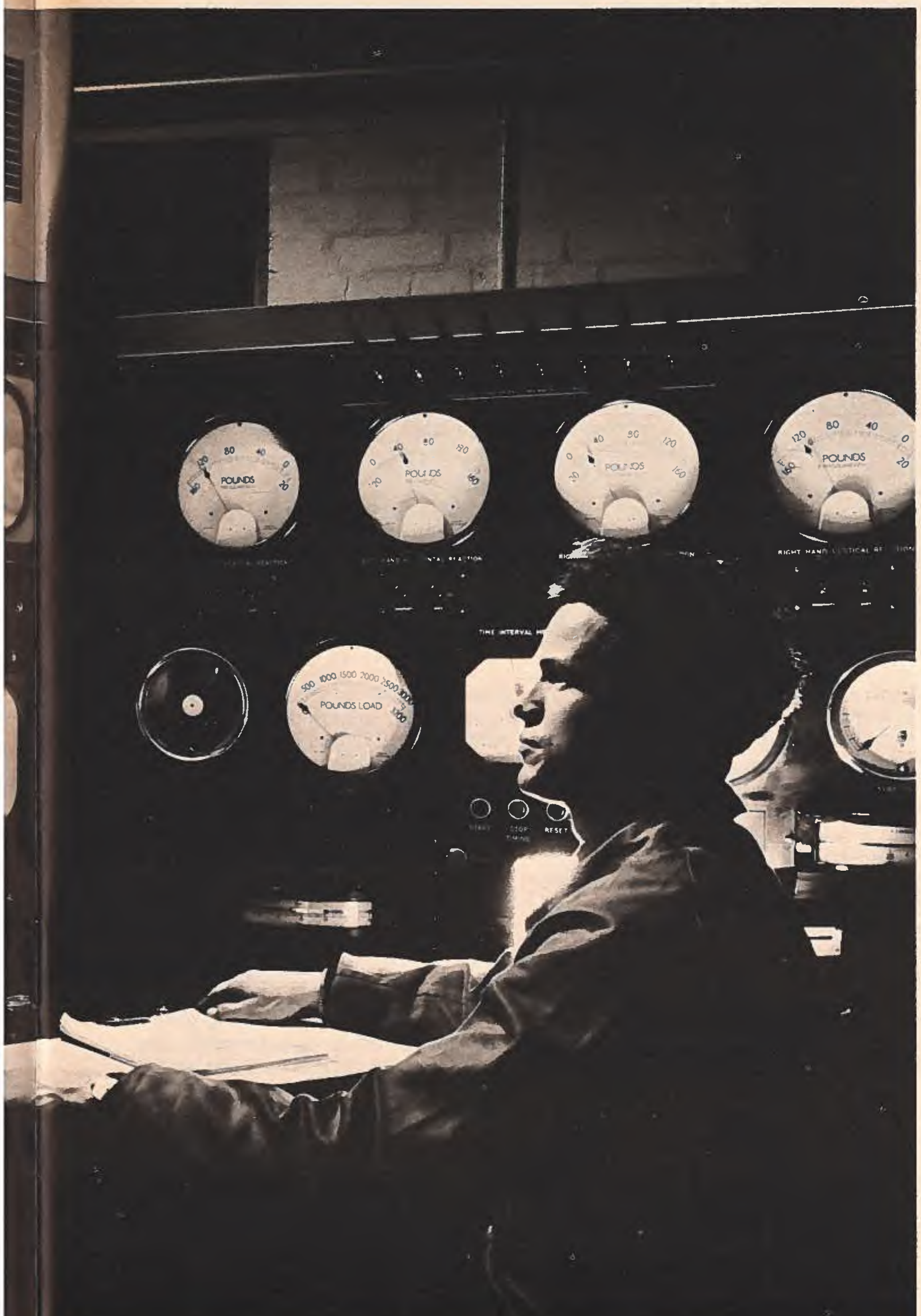
Difficult times — The first half of 1975 will remain a difficult period for the British economy as it begins to feel the effects of a number of new policies such as the Oil Tax Bill on North Sea oil development; the intention to abolish the $2 billion annual subsidies given to nationalized industries (electricity, coal, rail, buses, post office, etc.); the discontinuation of the sterling guarantees on overseas official balances; the $3.5 billion package of tax and price relief to industry, and the creation of a $2.3 billion medium-term fund over the next two years for investment in industry.

It was recognized by the government, in delivering the budget, that the economy will provide little or no growth in real per-capita income over the next two years. However, in stating this, Mr. Healey, Chancellor of the Exchequer, also drew attention to a brighter aspect of the future: "Britain entered the era of the oil crisis with worse inheritance than most of our competitors but we entered it with better prospects in one key respect. The latest evidence suggests that in three years' time, we should be meeting half of our oil requirements from our own national resources. So our central problem is to get through the next few years without damage to the fabric of our society and, meantime, to correct the structural weakness of our economy."

Oil and gas developments are indeed very important for the future of the British economy. The gas fields in the southern part of the North Sea are now producing at a combined rate of more than 3,000 million cubic feet per day, making the country almost self-sufficient. Further north, approximately 20 oil fields are in varying stages of development, with others yet to be declared commercially viable. The first oil will be landed in 1975, after which output will build up steadily to around 120 to 150 million tons a year by the early 1980's, when Britain is expected to be self-sufficient in oil.

Britain and the EEC — When Britain joined the EEC in January 1973, there was a substantial division of opinion between "pro" and "anti" marketeers — the divisions running throughout all sectors of political and economic groupings. The economic difficulties in 1973 and 1974 have given strength to the "anti-market" factions and the present government has undertaken to re-negotiate the terms of accession to the EEC and to hold a referendum on the issue of continued membership.

On the subject of re-negotiations, the government has attempted to tackle three main areas: (1) a fundamental restructuring of budgetary procedures so as to reduce the British contribution to a level consistent with its economic size; (2) to secure some major changes in the Common Agricultural Policy, including some exceptions to the regime, so as to

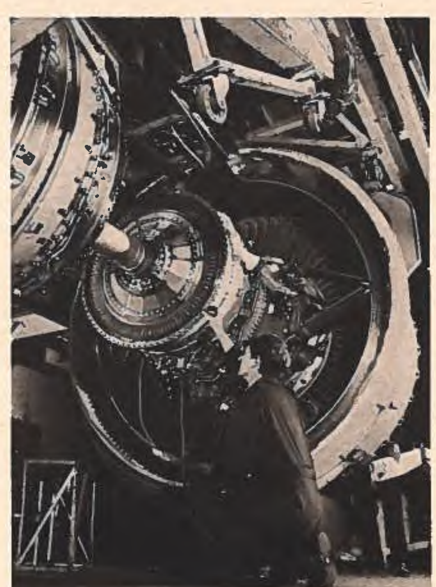


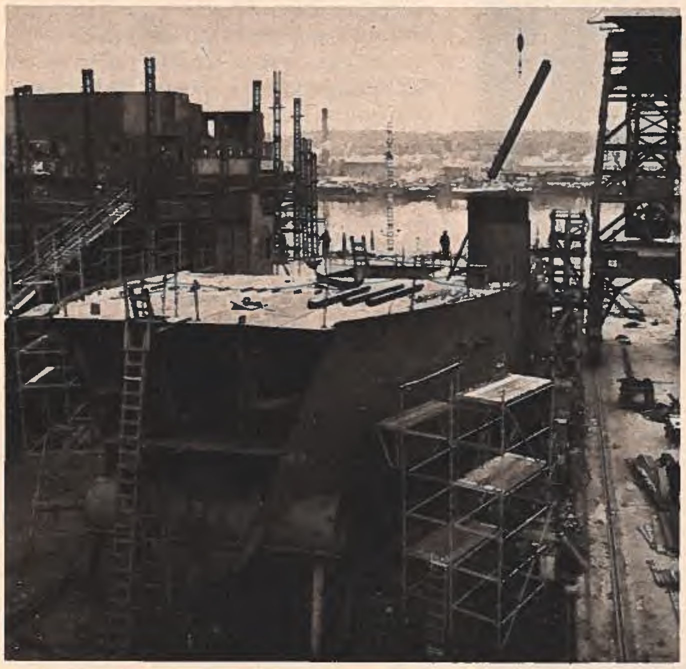
permit cheaper importation of certain foodstuffs; and (3) some political issues relating to EEC aid policies, and internal development policies, among others.

On the second point, the Labour Government pledged during the election campaign last fall that "within 12 months, we will give the British people the final say, which will be binding on the government — through the ballot box — on whether we accept the terms and stay in or reject the terms and come out."

Industry favourable — In anticipation of the 1975 referendum, the London Chamber of Commerce and Industry has conducted a survey among a cross-section of members, including leading companies with interest in international trade, and small- to medium-sized companies. The results of the survey showed that 85 per cent of the companies would favour staying in the Common Market.

The most common reason for supporting membership continued to be that an enlarged market, and the economies of scale it presents, is the most promising solution to Britain's problems. Another benefit cited was the technological inter-change made possible by closer contacts in the Community; this advantage was borne out by firms in the chemicals, aviation, plastics, electronics and motor industries.





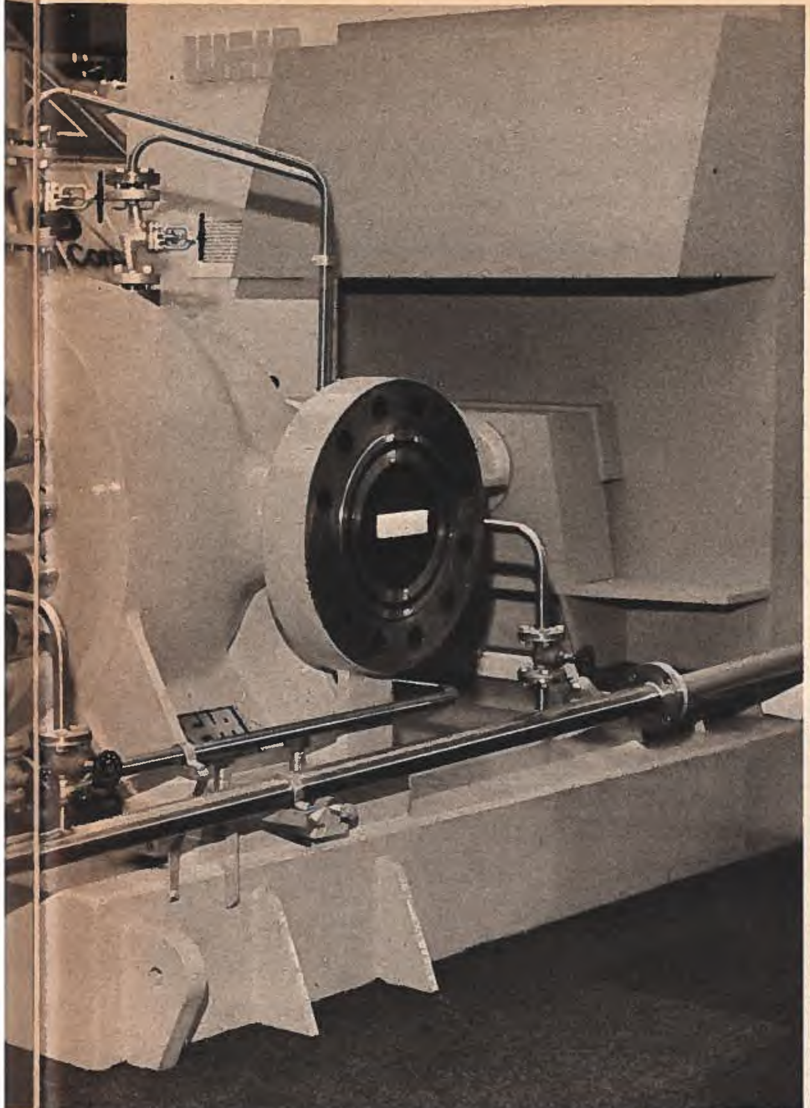
The anti-marketeers favour withdrawal primarily because of the implications of membership on British sovereignty and the disappointment with the Common Agricultural Policy (CAP), Another argument is the deficit in Britain's trade balance with the other eight members, which increased from $1.4 billion in 1972 to an estimated $4.7 billion in 1974. The breakdown showed that four-fifths of the deterioration in Britain's trade position with the EEC occurred in five important sectors. In each case, it is generally believed that the deterioration would have been as bad or worse had Britain been outside the Community. The five sectors are dairy products, cereals, fuel, chemicals and iron and steel which, together, account for about $2.5 billion of the projected worsening in the Britain/EEC trade deficit between 1974 and 1973.

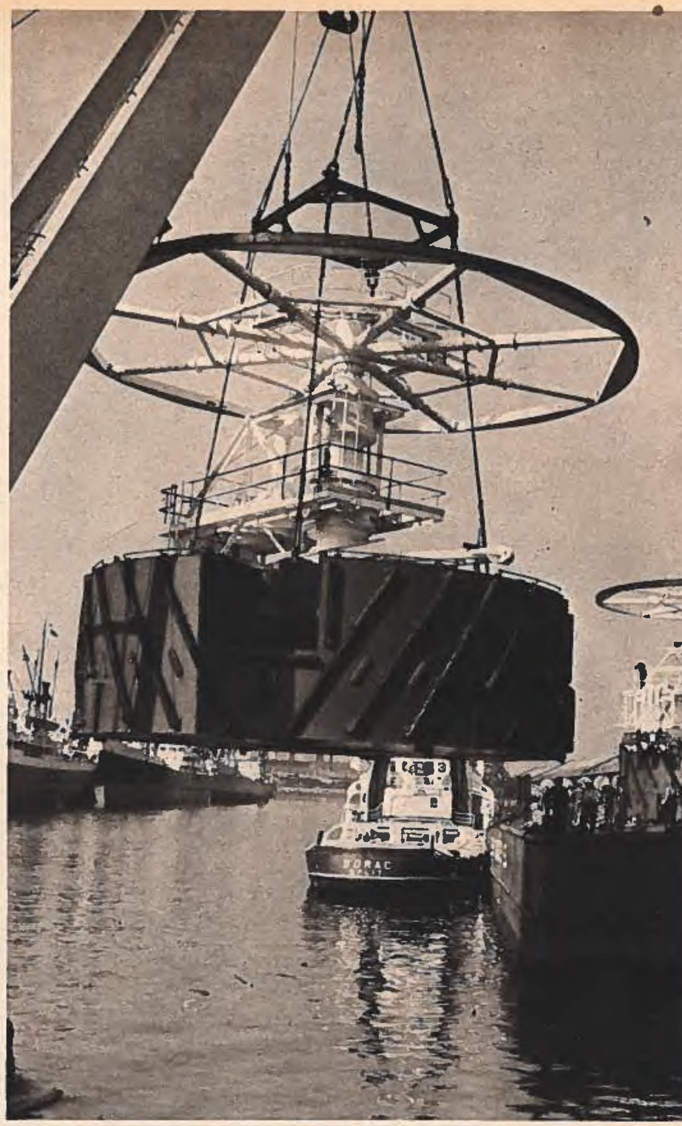
Trade with Canada — Canadian exports to Britain totalled $1.6 billion in 1973. Britain takes approximately as much in Canadian goods and services as do the six original EEC countries combined. Although Japan has replaced Britain as Canada's second largest market in recent years, Britain continues to be a major trading and investment partner of Canada and takes and provides a much wider range of products and services than does Japan.

The table in the special section starting on page 33 shows the percentage variations over a ten-year period for 36 main groups of Canadian products exported to Britain. Although the total is significant, the growth of our exports to Britain, which averaged 4.5 per cent a year in terms of value over the past 10 years, has been much less than to either the EEC or Japan, which have had higher rates of economic growth than Britain. This trend is expected to continue. For instance, our exports to Britain start from a very high base that is difficult to expand in percentage terms; we will lose preferred access for certain Canadian products as EEC tariffs are brought into full play, and the British economy is not expected to grow substantially in the next two years.

Potential markets — Forecasts are always difficult to make, and particularly so when the economic indicators are so uncertain. Nevertheless some prospects are clearly identifiable: in the agricultural sector, for example, we may expect some slowdown in growth of sales of prepared foodstuffs, milling and oilseeds products, but sales of pulses as well as other bulk materials for further processing (wheat, maize, peas, fruits and some fish products) will continue to have considerable potential. Sales of meat products and breeding livestock will prove slow in the next few years because ot the depressed market in Europe.

Our exports of high-technology products should increase with immediate opportunities for equipment, materials, components and contracting engineering and other services related to North Sea offshore oil development. In the British sector of the North Sea more than 30 Canadian oil exploration companies are participating in concession licences granted by the British authorities, to conduct mineral exploration in designated areas known as blocks. Of these firms, 11 are block operators and 20 are partners on blocks. Three Canadian firms





have drilled in the North Sea, and several others intend to drill this year. Canadian suppliers have been successful in providing the following offshore equipment and services: mini submersibles, supply vessels, semi-submersible drilling rigs, marine seismic surveying systems, valves for underwater pipelines, data logging and estimation of oil field reserves, diving services, drilling services, oceanographic magnometers, oil containment booms, marine communications systems and deck machinery, to name but a few.

World energy shortages give new impetus to oil, coal and nuclear power developments in Britain in which Canadian industry can participate through licensing, joint-venture or direct sales.

Europe in general, and Britain in particular, are net importers of wood fibre in a variety of forms. Canada is and will continue to be, a principal supplier of pulp, paper and newsprint to Britain. Our sales of lumber, plywood, particularly softwood plywood, and other wood products may diminish in the short term through the slowdown in the construction industry and will, no doubt, face strong competition from Scandinavia, Southeast Asia and South America, but should sustain themselves in the long term.

Pollution control has been a reality in Britain for some decades and Canadian expertise in this field could be exported. The high rate of inflation in Britain compared with Canada, coupled with difficulties of local suppliers to deliver, should facilitate market penetration for garage and service station equipment, for power and fluids handling equipment, for catering, heating and plumbing equipment and packaging machinery, among other things.

Canadian businessmen should also take full advantage of the Program for Export Market Development for market studies and participate in trade shows and the exhibitions sponsored by the federal and provincial governments.

The British market clearly remains important to Canada both by its own size and, together with other EEC countries, as an advanced consuming industrial, marketing and investing area. In addition, Britain also provides facilities for assisting Canadian firms to expand their trade with other countries in Europe and with the third world; these include British companies with world-wide subsidiaries and distribution facilities, government agencies such as the Commonwealth Secretariat, the Crown Agents which conduct purchasing (some $400 million last year) and investment operations (about $2 billion) for approximately 90 foreign governments and around 200 public authorities.

Canadian firms in Britain, and British firms in Canada, with well-established trade connections with buyers, agents and distributors, will ensure a growing market for goods labelled "Made in Canada".

For statistics, see special section on page 33.

Mrs. Dorrit Iverson of the Commercial Division of the Canadian Embassy in Copenhagen displays some Canadian frozen fish products just arrived in Denmark.

DENMARK

a sophisticated market

Commercial Division,
Canadian Embassy, Copenhagen

Denmark joined the enlarged EEC on January 1, 1973, with Common Agricultural Policy becoming fully effective on February 1. Although developments since 1960 had reversed the position of Danish industry and agriculture with the former becoming predominant, it was agriculture that obtained the largest immediate advantages of Common Market membership.

Exports of most agricultural products to West Germany increased and there were significant increases in exports of meat to Italy. The total value of agricultural exports rose in 1973 by more than 25 per cent to 12.5 billion kroner (including payments from the European Agricultural Guidance and Guarantee Fund). During the first three quarters of 1974, agricultural exports from Denmark to the other EEC countries increased by nearly 14 per cent to six billion kroner over the same period in 1973, to which should be added EAGGF payments of one billion kroner (approximately 6 kroner=$1).

Denmark's contribution to the EAGGF in 1974 will be approximately 375 million kroner, so that the country has a sizeable net gain in foreign exchange resulting from its EEC membership. The increase was mainly in cattle, meat, dairy products and eggs to West Germany; meat and meat products, butter and cheese to Britain; and pork, meat products and dairy products to Italy. Britain remains the largest market for Denmark's agriculture with bacon alone accounting for 1.6 billion kroner.

New steel mill — The value of exports of industrial products to the EEC during the first three quarters of 1974 increased by 20.6 per cent to 7.4 billion kroner, compared with the corresponding period in 1973. A good percentage of this can be attributed to higher prices, and industry is not expected to derive full benefit of membership until all tariff barriers are removed by July 1, 1977. Danish industry, in the meantime, has also benefitted through a 170-million-kroner loan from the European Coal and Steel Community towards the construction of an additional steel mill, which will increase total annual production to 750,000 metric tons, and provide for 500 new jobs.

Economic benefits apart, membership gives Denmark a say in the Councils of Europe on matters that affect the country even were it not a member, a factor not lightly dismissed by the Danes.

Denmark, notwithstanding what it gained from membership, is confronted with its most serious economic crisis since World War II and recent adverse opinion polls reflect a growing dissatisfaction with economic developments, blaming the EEC for both the existing inflationary situation and the high rate of unemployment.

High living standard — The basic reasons for Denmark's present economic crisis are that the country has maintained a very high living standard for many years through funds obtained abroad, and traditionally there has been a large deficit in its balance of trade. The oil crisis hit hard — Denmark is almost totally dependant on oil imports — and high oil prices increased production costs, as did the increase in costs of capital imports and of raw materials. Export industries have found it difficult to maintain their rate of growth because of the increase in level of costs: wages, for example, having risen by 20 per cent (principally due to automatic cost-of-living increases) during the last 12 months.

A marked recession in the construction industry has resulted in 107 firms going into liquidation or closing down during the first ten months of the year and, with housing starts down by over 50 per cent, an unemployment rate in this sector of 15.3 per cent (November 6) as against 2.3 per cent last year. A prominent economist has suggested this is a real dilemma for Denmark; unemployment or unwanted building. Other industries are also affected and the national unemployment rate is now 8.9 per cent.

The decline in private sector consumption has accelerated as a result of this fall in investment in housing construction and of measures taken in May 1974 to reduce private consumption. Taxes at that time were increased on tobacco, beer, wine and spirits, and consumer durables, and the already very high tax on cars was raised again (so that the present tax on a $4,000 car brings its purchase price up to $11,170 plus 15 per cent v.a.t.). Enforced frozen savings based on a percentage of annual income were also introduced.

Import values rise — Nevertheless, the value of imports increased during the first three quarters of 1974 by 36.7 per cent to 45.4 billion kroner, increasing the trade deficit to 11 billion compared with 10 billion for the whole of 1973. Imports increased from EEC countries by 35.9 per cent (20.7 billion kroner), from EFTA countries by 22.2 per cent (11.5 billion kroner), and from all other countries by 41.9 per cent (13.2 billion kroner). Much of the last was due to higher prices of oil and oil products.

Canada had its share in the increase, and the value of imports from Canada rose by 51.8 per cent to 202.5 million kroner. This was largely in the fields of grain and industrial raw materials, including coal and oil, but also machinery, textiles and clothing. The one outstanding exception was the drastic decline in plywood imports from 12.3 million to 1.3 million kroner.

Restrictions eased — Since August, developments have led to a gradual easing in economic policy in order to promote public and private investment. The ceiling on bank lending was raised by 3 per cent in September after a 17 month freeze, quantitative restrictions on housing construction were lifted in August, and embargoes removed on public building construction starts and local government investments. The Danish bond market was opened to non-residents on December 1, 1974 and an Export Credit Guarantee system introduced to provide credit facilities for Danish export industries similar to those in other Western countries. New tax legislation that started January 1 this year should increase buying power by ½ - 1 per cent of GDP. Reductions in public expenditure introduced in September 1974, as a result of the clear expression of the electorate at the last election, will come into effect this April.

Both the Chairman of the Board of Economic Council, acting in an advisory capacity, and the Director of the National Bank have indicated, however, that much more radical measures are necessary, and on the eve of Denmark entering into a new round of wage negotiations which are held every two years, political measures such as a freeze of the automatic cost-of-living wage increases (or a change in the system) and a general wage and price freeze are being suggested.

No easy solution is in sight, but there are some bright spots; for example, the shipbuilding industry which was in a difficult position two years ago has been totally re-organized and now has full order books.

Although the solution to the problem does not lie in export alone, exports are a means to survival. Denmark is making concentrated export efforts, most recently among the newly-rich oil-providing countries where it has just collected a sizeable share of construction orders in Iran. And Denmark, principally a secondary manufacturing country, cannot export without importing, and its imports will not be confined to raw materials and semi-manufactures. As a sophisticated Western market, with a very high standard of living, its technological level is similar to Canada's and there are many opportunities for an exchange of industrial knowhow, in addition to a market of great interest for Canadian exporters.

For statistics, see special section on page 33.

FRANCE
a wealth of opportunities

Commercial Division,
Canadian Embassy, Paris

Canadian businessmen visiting their EEC customers too often by-pass France. Possibly they are not aware that the economic and industrial upsurge in this country over the past 15 years has led to the steadiest growth rate in real terms, above that of West Germany and twice that of Great Britain; that personal income, standard of living, GNP, productivity and return on investment are among the highest in Europe; that France is the fifth largest importer in the world with purchases exceeding $38 billion in 1974; that Canadian exports to France increased 65 per cent in 1973 and doubled those of 1972.

Impressive foreign trade momentum is building as the French government predicts continuation of the impressive growth trend in 1975. The French market offers Canadian businessmen and industrialists many opportunities but the challenge is not yet being adequately met. Membership in the Community has modified the traditional tendency of the French buyer to turn to domestic supplies and he is especially attracted to unique products back-stopped by good pre- and after-sales service.

During the visit to Paris in October of last year by Prime Minister Trudeau, the two governments agreed that trade exchanges should be increased and diversified considerably. Two joint Canada-France working groups were established to identify industry and energy sectors of mutual interest and to examine ways and means of developing industrial co-operation and trade exchanges within these parameters.

French industrial priorities — Industrial priorities currently established by the French Government include: rapid expansion in transportation, aerospace, electronics, telecommunications and petrochemicals. We know that France will not be able to source internally all its machinery and equipment requirements for these industries. Meanwhile, Canada has developed competitive export capacity to meet many of these predicted needs. It remains for us to make our capability known to the French and establish sales representation or production facilities in France.

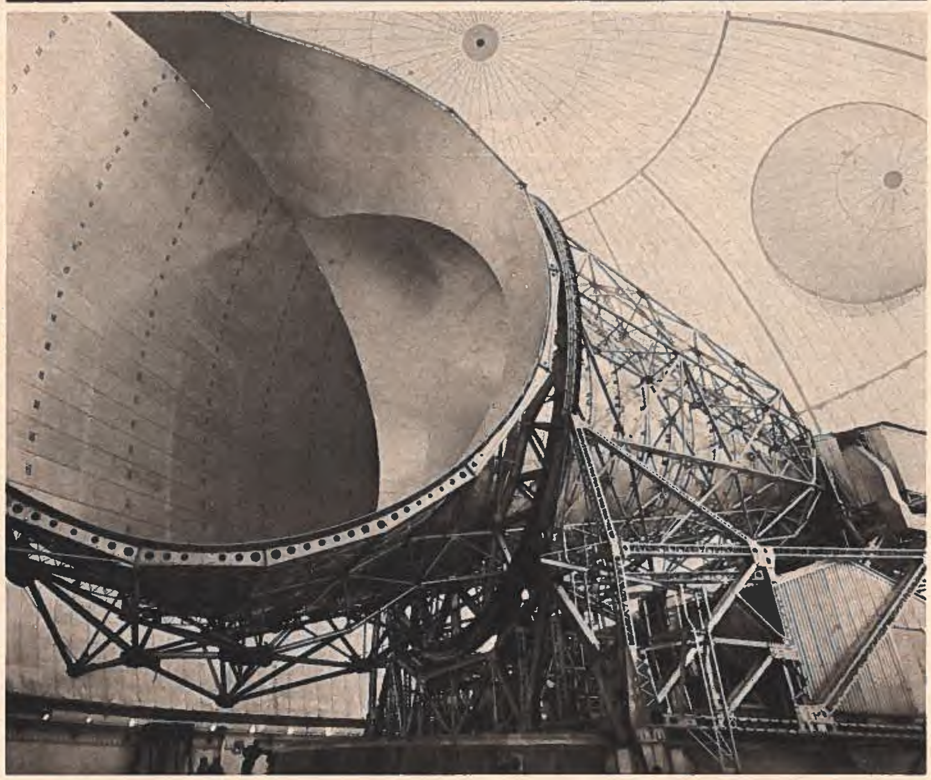
In spite of this encouraging over-all picture, Canadian businessmen often appear to overlook this rich market in their common market rounds. Insufficient interest, arising from unfamiliarity with local requirements or hesitation to confront the language barrier or even personal and erroneous convictions regarding what are believed by some to be stereotyped hierarchical, paternalistic methods of decision-making and doing business, are cited as chief deterrents to taking marketing initiatives in France.

Traditions have died but nowhere in French life have old patterns and habits changed more than in management and marketing methods. The younger French businessman is a demanding, technically astute turnover-conscious individual. He tends to be more formal in business relations than his Canadian counterpart and is direct and precise. It is the combined dynamism and hard work of this new breed of businessmen that has pushed France into the most rapid industrial expansion and modernization program in Europe with an income rate behind that of only West Germany.

The following are a few identified export possibilities in France for Canadians to consider:

Food products

France is gradually relaxing its restrictions on processed food items. Increasing market demand is anticipated for selected grocery products, such as:



jams, tomato-based products, alcoholic beverages, spices, honey and confectionery. Fish, especially frozen salmon, has found a ready market but fish products from Canada including canned fish, fish soups and breaded and frozen fish in consumer packs would also sell well. (see *Canada Commerce*, August 1973).

Metals and minerals

Market prospects are excellent for non-ferrous metals, particularly zinc, lead and molybdenum concentrates and refined copper, also asbestos fibres. Sales of steel rods, aluminum castings and refractory products could be greatly increased.

Wood products

The Canadian timber frame building technique recently introduced to France (and gaining increased acceptance) is producing "spin-off" demand not only for Canadian timber and plywood but also for related building materials and furnishings, such as shingles, insulation, hardware, sashes and doors, wall paper and certain types of furniture. The advantages of timber frame construction, such as better insulation, and faster construction, have become very important to the new generation of French home builders and buyers. The adoption of the timber frame technique is expected to continue to expand in spite of the present construction slowdown.

An interesting aspect of the French office furniture market is the Government purchasing agency, L'Union des Groupements D'Achats Publics — UGAP. Each year hundreds of millions of dollars are spent by the government on furniture and office equipment for its own offices and also to furnish schools and hospitals. Purchases are made through a bidding system and foreign firms may compete on an equal footing with French suppliers provided they bid through a French intermediary, i.e. a local agent/representative or importer.

Machinery and equipment

Canada has only recently begun to establish its name in France as a supplier of specialized equipment. Producers should find a receptive market for short-line agricultural equipment, chain saws, iron and steel valves, packaging and labelling equipment, hospital and scientific testing equipment, noise abatement equipment, solid waste disposal unit, sewage treatment equipment, catering, restaurant and supermarket equipment and vending and coin-operated machinery, electric heating and air conditioning equipment to name only a few items.

Electronics

The French electronics industry with annual sales of about $1 billion has been obliged to import in order to satisfy domestic demand. Priority items include a wide variety of telecommunications equipment and components, data processing equipment, colour television and electronic components, (90 per cent of high technology semi-conductors are imported). In 1975 the market for colour TV tubes will double; it will triple for semi-conductors and passive components. MOS components, automobile electrical and electronic components, and opto-electronics also offer promising opportunities. Other areas warranting investigation include measuring and testing equipment, optical laboratories instrumentation, and detection and navigation instruments.

France will likely be obliged to look to other countries to meet its telecommunications expansion schedule. The telephone program alone calls for increasing the existing 6.5 million subscriber lines to 25 million by 1985. There will be demand for polyethylene insulated wire and cable and LD-4 coaxial cable and related exchange gear, and other products.

Transportation equipment

France will soon have the largest fleet of CL-215 water-bombers outside North America and interest is being cultivated in new Canadian STOL aircraft and systems. France is one of the world's largest air frame manufacturers, both civil and military, ranking third in international civilian air transport and fourth in the domestic sector.

Canadians have barely scratched the surface in selling aircraft components, aviation and airport ground support equipment. Licensing, local manufacture or direct sales of many types of specialized transport equipment, such as sanitation; fire fighting and other municipal vehicles, all-terrain vehicles, snowmobiles and logging trucks, could result in substantial gains for Canadian manufacturers.

Consumer goods

Canadian success in selling consumer goods to France so far has been minimal. The French tend to exhibit considerable selectivity in this sector of trade activity and therefore the race often goes to the product which has a certain uniqueness and which can be marketed as truly Canadian. For example, last year the Maple Leaf motif on ski clothing was employed by French designers with evident success. Canadian whisky and salmon can also be sold in this special products category. The French consumer enjoys a high and rising standard of living and is prepared to pay for quality consumer goods incorporating good visual appeal and offering something different from the ordinary. Individual identity is an important factor in France and many buyers resist being "mass marketed". A case in point is Canadian furniture, for which there is a ready market once distinctly Canadian styling and material is evident.

Not surprisingly, the French importer/distributor is not given to dealing with a supplier who cannot assure timely delivery, adapt the product or packaging to French consumer or legislative requirements, or support the continuing promotion of his product in France. Initial consumer product marketing in France is contingent upon close personal contact and understanding between the supplier and the distributor/agent. Canada is at a geographical disadvantage competing with Europeans and we must be prepared to make that extra effort and commitment to penetrate the French consumer goods market.

How? There's nothing mysterious about doing business in France but if your idea is to provide prospective agents or representatives with English-language catalogues, citing imperial units of measure and weight and lacking laid-down c.i.f. prices, you may find your bright sales prospects have dimmed considerably.

Organizing for this market and adapting your product are two important considerations. It may be that the market will justify establishing your own sales network, perhaps creating a central supply depot with regional distributors, or perhaps going in with a French manufacturer, distributor on a reciprocal basis. There are several alternatives to the traditional agency-type relationship and French businessmen are generally receptive to new styles of business organization. You should also be prepared to modify your product to suit French conditons. Apart from metric dimensions, standard sizes and labelling requirements, French traditions and tastes could have a direct bearing on product design and its eventual acceptance.

Direct trade fair participation or planning a business visit to coincide with a particular exhibition are excellent ways of acquiring market knowledge first-hand and establishing contact with the trade intermediaries and final buyers. A large number of international trade fairs are held in France each year covering almost all industry sectors.

The commercial section of the Canadian Embassy, in co-operation with the Department of Industry, Trade and Commerce, organizes exhibits at a number of these fairs and is able to support individual company participation in others. If a trade fair could be a good medium for your products, the Trade Fairs Division of the Department of Industry, Trade and Commerce, in Ottawa or the Commercial Division of the Canadian Embassy in Paris can provide complete details.

Perhaps your product would lend itself to manufacture under licence or joint venture in production and/or marketing. Various forms of industrial co-operation are becoming increasingly attractive and could greatly ease the introduction of new products.

Direct investment by establishing production facilities in France offers many advantages in establishing strong trade links. A few Canadian companies have already taken this step and are realizing substantial benefits. France offers a wide variety of incentives to attract foreign industrial investment, including: regional grants, tax relief, accelerated depreciation, personnel training subsidies and other measures depending on the type, size and location of the investment in France.

The French industrial development agency DATAR, would welcome inquiries and the commercial division of the Canadian Embassy in Paris can help with introductions and guidance.

Once you have decided that you want to sell in France, the Department of Industry, Trade and Commerce is at your service to show you how. Your man on the spot is at the Commercial Division of the Canadian Embassy, 35, Avenue Montaigne, Paris (8E) (opposite Christian Dior should your wife be with you).

Trade shows 1975-76 of interest to Canadians

- Salon Professionnel des Articles de Sport et Loisirs de Plein Air
- Batimat
- La semaine du Cuir
- Transport-Expo
- Salon de l'Aéronautique et de l'Espace

IRELAND
investment incentives to manufacturing industry

P.F. CARR,
Commercial Officer, Dublin

The process of industrialization is a relatively recent phenomenon within the Irish experience; it was not until the early 1950's that an effective policy was devised to improve the low standards of living and the high unemployment characteristic of an earlier age. Since then the rate of economic progress has been such that a virtual traditional agrarian economy has been transformed into a vigorous growth economy with a standard of living that is on a par with most countries in the developed world.

Government policy is to welcome foreign direct investment generally on the grounds that it brings new capital and increased employment, as well as access to new technology and new markets. In recent years, and especially since 1958, the scale of international business operations in Ireland has increased to the extent that subsidiaries of foreign companies now occupy a prominent position in the Irish economy.

The success of the government's policy of attracting foreign investment has been to a large extent attributable to a range of incentives (including freedom from tax on export profits and free repatriation of profits) offered to foreign companies through the Industrial Development Authority (IDA).

Foreign investment in secondary industry in Ireland has contributed significantly to the Irish growth process. With its share of the capital stock now estimated at more than 50 per cent, foreign direct investment is estimated to have accounted for about 50 per cent of the growth in employment, 40 per cent of the growth in output and a staggering 80 per cent of the growth in exports of manufactured goods over the period.

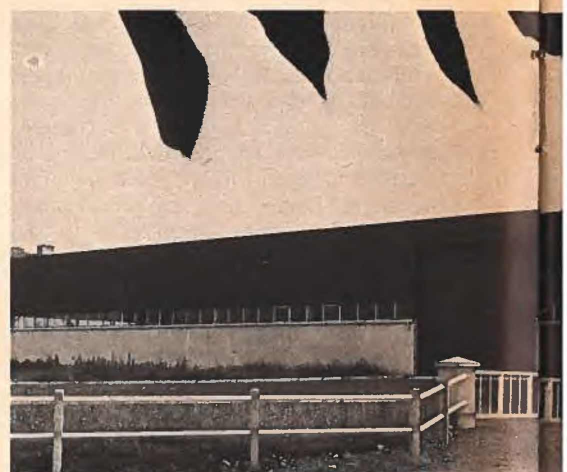
Access to EEC market — The incentive to invest in a particular geographic area is of course linked closely to the size of this market and the Irish government places considerable stress on the benefits to foreign companies of Ireland's access to the EEC. With full Irish membership in the EEC, the foreign industrialist has a guaranteed duty-free entry to a market of more than 250 million people in Europe. The tax-free export profits scheme operated by the Irish government makes it attractive for foreign industrialists to export most, if not all, of their products. Under this scheme, new industries are completely exempt from taxes on profits derived from exports of goods manufactured in Ireland up to 1990.

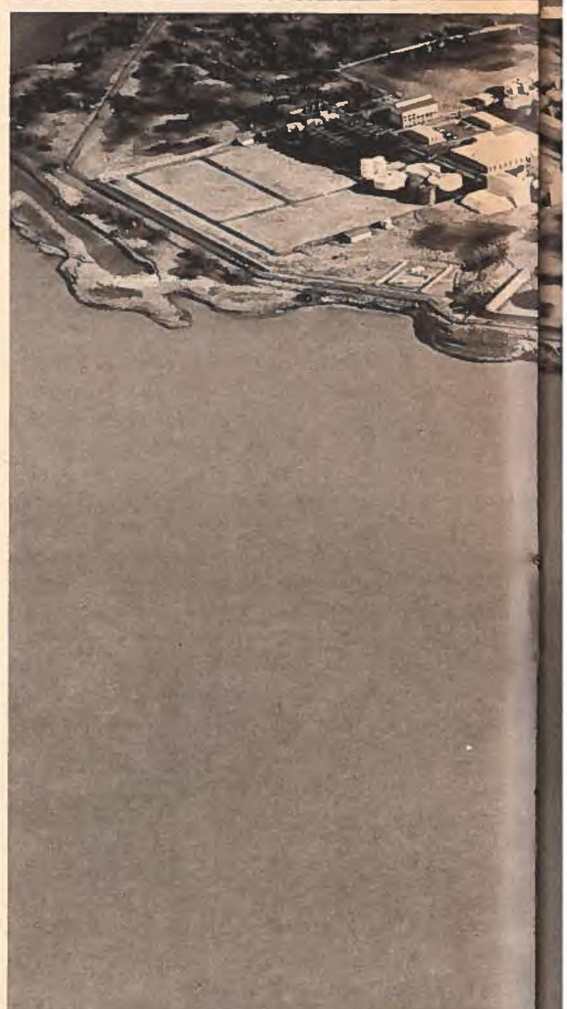
Other significant incentives are also available. Foreign companies are guaranteed free international transfer of dividends and profits from their Irish investment in any currency. Capital and appreciation of capital may also be repatriated. Double taxation agreements, providing for the mitigation or avoidance of double taxation are in existence between Ireland and many countries, including Canada. As a result, Canadian recipients of dividends that are tax exempt in Ireland pay a reduced or nil rate of taxation on these dividends in Canada.

A further major financial incentive available to manufacturers setting up in Ireland is a comprehensive range of non-repayable cash grants. The most important of these are grants which the IDA provides towards the cost of fixed assets. For grant purposes fixed assets comprise sites, site development, buildings, plant and machinery. Grant levels for medium sized projects are determined as a percentage of fixed asset investment and are negotiable up to 50 per cent in certain areas of the country. Grants for capital intensive projects are related to the number of workers employed in the project and range up to a maximum of $12,000 per worker, depending on location.

Factories available — In designated areas throughout Ireland (industrial estates), the IDA provides ready-built factories for purchase or renting, housing for key workers, power, water, telephones, roads and other facilities. These ready-made factories permit an industrialist to begin production soon after negotiations have been completed with the IDA.

Grants are also available from the IDA towards the cost of specific training programs for workers for new industrial projects. Training centres are operated by the Industrial Training Authority. Such costs include the wages and travelling expenses of workers, training personnel, management and consultants, either in Ireland or at the parent company abroad. Grants are also available for modernization and re-equipment and





A ready-made factory built by the Irish Industrial Development Authority and typical of those offered to incoming industry.

A model of Alcan's proposed alumina plant on Aughinish Island in the Shannon estuary.

for approved research and development expenditure.

If the foregoing sounds like an industrialist's dream — most foreign companies in Ireland agree that it is — there are also other advantages in locating here. For instance, there is a ready supply of a skilled, English-speaking labour force. Educational facilities, housing, and general amenities are considered satisfactory. Ireland also enjoys a stable government. The troubles that have plagued Northern Ireland in recent years in no way affect life in the Republic.

The pace of foreign investment has stepped up in recent years as Ireland's unmatched incentives have received wide publicity. Between 1960 and 1972 more than 700 foreign companies (with fixed investment exceeding $600 million) established manufacturing facilities in Ireland. Recent Canadian arrivals include Northern Electric, with a plant at the IDA's Galway industrial estate. Alcan is considering the construction of an aluminum smelter in the Shannon estuary in the southwest of the country.

Foreign direct investment in Ireland in the past has been directed, as in other countries, into high-growth industries. The IDA is particularly anxious to attract companies in the fields of engineering and electronics, chemicals, textiles and food processing. This does not mean that the demand for foreign investment is limited to these areas; indeed, the most recent Canadian company, now making its final production plans, will employ 450 people in the manufacture of costume jewellery, entirely for the export market.

Canadian companies interested in exploring this area can obtain details from Pat Byrne, the IDA's representative in Canada at Commerce Court, P.O. Box 281, Toronto, Ontario (telephone: 416-364-7478). Or they can contact the Commercial Secretary at the Canadian Embassy, 65/68 St. Stephen's Green, Dublin 2, Ireland.

ITALY
things can only get better

R.F. ANDRIGO, Commercial Secretary, Rome

Substantially transformed in the postwar period, Italian economic development has produced its share of bottlenecks and imbalances.

The change from an agricultural, predominantly rural, system to an urban and industrial economy has perhaps been too rapid for the development of infrastructure, social services and institutions to keep pace. The changes have also widened the regional economic disparities between north and south. This has been due primarily to an incapacity in the south to capitalize on the enhanced entrepreneurial opportunities occasioned by Italy's participation in the EEC, and to a tendency not to replace traditional social units with more dynamic goal- and development-oriented urban structures.

Distortions are also evident in the productive sector where the pattern of investment and expansion has been insufficient to allow for the inevitable shifts in the composition of domestic and foreign demand which are the natural consequences of increasing disposable incomes in a technologically fertile age. Thus it is that deficiencies in internal supplies — agricultural, engineering, fine chemicals — have evolved, with an increasing orientation and reliance on foreign markets for the outputs of a "specialized" production often markedly in excess of domestic demand. In real terms expressed at 1963 prices this has meant that imports as a proportion of GNP have jumped from 8.3 per cent in 1953 to 17.4 per cent in 1963 and to 26.8 per cent in 1973 while the comparable figures for exports are 6.9, 15.2 and 27.4 per cent. The dramatic reversals in the terms of trade which began in 1973 and gathered pace in 1974 have thus found the Italian economy very vulnerable. Similarly, the contraction of economic activity among Italy's trading partners has not and will not have a positive effect on the extent of economic activity in Italy.

The result has been that the strong economic recovery experienced in the third and fourth quarters of 1973, and continued into the first quarter of 1974 has begun to lose momentum under the growing burden of massive budget and balance of payment deficits. These have, in turn, triggered the imposition of controls on credit expansion, imports and domestic demand.

A decision to restrict global credit expansion to 15 per cent in the April 1974-March 1975 period coincided with a commercial climate characterized by steep increases in the cost of imported fuels and raw and semi-manufactured materials and a general rise in all import prices, soaring labour costs and the imposition of a mandatory requirement to place with the Bank of Italy for six months a non-interest bearing deposit equivalent to 50 per cent of the c.i.f. value of imported goods (initially applicable to 40 per cent of total imports, the requirement has been withdrawn from most agricultural imports, but many manufactured goods remain subject to it). This severely strained the capacity of many industrial concerns to meet operating financial requirements and to reduce medium- and long-term investment programs.

Concurrently, the removal of year-old price controls (which had little effect on dampening consumer demand) on all but a half-dozen mass-consumption items, combined with a significant increase in real incomes — 1973 inflation amounted to 12.3 per cent, while wages in agriculture, industry and commerce increased by 27 per cent, 22 per cent and 29 per cent respectively — and markedly increased import costs to produce a rate of inflation currently in excess of 25 per cent per annum. Measures taken to moderate this inflation will have to cope with a projected government deficit of 9,200 billion lira, the equivalent of some 9 per cent of projected 1974 GNP at current prices ($1 equals approximately 666 lira).

Recession is thus becoming a familiar epithet with which to describe an economy characterized by declining growth in industrial production, falling demand and rising unemployment, none of which appears yet to have reached its respective apex or nadir.

Nor is Italy's external trade picture unclouded. Consequent on the downward pressure on the exchange rate occasioned by continued capital outflows, and the significant deterioration in the terms of trade, Italy's balance of trade deficit, which for the first 10 months of 1974 amounted to 6,144 billion lira, showed a two and a half times increase over the deficit of 2,550 billion lira experienced in the same period in 1973. The balance of payments deficit over the same period amounted to 3,139 billion lira as against 362 billion for the 1973 period. To finance deficits of this magnitude, Italy has increased foreign debts, currently estimated at over $16 billion on which servicing charges are by no means insignificant.

In an effort to correct this deteriorating situation, the then government, at the beginning of October, released its economic program for 1975 which projected: a GNP increase of 1.5 per cent (4.5 per cent projected in 1974), a reduction in the rate of inflation to 16 per cent (20 per cent projected in 1974), decreased gross fixed investments by 6.5 per cent (up 6 per cent in 1974), increased (in real terms) exports of 8 per cent and imports of 1 per cent (up 7 per cent and down 5 per cent respectively in 1974). However, available statistics tended to dispute the government's predictions for both years, a fact which was acknowledged by the new government which came in in December. The new government has revised downward expectations for 1975 but there are still few concrete details available on how its program of controlled demand (especially for oil products and costly imported goods), incentives to exports and investment, and crackdown on illegal capital exports and fiscal evasion is to be implemented.

However, things are never so bad as they appear — and this is particularly true in Italy.

The Italian economy will probably register a net real increase of GNP of 1-2 per cent in 1974. Falling international commodity prices, accentuated by deflationary policies in the Western economies, continued low levels of domestic consumer demand and elimination of speculative stock-building, should not only moderate inflation but also reverse the current balance of payments developments to the point where it is possible to see some reduction in the oil-related deficit as well as elimination of the non-oil deficit. A further assist to the

Foreign Exchange Rates

These nominal quotations may help exporters in checking prices, but they should consult their banks before making any firm commitments. When more than one rate is shown, the one to be used depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Bureaux, Department of Industry, Trade and Commerce, Ottawa.

The mid market rates only are quoted, except when buying and selling rates are specified. The buying rate is that at which banks purchase exchange from exporters; the selling rate is that at which banks sell exchange to importers.

Rates used exclusively in non-merchandise trading are *not* included in this table.

Note: The following rates were current at Feb. 10. Because of unsettled market conditions exporters should consult their bankers for up-to-date quotations.

Country and Currency	foreign currency unit in Canadian dollars	Canadian dollar in foreign currency units
Algeria		
Dinar	.2380	4.20
Arab Republic of Egypt		
Pound (official)	2.5612	.39
Argentina		
Peso (financial)	.1004	9.96
(commercial)	.2004	4.99
Australia		
Dollar	1.3429	.74
Austria		
Schilling	.0602	16.61
Bahamas		
Dollar	1.0022	1.00
Belgium and Luxembourg		
Franc	.0285	35.09
Bermuda		
Dollar	1.0397	.96
Bolivia		
Peso	.0501	19.96
Brazil		
Cruzeiro (official free)	.1333	7.50
Britain		
Pound	2.3928	.42
British Honduras		
Dollar	.6078	1.64
Burma		
Kyat	.2082	4.80
Chile		
Escudo (commercial)	.0008	1,250.00
(financial)	.0007	1,428.57
China, Peoples' Republic of		
Yuan	.4188	2.39
Colombia		
Peso (fixed)	.0388	25.77
Costa Rica		
Colon	.1203	8.31
Cuba		
Peso	N.A.[10]	
Czechoslovakia		
Koruna (fixed basic rate)	N.A.[10]	
Denmark		
Krone	.1786	5.59
Dominican Republic		
Peso	1.0022	1.00
Ecuador		
Sucre (official)	.0401	24.94
El Salvador		
Colon	.4009	2.49
Fiji		
Dollar	1.2528	.80
Finland		
Markka	.2603	3.84
France, Monaco, etc.[1]		
Franc	.2311	4.33
French Pacific[2]		
Franc	.0112	89.29
Franco-African Republics[3]		
Franc	.0040	250.00
Germany		
D Mark	.4270	2.34
Ghana		
New Cedi	.8685	1.15
Greece		
Drachma	.0333	30.03
Guatemala		
Quetzal	1.0022	1.00
Guyana		
Dollar	.4444	2.25
Haiti		
Gourde	.2004	4.99
Honduras		
Lempira	.5011	1.99
Hong Kong		
Dollar	.2130	4.69
Hungary		
Forint (official)	.0869	11.51
Iceland		
Krona (official)	.0083	120.48
India		
Rupee	.1226	8.16
Indonesia		
Rupiah	.0024	410.00
Iran		
Rial	.0143	69.50
Iraq		
Dinar	3.3852	.30
Ireland		
Pound	2.3928	.42

Country and Currency	foreign currency unit in Canadian dollars	Canadian dollar in foreign currency units	Country and Currency	foreign currency unit in Canadian dollars	Canadian dollar in foreign currency units
Israel Pound	.1671	5.98	**Philippines**[5] Peso (free)	.1468	6.81
Italy Lira	.0015	666.66	**Poland** Zloty (fixed basic rate)	.2577	3.88
Jamaica Dollar	1.1024	.91	**Portugal & Overseas Provinces**[6] Escudo	.0446	22.42
Japan Yen	.0032	312.50	**Saudi Arabia** Riyal	.2850	3.50
Kenya[4] Shilling	.1379	7.25	**Sierra Leone** Leone	1.2371	.81
Korea, Republic of Won	.0024	404.38	**Singapore** Dollar	.3358	2.98
Lebanon Pound (free)	N.A.[10]		**South Africa** Rand	1.4732	.68
Libya Dinar	2.777	.36	**Spain & Dependencies** Peseta	.0170	55.55
Malawi Kwatcha	1.2280	.81	**Sri Lanka**[7] Rupee	.1534	6.52
Malaysia Dollar	.4357	2.30	**Sweden** Krona	.2500	4.00
Mexico Peso	.0802	12.47	**Switzerland** Franc	.4000	2.50
Morocco Dirham	.2389	4.19	**Syria** Pound (free)	.2711	3.69
Netherlands Florin	.4121	2.43	**Thailand** Baht (free)	.0501	19.96
Netherlands Antilles Florin	.5599	1.79	**Trinidad & Tobago**[8] Dollar	.4985	2.01
New Zealand Dollar	1.3289	.75	**Tunisia** Dinar	2.3029	.43
Nicaragua Cordoba	.1407	7.11	**Turkey** Lira	.0723	13.83
Nigeria Naira	1.4700	.68	**United States** Dollar	1.0022	1.00
Norway Krone	.1972	5.07	**Uruguay** Peso (free)	.0052	192.31
Pakistan Rupee	.1012	9.88	**Venezuela** Bolivar (official free)	.2335	4.28
Panama Balboa	1.0022	1.00	**Yugoslavia** Dinar (official)	.0569	17.57
Paraguay Guarani (free)	.0080	125.00	**Zaire, Republic of**[9] Zaire	1.961	.51
Peru Sol (free)	.0225	44.44	**Zambia** Kwacha	1.3893	.72

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

2. New Caledonia, New Hebrides, French Polynesia.

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

4. Rate also applies to Tanzania and Uganda.

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

6. Approximately same for Portuguese territories in Africa.

7. Formerly Ceylon.

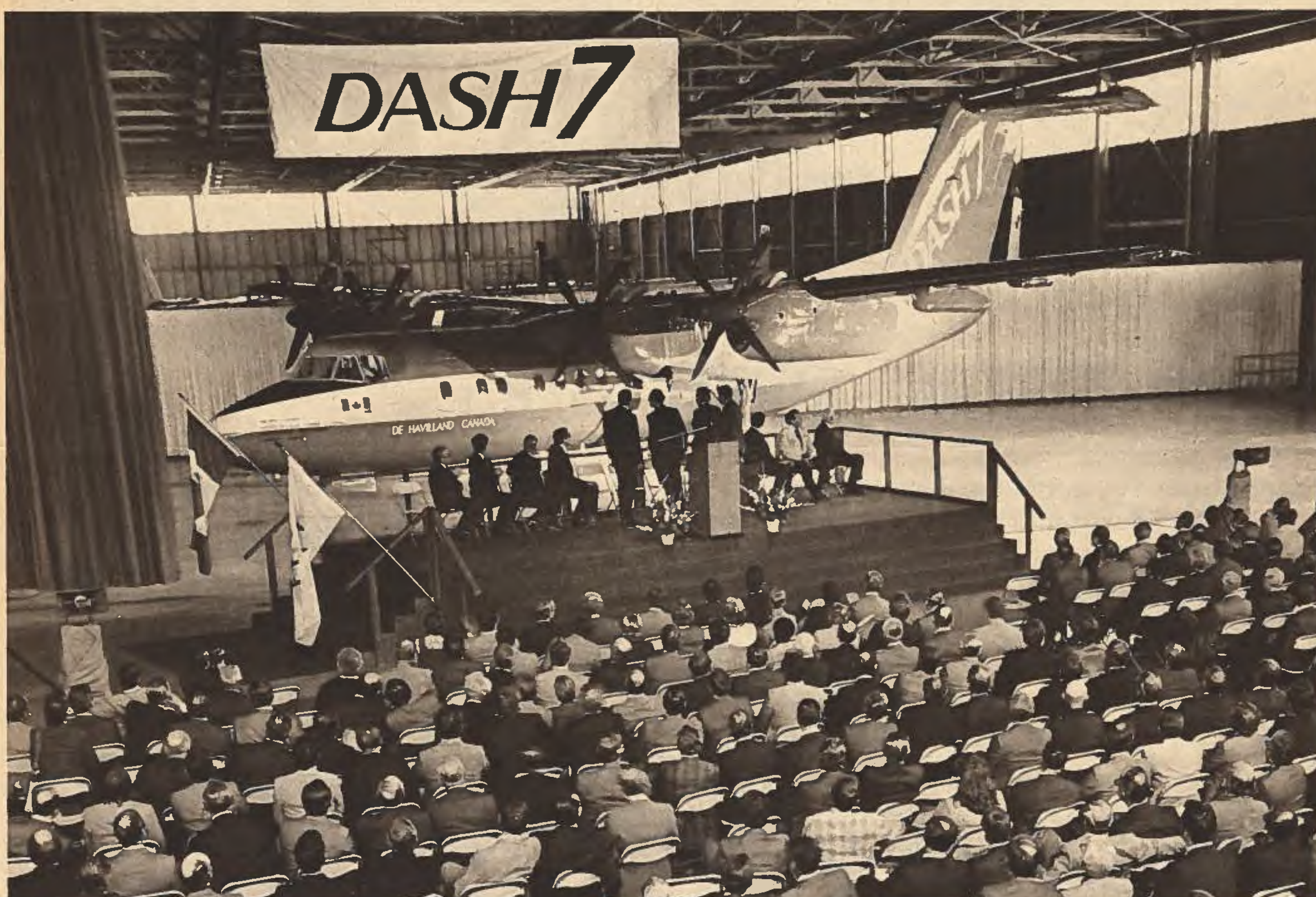
8. E. C. dollar, at same rate, used in Leeward and Windward Islands.

9. Formerly Congo (Kinshasa).

10. Rates not available at press time.

DASH 7 The second generation of STOL

On February 5, de Havilland Aircraft of Canada Ltd., unveiled its newest STOL airliner, the DASH 7. The 50-passenger, four-engine turboprop is intended primarily for use on high-density, inter-city routes and in developing countries that need the inexpensive type of airport facilities STOL aircraft can use. On roll-out day, de Havilland officials reported that nine of the new aircraft had already been sold and an option taken on a tenth. The Hon. Alastair Gillespie, Minister of Industry, Trade and Commerce, officiated at the ceremonies held at the company's Downsview, Ontario, plant.



INCREASED SERVICE TO PORT OF TORONTO

A recent issue of *Port of Toronto News* reported that the Netumar Line, which serves the east coast of South America intends this year to increase its service to the Port of Toronto, eventually offering weekly sailings.

Netumar is acquiring three 15,000-ton ships, each of which will be able to handle break-bulk cargo and 300 containers. In addition they will have reefer space and deep tanks, according to the *News*.

Toronto Harbour Commission general manager E.B. Griffith visited Brazil as a member of the mission last October which was sponsored by the Department of Industry, Trade and Commerce. Mr. Griffith is quoted as saying that the three new ships of the Netumar Line will be ice-strengthened and when added to the three ships the company already has with similar strengthening, a monthly service will be offered to the Port of Montreal during the winter.

AGREEMENT TO EXPEDITE CONTAINER MOVEMENTS

Canada has become a member of the Customs Convention on the International Transport of Goods Under Cover of TIR carnets (TIR Convention). An Instrument of Accession was deposited with the Secretary General of the United Nations on November 26, 1974 and steps towards implementation, the date of which will be announced later, are under way.

The Convention is designed to expedite and facilitate the international movement of road vehicles and containers loaded with goods from a country of export through one or more intermediate countries to a country of destination. The international movement is controlled through the use of a TIR (Transit International Routier) carnet which is an international customs document incorporating an international guarantee for payment of duties and taxes and other charges in the event the persons engaged in the transportation of the goods fail to comply with national laws and regulations.

The TIR carnets are issued and guaranteed by the International Road Transport Union (IRU) in Geneva through affiliated associations located in the territory of each contracting party. In Canada, the carnets will be issued and guaranteed by the Canadian Chamber of Commerce, 1080 Beaver Hall Hill, Montreal, Quebec. The carnets will be issued to interested transportation companies upon payment of a fee established by the issuing/guaranteeing association.

Vehicles and containers used under the TIR system must be constructed in accordance with the provisions of the TIR Convention or the Customs Convention on Containers and be inspected and approved by a competent authority in Canada or a foreign country. In Canada these authorities are Lloyds Register of Shipping, Bureau Veritas, and the American Bureau of Shipping.

As membership in the Convention includes most of Canada's major trading partners, it is expected that trans-border Customs procedures will be simplified and the transportation of containerized goods from Canada moving through and to member countries will be expedited.

CARGO MARKING - AFRICA

The Port Advisory Council for the port of Dar es Salaam, Tanzania, has recently introduced a colour code to be used on goods entering Africa via this port. Various colours are to be used depending on the final destination of the goods:

Tanzania	Red
Zambia	Green
Zaire	Blue
Rwanda	Yellow
Burundi	Black

A cross in the appropriate colour should be placed on the same side of the package where marks and numbers appear. Depending on the size and/or length of the package, this cross should be large enough to be visible from a distance. It is suggested that for normal packages the arms of the cross should be not less than one foot, or 30 milimeters, long.

It should be noted that this system does not in any way replace the normal marks, numbers and other details normally included. The Port Manager has stated that: "... failure by those concerned to implement this system may result in many difficulties, the consequences of which may adversely affect the financial interests of shippers, ship owners, and consignees."

REGINA'S AGRIBITION SETS RECORD

Agribition '74 ended with record sales of $3,855,141 worth of purebred animals from 17 breeds shown. There were 160,000 visitors to the big show, many from Britain, Ireland, France, West Germany, Austria, Switzerland, Italy, Korea, Japan, Mexico and Nigeria, as well as Canada and the United States.

Korean buyers spent $350,000 on 382 head of purebred and commercial Canadian Aberdeen Angus. Agribition '74 was promoted internationally by the Department of Industry, Trade and Commerce, the Saskatchewan Government and Agribition officials. In addition, Program for Export Market Development assistance was provided for incoming and outgoing cattle missions.

STOTHERT SIGNS AGREEMENT WITH NIGERIA

With the assistance of the Department of Industry, Trade and Commerce, Stothert Management Ltd. of Vancouver has signed an agreement with Nigeria's Ministry of Industries to provide management and engineering of a pulp mill and fine paper mill, with respective capacities of 100,000 metric tons and 60,000 metric tons a year.

About 60,000 metric tons of the pulp mill's production will be exported, while the paper mill will primarily supply Nigeria's domestic requirements. The paper mill will need to import about 20,000 metric tons a year of long-fibre kraft pulp as part of the furnish for its various grades of paper.

In 1973 the Department of Industry, Trade and Commerce entered a contract with Stothert to underwrite up to $25,000 of the firm's expenses in pursuing sawmilling and pulp and paper projects in Nigeria. Stothert used about $50,000 of its own funds prior to obtaining the contract.

Phase one of the project is underway, with Stothert carrying out pre-engineering, pilot scale paper production, site planning and market studies. Phase two, consisting of detailed design, procurement, construction management and commissioning of the mill, will begin in the last half of this year. Start-up is planned for 1978.

The contract with the Nigerian Ministry of Industries includes provision for a third phase involving corporate management and operation of the pulp and paper company for up to five years.

TORONTO FIRM SIGNS ECUADOR CONTRACT

Watts, Griffis & McOuat, consulting geologists and engineers of Toronto, recently signed a contract with Cementos Cotopaxi to carry out preliminary investigations for a proposed new cement project. Cementos Cotopaxi is an Ecuadorian government-backed organization which plans to build a new plant in the province of Cotopaxi, south of Quito, with an annual capacity of 350,000 tons of cement. The study is the second cement project in Ecuador for Watts, Griffis & McOuat. It will include detailed investigations of limestone and clay deposits as well as a preliminary economic appraisal of the project.

SCHOLARSHIPS FOR INTERNATIONAL WOMEN'S YEAR

The Department of Industry, Trade and Commerce is awarding 10 scholarships to women for post-graduate studies at the MBA level as part of its International Women's Year program. These awards are being offered in a national competition to any female Canadian citizen who is academically qualified. It is felt these awards will be an important aid in assisting women to reach senior management positions both in business and government. A list of winners will appear in a future issue of Canada Commerce.

Wanted: Manufacturers

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

Water treatment equipment

Swiss firm is seeking a licensing arrangement with a Canadian firm to manufacture its waste water treatment equipment. It consists of an automatic sludge suction collector for removing sludge from the bottom of treatment tanks, an automatic scraper trolley for removing deposits from the bottom of sedimentation tanks as well as floating materials, and a screen with automatic grabbing system for removing solid waste from the waste water flow. The sludge collector is installed on the top of the treatment tank and travels from end to end sucking sludge deposits from the bottom. It also maintains the proper sludge/waste water ratio and pumps the sludge from tank to tank. The scrapers travel the length of the treatment tank pushing the waste into a special sink where it is easily removed. The grab screens automatically transfer solid waste to special holding containers. Literature available. **Item 3121**

Rotary snowblower, salt spreader

Swiss firm is offering a licensing arrangement to a Canadian manufacturer for producing its rotary turbo snowblower and its salt, calcium or fine gravel spreader. The snowblower consists of three drums revolving on a single axle – two slowly rotating cutting drums and one faster rotating ejection drum. It is p.t.o. driven from the carrier vehicle or driven by an auxiliary motor. The spreader employs a single axle trailer system and is constructed of sheet steel with a fixed axle and adjustable shaft. The spreading is done at the rear by means of a chain driven plate with five settings for varying rotation. Literature available. **Item 3122**

Flexible screw conveyor

Swiss firm seeks to licence a Canadian company to manufacture its powder or liquid conveying system. The mechanical conveying is accomplished by a flexible Archimedean screw in which the motor torque is transmitted by means of a stainless steel spiral enclosed in a helical channel in the screw. The device is driven by an electric motor at the discharge end. The device turns at up to 1500 rpm. Applications include the chemical pharmaceutical, plastics, food, metallurgical and other industries where the product must be protected against outside contamination or where the surrounding environment must be kept free from pollution. Literature available. **Item 3123**

Swimming pools

Austrian firm offers under licence the Canadian manufacturing rights for its unique patented system of designs for swimming pools and enclosures. The system includes the building, air conditioning and heating, and the pool with all its equipment. A scientific method of water circulation is claimed to provide self-cleaning of the water, a reduced requirement for chlorine, and crystal clear water at all times. The company indicates that erection costs are reduced by 30 to 40 per cent compared to conventional concrete structures, and that energy costs are similarly reduced by 30 to 40 per cent, thereby significantly reducing initial and maintenance costs. Literature available. **Item 3124**

Floating jetty units

Austrian firm offers for manufacture under licence in Canada its system for making floating jetty units. The jetties are constructed by connecting, by means of suitably designed connecting bolts, a number of plastic cube-shaped floating elements. The blow-moulded elements and bolts are made of a high molecular weight polyethylene which, under severe mechanical loading conditions, is claimed to display high impact resistance even at low temperatures. Resistance to weathering is attained by the addition of finely dispersed carbon black. The system can accommodate accessories such as rails, mooring eyelets or fenders, designed so that they form an integral part of the system. The system can also be used to construct pontoon bridges and other floating structures. Literature available. **Item 3125**

Prefabricated concrete elements

French firm offers under licence the Canadian manufacturing rights to its system for the mass production of ordinary reinforced and prestressed concrete elements such as curbs, gutters, beams, posts, etc. The moulds are arranged on the outer circumference of a rotating element having a horizontal axis, which moves them around in the production circuit, successively setting them before the cleaning, oiling, reinforcement setting, concreting, heat treatment, mould removal and ejection equipment. The operation of this equipment is synchronized with the movement of the mould element assembly. Literature available. **Item 3126**

Electromagnetic linear motor and compressor

French firm offers under licence the Canadian manufacturing rights to its electromagnetic linear motor with sequential power supply which feeds the circuits from a direct current source. This motor is claimed to be economical to use, simple to manufacture and easy to control. It is expected to find application in materials handling, machine tools, etc., and other applications normally served by step motors, positioning motors and synchronous linear displacement motors. The company also offers for manufacture a small-capacity air compressor incorporating a linear alternating current or direct current motor designed for normal utilization voltage levels. Fields of application include paint and body shops, service industries, hospitals, etc. Literature available. **Item 3127**

Articulated ramp

Belgian firm offers under licence the Canadian manufacturing rights to its patented jointed ramp with reciprocally self-balancing sections. It is designed to link an access level with two or three destination levels, e.g. the driveways of a garage and parking areas, storage areas distributed over several levels, and between several levels of a storage area. The main advantage of this ramp is an increased space saving compared to a set of fixed ramps. Literature available. **Item 3128**

High frequency surgery unit

Swiss firm is seeking an arrangement with a Canadian company to manufacture under licence its high frequency surgery unit with bipolar micro- and macro-coagulator for atraumatic coagulation. The unit is equipped with a powerful tube and spark-gap generator. The sinusoidal tube current permits a smooth cutting, free of any coagulating effects. The damped spark-gap current is used for coagulation or can be blended with the tube current. The unit is designed for use in general or specialized surgery. Literature available. **Item 3129**

Billboard

Canadian inventor offers under licence the Canadian manufacturing rights to his patented billboard with multiple surfaces capable of handling 20 advertisements. The unit is self-contained with its own controls and lighting. Changes take one second and are made every 15 seconds. This billboard can be made in a variety of sizes depending on the proposed location. It is best located in high-circulation locations such as store fronts, bus stations, airports, shopping centres, etc. Literature available. **Item 3130**

Export Opportunities

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

The inquiries listed below come from several sources, including various Branches of the Department in Ottawa and from the Trade Commissioner Service posts abroad. More information on these items can be had by contacting the post at the address shown under each item. In some cases we have given the name and address of the company so they may be contacted direct.

Automotive

SINGAPORE — A manufacturers' representative who has offices in Hong Kong, Indonesia, Malaysia and Thailand is seeking a supplier of pistons, piston rings, pins, liners and bearings as replacement parts for automotive trade. These parts may range from motorcycle or small passenger vehicles to heavy commercial and marine diesel engines. Contact: T.V. Mitchell and Co. (Far East) Pte. Ltd., Uniteers Building, River Valley Road, P.O. Box 386, Singapore.

Cosmetics and Perfumes

HONDURAS — A company in Honduras would like to contact parties interested in manufacturing perfumes and cosmetics under license. They are in the final stage of their factory and would like to get licence for Central American market. They have alcohol of 99.96° Gay Lussac. Contact: the Commercial Secretary, Canadian Embassy, Apartado 400, Edificio Etisa, Plazuela Espana, 7a Avenida 12-19, Zone 9, Guatemala City, Guatemala, C.A.

Electrical and Electronics

ARGENTINA — Canadian manufacturers of circuit breakers and associated equipment (of up to 16 KV, 10,000 A and 2,000 MVA), are invited to supply equipment for the Planicie Banderita Power Plant. The contract to be awarded is for the supply, transport, installation and maintenance of the following equipment: 2 compressed air circuit breakers of 16 kV, 10,000 A and 2,000 MVA for the generators; 2 compressed air circuit breakers of 16 kV, 10,000 A and 350 MVA for the breaking resistors; 1 intermediate switchboard with five oil circuit breakers of 13.2 kV, 630 A and 250 MVA; 1 auxiliary switchboard with an air breaker of 380 V, 2,500 A, 23.8 MVA and fuse switches; one 110 V and 360 A/H DC battery with distribution and loading equipment; two metallic grid-type breaking resistors of separated phases of 16 kV, 85 MW, 5.3 seconds; 1 metallic grid-type ground connection equipment for the transformer's neutral of 13.2 kV; 1 equipment of the neutral associated to the diesel reserve generators. All the above equipment must be of the interior type, complete and with their corresponding protection systems. Write to: Gerencia Tecnica de Hidronor S.A., Pte. Yrigoyen 379 – 9° Piso, Cipolletti – Rio Negro, Argentina and send a copy to: Sir Alexander Gibb & Partners, Asociados con, Merz & McLellan, Leandro N. Alem 1074 – 4° Piso, Buenos Aires, Argentina.

SINGAPORE — Electrical switchgear, electric motors, power transformers, switchboard instruments – such as volt meters, ammeters, portable test instruments, synchroscopes – and capacitors for power factor correction, time-switches and diazed-fuses. Contact: Technical Division, Diethelm Singapore Pte. Ltd., 3839D, Jln. Bukit Merah Blk, 2, Singapore 3.

SINGAPORE — Earth leakage circuit breakers for domestic use of capacity 30 amps or 60 amps with tripping current of 63 MA. These breakers shall be suitable for use on 50 c/s. 230/400 volts electrical supply. Also distribution boards of capacity 30 amp- 60 amp or higher complete with main switch and fuses for controlling sub-circuits. Contact: Design & Management Services Pte. Ltd., Room 110, 1st Floor, Central Building, 1-2, Magazine Road, Singapore 1.

Equipment and Machinery

DENMARK — Coin-operated vending machines – one for hot popcorn and one for cold drinks, juice, etc.: Commercial Counsellor, Canadian Embassy, Prinsesse Maries Allé 2, Copenhagen V, Denmark.

IVORY COAST — Gasoline pumps and other service station equipment. Contact: Monsieur P. Hernandez, AFCODI, B.P. 2165, Abidjan, Ivory Coast.

IVORY COAST — Literature and prices wanted for burners to produce charcoal from wood waste, sawdust and tropical woods: Commercial Secretary, Canadian Embassy, P.O. Box 21194, Le General Building, Cor. Avenue du Commerce et Bottreau-Roussel Plateau, Abidjan, Ivory Coast.

SINGAPORE — Singapore company wishes to represent Canadian manufacturers of the following products: welding products; process control instruments, e.g. temperature, flow, level and pressure instruments, analyzers, etc; valves; tubing and fittings – especially for pneumatic control purposes. Contact: Technical Division, Diethelm Singapore Pte. Ltd., 3839D Jalan Bukit Merah, Block 2, 4th Floor, Singapore 3.

Foodstuffs

BRAZIL — Dried salted cod. Contact Ricardo Rodrigues and Cia. Ltda., Caixa Postal 2163, CEP 5000, Recife, Pe., Brazil.

Materials

BRAZIL — Brazilian firm is interested in importing cellulose, newsprint and aluminum from Canada. Contact: Ricardo Rodrigues and Cia. Ltda., Caixa Postal 2163, CEP 5000, Recife, Pt., Brazil.

DENMARK — An industrial firm on the Scandinavian market is looking for a supplementation of its sales program through sales of plastic products for building activities, industrial as well as private: Commercial Counsellor, Canadian Embassy, Prinsesse Maries Allé 2, Copenhagen V, Denmark.

GREECE — An agent, who specializes in automotive parts, is seeking Canadian supplier of lead cured process rubber pipes, used for air compressors. Contact: Mr. Spyros Karageorgis, 35 3rd September St., Athens, Greece.

IVORY COAST — Tubing in rubber, plastic, metal, etc. Contact: Monsieur P. Hernandez, AFCODI, B.P. 2165, Abidjan, Ivory Coast.

Metals

BRAZIL — Brazilian firm is interested in importing silicon steel sheets with non-oriented grain and polycarbonate. Contact: Fae Ferragens E. Aparelhos Eletricos S.A., Caixa Postal 536, 60000 Fortaleza-Ceara, Brazil.

GERMANY — Company with subsidiaries in Austria and Italy, manufacturer of pressed metal products, is looking for co-operation with a Canadian company interested in marketing consumer products or small metal items through the outlets of the German partner. The company is interested in products which could be manufactured at a later date under special licensing arrangement. The German company has manufacturing plants in Germany, Austria and Italy, currently employing 500 people; 250 units of H.S. eccentric presses 2 to 35 tons; modern machine tools; qualified engineers for diversification projects; highly efficient warehouse and stock facilities. Contact: Canadian German Chamber of Industry and Commerce Inc., 2015 Peel Street, Suite 1110, Montreal 110, Quebec.

Foreign Tariffs and Trade Regulations

Costa Rica

La Nacion of January 9 announced a selective excise tax ranging from 10-100 per cent on a wide range of imported goods and on some locally assembled or produced luxury items. On imports the tax will be in addition to all other duties and taxes and will be calculated on the c.i.f. value plus all other duties.

Sample rates on imported products were given as follows: meat products, fish, dried fruits, cheese, chocolate 50 per cent; soup 30 per cent; clothes, knitted fabrics and other textiles 10 per cent; bed linen, table linen and towels, underwear 50 per cent; waxes, oils, creams, powders, toothpaste 50 per cent; soap 30 per cent; china 100 per cent; table ware, kitchen utensils, furniture 50 per cent; lamps, shavers 75 per cent; wigs 100 per cent; pipes, lighters, ornamental shell combs 50 per cent; electric washing machines 50 per cent; dryers 100 per cent; refrigerators 6 to 14 cubic feet 50 per cent, those larger 75 per cent; radio receivers with record player 100 per cent; television sets 100 per cent; automobiles and microbuses exceeding 1,300 c.c. 100 per cent; motorcycles 50 per cent; office equipment 15-30 per cent; sporting goods 75-100 per cent. Plastic products, jewelry, metal articles, electrical appliances, furs and building materials will also be subject to tax but the rate has not yet been announced.

Jamaica

Notice to Importers No. 2926 of January 15, 1975 adds the following commodities to the list of items which will be licensed freely, within reasonable limits; galvanized nails, copper nails, hog fencing and glazed wall tiles.

West Malaysia

(1) Importers in West Malaysia are hereby notified that with effect from December 19, 1974, the importation of the below classified goods into the principal customs area of the States of Malaya and into Penang Island from all countries is subjected to specific licensing and quantitative restriction (quota):-

Heading No.	Description of Goods	Country
29.34.000	2-Chloroethyl Phosphonic Acid	all countries
38.19.900	2-Chloroethyl Phosphonic Acid in the form of preparations or concentrations	all countries

Under customs (Prohibition of Imports) (Temporary protective measure) 1973 prohibits the importation of the stated goods except under specific license.

Licence will be issued subject to the following conditions:-

(i) These chemicals are not to be used except prior approval from Secretary General, Ministry of Primary Industries.

(ii) that this chemical is stored and locked in a safe place until approval for use is given by the Secretary General, Ministry of Primary Industries.

Importers are advised to contact the Ministry of Primary Industries for further details on this matter.

(2) Importers in West Malaysia are hereby notified that with effect from January 9, 1975, the importation of the attached list of products into the Principal Customs Area of Malaya and into Penang Island from all countries is subject to specific licensing of the States.

The Customs (Prohibition of Imports) Temporary Protection measure (amendment) 1975 which has been published in the issue of the Government Gazette of Jan. 9, 1975 supersedes all other orders regarding the prohibition of imports of the above textiles that came into effect on October 26, 1972 and October 16, 1974.

Importers who wish to import goods listed in attachment "A" other than "Suiting" material and "Cotton Yarn" under heading number 51.04 120, 51.04 210, . . .56.06 290 including textiles under heading number 55.09 110, 55.09 310 . . . 60.01 900 are required to forward this Ministry their import performance from March 1973 to February 1974 within one month of the issue of this notice. Proof of imports must be submitted in a statement showing the date of imports, quantity imported and the Customs Import Declaration number (please refer eg. under Attachment "B"). The customs declarations must be submitted together with the statement.

Importers are warned not to place orders or establish letters of credit without first obtaining the import licence.

The Ocean Freight Market

Prepared by the Office of the Transportation Policy Adviser
February 14, 1975

Throughout January, rates in all sections of the ocean freight market continued the decline evident in December.

Rates in the Hampton Roads/Japan coal trade were trimmed one-third from the December 1974 peak of Cdn $12.85 per ton to a January low of $8.41 for similar sized movements. An iron ore fixture from Port Cartier, Quebec, to Britain was concluded at Cdn $3.73 per ton in January, compared to $4.20 in December and $7.57 in February 1974. Coal from British Columbia to the Continent was transported at $10.69 in January compared to $18.87 for a similar shipment in December.

Rates in the time charter market for dry cargo vessels also eased significantly from levels in the preceding quarter. In January, vessels of between 20,000 and 30,000 tons deadweight for up to 12 months' chartering were fixed at rates of between Cdn $5.64 and $6.32 per ton per month compared to $8.60 in December 1974 and between $6.91 and $8.98 in November. A year ago, fixtures ranged between $6.23 and $8.67 per ton.

Tanker rates further eroded during January in a buyer's market. Although the base Worldscale rates were revised January 1, 1975 to reflect higher bunkering costs and port charges, cargo owners largely continued to effect charters utilizing the 1974 rate schedule. Large tankers were fixed at levels regarding as unremunerative and possibly inadequate even to meet ships' operating costs. Tankers of over 200,000 tons in the Persian Gulf — Western options trade were fixed as low as Worldscale 17.6 (1974 basis), halving the rate for similar December fixtures, and far below Worldscale 410 paid in October 1973.

CHARTER RATES FOR REPRESENTATIVE CANADIAN AND WORLD TRADES

Trading	Month	Rate (Cdn. $ per long ton)	Fixture Tonnage
Voyage Charters			
IRON ORE			
St. Lawrence River Ports to Britain;	January 1975	3.73	60,000
	December 1974	4.20	78,000
	November 1974	10.86	30,000
	January 1974	7.14 to 8.92	28,000 to 90,000
COAL			
Hampton Roads, Virginia, to Japan:	January 1975	8.41 to 8.95	50,000 to 55,000
	December 1974	10.38 and 12.85	55,000
	November 1974	14.32 to 19.25	25,000 to 54,000
	January 1974	19.33 to 23.79	35,000 to 55,000
British Columbia to Continent:	January 1975	10.69	27,000
	December 1974	18.87	25,000
	November 1974	15.50 to 16.50	50,000 to 52,000
	October 1974	19.64	25,000
CRUDE PETROLEUM			
Persian Gulf to Western Options: (1)	January 1975	1.73 to 13.97	29,000 to 340,000
	December 1974	3.18 to 8.81	35,000 to 233,000
	November 1974	3.72 to 5.63	85,000 to 285,000
	January 1974	9.33 to 14.74	20,000 to 94,000
Caribbean Sea to U.S. North Atlantic:(2)	January 1975	2.15 to 2.69	32,000 to 50,000
	December 1974	2.23 to 3.79	19,000 to 60,000
	November 1974	2.68 to 3.35	25,000 to 48,000
	January 1974	3.25 to 4.48	19,000 to 50,000
Time Charters			
Dry Cargo Ships of 20,000 to 30,000 tons deadweight for up to 12 months chartering:			
	January 1975	5.64 to 6.32	3 fixtures
	December 1974	8.60	1 fixture
	November 1974	6.91 to 8.98	14 fixtures
	January 1974	6.23 to 8.67	11 fixtures

(1) "Western Options" includes ports in the U.K., Northwestern Europe, Scandinavia and the Atlantic Coast of North America. In view of the substantial change in base rates between Worldscale tariffs of 1974 and 1975, it is no longer appropriate to utilize Worldscale rates in comparing fixtures over those years. Port Hawkesbury, N.S. has been selected among "Western Options" ports for purposes of presenting rate developments in the above table.

(2) Includes Portland, Maine, the terminus of the Montreal/Portland Pipeline. For comparison purposes, Worldscale rates have been converted into dollar terms in the trade Puerto la Cruz, Venezuela to Portland.

International Projects

TUNISIA — SEWERAGE

The World Bank has approved a $28 million loan to help finance a first urban sewerage project in Tunisia. The major purposes of the project are to support the establishment of a national sewerage authority as an effective operating agency, and to improve sewerage facilities in the Greater Tunis area.

Implementing organization; The National Sewerage Authority (ONAS), 8, rue de Sénégal, Tunis, Tunisia.

Procurement: All major contracts for the supply of equipment, pipes, and civil works, will be awarded after international competitive bidding in accordance with the Bank's procurement guidelines. A margin of preference for local equipment manufacturers of 15 per cent or the applicable customs duties, whichever is lower, will be applied in the evaluation of bids. The contract covering the renovation and increase in capacity of the existing treatment plant will be negotiated with the original supplier. Subject to an aggregate maximum of D 250,000 ($590,000), minor contracts for maintenance and supply of equipment costing less than D 25,000 ($59,000) will be awarded on the basis of competitive bidding advertised locally and in accordance with ONAS' bidding procedures, which are satisfactory to the Bank. Tender documents for the supply of equipment and pipes whose value exceeds D 20,000 ($47,000) and for civil works whose value exceeds D 100,000 ($235,000) will be submitted to the Bank for approval before bids are invited. Retroactive financing for ONAS of up to $400,000 is envisaged for the foreign exchange cost of consultant services, for minor civil works contracts and for the purchase of sewer maintenance equipment.

Consultants: The two groups of consultants who prepared the feasibility studies for the project have been retained by ONAS to prepare bidding documents, to supervise construction, and to assist in hiring, training, and personnel administration, as well as in accounting and standard engineering practices. Additional consultant services will be required by ONAS, for the feasibility studies for sewerage projects included in the Fifth Plan; by the Ministry of Equipment, for the construction industry study and training program; and by the Tunis District, for the land use studies.

SENEGAL — EDUCATION

The International Development Association, an affiliate of the World Bank, is providing $15 million for a second education project in Senegal. This project, with a total cost of $19 million will reinforce and expand the scope of the first project, started in 1971. The modern sector requirements will be met through the introduction of more practical and scientific programs in lower secondary education, vocational training and planning and management of the education system. The project also includes an experimental scheme of village education centers (Enseignement Moyen Pratique – EMP), to offer practical training in agricultural and related occupations, and the elements of literacy and arithmetic, to children leaving primary schools and youth and adults who have never attended primary school.

With regard to lower secondary education the project includes the construction and equipment of eleven centres for the teaching of science, technology and domestic science, together with technical assistance for program development and training and upgrading of teachers. In addition, four lower secondary schools will be built and equipped in departmental capitals to replace existing temporary facilities. The introduction of the science/technology centers represents a major qualitative improvement of lower secondary education, and a more appropriate blend of theory and practice. When these centres and schools become fully operational, they will serve about 14,080 children per year.

Vocational training will be assisted by a Hotel/Tourism training and upgrading center for 380 trainees, and by the conversion of facilities, minor construction and equipment of the Dakar Vocational Training School and the National Marine Training School.

Implementing organization: Education Project Unit c/o Director of Public Works, P.O. Box 822, Dakar, Senegal Procurement: Orders for furniture, equipment and teaching materials (about $2.5 million), will be bulked where possible and contracts will be placed following international competitive bidding. A preference of 15 per cent or the prevailing tariff, whichever is lower, will be given to local manufacturers. Civil-works contracts of the 47 buildings required will be awarded on the basis of competitive bidding advertised locally in accordance with local procedures. Foreign suppliers of materials required for the project should be represented locally and small orders of less than $5,000 up to a maximum of $150,000 will be placed following quotations obtained from these suppliers.

Consultants: To be retained.

MALAYSIA — REGIONAL DEVELOPMENT

The Asian Development Bank has approved a loan of $18 million to Malaysia to assist the implementation of the massive 2.5 million acre Pahang Tenggara Regional Development Scheme on the East Coast of Peninsular Malaysia. Pahang Tenggara is in the southern part of Pahang State and at present consists largely of undeveloped jungle land.

Under the Master Plan adopted by the Government for this scheme some 500,000 people — including 250,000 immigrants from other states — will be settled in the area. The Master Plan is designed to settle these people in some 30 new towns, in contrast to the traditional settlement pattern under which people are brought to the scattered smaller villages. The proposed system will have the advantages of providing for a higher quality of public services, inducing a wider range of industry and reducing the cost of infrastructure.

Large scale operations in forestry, agriculture and mining will form the basis of the region's economic growth but by 1990 — when the scheme is due to be completed — it is expected that secondary and tertiary industries will account for 50 per cent of the area's employment opportunities.

Implementing organizations: Pahang Tenggara Development Authority (DARA) and the Public Works Department of the Ministry of Works and Transport of Malaysia (PWD).

Consultants: (1) The consultants required by DARA will consist of the following: (a) investment Finance Specialist, (b) regional and urban planner, (c) transport economist, (d) ecologist/environmental engineer, (e) manpower planner, (f) urban sociologist, (g) senior engineer planner, (h) municipal engineer, (i) roads engineers, (j) hydraulics engineer, (k) power and telecommunications engineer, (l) management/operations analyst, and (m) public finance specialist.

(2) The consultants required by DARA will be selected in accordance with the Bank's Guidelines on 'Uses of Consultants.'

Procurement: (1) Procurement relating to roads and water supply to be financed by the loan proceeds consist of: (a) Civil works for construction of approximately 70 miles of roads and trunk water supply system; (b) Water supply equipment, mainly consists of a treatment plant of about 7 m.g.d. capacity, pumps of about 7 m.g.d. capacity, about 23 miles of pipes, a river intake, electrical switchgear, etc.

(2) Civil works for construction of roads will be divided into two or three packages. Tenders for these will be invited simultaneously from prequalified contractors, who will be able to bid either for individual packages or the entire works.

(3) Civil works contract for construction of the water supply will be awarded to one prequalified contractor only and is not intended to be subdivided.

(4) Contracts for equipment and materials estimated to cost the equivalent of US$100,000 or more will be awarded on the basis of international competitive bidding. Contracts of less than US$100,000 equivalent will be awarded on the basis of bids or quotations obtained from a reasonable number of contractors or suppliers from more than one eligible country.

(5) Procurement will be undertaken in accordance with the Bank's Guidelines for Procurement.

KOREA — REGIONAL DEVELOPMENT

The Asian Development Bank has approved a $19 million loan to the Republic of Korea for the Imjin Area Development Project.

The loan, to be drawn, from the Bank's ordinary capital resources will finance the foreign exchange cost of the project consisting of the construction of pumping irrigation systems, land consolidation, land reclamation works and river dikes, in a gross area of about 20,600 hectares south of the Imjin River, approximately 27 kilometers north of Seoul. The project also includes farm mechanization, pilot-scheme, co-operative farming and provision of processing and marketing facilities, improvement of village water supply, and consultant services. Livestock development and reforestation are also included in the project.

Implementing organizations: (1) For land improvement works and provision of facilities for irrigation, flood control, improvement and mechanization of farming practices — Agricultural Development Corporation, C.P.O. Box 490, Seoul, Korea. Cable Address: AGRIDEVELOPCORP, SEOUL

(2) For additional marketing and storage facilities in the Project area — National Agricultural Cooperative Federation, 75 1-Ka. Choongjong-Ro, Sudaemoon-ku, Seoul, Korea. Cable Address: KONACOF SEOUL

(3) For improvement of village water supply — Ministry of Health and Social Affairs, 77 Sejongno, Chongno-Gu, Seoul, Korea. Cable Address: Ministry of Health and Social Affairs, Seoul.

Procurement: (1) Major civil works contracts will cover (i) the improvement of irrigation facilities (33 km. of main and 235 km. of secondary and tertiary canals); five pumping stations and two regulating reservoirs; land consolidation of paddy fields and upland area (about 5700 hectares); reclamation of slopeland (about 1200 hectares) and river dikes (6km.). Minor civil works contracts will cover (i) farm modernization facilities, and (ii) marketing facilities (grain mill). Equipment and materials contracts will cover (i) 100 deep wells, (ii) marketing and storage facilities including seven collecting and marketing centers, vehicles and facilities for grain processing (weighing, packing and milling), (iii) high-pressure spray guns for upland irrigation (40 sets), (iv) six paddy seeding nurseries, (v) initial equipping of a farmer training center and pilot farm, and (vi) farm machinery.

(2) The Bank's Guidelines for Procurement will be followed for the prequalification and the engagement of civil works contractors for the Project.

(3) Contracts for civil works involving estimated expenditures equivalent to $200,000 or more and supply contracts for materials and equipment estimated to cost the equivalent of $100,000 or more will be awarded on the basis of international competitive bidding. Each civil works contract estimated to cost less than $200,000 equivalent and each supply contract for materials and equipment estimated to cost less than US$100,000 equivalent will be awarded on the basis of tenders or quotations obtained from a reasonable number of selected suppliers which shall be from more than one eligible country.

Consultants: (1) Consultant services will include (i) review of detailed designs and working drawings of all the required civil works; (ii) assistance in the preparation of tender documents for the civil works and equipment and materials contracts and in the procurement arrangements for such contracts; (iii) assistance in the supervision of construction; and (iv) assistance in the initial setting up of a farm modernization center, a pilot farm, cooperative farming facilities and of marketing facilities.

(2) The Consultants are to be selected in accordance with the Bank's Guidelines for Uses of Consultants and will be engaged by the Agricultural Development Corporation.

HONDURAS — POWER PROJECT

The World Bank has approved a $35 million loan to Honduras for the third stage of the Lake Yojoa-Rio Lindo Hydroelectric Power Project. An important feature of the project is the extension of electric energy supply to rural areas and villages where related necessary infrastructure works are planned or have already been completed.

The project will provide electricity service to about 300,000 additional people in Honduras and contribute to fuel cost savings estimated at $2 million by 1978.

Implementing organization: The loan will be made to Empresa Nacional de Energia Electrica (ENEE), Apartado 99, Tegucigalpa, D.C. Honduras.

Procurement: All contracts for Bank-financed civil works, plant and equipment will be procured following international competitive bidding.

Consultants: Will be retained.

BRAZIL — STEEL MILL EXPANSION

The Inter-American Bank has approved a $40 million loan to help one of the major steel mills in Brazil expand production capacity from 2.3 million to 3.5 million tons a year by 1978.

The borrower is the Companhia Siderurgica Paulista (COSIPA) of Sao Paulo which will use the resources of the Bank loan to finance a further expansion of its plant in Cubatao, located on the Atlantic Ocean 13 miles from Santos and 44 files from Sao Paulo, the principal market for its products.

The loan is closely linked to another loan, for $63 million, extended simultaneously to the Companhia Siderurgica Nacional (CSN) for expansion of its Volta Redonda plant, located 90 miles northwest of Rio de Janeiro.

The two projects form part of a national program co-ordinated and supervised by the Conselho Nacional de Nao-Ferrosos e de Siderurgia, the national non-ferrous metals and steel council, to increase Brazil's raw steel capacity from 7.9 million tons to 22.3 million tons per year by 1979.

Implementing organization: Companhia Siderurgica Paulista (COSIPA), 473 Avenida Sao Joao, Sao Paulo.

Procurement: International public bidding on all goods and services imported with resources of the Bank loan. Bidding on items financed by bilateral credit agencies restricted to the countries involved and Brazil. National public bidding on domestic purchases.

ARGENTINA/URUGUAY — POWER PROJECT

The Inter-American Bank has approved a $95 million loan — the largest single loan since it began operations — to help finance the second stage of the hydroelectric power plant being built jointly by Argentina and Uruguay at Salto Grande on the Uruguay River.

Implementing organization: Comision Técnica Mixta de Salto Grande (CTM), Cerrito 264, 4º piso, Buenos Aires, Argentina.

Procurement: International public bidding among member countries of the Bank and eligible non-member countries on goods and services imported with resources of the Bank loan. National public bidding on domestic purchases.

NEXT MONTH IN CANADA COMMERCE

We take a look at the growing prospects for trade between East and West, some tremendous opportunities in Brazil and we publish our latest listing of Trade Commissioners and Commercial Officers

anti-inflation effort should come from planned improvements in the fiscal controls system newly placed under the direction of a professional Minister of Finance whose efforts, if successful, will mean a reduction of the state deficit and correspondingly improved accessibility to capital markets for productive industries.

Finally, the powerful and militant trade unions appear to have become aware of the delicacy of the present situation and there is hope of constructive government-union-industry dialogue on economic problems. If realized this would considerably enhance the prospect of modest progress in solving existing economic problems and contribute to an improvement in Italian economic prospects.

Bilaterally, Italy in the first half of 1974 was Canada's third largest export market within the enlarged EEC, and sixth over-all. In the first eight months, our exports increased by $70.4 million to $252.6 million and for 1974 could exceed $400 million, with the largest increases expected to be in processed agricultural and primary commodities, reflecting mainly higher prices rather than increased volumes.

A country not rich in natural resources, Italy will remain dependent on outside sources for raw materials. The fact that the majority of Canadian exports to Italy constitute primary materials in agriculture, the metals and minerals and forest industries is a source of stability for our trade in difficult times and accordingly prospects are that these exports should continue. Yet it is also possible to see that increasing Italian economic nationalism and concern for control of depletable domestic raw materials will probably mean that the value-added content of resource-based imports into Italy will perforce increase. This should also be to the benefit of Canadian exporters.

But Italy is also a significant importer of fully-manufactured goods and it is in this sector that greater effort must be made. Naturally an exporter must be sensitive to the demands of the market, and it is to be expected that, given Italian structural and balance-of-payments difficulties, an approach other than the classical straight sale might well find a receptive prospect in some sectors. It must be remembered that an Italy dependent on foreign trade will welcome the trading and technological benefits which can accrue from co-production, licensing, contract manufacturing, joint ventures and other forms of co-operative arrangements with countries that have made advances in research and development in particular industry sectors.

Exporters prepared to tailor their approach will probably find interesting prospects in cable TV, oceanographic equipment, transportation systems and components, electronic components, automation and control equipment, navigational systems, pollution control equipment, energy conservation devices and techniques and, as Italian firms are successfully involved in major infrastructures and resource development projects in third countries, competitive Canadian suppliers of equipment and services would be well advised to look for joint programs in Italy.

In all instances Canadian exporters, whatever their interest, are invited to avail themselves of the services of the Department of Industry, Trade and Commerce representatives in Milan and Rome.

For statistics, see special section on page 33.

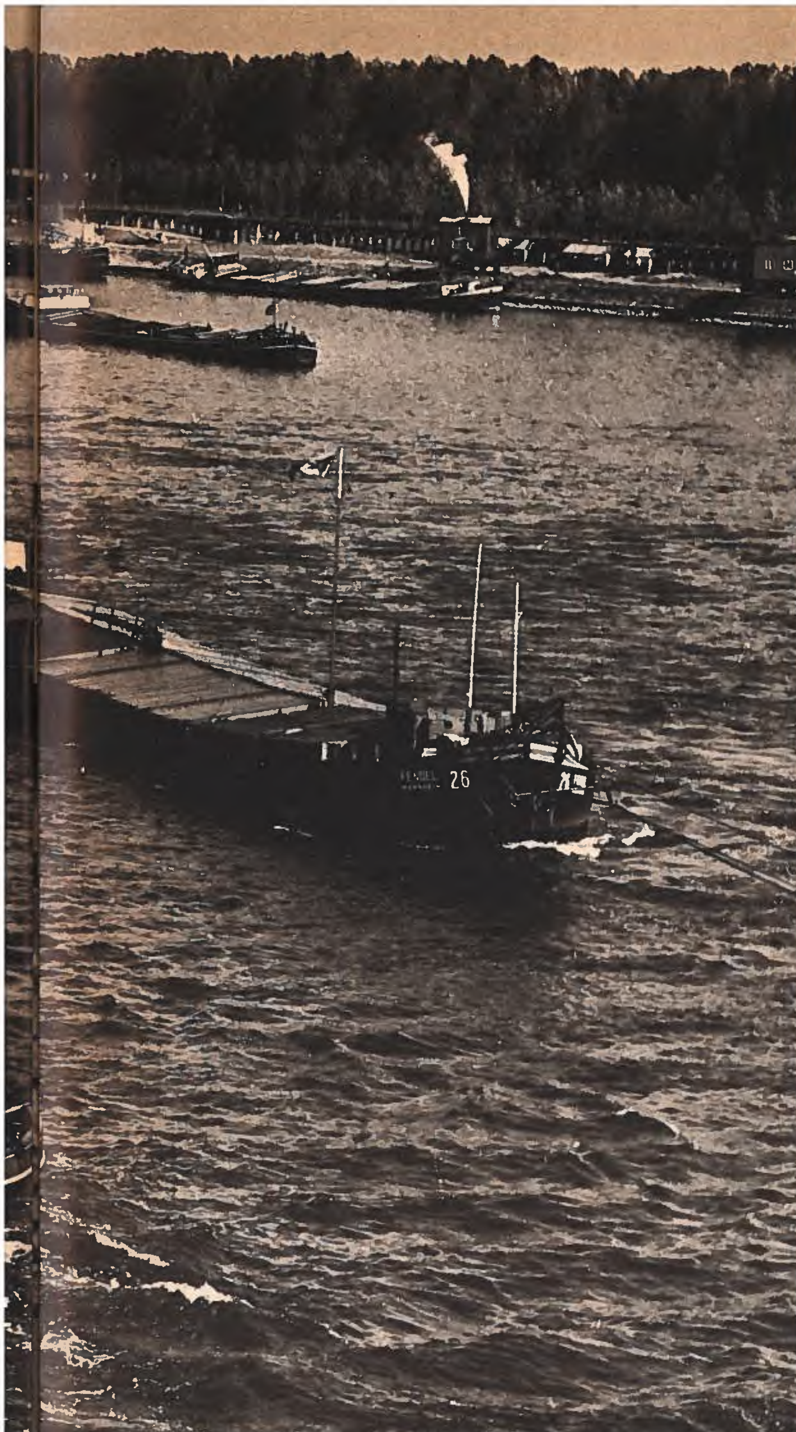
GERMANY at the crossroads

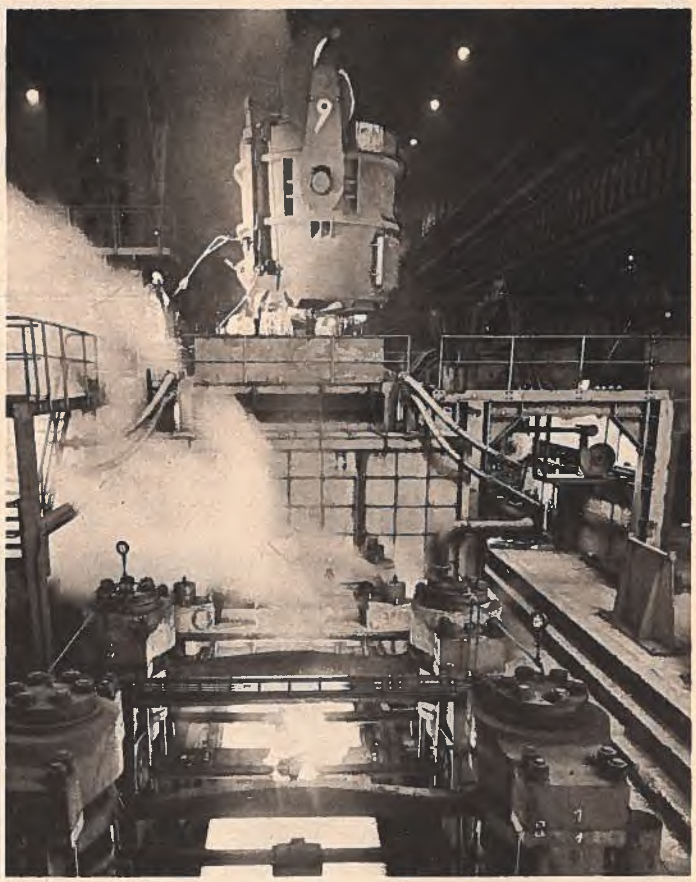
WILLIAM JONES,
Minister Counsellor, Bonn

Statistics, like a lamp post, should be used to shed light, not for support. It is with this in mind that we should view statistics on the economy of West Germany. Those available at the end of 1974 were, on the whole, among the most positive of any in the Western world and showed this country to be in a strong position. But they need to be interpreted.

End-of-year figures for 1974 are expected to show West Germany to be the world's largest trader with a favourable balance for the year of about $20 billion. Economic experts forecast that, if all goes well, the positive trade balance in 1975 will be even greater. Surpluses on foreign trade account over the past years have contributed to an extremely large foreign exchange reserve of approximately $34 billion, as of the end of November.

These indications of international economic health are in large part a reflection of success in holding the rate of inflation to 7 per cent in 1973, with about the same in 1974, and the same again expected for 1975. This success results, in part, from the consistent anti-inflationary fiscal and monetary policies pursued by the government and the central bank over the past few years. Another factor has been the relatively modest annual wage demands made by the labour unions and the ability of management and labour to negotiate contracts with limited disruption of work schedules. This situation has tended to





keep export prices competitive and has served to reassure foreign buyers, particularly of capital goods, that delivery schedules will be met.

Export drop expected — But the external trade and investment factors which have been the strength of West Germany in a time of world-wide economic expansion may prove to be its principal weakness during recession. Exports equal about 38 per cent of the gross national product and a significant portion of them involve machinery and equipment, in other words, capital goods for new investments abroad. However, as new investment in other countries is cut back or delayed, so are Germany's export orders for capital goods. Thus, an increase of only 4.5 per cent in exports of goods and services is forecast for 1975 — a significant decline from the 16 per cent recorded in each of the two previous years.

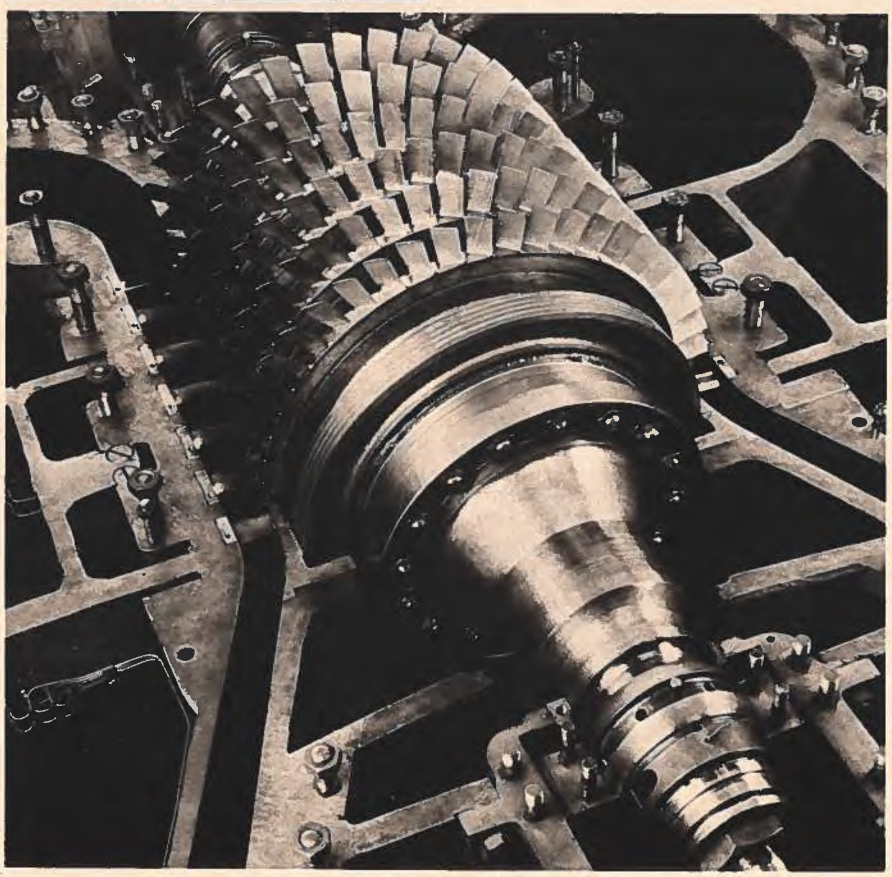
Anticipation of a decline in export orders combined with a noticeable weakening of domestic demand, particularly in the automotive, textile and construction sectors, has reduced over-all market expectations of West German industry and this in turn has caused a decline in domestic investment. These and other factors have caused the real GNP growth rate to decline from 5.3 per cent in 1973 to about 1 per cent in 1974, with an anticipated recovery to about 2.5 per cent in 1975.

Rise in unemployment — Perhaps the most significant result of all of this is increased unemployment — to 800,000 persons or approximately 3.5 per cent of the labour force at the end of November. This is the highest unemployment rate since November 1956. This accelerating unemployment is expected to exceed one million during the next few months, reaching about 5 per cent. In addition, at mid-November 6,600 factories were operating on short time, as were a record 460,000 workers. Another 300,000 workers had been notified that they would go on short time.

The measure of German economic policies and statesmanship is likely to be taken during the next six months or one year. Delicate decisions will need to be made by the government, both on the internal economic scene and international-

ly during this important period. One of the first will involve steps to be taken to balance inflationary risks against the dangers of high unemployment.

Some steps have been taken already. A number of medium- and long-term spending plans exist, including ones related to domestic energy production which are designed to offset the high cost of imported oil. In addition, on December 13, the government announced a "reflationary" package providing a quarter of a billion dollars for job-creation programs; a half billion dollars for investment in energy, transport and construction; and a 7.5 per cent subsidy for new investment which may cost as much as $3 billion in lost tax revenues over the next three years. Any other measures, ones that might be judged by the trade unions to be too inflationary, will probably not be announced until new wage agreements have been reached.



Foreign workers — The industries with real problems are automotive, textile and construction and it is in these that large numbers of foreign workers are employed. Many of these workers come from countries outside the EEC and thus are subject to having their work contracts terminated and being returned to their home countries. As unemployment increases, it is conceivable that there will be pressure to shift the burden of it from German workers to these foreigners. However, sudden moves to that end on a broad scale could be disruptive to the economies of a number of countries, particularly Turkey, Yugoslavia and Greece, which are recipients of large remittances from these workers. Such disruption would, in turn, greatly reduce German and other exports to those countries.

There is relatively little which the government can do to directly stimulate the automotive or textile industries but a program of increased public spending aimed at stimulating the construction industry is under way and it is expected to show results early in 1975. There is also the hope in the construction field that predictions of an economic upturn during the second half or, at the latest, the last quarter of 1975 may stimulate firms to invest in new plant and equipment to meet projected demand.

Whatever the outcome, the government insists that it will take no economic measures to help a particular industry, on the grounds that each must prosper or decline according to its ability, within the framework of a free-enterprise economy. This philosophy has been the cornerstone of West German economic policy for the last three decades and it has served well.

The government deals with a well-structured industrial and commercial community and work force. Germany probably has more industry associations per capita than any other country in the world and their members routinely look to them for advice and guidance. Similarly, most of the organized workers are represented by only 16 large unions. Representatives of these organizations, plus representatives of banking associations and of highly respected economic institutions meet regularly with the

Minister of Economics and senior civil servants of that and other key ministries such as Finance, Labour, Agriculture and the Chancellor's office.

Economic statistics, trends, and internal and international developments that will affect the working of the German economy are discussed in depth. While these one- or two-day meetings may not result in agreement, they tend to create for each participant a framework for understanding the problems and concerns of the other principal actors in the economic scene and to temper subsequent actions.

Canada and West Germany — What does all this mean for Canada? It is an axiom that in today's world all countries are interdependent. Thus we can hope and expect that the Federal Republic of Germany has the stability, resources and statesmanship to provide economic leadership and support to the rest of Western Europe in the multilateral effort to ward off the worst effects of the recession that is threatening.

In this light Canadian exporters should be able to look to West Germany as a continuing and increasingly important market for their products. Although there will be greatly intensified competition this can actually serve to enhance Canadian prospects. The West Germans will be more receptive to products and services that will serve to increase efficiency and reduce costs.

The current interest in automotive parts and accessories from Canada is an example of this attitude. Because the German industry is experiencing difficulties, manufacturers and distributors of parts are more interested in cutting costs and perhaps have more time to look at offers from Canada and elsewhere. Similarly, because consumers are not as ready to buy new automobiles as they were, there is increased demand for repair services. As a result, there is greater interest in the improved garage and workshop equipment we can supply.

In the electronics field, interest continues in innovative as well as standard equipment that can be purchased at lower prices, largely because the potential of electronics applications for reducing costs and maintaining or improving both quality and volume of production is being examined more closely.

The search for new and improved products or ways of improving production is also reflected in the demand for scientific and laboratory equipment and any manufacturer who can offer a product that provides a better or cheaper way of doing the same job or which meets a developing need should find a market here. A typical example is the interest shown in new or improved forest harvesting machinery. Rising labour costs and intensification of competition from wood product substitutes are the principal reasons for this search for reduced costs.

Paradoxically, we expect that the market for sporting and leisure goods will increase — largely because incomes should continue to rise and more leisure time should be available to enjoy the fruits of that increase. Partially for the same reasons, but also because of the continuing increase in costs, sales of food and agricultural specialities should increase over the period. Fish products even of the standard or commonplace varieties show special promise.

Perhaps, in the long run, one of the greatest benefits to Canada of the continuing strength of the West German economy will be investment by German firms in developing new industries in Canada. Interest in this is stimulated in large part by a desire to locate basic industries close to raw material sources but also by a desire to establish and develop, in the stable political and developing economic climate of Canada, alternative centres of activity with easy access to the North American market.

Despite the gloomy news we read these days, West Germany should continue to be a market with great potential for the Canadian with export capability who is also capable of looking beyond the U.S. market.


CAROLINA · ROTTERDAM
SNEEK

THE NETHERLANDS

a strong economy

JAMES D. LEACH,
Commercial Secretary, The Hague

Those surprising Dutch — a familiar phrase to anyone who has been attracted by the advertising of KLM Royal Dutch Airlines. The same adjective has also been used lately to describe the Dutch economy.

The Netherlands has not, of course, managed to evade the international problems of inflation and unemployment and their effects on economic growth, magnified, as in most other countries, by sharply rising fuel prices. Inflation at 9.9 per cent is certainly serious but not severe when compared with a great many other nations. Of greater concern to the government is the problem of unemployment which continues to increase and, at the end of 1974, was reckoned at about 140,000 (seasonally adjusted) or 3.8 per cent of the labour force. Such a figure is high by Netherlands standards. In spite of the difficult problems confronting the country, the effects of the oil crisis, and an only modest rate of economic growth, the economy nevertheless remains one of the strongest in Europe.

One advantage enjoyed by the Netherlands is an ample supply of natural gas, a fuel which satisfies about half the country's energy requirements. The remainder is exported at high prices to other European countries. Increased export earnings from chemicals, steel and food products have also contributed to the Netherlands' strong external position and a favourable balance of trade.

Higher imports — The budget for 1975 is highly expansionary, designed to stimulate employment and the economy through substantially higher spending and reduced taxation. The increase in spending should also cause imports to rise significantly.

Government spending in real terms is expected to rise by 7.5 per cent this year. The target is a 13 per cent increase in the total wage bill per employee, compared with 14.5 per cent in 1974. With tax reductions, the average labourer should enjoy a 2.5 - 3 per cent rise in real disposable income, but net improvement to those in higher income brackets would be more modest. This is consistent with the government's policy of income levelling. Consumer prices should rise by 8.5 per cent this year, about one percent less than the 1974 level. The government also hopes that its proposals will encourage increased business investment and reverse the downward trend in residential construction, although most observers are less optimistic.

Given the current international economic picture, economic prospects in the Netherlands are of course difficult to forecast. All projections, however, assume that other major countries will also adopt expansive economic policies, particularly West Germany, the Netherlands' most important trading partner. The Central Planning Bureau of the Ministry of Economic Affairs is predicting a 3 per cent increase in the gross national product, a reduction in the rate of inflation, and a continuing strong external position. In spite of increased public spending, the employment problem remains a structural one and it is estimated that unemployment will rise by a further 35,000.

Trade with Canada — Trade between Canada and the Netherlands has continued to expand steadily and is now in the area of a half-billion dollars annually. Today the Netherlands ranks as Canada's ninth most important trading partner.

The outlook for Canadian exports to the Netherlands remains favourable. The bulk of them will undoubtedly continue to be industrial raw materials and agricultural products. The Netherlands, however, offers a sophisticated market environment and Canadian exporters should continue to look to this country as a possible market for their manufactured products, particularly now when Dutch labour costs are rising faster than productivity, and exchange rate trends are reducing the prices of imports from Canada.

Potential markets — One sector offering considerable potential here is the market for marine, oceanographic, offshore oil and gas and similar equipment and services. Last November eight Canadian exporters of marine products and services exhibited their capabilities at Europort 74 in Amsterdam, the world's largest maritime exhibition. The response was very favourable indeed and some potential buyers expressed surprise when they discovered that Canadian manufacturers were in fact capable of supplying high-quality technologically advanced equipment at competitive prices with favourable delivery terms.

For a number of years efforts have been made to stimulate Dutch interest in and to promote acceptance of timber frame construction housing projects using Canadian wood and materials. Several Netherlands study groups have toured Canada and their reports have been most encouraging. Last October the Commercial Division of the Embassy participated in the HOUT 74 wood products trade fair in Rotterdam and was host to a seminar on timber frame construction. A number of houses using this concept of construction have already been built in the Netherlands and the prospects for future growth are favourable.

Canadian textiles are continuing to find an interesting and gradually expanding outlet in the Netherlands. A growing number of Canadian manufacturers now have local representatives. Although competition is very strong, a good market is developing for Canadian exporters offering garments of high quality and distinctive styling. A potential market also exists for attractively designed and unusual handicrafts and giftware.

Opportunities in the electronics sector for sales of specialized systems, instrumentation and apparatus continue to be promising. Prospects are particularly good for sonar and avionics equipment, specialized radio communications equipment, visual display equipment, scientific and laboratory apparatus, and micro computers and computer peripheral equipment.

Although the Netherlands is a major producer and exporter of agricultural, fisheries and food products, it is at the same time an important buyer of these items. With the exception of oilseeds and grains, Canada's share of this market has traditionally been relatively small. Manufactured food products must be either cheap or exclusive (e.g. whisky, salmon, lobster) if they are to find a significant market here. Prospects for such products, in addition to pulses, horsemeat, slaughterhouse by-products and honey, remain favourable.

The market for Canadian machinery and equipment in the Netherlands is generally confined to rather specialized types. The best opportunities in this area appear to be for pollution control equipment and packaging and labelling equipment.

A growing number of Canadian exporters are discovering that an important potential market exists in the Netherlands for their products. Perhaps 1975 is the year that you too should contact the Commercial Division of the Canadian Embassy in The Hague for an assessment of the possible opportunities here.

For statistics, see special section starting on next page.

CANADA'S TRADE WITH EEC

PATTERN OF CANADIAN EXPORTS

$ million

	1970	1971	1972	1973	Jan.-Nov. 1974
United States	10,900	12,025	13,926	17,062	19,477
EEC of Nine			2,451.5	3,109.2	3,592
- Britain	1,501	1,395	1,358	1,589	1,704
Japan	813	831	963	1,800	2,088
All countries	**16,819**	**17,820**	**20,064**	**25,208**	**29,250**
			Percentage Distribution		
United States	64.8	67.5	69.4	67.7	66.6
EEC of Nine			12.2	12.6	12.3
- Britain	8.9	7.8	6.8	6.3	5.8
Japan	4.8	4.7	4.8	7.1	7.1
All countries	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
			Percentage Annual Change		
United States	3.3	10.3	15.8	22.5	23.6
EEC of Nine			-0.06	26.8	33.5
- Britain	34.8	-7.0	-2.6	17.0	21.9
Japan	29.9	2.3	15.9	86.9	28.7
All countries	**13.1**	**6.0**	**12.6**	**25.6**	**26.5**

Source: Statistics Canada

CANADIAN EXPORTS TO EEC COUNTRIES IN 1974

$ Million

	1972	1973	Jan.-Nov. 1974
Britain	1,312.7	1,571.9	1,704.3
West Germany	310.8	437.6	466.0
Italy	198.5	291.1	413.7
Belgium-Luxembourg	196.2	281.0	329.4
Netherlands	249.2	279.9	345.2
France	151.3	208.9	285.4
Denmark	18.2	22.9	19.7
Ireland	14.6	15.9	28.5
Total	**2,451.5**	**3,109.2**	**3,592.2**

Source: Statistics Canada (domestic exports)

MAJOR CANADIAN EXPORTS TO EEC IN 1973

$ million

Wood pulp	258.3
Wheat (except seed)	258.1
Copper, refinery shapes	212.9
Paper & paperboard	156.3
Lumber, hardwoods & softwoods	138.4
Iron ore & concentrates	118.4
Nickel in ores, concentrates & matte	112.6
Zinc in ores & concentrates	108.0
Asbestos, unmanufactured	85.5
Flaxseed	79.8
Aluminum pigs, ingots, shot, slabs, billets, blooms & extruded wire bars	71.4
Veneer & plywood	66.9
Barley	56.7
Rapeseed	52.9
Canned salmon	50.6
Tobacco, unmanufactured	49.4
Nickel in oxide	41.0
Aircraft, aircraft engines & parts, aircraft assemblies equipment & parts	39.1
Copper in ores, concentrates & scrap	31.9
Molybdenum in ores, concentrates & scrap	27.5
Total of commodities listed	**2,015.7**
Total exports	3,109.1
Commodities listed as percentage of total exports	64.8

Source: Statistics Canada (domestic exports)

CANADIAN EXPORTS OF END PRODUCTS TO EEC IN 1973

	$ Million	Percentage of Total
Britain	160.3	10.1
France	48.9	23.4
Netherlands	47.8	17.1
West Germany	63.1	14.4
Belgium-Luxembourg	21.4	7.6
Italy	18.3	6.3
Denmark	6.4	28.0
Ireland	4.4	27.5
Total	**370.7**	**11.9**

Source: Statistics Canada

MAJOR PRODUCTS TO EEC IN 1973

$ Million

Ships & boats	66.1	
Aircraft, aircraft engins & parts, aircraft assembly equipment & parts	39.1	
Card punch sorting & tabulating computers & parts	30.4	
Electronics tubes & semi-conductors	27.2	
Motor vehicles & parts & accessories	14.2	
Navigation instruments, apparatus & parts	12.7	
Fur goods, apparel	11.1	
Biological & pharmaceutical products	10.2	
Office machines, equipment & parts	9.0	
Chain saws, parts & accessories	7.3	
Measuring, testing equipment & parts	7.2	
Electric lamps, bulbs, tubes & parts	4.1	
Total	**370.7**	(281.1 in 1972)

Source: Statistics Canada (domestic exports)

THE COMMUNITY STATISTICALLY SPEAKING

BLEU IMPORTS FROM CANADA, 1972-1974

	1972	1973	1974
		$'000	(9 months)
Live animals	983	128	222
Food, feed, beverages and tobacoo:	25,279	30,192	13,135
Meat	1,704	3,777	2,069
Fish & fish products	4,302	9,622	4,381
Food & beverages	637	1.033	405
Wheat	16,113	11,493	3,394
Barley	1,053	1,765	–
Animal feeds	715	1,112	306
Tobacco & manufactures	366	1,200	2,550
Crude materials, inedible:	92,813	140,483	117,081
Oilseeds	4,640	6,112	1,896
Iron ore	1,356	2,466	4,264
Copper concentrates, scrap	843	5,337	6,031
Brass & bronze scrap	86	1,123	2,832
Lead ores, concentrates, scrap	,434	3,419	1,672
Nickel oxide	10,579	18,777	17,863
Silver ores & concentrates	679	3,769	1,456
Zinc ores & concentrates	32,064	61,462	47,768
Molybdenum ores, concentrates & scrap	27,189	16,947	15,743
Metal bearing ores & concent. n.e.s.	538	1,833	2,540
Asbestos	7,305	10,324	7,611
Sulphur	567	3,832	2,918
Non-metallic minerals, crude n.e.s.	3,257	3,609	2,933
Fabricated materials, inedible:	64,659	88,790	106,335
Lumber	5,255	11,334	13,569
Plywood	410	1,064	516
Wood pulp	24,830	26,667	42,748
Paper	1,963	2,148	2,823
Liner board	1,664	1,711	4,634
Yarns & fabrics	1,670	3,540	3,777
Alcohol & derivatives	1,727	2,389	1,532
Potassium chloride, muriate	4,741	8,096	1,298
Fuel oil	–	–	5,488
Iron & steel, basic products	1,483	5,539	4,807
Aluminum pigs, ingots	3,166	5,994	2,630
Copper, refinery shapes	7,449	10,261	9,524
Silver	1,673	3,850	1,067
End products, inedible:	12,514	21,376	16,053
Chain saws & parts	2,654	3,383	3,160
Industry machinery & parts	605	1,353	1,291
Motor vehicles & parts	821	1,388	284
Aircraft engines, assemblies & parts	582	1,548	548
Electronic equipment & parts	904	2,683	2,542
Medical products	4,062	5,519	1,566
Total, including others	**196,248**	**280,971**	**252,830**

Source: Statistics Canada

BLEU IMPORTS, 1972-1974

	1972	1973 BF Millions	1974 (7 months)
Live animals	20,839	25,792	21,428
Vegetable products	37,577	46,575	13,421
Oils, fats	4,806	5,924	3,803
Food, beverages, tobacco	30,511	37,868	19,589
Mineral products	85,805	101,498	21,298
Chemical products	44,065	52,984	68,381
Plastics, rubber	23,338	29,184	31,237
Hides, skins	5,487	6,610	3,602
Wood, cork, wicker-work	9,071	13,540	4,965
Paper & paper products	22,032	26,798	17,047
Textiles	63,805	79,761	66,207
Shoes, hats	5,504	6,216	1,326
Stone, glass, ceramic products	9,701	12,127	14,072
Real pearls, precious metals	30,468	44,038	28,780
Metals; metal products	74,305	103,182	175,271
Machines; appliances	100,641	120,804	61,167
Transport equipment	89,553	107,052	60,042
Optical, musical, measuring instruments	13,668	15,605	6,329
Arms, munitions	221	299	855
Furniture; brushware; toys	9,068	11,712	10,581
Artistic, collectors' items	351	699	276
Miscellaneous	955	2,846	12,848
Total	**681,773**	**851,113**	**642,527**

Source: National Statistical Institute, Belgium.

MAJOR CANADIAN EXPORTS TO BRITAIN

	1963	1973 ($'000)	% variation
Nickel	90,981	168,503	84.6
Copper & brass	64,515	156,279	143.8
Lumber & wood products	57,812	154,888	167.2
Wheat	160,798	137,639	– 16.7
Newsprint	60,213	76,604	28.3
Pulp	31,620	61,506	90.6
Other paper	26,218	54,344	107.7
Fish & fish products	15,659	53,213	231.3
Iron ore	26,271	51,458	96.2
Lead & zinc	25,573	49,046	96.0
Tobacco	23,999	46,780	95.8
Oilseeds & meal	41,992	36,392	– 16.7
Aluminum	82,739	34,691	– 137.1
Fruit & vegetables (inc. juice & fillings)	18,028	32,927	83.3
Radio, TV & electronic parts	1,123	25,532	2173.6
Asbestos	9,891	21,938	120.0
Textiles & clothing	10,686	19,672	81.8
Office equipment	1,021	19,500	1809.9
Iron, steel & alloys	17,941	19,415	5.6
Vessels, marine engines & parts	609	15,767	2489.0
Industrial machinery & equipment	5,193	15,379	276.9
Synthetic rubber	14,641	13,472	– 15.4
Aircraft & engines	931	13,144	1311.8
Electrical equipment	6,381	12,703	116.6
Other cereals, bi-products & feeds	2,781	10,943	289.3
Oils & fats	8,909	10,698	22.2
Hides, skins & furs	9,302	10,692	15.0
Meat	2,601	9,243	253.8
Barley	10,362	5,776	– 79.4

Seeds	2,678	3,658	37.0
Vehicles & parts	2,336	2,948	26.1
Non-metallic minerals	563	2,896	414.4
Dairy products	10,134	2,028	- 399.7
Honey	822	1,533	86.5
Wheat flour	22,327	1,233	- 1710.8
Sausage casings	1,657	1,080	- 53.4
Total, including others	**1,006,838**	**1,571,879**	**56.1**

DENMARK'S IMPORTS FROM CANADA,
January-September 1974

	Million Kroner
Fish & fish products	16.4
Grain & grain products	26.0
Feed stuffs	2.3
Hides & skins	3.8
Paper pulp & paper waste	2.8
Raw minerals & fertilizers	16.6
Animal, vegetable raw materials	26.7
Coal	28.5
Raw mineral oil	9.9
Chemical raw materials & compounds	3.6
Plastic raw materials	2.3
Textile yarns, piece goods & products incl. clothing	9.3
Non-electrical machinery	19.8
Electrical machinery & apparatus	5.5

ITALIAN IMPORTS BY COMMODITY GROUPS

	1973	1974 (first 7 months)
	Billions of Lira	
Agriculture (Primary)		
Cereals & products	576	554
Fruits & vegetables	155	85
Oil seeds	217	49
Livestock & products	778	409
Fish & products	93	63
Other	428	497
Total	2,247	1,657
Raw materials and primary products		
Metalliferrous minerals & scrap	461	576
Crude oil	1,983	3,420
Non-metalliferrous metals	275	280
Forest products	233	212
Total	2,952	4,488
Manufactures		
Fresh & frozen meats	740	443
Other edible foods	727	621
Raw Hides	188	114
Other products not for human consumption	190	140
Beverages	92	56
Tobacco products	55	38
Total	1,992	1,412
Clothing & apparel	808	650
Leather products	138	106
Total	946	756

Wood & paper products	684	647
Metal products	1,413	1,524
Machinery & equipment	1,654	1,296
Precision equipment	510	375
Transportation equipment	1,072	697
Other	292	241
Total	3,528	2,609
Building products	204	169
Pharmaceuticals	195	149
Paints & varnishes	115	99
Plastics & resins	260	265
Oil and coal distillates	156	200
Textile fibres	116	92
Other	863	817
Total (chemicals)	1,705	1,622
Total (manufactures)	11,704	9,202
Total (imports)	16,224	15,347

Source: ISTAT, Rome

ITALIAN IMPORTS BY COUNTRIES OF ORIGIN

	1972	**1973**
	billions of lira	
West Germany	2,286	3,288
France	1,772	2,432
United States	931	1,343
Netherlands	547	796
Belgium-Luxembourg	450	655
Britain	395	557
Libya	282	466
Switzerland	243	369
Austria	205	331
Argentina	161	301
Yugoslavia	221	290
Canada	142	214
Total	**11,265**	**16,224**

MAJOR CANADIAN EXPORTS TO ITALY

	1973	**1974** (6 months)
Total exports of which:	**$'000**	
Durum wheat	28,028	58,386
Non-durum wheat	22,105	32,844
Woodpulp	49,610	30,043
Barley	40,469	17,343
Iron ore	23,583	10,974
Copper	10,120	5,856
Pig iron	2,511	4,469
Zinc	6,590	3,754
Cardpunch sort tab computers	3,517	3,509
Aluminum	9,645	3,115
Asbestos	5,372	3,059
Lumber	4,021	2,752
Nav. instruments	1,789	1,863
Total, including others	**291,078**	**206,370**

WHAT THE NETHERLANDS BOUGHT IN 1973

(excluding trade with Belgium and Luxembourg)

	(Fls million)
Live animals, animal products	1,407
Vegetable products	5,137
Animal & vegetable fats & oils	712
Prepared foodstuffs, beverages, tobacco	3,112
Mineral products, mineral fuels	9,464
Chemical products	3,489
Artificial resins, plastic materials & rubber	1,878
Hides, skins, leather, furs	474
Wood products	1,529
Paper products	1,702
Textiles, clothing	4,031
Footwear	357
Articles of stone, cement, asbestos, ceramics, glass products	708
Pearls, precious stones & metals, jewellery	366
Base metals	4,712
Machinery, electrical equipment	8,076
Transport equipment	4,435
Scientific & measuring equipment & instruments	1,795
Miscellaneous manufactured goods	1,062
Total, including others	**54,920**

Source: Netherlands Bureau of Statistics

MAJOR CANADIAN EXPORTS TO THE NETHERLANDS

	1971	1972	1973	Jan.-Sept. 1973	Jan.-Sept. 1974
			$ millions		
Oilseeds	51.4	41.4	41.6	31.3	26.4
Wheat	41.3	27.6	39.7	18.6	58.7
Iron ores	17.8	18.4	20.6	15.6	19.9
Woodpulp	20.9	21.0	19.4	15.3	30.6
Zinc	7.0	7.5	10.8	5.5	8.7
Aluminum	1.2	2.0	10.4	4.8	14.8
Iron & steel	6.1	5.3	10.1	6.5	7.6
Feeds of vegetable origin	1.4	2.5	7.0	5.2	1.0
Asbestos	4.4	4.4	6.7	4.8	5.2
Plywood	3.0	5.0	6.4	4.8	4.5
Lumber	3.5	3.0	5.3	3.7	5.8
Total, including others	**234.0**	**251.6**	**279.9**	**169.9**	**269.8**

Source: Statistics Canada (Domestic Exports)

CANADA AS PRIMARY SOURCE FOR COMMUNITY FORESTRY PRODUCTS

R.B. GOURLAY,
Counsellor, Canadian Mission to the European Communities

The nine member countries of the European Communities are facing a wood fibre shortage that will affect all sectors of the forest products industry by 1980. Various estimates of this shortage have been put forward, but all indications point towards a shortfall of approximately 80,000 cubic metres. Within this industry sector, the supply of woodpulp appears to be causing the most concern to officials of the Commission of the European Communities dealing with this subject. That is not to say that other wood products are being overlooked, but the pressure from the European pulp-using industries, occasioned in part by limitations on supply of pulp from Scandinavian sources combined with anticipated long-term growth in demand, has caused the Commission to emphasize the search for a long-term stable supply of pulp for the paper industry.

The accession of Britain to the European Common Market focussed greater attention on forest products, particularly on coniferous plywood, and a duty-free quota for this product was established as one result of the negotiations of the treaty of accession. Duty-free quotas for newsprint and pulp were already in effect but were enlarged following British entry.

In light of the foregoing, Canada has been receiving more attention, on an official level, as a source of all types of wood fibre.

Shortages foreseen — Early in 1974, the Commission of the European Communities issued a document on the European paper industry. The document, which had been in the works for some time, draws some conclusions about the future. One major conclusion reached was that the forest resources of Europe are not sufficient to meet the foreseen demand for wood fibre in the EEC and external sources must be developed. Several areas of the world were examined as potential suppliers of the Communities' "raw material" and Canada, it was felt, could be the primary source. Several reasons were cited, among which were the extent of the forest resource, the stable political and business climate and the past performance by Canadian industry in the European market.

During the meeting in June 1973 in the series of Canada-EEC consultations on an official level which are held approximately twice a year, officials of the Commission had suggested that a group of their officials and industry representatives visit Canada to discuss the capabilities of Canadian forest-based industries and future trade in these products. This suggestion was accepted formally at the Canada-EEC consultations held on June 11-12, 1974.

Two-week visit — The mission, composed of four officials of the Commission of the European Communities and 11 representatives of European forest-based companies and accompanied by Canadian Federal Government officials, toured Canada for two weeks meeting with provincial authorities, industry groups and companies. The itinerary included Ottawa, Vancouver, Prince George, Quebec City and Montreal.

For the EEC, the mission was an attempt to observe Canadian forest resources and the industries based on them, and to obtain an accurate reading on behalf of the European forest-based industry of the Canadian policy framework within which future industrial co-operation might develop. Community representatives were particularly interested in examining the implications of the Foreign Investment Review Act and Canadian policy towards investment in this country, and upgrading resource materials prior to export. The Commission regarded this mission as a test case and they hoped to be able to present the results of this mission as a successful example of Canada-EEC co-operation which could also have a bearing on co-operation in certain other industrial sectors.

Canadian concerns — The Canadian goal in this mission was to foster an understanding of our industrial and trade development objectives by Commission officials and European industrialists which would be favourable to achieving these objectives. Achievement of this goal was sought in several ways:

- Informing mission members of Canada's present and anticipated forest resource base, industrial structures, supply and demand for wood fibre and related products.
- Identifying and examining opportunities for, constraints to, and means of achieving our industrial and trade objectives, of which upgrading of resource materials prior to export forms an important part, through improved market access, investment by either side, private contractual arrangements within the framework of relevant Canadian and European industrial and trade policies and related legislation.
- Arranging direct discussions between Canadian and European businessmen.
- Arranging for meetings with provincial authorities.
- Exploring possible areas of further dialogue in the forest products sector, e.g., exchange of statistics, supply and demand forecasts, information regarding technological changes, and trade and investment opportunities and intentions.

As a first step in developing enhanced industrial co-operation between Canada and Europe, the forest industries mission was a success. Since the mission, separate meetings have been held in Ottawa and in Brussels to agree on the conclusions and to draw up realistic recommendations for future action. The recommendations are expected to lead to a framework within which further steps by governments and the private sector will result, leading to increased contact and co-operation.

THE COMMUNITY AND THE DEVELOPING WORLD

Prepared by the Canadian Mission to the European Communities, Brussels.

The initiatives taken by the EEC in planning and organizing its relationships with the developing or semi-industrialized countries on a contractual basis are so many and varied that even the jargon invented to describe them leaves more than one supporter nonplussed. But there is more than linguistic novelty for the exclusive use of government officials in terms such as the ACP, Euro-Arab dialogue, the EAMA, the non-associated PVD, the Mediterranean zone, the EDF and the BEI (1). There is no dearth of matters for reflection concerning the effects and consequences arising out of the mesh of contractual bonds now being formed. Some observers also see in it the mark of an innovating mind in the area of trade relations and co-operation. Most of these negotiations are within the scope of what could be called the "overall conceptions" of the common interest felt by the Nine in the relationships they have or would like to have with a country or group of specific countries.

The Treaty of Rome — founding treaty of the EEC — did not provide for the Community to participate in the field of aid and co-operation. But as time passed, the Six, soon followed by the Nine, worked together increasingly to reconcile their natural policies in the fields of co-operation and aid. Is there any need to add that a minimum of reconciliation was necessary in view of the common external tariff and the common market organization policies already established in the Community. It was through the Yaoundé Convention (in French Africa) that the EDF, which has since become a very important tool in Community-level co-operation, was established in the early Sixties. Since the 1972 Paris summit talks, the EEC has extended its field of action in taking initiatives on aid and co-operation beyond the Yaoundé associated nations. As for the negotiations, they are being conducted by European Commission officials from a mandate conferred by the Community Ministers of Foreign Affairs.

The relations between the EEC and the developing countries can be placed on three levels, two of them (the ACP and the Mediterranean zone) referring to zones or groups of countries whose interest in developing particularly close relationships with the EEC is shared by the Nine for geographical or historical reasons. What in this text is called the third level comprises the remainder of the developing countries with which the EEC intends to sign trade agreements, but agreements smaller in scope than those planned for the first two levels.

The ACP nations — These are a group of 44 African, Caribbean and Pacific nations which have signed a comprehensive agreement with the EEC that will define the nature of the relationships concerning trade, industry, aid and co-operation between the two parties for at least the next five years (the duration of the renewable basic contract). These ACP nations are, for the most part, former French of English colonies to which the Community has offered associate member status. The French-speaking countries of Africa and some English-speaking countries of East Africa had already gained that status (in the context of the Yaoundé and Arusha agreements) before the present general ACP negotiations were initiated. This time, it was a matter of revising the Yaoundé agreement and giving the developing Commonwealth countries an opportunity to gain the same associate status following Britain's entry into the Common Market. Those countries, like Canada, were losing the preferential tariff concessions to which they were entitled in Britain once Britain joined the Community. What, then, is this associate status worth to those nations and the countries in the Community? On the whole, their interests can be grouped in four areas.

(1) ACP - *African, Caribbean and Pacific nations.*
EAMA - *Associated African and Malagasy states.*
PVD - *Developing countries.*
EDF - European Development Fund
BEI - *European Investment Bank.*

A preferential trade agreement is granted to the ACP nations by the Community. All products originating in the associate states, except for agricultural products which come under the aegis of the EEC's common agricultural policy, are allowed to be imported into the Community duty-free. In the case of the agricultural products not covered, the Community promises to make a more favourable arrangement than that provided for non-associate nations under the General Preferential System. In return, following insistence on the part of the ACP nations and pressure from the third countries, the Community did not demand a preferential access arrangement for its exports to the associate countries. But these countries have promised to extend it most favoured nation treatment (inasmuch as no preference may be granted to another industrialized nation such as Canada unless the Community also profits from it).

The EEC has promised financial and technical aid and co-operation, and its outlay for the next five years will be $3 billion.

The EEC has suggested to the ACP countries that it will finance a mechanism for stabilizing their export incomes — an original idea on the part of the Community. This mechanism will operate as follows. If the price for a chosen product —let's say peanuts — drops on international markets and Senegal is hard hit, a stabilizing mechanism, something like an income insurance, will be set in motion permitting compensatory financial transfers to that country from an ad hoc fund instituted by the EEC.

New forms of industrial co-operation are also planned whereby the Community will strive to encourage the growth of industrial activities in the associated nations.

The Mediterranean zone — The second level — the Mediterranean countries — is comparable to the ACP because it representa a group of countries with which the Community is anxious to have preferential trade relations owing to the historical, cultural and geographic ties that bind Europe to the Mediterranean. As in the case of the ACP nations, the EEC presented a blanket definition of the aims of the relations it wishes to maintain with those countries in what is called "the overall Mediterranean approach."

Before that approach was defined in late 1972, a dozen Mediterranean countries had already signed agreements with the EEC, but in several instances those agreements had to be re-negotiated because of the extension of the Community. The overall approach thus defined made it possible for European government officials responsible for preparing the negotiations to draw up certain working hypotheses that would subsequently be valid in all negotiations (or re-negotiations).

These basic hypotheses consist of: defining which countries are entitled to preferential treatment (all developing countries); a proposal to the effect that the minimum purpose of signing agreements was that they create at least one free trade area (that is to say, complete elimination of customs duties) in the industrial sector as a whole; and a definition for inclusion in contract form of the wishes of both parties with respect to technical, financial and industrial co-operation.

The case of the Mediterranean is quite distinct from that of the ACP nations in that no blanket agreement will be signed. Rather, the Community is to sign individual agreements with each of the countries but will do so within the context of the overall approach defined earlier.

Other developing areas — With these countries, the EEC is not calling for relations any closer than the signing of non-preferential trade agreements to which are now added aspects of industrial and technological co-operation. The agreement signed with India about a year ago is of particular interest because it sets a precedent in the field of co-operation between the EEC and this group of countries.

Canadian interest — The Canadian Government is following with interest the progress in the relations evolving between the EEC and the developing or semi-industrialized countries — among other reasons, to keep an eye on Canadian commercial interest. Should it prove necessary, Canada could make representations to the Community authorities, the governments of the developing countries or the organizations of the General Agreement on Tariffs and Trade.

Lastly, it should be kept in mind that despite changes in trading arrangements which may in some cases be detrimental to interests of the third countries such as Canada, the agreements we have mentioned contain elements for co-operation which, through their contribution to the economic development and stability of the developing countries, should in the long run be beneficial to international economic balance. Moreover, several of these agreements will back up Canadian endeavours and the joint efforts of the United Nations members aimed at helping the world's poorest and most deprived nations.

CONTRACTUAL ARRANGEMENTS BETWEEN THE EEC AND THE DEVELOPING COUNTRIES

ACP LEVEL (44 countries)

Associate states through the Yaoundé Convention

Burundi, The Cameroons, Central African Republic, Chad, the Cóngo, Dahomey, Gabon, Ivory Coast, Madagascar, Mali, Mauritania, Niger, Rwanda, Senegal, Somalia, Togo, Upper Volta and Zaïre.

African Commonwealth states

Botswana, Gambia, Kenya, Lesoto, Malawi, Mauritius, Nigeria, Sierra Leone, Swaziland, Tanzania, Uganda, Ghana and Zambia.

Caribbean Commonwealth states

The Bahamas, Barbados, Grenada, Guana, Jamaica, Trinidad and Tobago.

Pacific Commonwealth states

Fiji, Tonga and Western Samoa.

Other states

Ethiopia, Guinea, Liberia and Sudan.

MEDITERRANEAN LEVEL

Agreements already signed

Membership: Greece and Turkey
Association: Tunisia and Morocco
Customs union: Malta and Cyprus
Free trade area: Spain, Portugal, Israel, Lebanon and Egypt
Non-preferential: Yugoslavia.

Agreements not signed

Syria, Jordan, Libya and Algeria.

REMAINDER OF DEVELOPING WORLD

Non-preferential agreements signed

Brazil, Argentina, Uruguay and India.

Non-preferential agreements under negotiation

Mexico, Iran, Pakistan, Bangladesh and Sri Lanka.

EEC SPONSORS MARKETING COURSE FOR ASIANS

Considering that, for developing countries, the European Common Market holds huge trade potential and that its penetration gives such countries enormous scope to develop their own resources as equal trading partners, the EEC Council of Ministers, in May 1974, resolved to finance activities which promote the exports of non-associated third world countries, as a form of development assistance.

In line with this resolution, the EEC Commission's Trade Promotion Division in the general directorate concerned with development and co-operation matters arranged an "extended finishing course" in marketing, available to policy makers in business and government trade promotion from nine developing countries in Asia: Bangladesh, India, Indonesia, Malaysia, Pakistan, the Philippines, Singapore, Sri Lanka and Thailand. The objective of the seminar program is to allow the participants to orient their marketing efforts towards the EEC and gain their appropriate marketing share of Community imports, which in 1973 totalled more than $150 billion.

The first seminar took place from November 10 to November 30, 1974 aboard a Holland River Line cruiser, and 45 company directors and government promotion agency officers from the nine Asiatic countries participated. The program conception and organization of the seminar had been entrusted to the Netherlands' Centre for the Promotion of Imports from Developing Countries (CBI). Participants visited the cities of Brussels, Antwerp, Rotterdam, Utrecht, Amsterdam, Düsseldorf, Köln, Bonn, Frankfurt and Strasbourg where they met traders, and also visited on the way three major trade fairs (GAST '74, Interstoff and the European Exhibition).

The seminar program is an imaginative and exciting one, designed to give maximum exposure to European marketing methods. It is intended to cover three areas: (1) recognizing the market; (2) identifying the product range; and (3) shaping a marketing policy.

Speakers from the Community and representatives of large banks and industrial firms, including multinationals, were invited to give their views on the EEC as an integrated market for suppliers from the world abroad. Various industrial areas were selected as main topics to form the second segment of the program on identifying the product. For example, in agro-industry, the fields of coffee, tea, cocoa and spices were covered and, where needed, discussions were extended and oriented to the participants' special interests. Participants were assisted in developing their own marketing policies according to the needs of the market.

By creating the opportunity to present a series of topic conferences interspersed with visits to trade fairs, and with meetings with leaders of the business communities (member companies of the Chambers of Commerce in the 10 cities visited were invited to meet the participants during the so-called "meet the trade" days), organizers of this seminar feel that a continuous interplay was allowed between those representing the world of suppliers and the Community's policy makers. The seminar program, it is believed, could become a rapid means of transferring information but also an excellent way to maintain mutual understanding and to develop trade relations.

A SUCCESSFUL INITIATIVE

The aim of the Business Co-operation Centre, which became operative in May 1973, is to assist in establishing links to promote co-operation, in the broad sense, between businesses of different nationalities within the Community, with a view to increasing firms' competitiveness and helping them to adapt to the scope and demands of the Common Market. The main services offered are: (a) to supply firms with information about national or Community provisions of a legal, fiscal, financial or administrative nature relating to co-operation and links between firms in the various member countries (the centre therefore informs firms about the possibilities, the facilities and the obstacles in the way of the co-operation they wish to achieve); and (b) to put firms in touch with others who wish to co-operate or establish a working relation.

The services of the centre, which are free of charge, are open to all business firms in the member countries of the Community, regardless of size (although it is concerned mainly with the needs of small and medium-sized firms), the legal form they have taken, financial structure or area of activity. As far as the participating businesses are concerned, one effect of such co-operation may be the pooling of one or more activities, e.g. research and development, supply, production, sales and marketing, management, etc. Co-operation may also take the form of financial links or, alternatively, the setting up of joint subsidiaries or parent companies (establishment of a legal personality competent to carry out the pooled functions), as well as tie-ups and mergers.

But the centre does not concern itself with purely commercial dealings or with transactions that do not produce lasting, two-way links between firms.

Links may be forged between firms in the same sector or in different sectors (e.g. between production and service firms). They may be bilateral or they may involve more than two businesses. Furthermore, despite the fact that only firms in the Community countries may use the centre's services, the purpose for which co-operation is undertaken may lie outside the Community (joint exports to non-Community countries, setting-up of a joint production subsidiary in a non-Community country, for instance).

The centre works closely with all the public, professional and, when possible, private organizations which deal with co-operation between firms. Moreover, the members of the Centre are bound by the obligation of professional secrecy towards both the Commission of the European Community and other parties.

In the centre's first 18 months it received 1,500 requests for information, chiefly from firms in the secondary sector (metal working, engineering, mechanical, chemical industries, etc.), although a good number of inquiries were also received from the service industries and, to a lesser extent, the primary sector. In addition, well over 100 requests came from non-member countries. There has also been considerable interest in finding associates, with 580 inquiries received during the first six months.

But the centre is short of staff and is unable to process information as thoroughly as it would like or to answer queries as quickly as it would like. At present, a geographic imbalance exists in its activities; interest in cross-frontier operations has up to now been much stronger in Germany, Britain and the Netherlands than in other member states.

If you would like more information on this Business Co-operation Centre, write to the First Secretary, Mission of Canada to the European Communities, 6 rue de Loxum, 1000 Brussels, Belgium.

VELAN ENGINEERING

CANADA'S BIGGEST VALVE MAKER

A.K. Velan was not a particularly happy man as he submitted himself to an interview with the assistant editor of *Canada Commerce*, David Magee. Mr. Velan's Montreal-based company was attempting to cope with that best and worst of business situations — a backlog of orders — and this was being complicated considerably by an illegal strike by one of the Quebec labour organizations. Not surprisingly, Mr. Velan's thoughts tended to dwell on such questions as inflation and productivity.

"Look," he said, "for the 10 years prior to the very high rate of inflation which began about two years ago, inflation totalled 15 per cent while wages increased 69 per cent. Obviously, we've had to find ways to make our company more productive and now, of course, it's even worse because Canadian wages are outstripping those in the United States. Our company is just going to have to use more ingenuity to keep costs down."

For the moment, not a happy man. But not pessimistic either. It is difficult to remain pessimistic when your books show orders worth millions of dollars. One contract alone called for his company, Velan Engineering Ltd., to produce $13,000,000 worth of valves for Machinoimport, a Soviet purchasing agency.

I understand that your company has been operating for more than 20 years.

Yes, I started the company in 1950, right after I arrived from Czechoslovakia. We started on a very small scale building steam traps, and shortly after that the U.S. Navy became interested in our designs.

We weren't even manufacturing at the time. We had to sub-contract the work because we had no funds to set up our own production facilities. But the business with the U.S. Navy skyrocketed and other buyers came along and by 1952 we were able to start our own production. By 1956 we had opened the plant we are in now, with the assistance of $400,000 from the Industrial Development Bank. This plant has been extended three times and, in fact, we are faced with continuous expansion.

But it's been a continuous struggle. One of the first obstacles we had to overcome was the Buy-American Act. When we started selling to the U.S. Navy, this legislation was very stiff, calling for 75 per cent U.S. content in imported products. However, the law covered only materials, not labour. We bought materials in the United States and manufactured in Canada. Over the years the legislation has been modified and it's much easier now. We were selling to the U.S. Navy long before the Canada-U.S. Defence Sharing Agreement and we continue to do a lot of business with the Navy — about 20 per cent of our total sales.

Do you receive any government assistance?

The first time we received government assistance was in 1963, 13 years after we started in business, when we got a grant to modernize our equipment. Obviously, because we started without any capital to speak of, we had to improvise in everything we did and we still have to improvise.

We are not a multinational corporation and obtaining capital is always a problem. In fact, I think this is going to be a continuing problem for Canadian secondary industry in general. Companies in this sector have little capital for expansion in comparison with the resources available to the big multinationals.

You know, people are talking about a world financial crisis but our prospects for sales are phenomenal. We should double our production because we could sell it easily but money for expansion is hard to come by. As I said, we received financial assistance in 1963 and there was more in 1969-70. We have another application in right now, but all of this assistance falls under the Defence Sharing program, which accounts for only 20 per cent of our business.

We need to find other sources of capital to take advantage of the huge world market for high-technology valves. The U.S. market alone is worth $1.2 billion, the West German $1 billion, the Japanese market the same, and so on.

When you talk about improvising, what do you mean?

I mean we've had to use second-hand machinery and equipment because of lack of capital. We've had to use much more ingenuity in developing our technology and we've had to find ways of cutting production costs in order to pay the steadily increasing salaries of our employees.

One fifth of your business has been obtained through the Defence Sharing program. What are your other markets?

We have always exported and one of the reasons has been that it seems to be true in industry as well as in the arts that you have to prove yourself abroad before you can sell yourself in Canada. This is something that seems to be unique to Canada. So, we have always tried to sell abroad and, when we were starting out, we didn't have nearly as much success in Canada as we did in the United States and other countries.

Naturally, our business has always depended on market conditions. There have been times when the prices of European competitors have been so low that we could not sell our products there, but we have always been competitive in the U.S. market. Currently, of course, market conditions are very unusual throughout the world. For example, the Japanese were exporting about $100 million worth of valves a year, even though their domestic market is one of the largest at around $800 million a year. But now they are importing valves, all they can buy, at the rate of about $300 million worth a year and they're having trouble getting these quantities because world production cannot keep up with demand.

Under present conditions, it would be very easy for us to sell in Japan but the fact is, we have sold out and our backlog or orders from various markets now exceeds $50 million. I can only repeat that we need very badly to expand our production capabilities.

I understand that your company is one of the few Canadian firms authorized to work on nuclear projects in the United States.

Yes, we have a very sophisticated quality control program and we do a lot of what is called code work which requires compliance with the extremely high standards of the American Society of Mechanical Engineers.

In order to work on nuclear projects in the United States you have to obtain what is known as a nuclear authorization stamp. This is very difficult and only four or five Canadian companies have this authorization. In order to get it you have to introduce in your plant a complete quality assurance system which involves stringent inspections at every step of production, packaging and shipping and all of these inspections must be thoroughly documented.

A committee of top experts comes from New York to study your quality assurance program. They stay in your plant for one week while they assess your work. If the committee is satisfied, you receive the Authorization Stamp without which it is impossible to obtain orders in the United States, Canada or any other country for that matter. These days the Europeans and the Soviets are requiring companies to have this stamp before they'll do business.

So far, we've talked mainly about military and nuclear projects. Are you involved in other areas?

Yes, we manufacture valves for fossil-fuel power stations, coal or oil. We also have a complete line of products for the oil and petrochemical industries.

And all these products are Velan-designed?

That's right — we don't manufacture anything to anybody else's designs. Sometimes we have to make modifications to suit a customer's specifications but basically they're all our designs. We do a considerable amount of business in petrochemicals and oil, and business is booming in this area, of course, because of the renewed emphasis on oil exploration.

Are you involved in the North Sea fields and other oil explorations?

Our English company is, yes. Some time ago we received an inquiry for the

Syncrude Project in Alberta for 26,000 large valves, but we couldn't fill this requirement and most of the business went to manufacturers in Europe.

Do you foresee any end to this boom? Is demand for your products going to continue?

Well, the industrialized countries, the Third World countries and, now, the Arab states are all embarked on unprecedented programs of industrial development. Some projects may be cancelled or postponed but there will be many more to take their place for some time to come.

Even in Canada, the valve industry cannot meet demand. Nuclear power plants are being built and the complementary heavy water plants in Ontario and Quebec, the Tar Sands project in Alberta and many other projects as well.

You're in the position, then, of not really having to promote your products because the customer is coming to you. But there must have been a time when you had to get out and hustle.

Yes, we've had to hustle for most of our years in business. It's only in the past three years that we've found ourselves to be so much in demand.

How did you go about promoting your company? Did you advertise or did you depend on word-of-mouth?

We did very little media advertising because we didn't have much money to spend on it. But I wrote a lot of articles about our products for trade magazines and we did some direct-mail advertising. We also have some very attractive literature in foreign languages. For example, our general catalogue is printed in six languages. We have agents in the various countries in which we do business and we do a lot of travelling.

We also work very closely with the Canadian Trade Commissioners and I must say they have always been very helpful. I would say that Canada's trade offices are probably the most efficient of any country. They were a great help in many ways during the lengthy negotiations involved in obtaining the big Soviet contracts.

What's it like, dealing with the Soviets?

You have to be very thorough and very patient. First, you embark on a complicated round of technical discussions with whatever agency is going to be your customer. But these are purely technical discussions at which you have to convince the agency that your product is the best for the purpose. Then, the really tough negotiations with the commercial people begin.

The contractual and technical specifications are exact and demanding as well, so, it can be a difficult and time-consuming proposition. On the other hand, if you can assure fast deliveries and are able to get a good price for your product, the market is phenomenal.

It's always difficult getting good agents. How do you separate the good from the bad?

The Trade Commissioners usually assist us in preparing a preliminary list of prospective agents, before we go to the country in which we want to do business. Then we write these people, enclosing catalogues. A second list is prepared, containing the names of agents who show interest in representing us. Finally, a third list is drawn up which is largely the work of the Trade Commissioners and then we enter into face-to-face negotiations. But then, sometimes the best agents are not available because they already have as much business as they want to handle.

Have you ever considered diversifying?

We'll stay with valves. If we go into related areas, our problems will just multiply. We have to stick with what we know and try to perfect those products. If you spread yourself too thin, you can lose what you already have. As far as I'm concerned, specialization is of utmost importance.

A Brief History of Velan Engineering Ltd.

This company is one of the leading manufacturers of valves and steam traps in North Anerica. It is the largest Canadian producer of valves, putting out as many as 35,000 forged valves monthly. Velan sells its valves in more than 50 countries with a world-wide network of distributors.

The company's founder and president, A.K. Velan, arrived in Canada in 1950 from Czechoslovakia and began manufacturing by sub-contract a patented design bimetallic steam trap. By 1951, the United States Navy, building destroyers at Bath Iron Works in Maine, had become interested in Velan's designs and soon was ordering steam traps in ever-increasing quantities.

Today, Velan has two plants in Montreal, a U.S. company with a plant at Plattsburg, New York and a British company with a plant at Leicester, England. The company employs more than 500 skilled and semi-skilled workers in plants with a total of 240,000 square feet of working space. A plant in France has been proposed.

There is a sizeable research and development department and many of the company's machine tools are computerized. The company claims that its products are adaptable to almost any engineering need, with over 100,000 variations of its valve designs available.

SOMETHING TO THINK ABOUT that dangerous middle strata stress

By W.E. JEFFERY
Information Services Branch

Coping with stress is one of the major, and often unrecognized, problems facing busy business or professional people, particularly middle management. We all have to cope with stress, but in the business lives of managers and executives, a temporary inability to cope with people, situations or events will lead to frustration and to emotional stress. Frustration is stress and stress is frustration.

World Health Organization figures show that heart disease and strokes are together responsible for almost half the total deaths in major industrialized countries. Both are caused at least partly by stress — undesirable stress. So are a vast range of physical and mental ailments from asthma to eczema, from a peptic ulcer to a lump in the throat.

Normal emotional stress is useful in many ways. No one should live passively without any feeling of responsiveness. A person who becomes highly motivated towards an important task will, as a result, be able to handle the work more effectively. Pleasurable emotions involving stress and tension can be exhilarating.

At its constructive best, stress is synonymous with effort, a rising up to meet a challenge. Working full out in a purposeful environment and in a satisfying job is good for the system. Stress merely reflects a deep-rooted need to achieve. Regardless of occupation most people perform better under the stimulus of stress. This is most evident in athletes.

Given that stress, or a certain amount of it, is vital to living, how does one know when the body is under too much strain? When does satisfying stress become undesirable stress?

It's not too difficult to tell: worrying, nailbiting, irritability and failure to concentrate are some pointers. So is belief that one is indispensable and thus has no time for holidays or hobbies. Pacing up and down the office like a caged tiger, having an obsession with deadlines, lying awake at night rehashing the day's problems or failures, or suffering from constant indigestion, headaches and other vague pains for which the doctor can find no physical cause probably indicates stress is at work.

Stress affects people in different ways. Overly ambitious, striving people are prone to coronaries. Over-anxious people tend to collect ulcers. High blood pressure is frequently found in those who bottle up their emotions. Harmful stress in an executive may have resulted from a sudden shock — loss of a loved one, marital discord, a new job or a promotion, or having to deal with inconsiderate people. Stress is often evident in the person living beyond their income, working in a job beyond their capacity, or doing a job that literally calls for solving the unsolvable — daily!

According to William H. Whyte in "The Organization Man", so many of the factors that cause undue emotional stress can be traced back to the work situation, especially in large, bureaucratic organizations where there are great layers of staff functions and "the people in them feel neither fish nor fowl, intellectuals yet not of the intellectual world; managerial yet without authority or prestige." In instances like this employees see themselves as "objects more acted upon than acting, with their future determined more by the system than by themselves. In this kind of situation, workers often feel frustrated, often are under stress. Their frustration in large measure is due to the committee way of life and the accompanying suppression of ego . . ."

The changing concept of the work ethic is also causing confusion and frustration up and down the organization. It was once fashionable and highly desirable for a young man in a grey flannel suit to aim for the top, to "sweat it out" on long weekends, even work 60 hours a week to get ahead. The scorecard for success measured money, power and job titles. Now many of our young people only want to rise to a comfortable plateau — a position "well enough up on the corporate ladder to be interesting but not so far up as to have one's neck outstretched for others to conveniently chop it off," comments Whyte. Success is now measured in terms of creativity, meaningfulness, personal satisfaction.

And what about those of us only a decade away from today's young people? More and more one hears the comment "why knock yourself out when the extra salary won't bring home that much more?" We thought, when we entered business, that a comfortable living could be earned doing the interesting work of middle management, even perhaps a little higher. The interesting work without the blood, sweat and tears supposedly demanded of the executive. But alas, the middle stratum is the corporate region where studies now show the most stress and frustration is likely to occur.

In his article, "How to Get Ahead in Life — By Not Getting Ahead in Work," John McArthur writes: "People are less willing today than they were 20 years ago to accept the old goals of the establishment. They are more interested in being able to contribute to their families and to society rather than work night and day to become a success in the Horatio Alger sense of the word."

What is taking place is a greening of the new work force, a revolution in the work ethic, a conviction that it is better to live for oneself than for the organization. It's as Alvin Toffler says in his *Future Shock* — the "emergence of a new kind of organization man dedicated to doing work so long as it interests him."

But this "greening process" is causing ripples on the corporate pond. Many executives have come to the realization that it is "the work that must change, not the worker — and so must the system under which that work is performed."

What is really behind a great deal of the work-related frustration, or the executive stress syndrome, observes McArthur, is a blind belief. The belief we were raised on — the belief our forefathers toiled for — the belief that "success begets happiness."

Now it is being questioned. "Increasingly the reverse becomes true: happiness is the measure of success. And that may mean sticking to a low-level job you enjoy, not accepting the one that you don't," says McArthur.

In his book *Stress Without Distress*, Dr. Hans Selye of Montreal, writes; "The art is to find, among the jobs you are capable of doing, the one you really like the best — and that people appreciate. Man must have recognition; he cannot tolerate constant censure for that is what — more than any other stressor — makes work frustrating and harmful." But workers need more than recognition. They need challenge. Peter F. Drucker warns that a management which does "not define performance as a batting average is a management that mistakes conformity for achievement, and absence of weakness for strengths."

Work is an individual thing — even if one does it in company with a gang, or in a group, or on a production line. A person can put the stamp of their own spirit upon work so that it becomes uniquely theirs. But we have to work at working. *The Royal Bank of Canada Monthly Letter* of September 1974 advised, "Analyze your successes, however small, so that you discover your skills and satisfactions. The person who is dissatisfied with his job but neglects to learn the possibilities that life holds out to him through work, or who is slothful about doing something to improve his position in life, is like a man who is trying to score a goal in a game he dislikes."

We have to find work that is meaningful and which allows an expression of our personality. On the other side, management has a responsibility in defining performance and setting goals.

Perhaps you can see stress affecting you. Perhaps you are concerned about yourself or your employees. What can one do in one's business, home and personal life to ease stress?

World-famous everday-living authority, Dr. George S. Stevenson, suggests it is important to talk out problems, to work off anger before handling a serious problem. Or escape. Escape for awhile to a movie, into a book, a brief trip, or in some form of exercise, before coping with an irksome or annoying problem. "Making yourself stand there and suffer is a form of self-punishment, not a way to solve a problem. But be prepared to come back and deal with your difficulty when you are more composed, in better condition emotionally and intellectually."

Dr. Stevenson also advises flexibility. Give in occasionally. "Fight the big fights, but don't get up steam on the small ones, give your system a break. Avoid the superman urge, take one thing at a time. To people under tension, an ordinary work load looks so great that it's painful to tackle. Take your time, work from the top of the pile downward."

Life is for living. Work is only one part of living. We need to take a look at work — our own, and that of our employees. The late Dr. D. Ewen Cameron, director of McGill University's Allan Memorial Institute in Montreal wrote, "For half a century we have heard the most moving of lamentations from employers over the passing of the old-time worker, the fellow who really loved his work, who hung around until he was satisfied that the job was done, who would think out ways to do it better. This kind of worker has not disappeared from the job; it is his kind of job that has done the disappearing."

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EUROPORT

Last November, Canada participated for the first time in Europort, at Amsterdam, the Netherlands. This is the world's largest maritime trade show and Canada was one of eight countries with a national stand at Europort '74. All told, 27 countries were involved in the show, which ran from November 12 to 16.

Orders for Canadian-built cargo vessels, bulk carriers and medium-size tankers continue at near-record rates. The trend to buy Canadian has been attributed both to the world shipping boom and to Canada's shipbuilding program which has helped to increase productivity and expertise in constructing specialized vessels of less than 100,000 dwt.

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