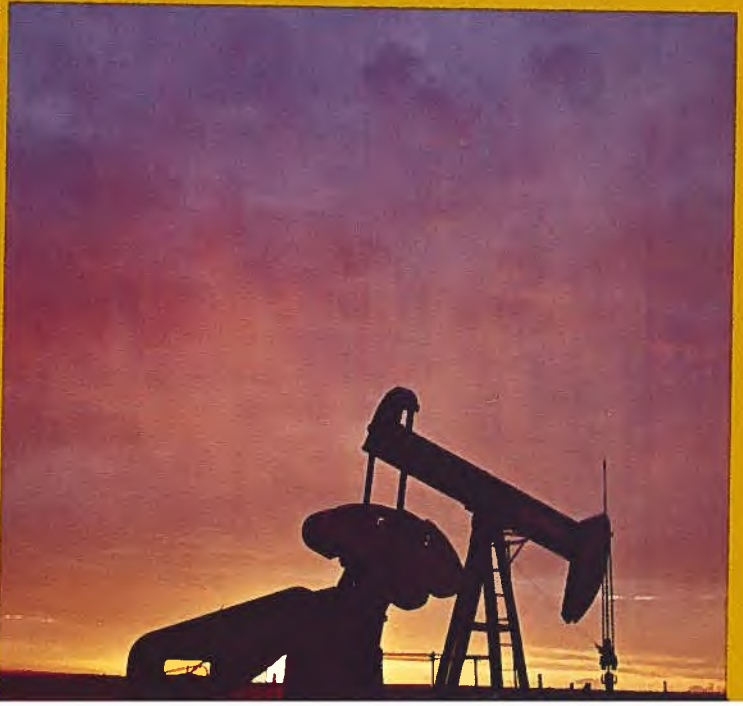
CANADA COMMERCE

JULY-AUGUST 1975

Canada West
Japan distribution
Switzerland energy
Sweden clothing



BC Lumbermen tour Japan with Seaboard

A group of 18 lumbermen from the British Columbia interior returned from a two-week tour of Japan to report a good potential for kiln-dried, spruce-pine-fir dimension lumber.

This market potential will result from the increasing acceptance of platform frame construction as a low-cost, high-quality framing system, according to tour organizer Ches Cotter. Mr. Cotter is the Seaboard Lumber Sales Co. representative in Quesnel, BC.

Recently, through the combined efforts of the Council of Forest Industries of BC and the federal government, the Japanese building code was changed to permit construction of 2″ x 4″ or platform frame systems similar to the building system in British Columbia.

However, Mr. Cotter notes, that "while the system may be similar, the end result is different, and the platform frame house in that country looks much like any other Japanese house." (see *photo*)

Of particular interest to Cotter and the group were tours of Japanese saw mills. The 25,000 sawmills in Japan are mostly small operations designed for flexibility in cutting exact requirements of customers. High grade and smooth surface are a feature of their operation. They utilize imported logs and larger timbers as raw material, but in time it is expected that the imported log availability will decrease. Also, the standardized CLS dimension lumber product from BC's large efficient sawmills will be lower in cost.

Mr. Cotter sees a good demand in the immediate future for lumber specialties from the BC interior for items such as furniture components. In developing this market for dimension lumber, key ingredients will be promotion and appearance of the product. It will be essential to present the user with a bright, clean lumber package. Present methods of paper wrapping for rail shipment from the BC interior may have to be modified for waterborne shipment to Japan because so much more handling is involved.

The major problem identified by the group in developing the market is the current 10 percent tariff in Japan on spruce and pine lumber. This problem is being worked on by all levels of government and by the Council of Forest Industries.

While in Japan, the lumbermen attended the official opening of Seaboard's new Japanese subsidiary, Seaboard Timber and Plywood Asia Ltd. Present at the opening were more than 100 guests, including representatives from the Japanese timber trade, officials from the Japanese and Canadian government and Seaboard shareholder mills. Mr. Harry Berry, senior vice president of Seaboard, from Vancouver along with Mr. Stephen Kaufmann, vice president and general manager of Seaboard Asia, conducted the proceedings. Seaboard Asia now has a staff of four including sales specialists to develop a market for CLS lumber at the user level. They will move soon into a permanent office in the Palace in Tokyo.

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in This Issue

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The Hon. Alastair Gillespie, Minister

O.G. Stoner, Deputy Minister

Canada West: Going places in a hurry

DAVID MAGEE, Editor

The way the politicians and the media have been going on about Western Canada for the past two or three years, you'd think Pierre Berton had never built that railway. It's as if suddenly an entire country had been discovered after 100 years in isolation, for Pete's sake.

But maybe all this hubbub isn't so bad — even if some of the things you read make you feel that Confederation is in imminent danger of losing an awfully big chunk of its real estate. Maybe it isn't so bad that a bumper sticker slogan, "Let the Eastern bastards freeze," sends a different kind of shiver down Mid-Canada's spine.

Let's face it. Many of us in this part of the country, the Montreal-Ottawa-Toronto triangle in particular, have tended to think of Westerners as those exuberant people who show up in funny hats at Grey Cup time — if we think about them at all. And in a way, this is

surprising because a lot of transplanted Westerners live here. There are even those who claim that the reason census figures show only about 900,000 people in Saskatchewan is that another million-and-a-half of them are actually living in Toronto.

All kidding aside, the fact is that Western Canadians are making sure now that the rest of us give them more than a passing thought. Probably it's going to get noisier before it gets quieter, but we'll leave that up to the politicians, the newspaper editors and the broadcasters. *Canada Commerce* just doesn't get into that kind of thing.

But we do take a great interest in reporting success stories in business and industry. And it so happens all kinds of these stories are to be found in Western Canada, even in these belt-tightening times. Last fall I spent two weeks putting some of them on the record.

It was a lot of geography to cover in a relatively short time and my very workable schedule was due mainly to the efforts of some exceedingly efficient people in our department's Regional Offices (see article this issue). My first stop was Regina. It might have been more logical to start in Vancouver and head east, or in Winnipeg to work west, but the timetables of everyone concerned would mesh no other way so I found myself doglegging back to Winnipeg before flying west again to Alberta and British Columbia. At any rate, Regina was the jumping-off point.

Welcomed by one of those legendary wall-to-wall Western sunsets and looking forward to flying by light plane to Yorkton the next day with Regional Director Glenn Cooper, I was disappointed when the morning's forecast dictated driving in Glenn's car instead. We were going to Yorkton because Glenn said it is a classic example of how Western communities have been able to prosper despite considerable obstacles. I would also be able to talk to the executives of an extremely successful implements manufacturing firm.

Yorkton's population is only about 15,000 but because approximately 25 percent of the province's population lives within 60 miles of this city, its merchants do a much greater volume of business than might be expected in a community its size. As it is, municipal officials figure their city is getting only about 35 percent of the potential and they're working at making it a major trading centre. They estimate the total market is at least 90,000 people.

Yorkton already has two large shopping centres and its industrial/commercial base is surprisingly diversified. Most services are available and the education facilities are good. But there's a need for regular air service and another TV channel. Roads must be improved and the people wouldn't mind an extension of liquor store hours.

And it was in Yorkton that I first encountered the complaint I was to hear everywhere in the West: there's not enough manpower (personpower?). I was told that virtually every industry in Yorkton would hire more people if it could find them. I honestly did not encounter at any point in my travels much bitterness towards the East but some business people told me they resented it that Westerners seem willing to move wherever there's work but, from their point of view, Easterners appear happy to collect unemployment insurance.

It's true the Western cities generally don't offer wages and salaries as high as those prevailing in Ontario and Quebec but then, where in those provinces can you buy a house for $25-$30,000? That's the average price of a single-family house in Yorkton, compared with an average of almost $60,000 in Toronto or Ottawa.

Yorkton housing costs are as low as they are partly because the city was, as one official put it, "into the land bank business long before anybody else thought of it." The city owns every square yard of vacant land within its limits and this means that lots in the new subdivisions are going for just $14,000 and the completely-developed industrial park offers serviced land at $2,000 an acre.

So other ways to attract people have to be found. Yorkton Mayor Allan Bailey gave me an idea just how difficult the problem is. When one of the city's two shoemakers retired another one had to be found; but where? Eventually, an advertisement in the *Globe and Mail* turned up a prospect, however, the man decided at the last moment that he didn't want to move out of the Toronto area. This despite the fact he would have had as much business in Yorkton as he could comfortably handle. As far as I know the city's still looking.

In order to fill a requirement for nurses, Yorkton finally had to recruit 18 of them in Britain. And several restaurants were forced to close, not for lack of customers, but for lack of staff to serve them. At least one 24-hour restaurant had to cut back its hours of opening for the same reason.

After meeting with the municipal people, the next stop was the Morris Rod-Weeder Co. Ltd. manufacturing plant, where more than 400 people are employed. The company's main lines are rod weeders and chisel plows but it also manufactures other types of farm implements as well as many of the components that go into its products. It began making the components when it encountered various supply problems.

The company has enjoyed great success in Canada and the United States but some time ago launched a program to boost overseas exports. Sales manager Pat Kennedy told me some equipment has been exported to Eastern Europe but long-range planning calls for more concerted efforts, even though North American sales are excellent.

Mr. Kennedy said, "we realize that as a company grows, so must the market grow and we feel now is a good time for our company to investigate export marketing opportunities and start developing them." For one thing, he said, a strong export situation could help the company when domestic markets soften. The aim is to sell at least 25

percent of production offshore.

Exporting is not being approached half-heartedly. Mr. Kennedy said: "We don't want to go into a country and simply sell products then disappear. It'll be our policy to develop the market thoroughly, so that when our tillage equipment is sold abroad we will be able to supply personnel to make sure that the equipment is set up properly; to make sure that the people who are going to be using the equipment are properly trained in its operation."

About two-and-a-half years ago, a delegation from Algeria visited Regina under the sponsorship of IT&C. Morris Rod-Weeder was one of the Saskatchewan firms invited to make a presentation. Mr. Kennedy said the Algerians seemed to be particularly impressed by his firm's seed drills and chisel plows, and it was decided that Algeria would be the first market to be explored under the company's new export program. An evaluation trip by Mr. Kennedy and other personnel followed and this, in turn, was followed by participation in an Algerian trade fair and a demonstration project. Currently, the company is primarily interested in obtaining offshore business with companies that have CIDA ties but it is prepared to explore other potential markets.

I asked Mr. Kennedy what factors have contributed most to Morris Rod-Weeder's success and he had no trouble with that. "Well, first of all," he said, "you have to look at the company's 40 years of experience in manufacturing and marketing farm equipment, and I think we've got the best piece of tillage equipment on the market today."

He explained also that competition from major manufacturers such as Massey-Ferguson and John Deere is decreasing because the bigger companies are dropping their tillage lines

Morris Rod-Weeder makes many of its own components.

Morris Rod-Weeder plant, Yorkton.

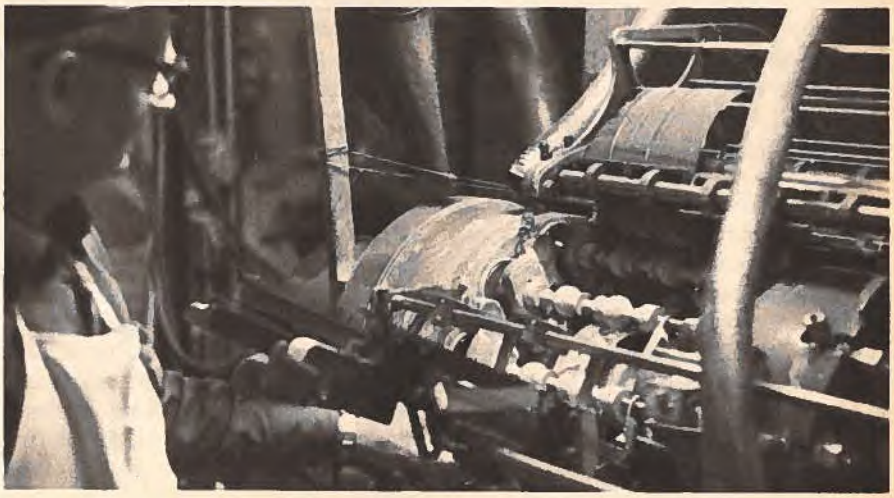
Morris Rod-Weeder.

and specializing in tractors and other powered equipment. In fact, Mr. Kennedy said, the whole farm equipment industry is leaning increasingly to specialization. This trend means increasing popularity for long-established specialist companies such as Morris Rod-Weeder. "We're becoming a byword among farmers," Mr. Kennedy claimed, "in terms of rod weeders, in terms of seeding equipment and cultivators — and rightly so — because our reputation has been hard-earned."

He said that the company's pricing policies and sales approach help too. He told me that company president George Morris, has always maintained that equipment should be produced at the lowest possible cost in order to pass on to the farmer a better opportunity to make a profit. And the customer's needs are assessed before a sale is made. "We will go in and try to establish that he does need our equipment in terms of a system," said Mr. Kennedy, "rather than just one piece of equipment. For example, we try to find out if he can use our chisel plow, in conjunction with our seeder, in conjunction with our rod weeder."

The company also listens hard to what the customers have to say about its products. Mr. Kennedy said that whenever someone from the company is asked how many engineers are on staff, the standard reply is "one hundred thousand." What this means, he said, is that "when a farmer tries out a piece of equipment and has a suggestion for a better way of building it, well, we're certainly ready to sit down with the fellow to see if we can make some improvements."

A few days later, in Winnipeg, I was to visit a company which has evolved a different sort of philosophy, as far as exports are concerned. A.A. DeFehr Mfg. Ltd. produces several complete lines of popularly-priced furniture and while it does sell in the Mid-Western United States, with a warehouse in Minneapolis, Minnesota, it has deliberately avoided expanding its U.S. market and has not pursued



DeFehr Mfg. Ltd., Winnipeg.

DeFehr Mfg. Ltd.

offshore business at all. Instead, the DeFehr family has sought to establish its company as a strong "regional manufacturer."

And the firm is very much a family operation. A.A. DeFehr is the founder and president. His sons Art, Frank and Dave are general manager, vice-president and secretary-treasurer respectively. They stress a personal style of management that extends even to little things, such as providing free coffee for all employees. The company has shown steady growth (as much as 30 percent a year) and when I paid my visit, it hadn't had a layoff in 10 years. My host for a tour of the Winnipeg plant (one of three) was Art DeFehr and afterwards we talked:

Mr. DeFehr, i understand that when you went into the United States, your approach to the market was unique.

The market was slow here during 1968-69 and that's when we decided to tackle the U.S. Our merchandise was well-suited to the preferences of many Western Canadians, who tend to be conservative, and our prices were right for an area that generally is not as affluent as others. Many Western Canadians go for value rather than fancy styling and we thought many Americans might feel the same way.

But when we went to the U.S. Mid-West we headed first for the big cities and there our styling was criticized. We were compared unfavourably with the products that were coming out of the Eastern U.S. cities. However, we found that while the big cities were being well-served by these manufacturers, the smaller centres were not getting the same attention.

Not only that, but most of the warehousing was concentrated in Chicago and Minneapolis. Because we have our own fleet of trucks, we found we could give the smaller centres a better price on shipments than could the American manufacturers. Our delivery cost to a city like Fargo was only a couple of percent while our American competitors had to contend with charges of around 15 percent for warehousing plus a very high local freight rate. And these smaller centres also reacted more favourably to our styling.

It wasn't long before about 20 percent of our business was in the United States; we were even selling in Portland and Seattle. But then the 10 percent surcharge came along shortly after an unfavourable change in the dollar situation and within three months we had lost a cost advantage of about 18 percent. At the same time, our Canadian market was picking up, to the point where we couldn't meet demand, so we decided to decrease our involvement in the U.S. It was great to be selling there but it wasn't worth the effort anymore and we cut our territory from 11 States to three. We'll maintain those, with our Minneapolis warehouse, as a foothold.

You run your own fleet of trucks. What other aspects of your organization are different from what is normaliy done in the industry?

We have our own warehouses. We have a complete company sales force. Most firms use representatives who may handle several companies. But we have three complete lines of furniture and our salesmen deal exclusively in those. Basically, we are trying to provide better services to the customer.

isn't it expensive to run your own truck fieet?

No, it's very profitable, even at the generally lower rates we charge. We use the fleet as a sales tool. If we're shipping into a highly competitive market, we'll discount our rates, perhaps truck at cost, whereas in a less competitive market we'll charge pretty well the going rate. But even operating these trucks at cost for merchandising purposes, we still enjoy a healthy return.

What factors are most important In your company's success?

I feel we're trying to develop all the advantages of being a strong regional manufacturer. We don't look at ourselves as competing with anyone because we are the only Western manufacturer of many of the types of furniture we produce. We try to have exactly the same presence at all points — and we cover the entire West. In every centre where there's a DeFehr outlet, there's a showroom, sales staff, local telephones, local availability, local delivery and so on. We are there.

This is in contrast to the Eastern manufacturers who still operate out of the East. If a customer has a problem or a special request, there may be up to a three-month wait. The Eastern firms have freight problems. We deliver by our own truck and if a piece arrives with a corner knocked off, it stays on the truck and it's deleted from the bill of lading. There's no hassle. If it comes from the East, what's the customer to do?

We're trying to take advantage of the fact that we're in the West, to establish ourselves as a superior supplier. We're trying to be superior in terms of availability, in terms of service, in terms of eliminating all the problems consumers in this market often encounter.

I understand you took a couple of years off for a speciai project in Bangiadesh?

Well, that had to do with my personal philosophy more than anything else. I feel I'm not in business only to try to make more money; I'm in business because I happen to enjoy it and I'm probably better at it than other things.

I felt that after five straight years in the business, my learning curve had pretty well flattened out. I was making more money each year but I wasn't learning anything or doing anything really different. I just felt it was time to try something else. You should be learning; you should be giving at some stage of your life as well.

Besides, my wife and I had said to

each other that after five years in the business we would look for a major change in our lives of some kind. And it was about that time that opportunity in Bangladesh came along.

What exactly was involved?

I was asked to be a director of the Mennonite Central Committee, which is our church's social agency. It's active in about 40 countries. The program in Bangladesh was an unusually large one that had to be done very quickly and it needed people with a little more than average financial background because the amounts of money being handled were large and they also needed solid administrative experience. There wasn't time to build up staff. My background fitted the bill.

We did two things. We did a lot of the standard kind of relief work in the refugee camps — distribution of food and clothing, re-opening schools and other buildings — things like that. Our major work, though, was organizing an agricultural program, which is now running. We set up a staff of about 12 specialists in various fields and we're providing a program that seems to have been very well-received by the Bangladesh government. We're helping the country develop its winter crops, which had been neglected.

And now you're back. Where does the company go from here?

Well, when you look at this company now, it's really one of a group of companies. We have set up two other manufacturing plants in Alberta which are, from the corporate point of view, independent. They're operated by my other brothers and while we co-operate by using the same sales force, the same trucking fleet and the same warehouses, each place is really a separate entity.

We also have some affiliated companies making kitchen cabinets and plastic components for kitchens and for our furniture lines. What we're trying to do is to build strength by decreasing our dependence on other firms. For example, we've built a plant to produce synthetic surfacing material, which will give us our own independent supply of laminates. I don't think anybody else in the Canadian furniture business has done this. From the management point of view I feel that each of our factories, our warehouses or our sales outlets runs better if one or two young people act as if it's their own — and in some cases it is because they're shareholders.

I feel that people are more likely to stay with a company if they are shareholders, if they own part of their own business. In a sense, it's a process of fragmentation doing it this way, but I feel it's my role, and that of my father and my brothers, to keep the thing tied together so there's an essential unity in what is being done. But each place has a certain momentum of its own.

* * *

Portage and Main, Winnipeg.

You may not think immediately of Winnipeg as the location of the headquarters of one of the most successful furniture companies in the country, but you probably know that the Manitoba capital has a highly-developed garment and fashion industry. I visited one of the leaders in the field, Silpit Industries Ltd., which has several divisions, including Arthur Street Fashions, Brown Fashions Ltd., Canadian Sportswear Sales Ltd., Girls' World Fashions Ltd. and

Dave Kaufman, president, Silpit Industries Ltd., Winnipeg.

Olympic Pant and Sportswear Co. Silpit president Dave Kaufman describes himself as an "industry man." I asked him what he meant by that:

"I've never been reticent about sharing information with other companies in our industry. I feel that what's good for my companies is good for the industry and vice versa. I have spent much time and much money on industry matters. My argument is that too few manufacturers in our industry really take an interest in total industry matters. They're looking at a very narrow area; they don't want to get involved; they don't want to take the time — but you have to. And the people who've made real achievements in this industry have been the ones who've become involved."

I keep hearing that Western firms are having difficulty in building work forces. What are you doing about that?

There's no question this province is bleeding for people. Everybody needs help of all kinds and I think our company, at least, is doing quite a bit to attract people. Our work conditions are excellent and we treat our people well.

We've done a number of things to reduce turnover, including establishing a very fine training school, with excellent staff, which is operated for all our companies. We also opened an employee relations office three or four years ago. Among other things we can screen people to determine whether they'll be happy working for us, whether they'll be productive.

Isn't it somewhat unusual for a company to maintain a formal school to train employees?

Well, you can't train someone by osmosis. Let's say a woman comes in who has never seen a sewing machine before, and you put her next to a girl who's going a-mile-a-minute, and there's all that noise, and the new girl gets frightened. She tries to put two pieces of cloth together with all that action going on around her and gets confused and frustrated — and maybe walks out. Our biggest turnover used to come in the first week.

We hired a consulting firm to teach our people how to teach and now we give professional training to all our new employees, for whatever job they're going to be doing. That is, if we can find the people to train — that's been our biggest problem of late.

Your companies manufacture a wide range of garments and generate almost $20 million a year in business. How do you do it?

Well one of our big strengths is flexibility. We try to be as deep as possible in each area but we try to retain the ability to shift the emphasis.

We have a number of plants and we are able to shift production from one to the other if necessary. This gives us a great advantage. For example, we can manufacture our girls' jackets in the Canadian Sportswear plant, or we can make items for Olympic at Girls' World, if we have to.

But we exercise a lot of control on this. Each factory is operated as a profit centre. Not a bolt of cloth or a spool of thread goes from one plant to another without being invoiced.

What we have then is diversity and flexibility, with unity provided by the Silpit Management. For instance, if the different plants all happen to be using the same fabric for various lines, they can buy together. Much of our purchasing is centralized, in fact, through one buyer. And that's another source of strength.

The person who buys one of your products doesn't necessarily see the Olympic name or the Brown name, right?

Well, in the case of Brown Fashions they almost always see our own label but in the case of our other companies, no. Incidentally, all our companies export to some degree but Canadian Sportswear has the largest share of that. I think probably more than 20 percent of its production is exported to the United States, Ireland, Britain and Western Europe.

What creates demand for your products? Is it style or service, or a combination of factors?

Basically, our merchandise is priced well and it checks out at the stores. All our lines have good checkout records. There's nothing that will get a buyer back a second time like giving him the goods when he needs them and our companies do that.

And we try to maintain very close liaison with the buyer. If we have a problem, he's got a problem. If we tell him right away about our problem, then he's going to be more understanding. And more important, he can do something about it. If a man's got an ad going in the paper and we can't give him the merchandise, we can kill him. But if we let him know we can't deliver, maybe he can go to an alternate source or at least stop the promotion.

Unfortunately, there are always problems. This business is not a pure science. Just the other day we received some material from one of our major suppliers. We got 17,000 yards of the stuff and I saw the boys putting it in on the table at Olympic and they were tearing their hair out. They were cutting out the bad pieces and throwing them away. When something like that happens it can really throw off your whole schedule. But what can you do? You tear your hair out. So liaison's very, very important. But above all, your checkout record at the retail outlets is still the name of the game.

What about the style aspect of the business?

Well, that's what makes it exciting. It is a challenge and you have to be able to move quickly when styles change — you really have to know what is going to happen on the business. As we're sitting here talking, four or five of our people are over in Europe looking for new developments in fabrics and styles. And style is one of the important factors that keeps us ahead of imported

clothing, which is almost impossible to compete against as far as price is concerned.

* * *

A few days later, I found myself sitting on the floor of a Japanese restaurant in Edmonton enjoying a late evening meal with Dale Alsager and his wife. Mr. Alsager is a remarkable man who is president of a company that is probably unique in Canada. It's called Canadian Bio-Scientific Consultants Ltd. and it offers a wide variety of professional and technical services in environment protection, wildlife control, agrology and forestry, even scientific photography (a field in which Alsager has won major awards). As if that wasn't enough, the firm has even gotten into the business of supplying wild animals to clients around the world.

All this has developed since June of last year, when the company started up. It's not uncommon to hear of people leaving private enterprise to go into public service but Mr. Alsager did it the other way round. He's a biologist and until last year he'd been working for the Alberta government, supervising its animal damage control program. Among other things he had been responsible for overseeing the measures which keep rats out of the province. As you may know, Alberta is Canada's only rat-free province but it has to work at it. Mr. Alsager said it was interesting work but he found the paperwork to be a bit of a hassle and anyway, he'd always wanted to be his own boss.

Mr. Alsager intends to concentrate on building his wild animal exporting business and sees it as the development of a new Canadian industry. Many of the animals being exported are destined for zoos but that's only part of it. Mr. Alsager told me that "world interest in the species we handle has really only recently awakened." He said the animals collected by his firm adapt well to new climates and geography and many countries are discovering that species such as elk and deer have great potential as a substitute for domestic cattle. "They are more efficient energy converters," he said, "and can thrive on range that is only marginal for cattle."

Canadian Bio-Scientific Consultants last fall assembled the largest shipment of wild animals ever exported from Canada. Black bears, several deer species and elk, about 70 animals all told, were shipped to the Republic of Korea by cargo jet on October 12. Collecting the animals was no picnic. Fifteen of them were to come from the Regina game farm but the farm is located within the boundaries of the IPSCO Steel plant and it had been hit by a strike. Picketers were determined that nobody was going to get through the lines. It took lengthy negotiations to persuade them to change their minds.

Once inside the fence, the fun began. The union had given the Alsager crew 24 hours to round up the animals and crate them for shipping. There were seven inches of snow and mud to contend with and the animals were all over the place.

The crew discovered, the hard way, that the elk was in rut, when it charged them. They had a terrible time getting a tranquilizer dart into him, and when they did, it was an overdose and the elk was out cold for two hours. An out-cold elk is a difficult object to handle and he finally had to be moved with a fork-lift truck — but gently. Then, when it came time to crate the critter, it became obvious his antlers were just too wide for the specially-prepared crate, which could not be altered. So they altered the elk, cutting off his antlers. And then there were the hungry bears, and the blown engine on the jet, and the . . . well, anyway, it was a very long session getting the shipment on its way.

The animals arrived safely. One of them died of fright during unloading but the Koreans must have been satisfied because they immediately placed another order. The animals were sent to government breeding stations and private wild-life farms.

Partly to get around the problems of collecting widely-dispersed wild animals, a special breeding ranch and

Dale Alsager and friend.

assembly station, complete with quarantine facilities, has been established at the IKR Ranch in Saskatchewan. The operation is being run by Mr. Alsager's father and brother and is in addition to the offices, warehouse, laboratories and mobile facilities the company maintains in Edmonton.

Obviously, the animal collection and shipping business is going to be taking a lot of this busy man's time, but he plans no cutbacks in the firm's other activities. When I talked with him, he had begun a series of experiments involving pocket gophers, which are, if you pardon a bad pun, a pest in the West. They do great damage to Western crops but not much is known about them. However, it's been established that they do most of their eating above ground, rather than devouring the roots, as previously had been thought. Mr. Alsager says this simple discovery will influence significantly the methods worked out to control the little beasts.

Bio-Scientific Consultants also maintains the only laboratory colony of Norway rats in Canada. Here again is a serious pest and Mr. Alsager's lab is conducting a series of experiments with the rats in attempts to find better ways of controlling them. The company will continue to provide its regular services which include aerial surveys, pollution and pesticide monitoring and management, consultation on control of crop, forest, backyard and household insects, depredation assessment, predator control and study of wild-life diseases. Mr. Alsager also plans to continue his work on scientific films. In fact, that's how we wound up our evening — sitting in his rec room watching the award-winning film he'd made about experiments on the thyroid glands of very young chicks.

* * *

About a week after my evening with the Alsagers I was sitting in Al Crawford's office listening to him talk about exports and how his company was getting into exporting almost against its will. "We built a business that's fundamentally based on the domestic market, to get ourselves established," he said, "and until we get to a size where we can properly support export business, we don't want to go after it."

Al Crawford, president Anatek Electronics has no reason to be gloomy these days.

But Mr. Crawford's firm, Anatek Electronics Ltd., of Vancouver, has a problem. "We're virtually being forced into exporting," he explained, "because we've got a lot of friends I've come to know around the world and they're after us to build for them and we're really not ready." As we talked, Anatek's employees were still getting used to the new layout of the assembly line, which had been re-organized to accommodate increased volume.

Anatek had its beginnings in an Ontario company Mr. Crawford formed in 1959 to represent electronics firms. At the time, electronics sales in this country were handled largely by import agents who had no particular expertise in the field. Mr. Crawford's speciality in university was electronics and he was a pretty good salesman. He made it a policy to hire people like himself, professionals who knew electronics and could also sell. The company, Allan Crawford Associates Ltd., grew to become the largest electronic instrument sales agency in the country and currently has about 65 people working for it.

Along the way, Mr. Crawford has also been involved in the establishment of a couple of other highly successful companies: Spectra Research, which sold specialized electronics gear to research establishments; and Lumonics Research, which manufactures research lasers (see *Canada Commerce,* May 1974). Anatek was formed about six years ago and we talked about it at some length:

After getting three companies going, why try for a fourth?

I knew that Canada had developed to the point where an electronic instrument manufacturing firm could support itself in this economy alone and I knew there was a market for power supplies. Allan Crawford Associates Ltd. had sold such equipment for other companies since 1960. By the time 1969 rolled around we had a pretty good idea of what the market potential was.

After working almost exclusively in the East, why establish a new company on the West Coast?

I put it here for what might seem, on the surface, to be a dumb reason. It's just a hell of a nice place to live. But I reasoned, and I'll tell you about 10 years from now whether I was right, that if you put people in a nice place to live, they'd be creative; they'd be stable and they'd want to stay. So far that's happened.

And I think that if this area matures, in the way that California has developed, it will become very interesting — certainly it will become one of this country's major centres for electronics and physics-related high technology development.

Your company has shown good growth, especially since 1973 — are

you worried about what recession may do to you?

I'm not the least worried about that. Our market is very broadly based. We serve the research market; we serve the electronic-related communications market; to a small degree we serve the military market; we're into aerospace and even the business machine market. And they all use power supplies. It's like the automotive industry; you don't hear a lot about engines but every car has one, and virtually every piece of electronic equipment has a power supply. It's a fundamental part.

The market is so broad that when one segment of it is down, chances are another segment is on an upswing. What's really bothering me is the increasing shortage of bright, creative people. They're just not coming through the system.

Is this because people aren't interested in this kind of work anymore?

I think there are two factors. First, the public isn't as turned onto research as it was a few years ago when all those space shots were going on, for example. In other words, research isn't sexy anymore; ecology is. Second, there's been a trend to cut R&D funding, particularly on the part of governments. This worries me because while there may be minimal short-term effects, five or 10 years from now, we're going to be in bad shape in terms of well-trained engineers and scientists. I'm talking about people at the Master's and PhD. level.

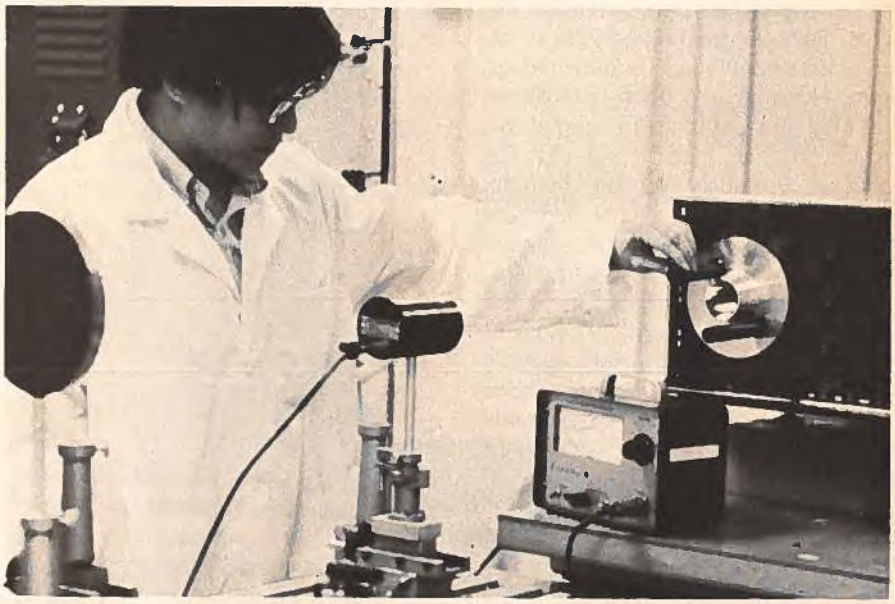
You told me you're not really ready to export. Do you sell entirely in Canada?

No. Our products are becoming very well known. We sell in England, in Europe and in the United States.

So when you say you're having to take a look at exporting, you're actually already into it and you're thinking about how deeply you're going to become involved?

That's right. The problem with getting into an export market too quickly is that you lose control. I'm thinking particularly of servicing, in our case. If somebody's instrument craps out and it happens to be in Toronto, you can have it back here tomorrow morning, fixed that day and returned to the user on the night plane. But once you're selling outside the country, the situation becomes much more complicated, what with customs and communications and so on.

Our way of doing it is to make sure that we have reliability built into the product — a product that is, hopefully, better than anybody else's. And the only way Canadian firms are going to get ahead in this field is to build a reputation for their products like the Swiss have established for their watches. But you can see that happening already in the United States. Canada, in some areas of the U.S. electronics industry, has a reputation for producing the best — that Swiss-watch reputation is already established. We have to try to build on that.



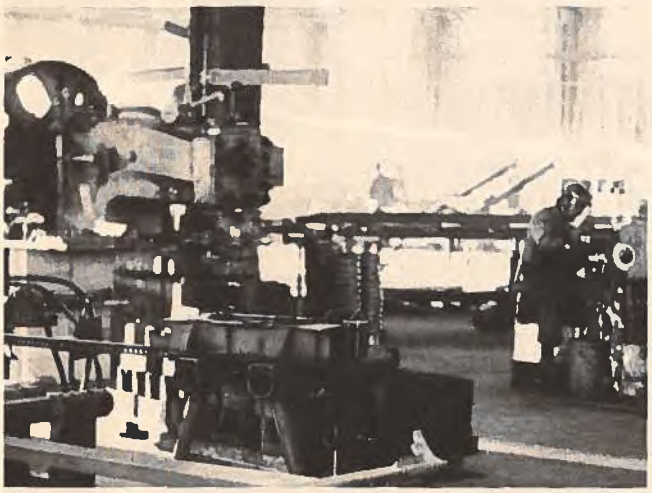
David Magee visited a number of other companies during his Western tour and articles about them will be appearing in subsequent issues.

H.W. Godwin, president, **Seismic Supply** (1958) **Limited** of Calgary. The company was incorporated in early 1948 to serve the geophysical and exploration drilling industry in Western Canada. Today the company is active in many markets, including Southeast Asia. Mr. Godwin, who was recently made a director of the Export Development Corporation, attributes much of the company's success to its manufacturing, sales and distribution capabilities, which are more comprehensive, he claims, than those offered by other companies. He is a great believer in keeping informed: "At least three times a week, every week, I call somebody in Ottawa at one department or another, just to talk. I learn an awful lot that way. I was very surprised to learn that when a $100 million line of credit was extended to Algeria, Seismic Supply was the only company that moved to take advantage of it. Apparently nobody else knew about it."

Canada Wire and Cable Limited plant at Weyburn, Saskatchewan. A $500,000 expansion last year increased the plant's capacity by one third. A broad range of telephone wires and cables, power cables, and transmission conductors are produced for both regional and export markets. The plant has been operating since 1960 and is one of 11 in Canada.

J.T. Cooper, president, **Cooper Furniture Ltd.,** Winnipeg. New machinery has increased the company's productivity as has a piece-work incentive plan. Sales tripled in 1974 and were expected to double again in 1975, despite the tight economic situation. Mr. Cooper says pricing and service are big factors in the firm's success and points out that the company offers a five-year warranty on its upholstery fabrics. "We were the first to do this, I think." He is a strong believer in promotion and he grabbed cross-country newspaper coverage with a seven-foot, purple-upholstered rocker displayed at the Toronto Furniture Show. The huge chair cost $1,500 but generated much more than that in publicity.

Neufeldt Industries, Lethbridge, Alberta. The firm began its operations manufacturing industrial heaters. It now produces a full line of these but has branched into other areas. Newer products include garbage collection units that are mounted on light trucks and which are proving popular in municipalities where larger garbage trucks are uneconomical. Other products include heating torches and custom truck bumpers. The company is now exploring possible export markets for all its products.



Pacific Western Airlines Boeing 707 at Calgary International Airport loads cattle for Shanghai. This shipment to the People's Republic of China last fall was the first of its kind from Canada and it was only the second commercial flight into China from this country. In 1973 a Pacific Western Hercules made the first Canadian flight with a load of satellite electronics. PWA is Canada's third-largest airline, operating a fleet of Boeing 707's, 727's, and 737's, Convair 640's, as well as Hercules and Electras. It also operates a fleet of trucks and trailers. The airline covers the Western Provinces and the North, and has cargo and charter flights around the world.

Swerz Brothers Construction Limited, Weyburn. Swerz Brothers entered the pre-fab home business in Centennial Year and now export their houses and mobile homes to several countries. Homes destined for export are packed in shipping containers at the plant and then placed on rail cars for shipment out of Montreal.

Final assembly at the **Porta-Test** plant in Edmonton. The firm started up in 1960 to specialize in gas well testing and evaluation. But president Ferris G. Swan was dissatisfied with the test equipment then available and this led to establishment of manufacturing facilities to produce Porta-Test's own designs. The market for this type of equipment is limited, however, and this, in turn, led to development of other products. Today the company manufactures pressure vessels, performs hot-pipe bending, and fabricates plant and process vessels.

Drill Systems Inc., Calgary. The firm manufactures and distributes a variety of drilling systems and related equipment. Its drilling systems can be mounted on trucks and various types of all-terrain vehicles.

Ageing rye whiskey at the Weyburn distillery of **Central Canadian Distillers.** A tour of the plant, which produces rye, gin and vodka, is a heady experience as the air is filled with the fumes of fermentation and distillation.

Film producers are turning increasingly to Alberta for location shooting.

IT+C's Regional Offices: Microcosm of a department

When Alberta businessmen meet in Calgary with Canadian Trade Commissioners to talk about trade with Latin America; when Maritimes consulting engineers meet for a day in Halifax to find out how to take advantage of the business offered by projects of federal departments and agencies, they are doing so with a great deal of assistance from the Regional Offices of the Department of Industry, Trade and Commerce.

Helping to arrange such get-togethers is nothing new for the people who staff the Department's Regional Offices in St. John's, Halifax, Fredericton, Quebec City, Montreal, Ottawa, Toronto, Winnipeg, Regina, Edmonton, and Vancouver. And it is really only a small part of their job because, in a sense, they are operating in a department-in-miniature and are obliged to wear a number of hats. Just take a look at the services these people offer, as outlined in an IT&C brochure:

Export promotion — The Regional Offices assist exporters and potential exporters with market planning and implementation of market plans. They help In locating and evaluating new markets and in expanding existing markets. They bring to bear departmental financial assistance (programs) for market development. They explain opportunities to the industrial community in participating in trade fairs, missions and in-store promotion. The Regional Offices provide counselling service for pricing, documentation, tariffs, packaging, labelling and modes of transportation. They provide information and guidance on financing and insurance for export purposes (EDC). The Offices provide information on current regulations on export and import controls. Finally, they help identify licensing and joint ventures abroad.

Industrial promotion — The Regional Offices from coast to coast provide information, advice and assistance on new product development, product diversification and industrial design. They also provide information on new production techniques. Specialized counselling is available to the industrial community for financial assistance in the areas of research and development. The Offices help interested firms or individuals in participating in domestic trade fairs. They provide guidance and advice in the establishment of new industries.

General services — The Regional Offices provide information on federal government services and on financial aids and services from other federal government departments, provincial governments and the private sector.

When asked, in an Ottawa interview, what services his people are called upon most often to deliver, the General Director of the Regional Offices Branch, Don Laplante, laughed, "I should have a list in front of me — probably about 20."

Actually, he said, just about equal amounts of time are spent on industrial development and export development activities. Considerable emphasis has been placed in the last couple of years on liaison between the federal and provincial governments, and the Regional Officers work quite closely with their provincial counterparts.

Much time is spent in people-to-people contact, according to Mr. Laplante. "There is a tremendous, virtually daily, volume of incoming trade missions, outgoing missions, buyers, technical missions, people involved in trade shows — we deal with all of these and more." The Regional Offices get many questions too about how to export to certain countries, the best ways to ship products, and what sort of tariffs and non-tariff barriers exist in certain markets.

And that's not all, Mr. Laplante said. The regional officers do a lot of knocking on doors making businessmen aware of what IT&C can do for them. In fact, he said, "That's really our key objective — to deliver the Department's services to the small or medium-size business that doesn't have the resources to deal directly with Ottawa.

"Our raison d'être is to help these people achieve their objectives and to encourage them to use the services of the Department to do so."

Mr. Laplante pointed out that there are about 35,000 manufacturing firms in Canada and the vast majority, about 27,000, had sales of less than one million dollars in 1973. "It's almost impossible," he said, "for them to get to Ottawa. They don't have the time and they don't have the money. But more importantly, it's almost impossible for anybody here in Ottawa to get in touch with all of them. For example,

Don Laplante, Hugh Gailey, Neil Currie and Brian Holmes of Regional Offices headquarters staff discuss impending seminar for businessmen.

about two years ago our branch started a survey of manufacturing and processing firms in New Brunswick. At that time we had about 250 firms registered with us but now there are more than 1600 on the list.

There are an awful lot of people we don't know about and many of them could benefit from our assistance. They're dynamic, they're aggressive and they've got great potential. With our help they've a better chance of realizing that potential and so we've just got to go out and find them."

Is the Department encouraging firms to contact the Regional Offices initially, rather than calling on Ottawa first? "Yes, I guess that's right," said Mr. Laplante, "sooner or later most firms will have to deal with someone in Ottawa, but we like to think the initial contact with us will save them some time. We have developed a network of contacts with chambers of commerce, boards of trade and other associations of one kind and another, and a lot of these groups now refer their people to us."

The role of the Regional Offices in federal-provincial relations is bound to become more significant. According to the General Director: "This development of liaison is a major function of the offices and it is really a two-fold

Don Laplante

one. First of all, we want to make sure that the provincial people are aware of what is happening in our Department. We try to ensure that the two levels of government develop programs that are complementary and do not conflict in any way.

"Conversely," said Mr. Laplante, "we try to keep Ottawa posted on what's going on in the provincial departments and we have to keep up-to-date on all their programs and policies. For example, there's a lot of discussion these days about petrochemicals, so we have to be very sensitive to developments in the provinces. We don't get into any in-depth involvement; we're just trying to put the right people in contact with one another so they can communicate effectively."

And, Mr. Laplante explained, there is another aspect of Regional Office operations: "We co-ordinate activities with other federal departments in each region because many of them have an economic mission — DREE, Manpower, Agriculture, DSS, National Revenue — you could probably name 15 or more that have regional involvement. We try to make sure IT&C knows what's going on with other departments. Again, it's a question of avoiding conflicts."

Asked about directions the Regional Offices may take in the future, Mr. Laplante said that his Branch will have a number of new jobs: "For example, we'll be working closely with the Federal Business Development Bank that's being established as an offshoot of the Industrial Development Bank. That will have an important influence on what we do in the future. I expect we will also become an increasingly important source of information on government programs."

Reaching the people who can use those programs will remain the number one role, however, Mr. Laplante said that "we're still reaching only 25 percent of the people who are eligible and we must make more firms aware of our services. We're going to do everything we can to accomplish that."

For more information about the ways the IT&C Regional Offices can help your company contact the one nearest you:

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Japan's distribution system

The following first appeared in the Fuji Bank Bulletin, *published in Tokyo. The points of view expressed are those of the editors of the* Bulletin *and do not necessarily reflect policies of the Department of Industry, Trade and Commerce. For more information contact: Minister-Economic (Commercial), Embassy of Canada, 3-38 Akasaka 7-Chome, Minato-ku, Tokyo 107, Japan.*

Characteristics of Japan's distribution system — Economic activities do not end with the production of goods. In order to bring the products to the final consumer, distribution is indispensable.

In its widest sense, distribution includes transportation, warehousing and other functions of what is called physical distribution but the present article limits itself to the role of commerce, i.e., wholesale and retail trade. Distribution in this narrow sense accounts for about 20 percent of Japan's gross national product as well as for 20 percent of all employment, which makes it the second largest sector after manufacturing.

Compared with other advanced industrial countries, the share of distribution in GNP is the highest in Japan and its share in employment is also high (the figure for Italy is not comparable because it includes all tertiary industries). Naturally, in every country, the distribution system represents the outcome of a historical process and its peculiarities reflect the differences in the industrial structure and organization of each country. The characteristic features of the Japanese distribution system are as follows:

First, the distribution system consists of a very large number of small enterprises. Table 2 shows the number of shops and employees and the yearly sales of wholesale and retail establishments. As of July 1972, Japan numbered 259,863 shops engaged in wholesale trade, compared with 310,000 in the United States, 110,000 in West Germany and 90,000 in France. If the size of the economy is taken into account, the number of shops is relatively large in Japan. Retail stores numbered 1,494,643 in Japan, employing on average 3.4 persons per store. The United States counted 1,763,000 retail stores with an average employment of 5.3 persons per store. The average number of employees per store was 5.1 in Britain and 5.4 in West Germany. The small size of Japanese retail stores is also apparent from the ratio of retail stores to population which is 71 people to one store, compared with 143 in the United States, 109 in Britain and 141 in West Germany. The small size of the retail stores indicates the kind of occupation in which work is not separated from daily life.

Although (or because) small enterprises also prevail in the wholesale sector, the Japanese wholesale trade is characterized by the dominant position occupied by the large general trading companies. As shown in Table 3, the share of the six largest trading companies (Mitsubishi Corporation, Mitsui & Co. Marubeni Corporation, C. Itoh & Co., Sumitomo Shoji Kaisha, and Nissho Iwai Co.) in the sales of all Japanese wholesale establishments comes to 17 percent. Particularly strong is their position in foreign trade; they account for 40 percent of all exports and 50 percent of all imports. Their domestic transactions represent 10 percent of all domestic wholesale transactions. Such a position is unique and the general trading companies may be regarded as a peculiar feature of the Japanese distribution system.

The second characteristic of Japan's distribution system is the great importance of intermediary transactions. As shown in Table 2, the value of yearly sales of wholesalers is 3.8 times higher than that of retail stores. Naturally, the business of retailers is largely restricted to consumption goods while wholesalers handle industrial supplies and capital goods in addition to consumer goods. But in the United States, sales of wholesale establishments are only 1.5 times higher than those of retail stores so that the Japanese ratio seems extraordinarily large. The reason is the exceedingly complex structure of the distribution system in which the same commodity passes through a number of wholesale stages and the distribution channels are unnecessarily tortuous and complicated.

Table 4 gives an analysis of the wholesale sector. Among the wholesalers, primary and secondary wholesalers must be distinguished. The primary wholesalers buy directly from the manufacturers (or import from abroad) while the secondary wholesalers buy from other wholesalers. (There are other wholesalers whose buying and selling mainly represents transactions within the same company.) In the composition of the sales of primary wholesalers, sales to industrial users account for about 30 percent of the total while sales to retail shops make up about 25 percent; sales to secondary wholesalers account for the other 40 percent. But in the structure of the sales of secondary wholesalers, those to wholesalers again constitute 36 percent of their sales which means that there are not a few commodities which go through three wholesale stages (primary wholesalers — intermediary wholesaler — final wholesaler).

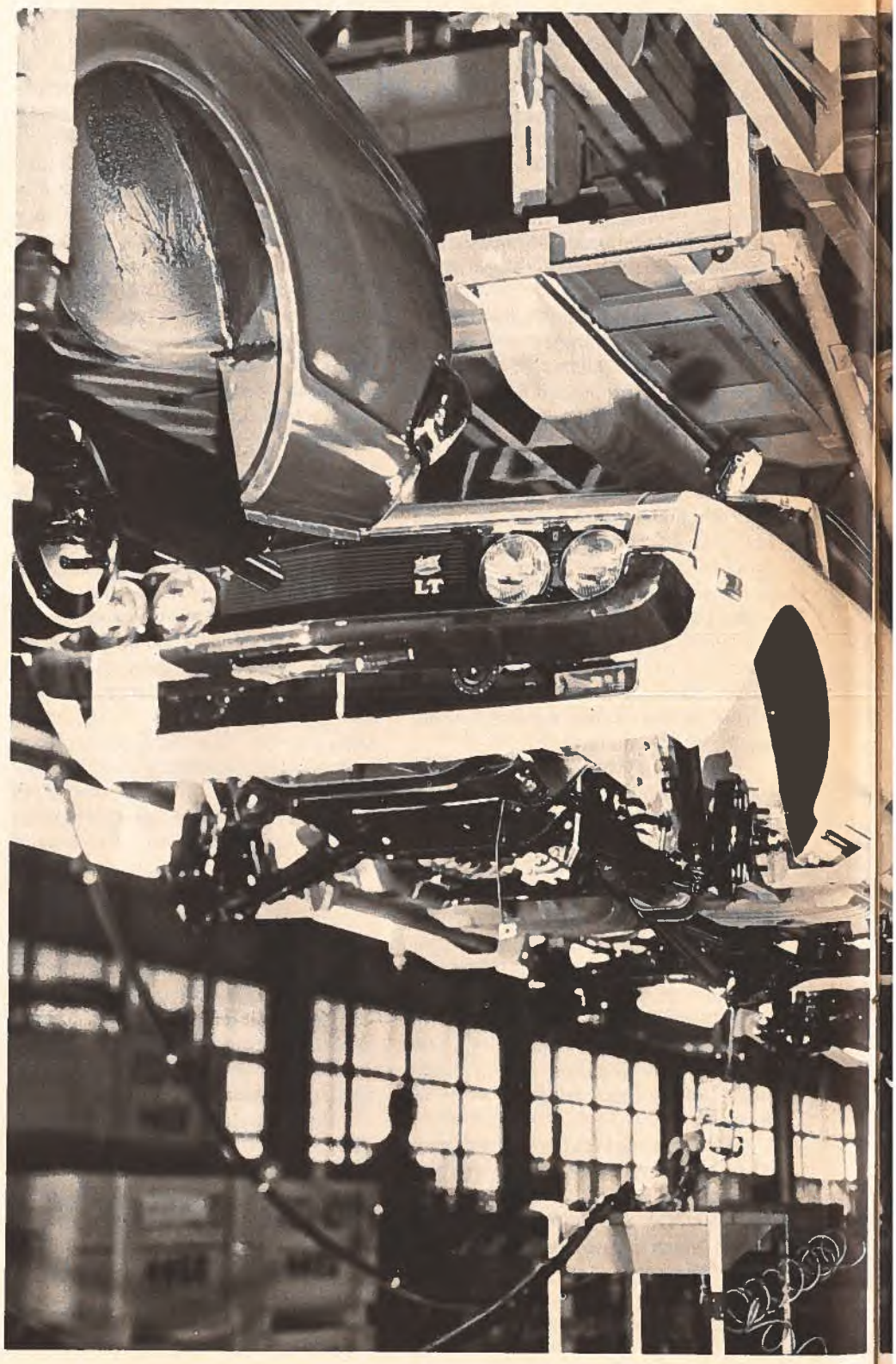
If the sales of primary and secondary wholesalers are distinguished by customer, sales to industrial users account for 28 percent, those to retailers for 29 percent, those to wholesalers for 41 percent, and exports for 2 percent. Sales to industrial users comprise mainly industrial supplies and capital goods, those to retailers mainly consumer goods. Compared with the 41 percent for which intermediate sales account in Japan, their share is only 15 percent in the United States so that the Japanese system implies relatively longer and costlier distribution channels.

Reorganization of distribution by manufacturers — Despite its complexity, the distribution structure is by no means inflexible; on the contrary, it is always changing together with the rest of the economy. A major change occurred after the Second World War when the manufacturers intervened in distribution and tried to build up their own distribution network made up of affiliated companies.

Typically, at the initial stage of economic development, a relatively large number of small manufacturers will appear and there will be a multitude of users or retailers dispersed all over the country. For connecting these two sides, the function of wholesalers (middlemen) mediating between production (supply) and demand will be very important. Before the Second World War, the middlemen occupied the strongest position in Japan's distribution system.

With the rapid growth of Japan's economy after the Second World War, large manufacturers achieved an oligopolistic domination of the economy which led to fierce competition in the markets of many mass-produced commodities. The manufacturers, therefore, could not content themselves merely with production but had to intervene in the distribution process and promote the sale of their products by bringing distribution under their control. But the manufacturers could not simply disregard the wholesalers and rely on direct sales. A complete take-over of the distribution function by the manufacturers would have been accompanied by many disadvantages. Actually, in the field of consumer goods, direct sales are limited to a few commodities such as sewing machines and beds.

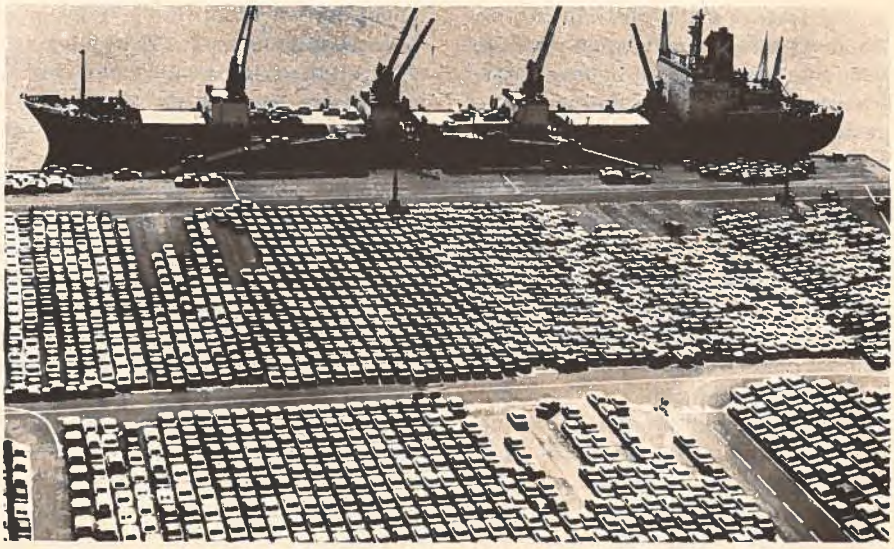
Instead, the manufacturers tried to gain control of the distributors by affiliation. This affiliation means that the manufacturer gains a dominant influence over the distributor and forces him to sell the manufacturer's products exclusively or preferentially.



In this way, the manufacturer can acquire a sales network which provides the same service as if he had built his own distribution system. To a greater or lesser extent, this also happens in other countries but there may be few examples of the kind of affiliation which is common in Japan for electric home appliances. This type of distribution in which the products of a particular manufacturer are handled exclusively by a chain of dealers is characteristic of Japan's postwar distribution system.

Because distribution depends on the production and demand structure as well as on the kind of merchandise, the domination of the sales channels by the manufacturers is not found in all sectors and in the following industries, distribution is relatively free from affiliation:

1) Industries in which small manufacturers predominate, e.g. toys, ceramics and furniture. In these fields, the manufacturers are not strong enough to control the distribution system and depend on the wholesalers (middlemen) for selling their products. Even large manufacturers of such products cannot gain a decisive influence on distri-



bution because of the numerous small manufacturers. The situation is the same in the field of machine tools.

2) Manufacturers relying greatly on large users. This situation generally prevails in industrial supplies and capital goods where direct sales (or similar forms of transaction) are the rule. Different from consumer goods, direct sales are advantageous in the case of large transactions and it is unnecessary to have affiliated dealers. For steel materials, direct sales account for about 20 percent of all shipments, while wholesalers (140-150 firms including the large trading companies) handle 80 percent. But about two thirds of the sales which go through wholesalers are for users buying on the basis of long-term contracts (referred to in the industry as "tied" transactions) and not for the market on which wholesalers sell only one-third of the volume they handle.

3) Production to order or production of small lots of a great variety of products. In such cases, demand is not large in terms of volume which makes control of distribution by affiliation impracticable. Affiliation as a sales strategy is most effective for mass-marketing standardized products; it is useless for products such as clothing whose sales are influenced by changes in fashion.

4) Commodities which lack a distinctive character. Affiliation works for products with a well-defined brand image for which the difference from competing products can be clearly established by advertising or after-services. It is difficult to secure exclusive or preferential distribution for products which have become practically identical because quality or standards have become the same. Besides industrial supplies, most agricultural products fall into this category.

Commodities, therefore, for which affiliation can be used, are goods mass-produced by large manufacturers which are bought in small quantities in a widely dispersed market and are easily distinguishable from competing products. Commodities which meet these conditions are consumer goods, particularly consumer durables. Actually, the system of affiliated distributors has been used chiefly for cosmetics, prepared foods, patent medicines, electric home appliances and motor cars.

Depending on the character of the product, the demand pattern and similar factors, the type of affiliation varies from a very loose relationship to very strong ties. The degree of control can be inferred from the following factors:

1) Does the affiliation stop at the wholesale level or does it extend to the retail level?

2) Can the retail store sell only the products of one particular manufacturer or can it also sell products of other manufacturers (i.e., exclusive or non-exclusive relationship)?

3) Is the retail store operating under a franchise? It is the only store licensed for a particular or do two or more franchise stores compete in the same territory?

A few examples may illustrate how the affiliation system works. Japan's leading manufacturer of cosmetics has divided the country into 73 territories and established a sales company (wholesaling) and exclusively handling its products in each territory. The organization extends to the retail level. The retailers, however, cannot completely ignore the products of other manufacturers and offer all kinds of cosmetics. But the manufacturer carefully selects leading retail stores in all parts of the country and concludes agreements with them under which he assists these stores in store layout, display, promotion, etc., while the store promises to recommend the firm's products to its customers and to sell at the prices fixed by the manufacturer. In this way, the manufacturer controls the entire distribution process down to the retail level. Other cosmetic manufacturers, however, have no direct connections with retail stores and rely on wholesalers while a third group uses the system of door-to-door sales. For detergents and patent medicines, the system of distribution control down to the retail level is the same although less stores are involved than in cosmetics.

In the field of electric home appliances, the control exercised by the manufacturers is much stronger. Of the approximately 50,000 retail stores, 60-70 percent have signed up with one of the six large electric appliance makers and display a signboard marking them as a chain store of the particular manufacturer. But this affiliation does not prevent the stores from selling products of other manufacturers so that they are not strictly exclusive stores. Nevertheless, the rate of exclusiveness is very high. Japan's largest manufacturer of electric home appliances controls about 7,000 retail stores and sales of the firm's products account for over 80 percent of their sales. At the wholesale level, all firms handle exclusively the products of only one manufacturer and each wholesaler controls an exclusive territory for the products of a particular manufacturer.

In the distribution of automobiles, no intermediary wholesalers exist between the manufacturer (or the manufacturer's sales company) and the dealers, so that the distribution channels are very short. It is usual to have special dealers for each car type of the manufacturer.

The arrangements, therefore, vary greatly from industry to industry and depend on the management policies of the manufacturers but the manufacturers have largely gained control over the distribution system, particularly in the field of consumer goods. Various methods are used for acquiring and maintaining control; the most important means are the following: connections through capital investment or personnel; rebates or premiums; assistance in sales promotion; financial assistance; franchise sys-

tem; resale price maintenance contracts; restriction of supply source of retailer to a particular wholesaler (called one shop — one account system).

Development of a new distribution system — The control of the distribution system by the manufacturers has greatly modified the old complex distribution system with its many intermediaries and created shorter and rationalized distribution channels. At the same time, however, new problems have arisen and the system has come increasingly under attack.

The first problem is the market rigidity caused by the manufacturers' control of distribution. Resale price maintenance contracts, e.g., allow the manufacturer to fix retail prices which is clearly a monopolistic practice. Under Japan's Antimonopoly Law, price maintenance agreements are permitted for products such as cosmetics, patent medicines, household soap, detergents and toothpaste (fixed prices are also allowed for books, magazines, newspapers, records and tapes) which result in price rigidity and tends to impair the interests of consumers. Yielding to the criticism of the system, the exceptions of the prohibition of price maintenance agreements (or agreements restricting discounts by retailers) were revised effective last September. For cosmetics, resale price maintenance contracts are only permitted for products selling for less than 1,000 yen; only 26 medicines important for public health can be made subject to such agreements. There remain, however, many other arrangements which restrict competition, interfere with fair price formation and obstruct new entries, such as rebates, exclusive sales rights and assignment of sales territories.

In the meantime, however, other factors have appeared which are in conflict with the control of the distribution system by the manufacturers. The most conspicuous change has been the growing influence of the supermarkets. Until the sixties, Japan's retail trade was divided into the large department stores, numerous "mom and pop" neighborhood stores and specialty stores selling quality merchandise. With the appearance of the supermarkets, mass marketing became possible which contributed greatly to the extremely rapid expansion of the supermarkets. From 1964 to 1972, the yearly sales volume of the supermarkets increased 6.2 times, compared with a growth of 2.6 times of department store sales. The sales volume of the supermarkets now tops that of the department stores, albeit by a slender margin (Table 5). In 1972, the sales of the largest of the supermarkets exceeded the sales of the largest and most prestigious of the department stores. The supermarket achieved this tremendous expansion in the short span of 15 years, for it was only in 1957 that it started operations as the first of the Japanese supermarkets.

These large retail establishments are in a position to resist the attempts of the manufacturers to control the distribution system. The manufacturers cannot disregard the market power represented by the supermarkets while the supermarkets themselves have branched out into manufacturing (backward integration) and developed their private brands. They have this kind of merchandise made either to order by an outside manufacturer or in their own factories; in either case, the supermarkets control the development of the products as well as their price, which represents a distribution pattern completely different from that controlled by the manufacturers.

In addition to the supermarkets which sell general merchandise, stores aiming at the mass market but specializing in certain kinds of merchandise have made their appearance. They started out as discount stores not affiliated with any one manufacturer and are particularly numerous in the field of electric home appliances. Their ability to offer practically all brands of a particular type of product at reduced prices is one of their attractions. As chain stores specializing in a particular field, they have secured a strong position and now account for 20-25 percent of all sales of electric household appliances.

The retail stores were not the only ones to originate changes in the distribution pattern. Some wholesalers have built up an integrated production and sales system. They are wholesalers capable of developing their own merchandise which they produce either in their own plants or have made by sub-contractors. Different from the old arrangement of middlemen also engaged in production, these wholesalers have their own marketing system which reaches down to the final consumer (for this purpose, some of them organize their own retail outlets). Such establishments are particularly numerous in fields with rapidly changing fashions, such as clothing and furniture. These establishments are neither pure manufacturers nor pure merchants and actually represent a new breed of entrepreneur in the distribution field.

In this way, the Japanese distribution system is in the process of diversification. The distribution patterns in which retailers or wholesalers play a leading role may be regarded as a kind of "countervailing power" (in the sense of Professor Galbraith) to the control of the distribution system by the manufacturers. Naturally, the problem is how these new departures in the distribution field will further develop; in particular, whether they will succeed in asserting themselves against the established system and gain a permanent position. As with all other economic phenomena, the distribution system must change with the times; the diversification of the sales channels and the coexistence of various distribution patterns can preserve the adaptability of the economy and protect consumer interests.

TABLE 1
Commerce in Selected Countries

	Share of commerce in GNP (1972) %	Share of commerce in employment (1972) %
Japan	18.1	23.4
United States	15.0	19.2
Britain	10.3	11.0
West Germany[1])	12.3	n.a.
France[1])	10.8	16.6
Italy	13.3	32.6[2])

Notes: 1. Data for 1971.
2. Not comparable because services are included.

Source: *Bank of Japan, Comparative International Statistics*

TABLE 2
Census of Commerce, 1972

	Number of shops (A)	Number of regular employees (B)	Annual Sales Y million (C)	B/A employees	C/B Y million
Wholesale	259,863	2,988,351	105,835,461	11.5	35.4
Retail	1,494,643	5,123,802	28,095,238	3.4	5.5
Total	1,754,506	8,112,153	133,930,699		

Note: Eating and drinking establishments are not included.

Source: *MITI, Census of Commerce*

TABLE 3
Position of Six Large Trading Companies

	Annual Sales (Y billion)	Share %
Wholesale trade, total	105,835	100.0
Sales of six largest trading companies	18,257	17.3
Domestic sales	10,253	9.7
Exports	3,602	3.4
Imports	3,395	3.2
Cross-country trade	1,006	1.0

Note: Wholesale trade: May 1971 – April 1972.
Six largest trading companies: April 1971 – March 1972.

Source: *MITI, Census of Commerce; financial reports of trading companies*

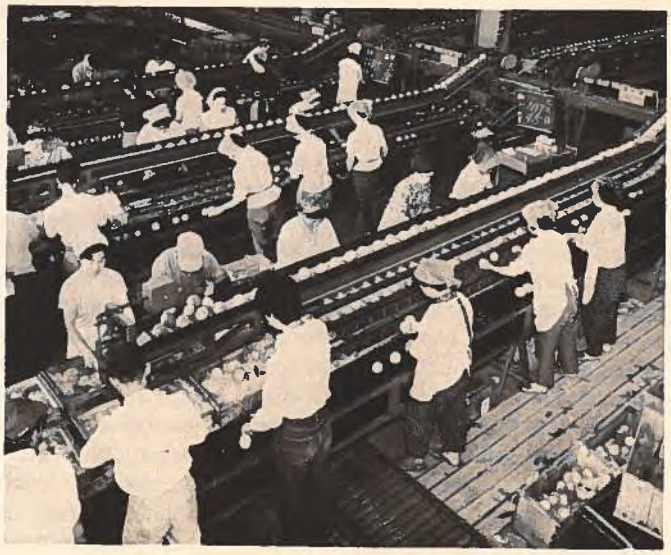


TABLE 4
Distribution System

	Supply	Sales by sources	Number of establish-customers	Annual sales ments	Share in sales totals A or B	A B	A B C
Primary wholesalers	Manufacturers & imports	Total (A)	69,302	32,957.3	100.0	67.6	53.0
		Wholesalers	19,975	14,330.9	43.5	29.4	
		Industrial users	16,277	9,748.4	29.6	20.0	
		Exports	1,376	778.0	2.4	1.6	
		Retailers	31,476	8,100.0	24.6	16.6	
Secondary wholesalers	Wholesalers	Total (B)	84,854	15,789.7	100.0	32.5	25.4
		Wholesalers	19,471	5,746.2	36.4	11.8	
		Industrial users	24,461	3,635.7	23.0	7.5	
		Exports	357	170.7	1.1	0.4	
		Retailers	40,565	6,237.1	39.5	12.8	
Other wholesalers		Total (C)	22,590	13,470.2			21.6
Total (A B C)			176,746	62,217.2			100.0

Source: *MITI, Census of Commerce*

TABLE 5
Share of Department Stores and Supermarkets in Retail Sales

	1964		1968		1972		1972/1964
	Y billion	Share %	Y billion	Share %	Y billion	Share	times
Retail sales, total	8,362	100.0	13,615	100.0	28,095	100.0	3.4
Department stores	926	11.1	1,286	9.4	2,382	8.5	2.6
Supermarkets	392	4.7	1,029	7.6	2,448	8.7	6.2

Note: 1. Supermarkets are stores with a floor space of at least 100 m^2 in which self-service accounts for at least 50% of the sales.
2. The classification is subject to slight variations in the different years.

Source: *MITI, Census of Commerce.*

Private export trading houses in Canada

The following article was prepared under the guidance of the Trading House Committee of the Canadian Export Association. Points of view expressed in this article do not necessarily coincide with policies of the Department of Industry, Trade and Commerce, however, it may give a better understanding of how export trading houses operate in Canada.

The importance of export trading houses in Canada was underscored by a federal government study in 1972 which estimated that nearly 20 percent of Canada's export trade is channelled through various types of export trading companies. This record of successful endeavour is all the more remarkable when it is recognized that approximately half of Canada's export trade is conducted between goods-producing companies and their foreign affiliates, which has little potential for the market-bridging function performed by export trading companies.

In view of this impressive record of performance, it is perhaps surprising that little is known about Canadian trading houses by the producing sectors of the economy on the one hand, and government and the general public on the other. Recognizing that this information gap may be partially the responsibility of the trading house community, this paper has been prepared by the Trading House Committee to describe the wide-ranging scope of the services available from export trading houses to Canadian producers.

The essential function of an export trading house is to market in one country goods produced in another. Generally, export trading firms located in Canada concentrate their activity on marketing Canadian goods abroad. But when Canadian goods are either unavailable or not competitive, some may use their world-wide contacts to buy and sell in different third countries, returning the profit on the transaction to Canada and thereby maintaining a market presence for future sales of competitive Canadian goods.

Many kinds of activities are undertaken by different types of Canadian trading companies. However, these companies have in common a specialized knowledge of foreign markets; they know the buyer's needs, customs and language, and understand the market's peculiarities and special requirements; they have an unrivalled knowledge of the techniques used in exporting; they deal with all the complexities involved in international trade, such as packing, documentation, shipping, insurance, import regulations, tariffs, quotas, licences, exchange and payment terms. This is know-how that cannot be picked up overnight by just anyone. It is the fruit of years of experience and is yours to command.

By pooling its experience in marketing a range of complementary goods and services around the world (or in specific geographic areas), the trading company is able to reduce the overhead costs which would otherwise accrue to individual producers seeking to develop their own in-house export marketing capability. The export trading house provides a ready-made and experienced export department.

Who uses export trading companies?

- Producers and manufacturers inexperienced in export;
- Producers and manufacturers who do not have the resources to establish their own export department, or who do not wish to do so because they are unable to determine whether a remunerative export market exists;
- Small manufacturers and producers who do not have sufficient production available for export to warrant the cost of establishing their own export department;
- Organizations already exporting but which wish to make use of an export trading company's contacts in a particular market, or markets;
- Organizations already exporting to major markets but which cannot justify the cost of servicing smaller markets, and therefore wish to take advantage of an export trading house's ability to "pool" travel and shipping costs, etc. with other producers to service the smaller markets.

How do they operate?

Canadian trading companies export goods and services on a wide variety of contractual bases with the producer. Some companies operate on a commission basis, whereas others are prepared to negotiate any contractual relationship which is mutually satisfactory to the parties involved. Basically three major divisions may be found in the classification of functions performed by trading companies.

1) Trading houses acting for the producer who is the principal;

2) Trading houses acting for themselves as principals.

3) Trading houses acting for buyers who are principals.

Over the years a number of terms commonly used to describe these basic functions have become blurred by imprecise usage — a situation which has been caused in part by the variety of subdivisions of these functions (one authority has defined 27 types of export trading companies). Nevertheless, to indicate the wide flexibility of contractual arrangements which may be negotiated with Canadian trading companies, the following is offered (it should be emphasized this is merely a guide):

1) *Trading houses acting for the producer* — This arrangement normally involves the trading house being retained on a commission or retainer basis. Representations will typically be offered on an exclusive basis to the trading house either to all export markets or to contractually defined markets. The trading house will be responsible for the whole, or part, or none of the del credere risks depend-

ing on the degree to which the producer wishes to be party to the export operations and credit risks. On the one side of this spectrum is the commission agent who operates as the "export department" for the principal (now sometimes referred to as a combination export manager or export management company) and on the other, the commission agent operating on a non-exclusive basis who retains freedom to purchase on commission from suppliers of his choice.

2) *Trading houses acting for themselves as principal* — Usually termed an export merchant, the export trading house operating as principal buys outright from the producer's point of view into a domestic transaction. The export merchant markets the product abroad and normally accepts on his account all financial risks including credit, foreign exchange and shipping risks. Although the export merchant often retains the freedom to buy from whom-so-ever he wishes, in some cases Canadian export trading houses working on this basis will undertake to represent abroad exclusively specific producers with whom suitable contractual arrangements have been concluded. An exclusive representation in some or all foreign markets is usually a prerequisite if product promotion such as advertising is to be undertaken.

3) *Trading houses acting for buyers who are the principals* — Foreign governments sometimes look to the Canadian Commercial Corporation to assist in procuring their needs in Canada. Similarly private foreign buyers (and sometimes foreign governments as well) look to Canadian trading houses for assistance in sourcing their Canadian purchases. Although there are different types of trading houses engaged in this field in Canada, many enter it as a natural extension of reciprocal two-way trading arrangements with affiliated trading organizations abroad. A related service is provided by confirming houses. Although not common in Canada they nevertheless serve a useful function by guaranteeing payment for the goods and usually taking care of shipping and related services.

4) *Miscellaneous specialized activities* — In addition to the foregoing basic methods of operation, some trading companies specialize in:

- Representing abroad on an ongoing basis a group of complementary products (or sometimes, with the producer's concurrence, competing products) in the manner of export consortia;
- Putting together ad hoc consortia to go after specific foreign capital projects involving a variety of equipment and know-how;
- Arranging licensing and other types of know-how agreements involving supplementary exchanges of goods and services;
- Providing export consulting services which may involve providing export trading facilities and/or recommending appropriate export marketing channels and techniques;
- Piggyback operations, where the facilities and experience of an established producer's export department are used to export complementary or non-competitive lines for other producers.

Canada's trading community offers specialized entrepreneurial services to producers. There are specialists available in almost all produce lines: primary materials, forest products, grain, agricultural products, livestock, and most manufactured products. Some specialize in the Caribbean, others in Eastern Europe, the EEC, Latin America, or the Far East. No matter what the product or the geographic region to be reached, there are specialists available. The rich diversity of services performed by export trading companies constitutes a pool of expertise and export capability which stands ready to serve all producers of exportable goods. A trading house is in a position to reduce both the costs and the risks in export transactions, and to establish Canadian products firmly in foreign markets. For more information, contact the Canadian Export Association, Suite 1020, Commerce House, 1080 Beaver Hall Hill, Montreal, Quebec H2Z 1T7.

R+D in Switzerland

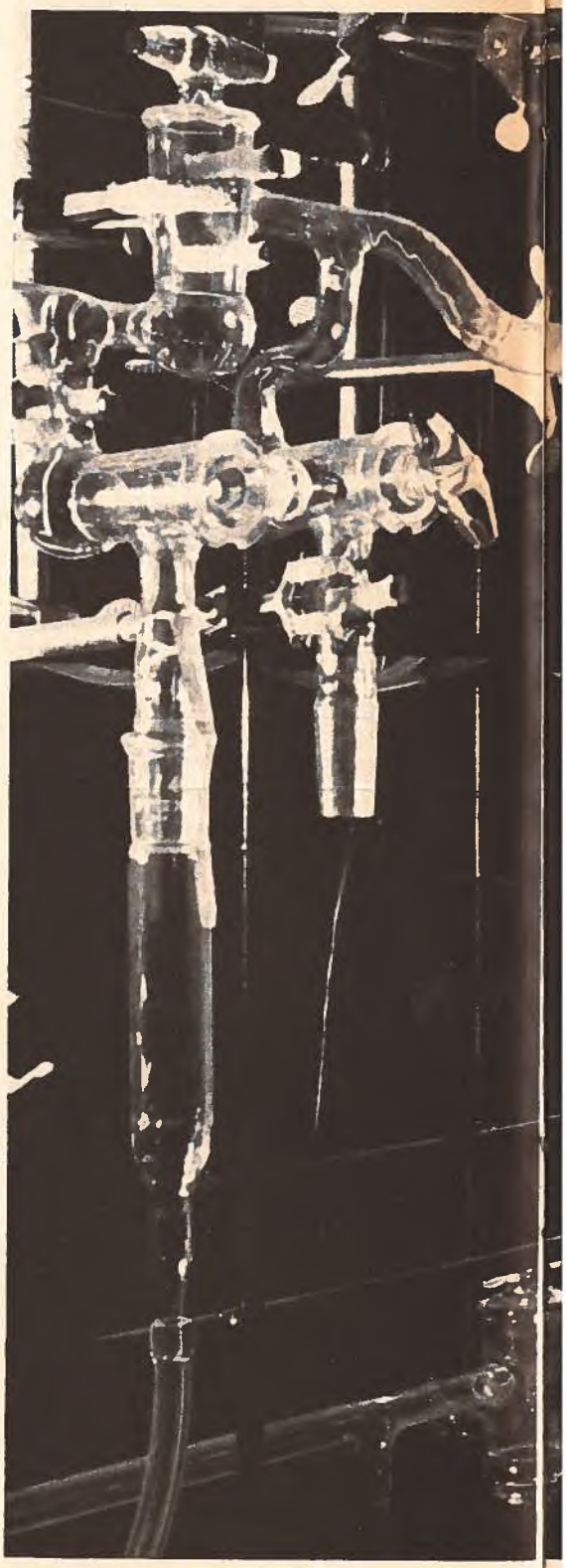
E.A. MALLORY, P. Eng., Assistant Commercial Secretary and Vice Consul, Berne

Excess production capacity is the bane of any plant manager. It is clearly evident that Canadian manufacturing firms are becoming interested in countries such as Switzerland to obtain help in solving problems relating to new product development and hence coming to terms with problems such as excess capacity. But why Switzerland? What does this tiny country have to offer besides ski resorts and fantastic scenery?

Nestlé, Omega, Brown Boveri and Ciba-Geigy are but a few of the major international companies whose headquarters and research and development facilities are located in Switzerland. The amount of money spent on R & D in this country is highly significant. In proportion to its gross national product, Switzerland is one of the countries which, according to the OECD, earmarks the most funds for research and development.

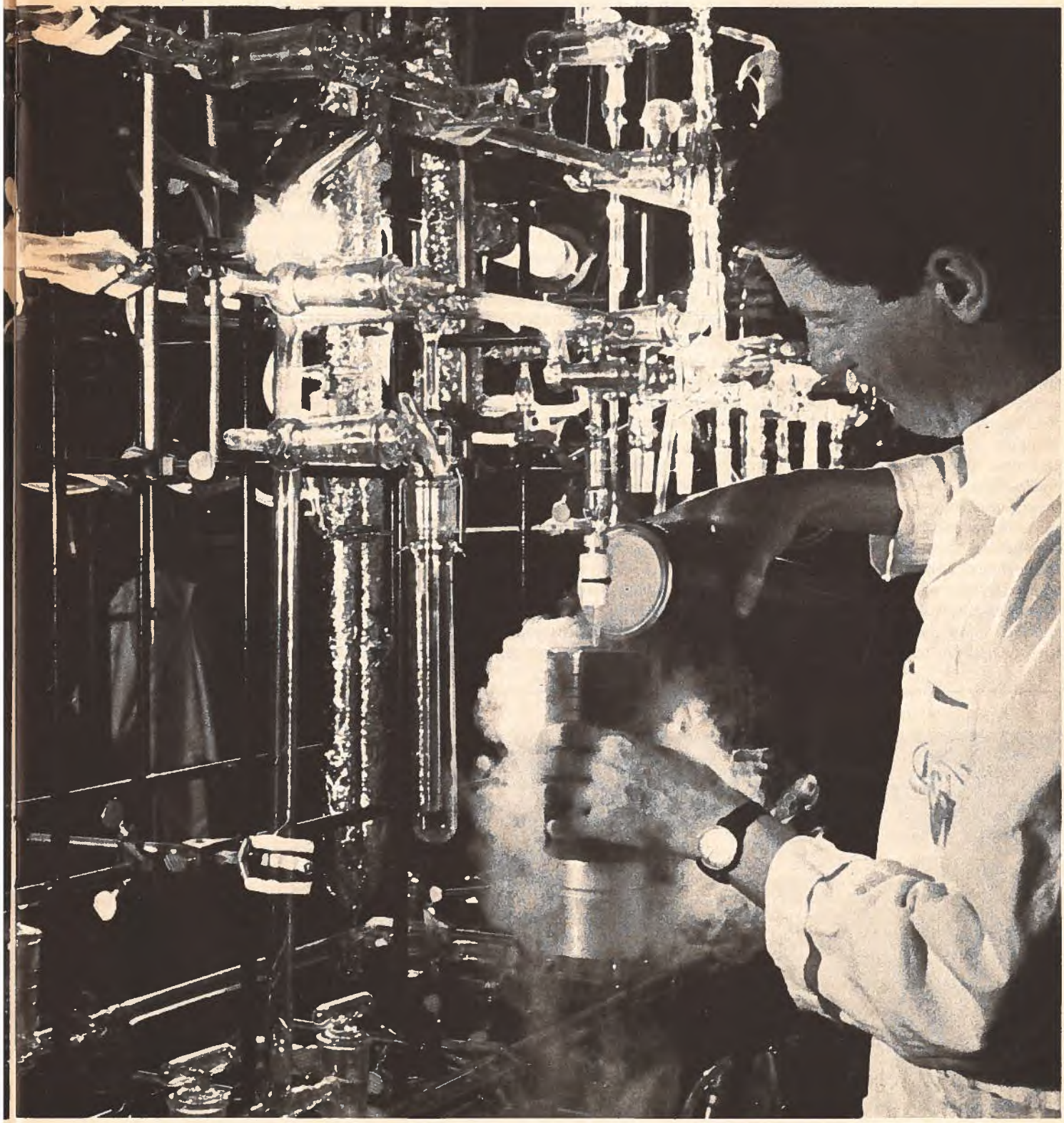
In relative terms it devotes as much of its resources to research as the major powers. Unlike the latter, however, not until recently was there any Swiss government agency responsible for laying down the main lines of a national science policy.

Generally speaking, the economic structure seems to have favoured R & D activities. The constant concern to compete on external markets under the best possible conditions has accustomed the entire Swiss community to insist on quality and good work-



Basel is in the heartland of Switzerland's chemical industry and the Klybeck works of Ciba-Geigy are located there. On the left, the Analytical and Physics Building; on the right, the Biological Research Building.

About two thirds of all industrial research spending in Switzerland occurs in the chemical industry. Here, a technician carries out a chromotographic analysis in Ciba-Geigy's pharmaceutical research lab.



manship. From early on, the training of highly-qualified personnel has gone hand in hand with innovation. In such pragmatic fashion Swiss firms have managed to develop a relatively large research potential. Since about 75 percent of R & D activities in Switzerland are financed and executed by private industry, an unusually high proportion of technology becomes potentially available for sale, exchange or licensing.

Let's look now at a few Swiss industries to illustrate the current status of R & D activity in this country.

Watch making — Fully 98 percent of Swiss watch production leaves the country, meaning that this industry is particularly susceptible to the foreign competition which is becoming increasingly keen. Research and development has brought forth a complete new technology in the world of timekeeping. The first major breakthrough was the tuning fork device and most recently the quartz concept has enabled wrist watch accuracy to reach plus or minus one second per month. Swiss watch makers have proved to be pioneers in electronic micro circuitry applied to timing devices. Display techniques utilizing light emitting diodes and liquid crystal displays have been successfully applied to watches by Swiss R & D.

The emphasis on R & D in this industry has been extremely strong, especially during the last two to three years. For example two years ago, one major watch company employed one researcher on quartz resonating technology; today, the same company has 35 technicians working on this aspect of watch R & D. As a result, the Swiss watch making industry has advanced to a level of sophistication in quartz technology unequalled anywhere. This technology not only has applications in the watch industry but also for example in the field of electronic test equipment and communications. Opportunities exist here for Canadian firms who lack this technology. Swiss companies are very keen on exploring possibilities of licensing or technology transfer in the field of quartz resonance.

The age of the electronic watch has indeed arrived, but the traditional mechanical watch is not yet finished. Research and development still continues towards improving the accuracy of the self-winding device which may lead to unforseen breakthroughs in the basic principles of the mechanical time keeping mechanism.

Chemicals — In no other country is the proportion of industrial research to state-financed research as high as in Switzerland. About 2 percent of the gross national product is devoted to research — some three quarters of it financed by industry and of this amount, two thirds is accounted for by the chemical industry. The Swiss chemical industry (including its affiliated companies abroad) has been estimated to spend on research 6 million francs — about $2.4 million — per working day. As a result of this intensive concentration, more patents are taken out by the Swiss chemical industry than by any other sector. The impact is felt not only on the domestic scene. Between 1941 and 1970, 250 drugs newly marketed in the United States came from outside the country. Of that total Swiss firms produced more than any other country — about 26 percent. What does all this mean as far as Canada is concerned?

The message is resoundingly clear. There is a major and important source of technology in Basel, the Swiss city on the Rhine which serves as the home for the four biggest Swiss

Switzerland moves to reduce it's energy dependence

MAX MEISTER, Commercial Officer, Berne

With the exception of hydro-electricity and firewood, Switzerland depends almost entirely on foreign suppliers for its energy needs. The crisis of late 1973 made it painfully clear to the Swiss that this dependence involves certain risks. They realized, as did the people of many other countries, that the time of unlimited growth, based on inexpensive and plentiful energy, was over. They saw that a new approach was needed, with the emphasis on economy and conservation. With two thirds of Switzerland's energy supplies being consumed by individuals and only one third by industry, it wasn't hard to determine where conservation measures should begin.

Switzerland's energy consumption more than quadrupled between 1950 and 1973, with industrial and residential heating accounting for most of the increase. Energy use soared with the building boom that followed World War II when suddenly people were using dishwashers and washing machines, building heated swimming pools and over-heating their homes and offices. But the energy crisis has changed that and people are learning to insulate their buildings and to turn down their thermostats.

What Switzerland lacked in other

chemical companies — and the product areas in order of importance are: pharmaceuticals, dyestuffs and chemicals, agrochemicals, plastics and additives, consumer products and photographic chemicals.

Due to the manner in which new chemical products are developed, Swiss firms are more interested in an exchange of technology than in sales or licensing. The discovery, development and trial of a new agrochemical, for example requires five to seven years' work and the expenditure of several million francs. If the technology involved in the development of the product were to be sold or licensed, the cost and fees necessarily would be prohibitive. The resulting policy is, therefore, one which favours technology exchange.

Great progress is being made in the technology of ecology and toxicology. It is a general rule of thumb that for each kilogram of finished product that is produced two kilos of by-product are created. Such a formula causes unique problems for the industry which is highly concentrated in the Basel area. By-products of these plants are tested for biodegradability and fish toxicity and if a product does not pass this stage of development, it is scrapped.

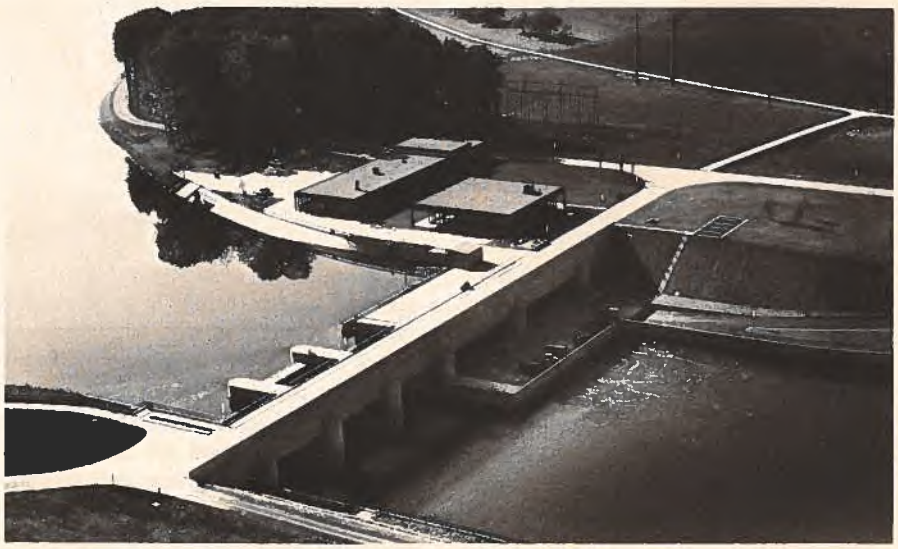
The two largest chemical firms in Basel are co-operating on the development of a large integrated pollution disposal plant which will take effluents from these two competing firms. Needless to say, combining the research and development expertise of the two firms produces much more effective results than if each went its own way in developing pollution control facilities.

Machinery — Machinery accounts for the largest amount of production in Switzerland. This fact is especially surprising when you consider that Switzerland has no natural metal resources. R & D in the field of marine diesel engines has given one firm over 50 percent of the world market for low-rpm engines. New efforts are being made in the areas of materials and corrosion research. Developments are anticipated concerning friction and wear problems in textile and paper machinery. Investigations are also being carried out on the electrochemical behaviour of materials, primarily those used for nuclear components, chemical process engineering and surgical implants, and so on.

These are but a few examples of the strength of Swiss industry in the R & D field but it can be seen clearly that Swiss manufacturing industries have developed a strong base for research and development from which Canadian firms can derive a much greater benefit than has been the case. The spark that keeps this base growing is the general Swiss policy of independence and neutrality along with the country's inherent lack of raw materials. They must innovate or else suffer the threat of economic demise.

Over the past two years, we have brought a number of Swiss-developed products to the attention of Canadian manufacturers through the *New Products Bulletin* published by the Department of Industry, Trade and Commerce in Ottawa. In all, we have processed 105 inquiries on behalf of Swiss industry. We are also in a position to respond to requests by Canadian firms seeking new items or ideas. The Swiss manufacturing industry may not answer your need for a new product or process, but at least give it a try. Write to us at the Canadian Embassy, Berne, Switzerland.

Hydro station on the River Aare near Berne.



energy resources was compensated in considerable measure by its hydroelectricity generating capacity. Its topography and abundant supplies of water made it one of the richest nations in Europe in this regard. There are 412 hydro generating plants with a total capacity of 9728 Mw.

However, the point has been reached where increases in this capacity will be limited to construction of

small plants for strictly local needs. Virtually all sizable water supplies have been exhausted. Nevertheless, Switzerland was able to export 9.5 billion KwH between October 1, 1973 and September 30, 1974, compared with imports of 6.4 billion KwH during the same period. This country is plugged into the power grids of its neighbours and is able to import or export power as conditions dictate.

New source of power — Nuclear energy became available just at the time when Switzerland's readily accessible water resources were fully utilized and the construction of large-scale hydro-electric power stations was no longer possible. Instead of turning to conventional thermal plants with the attendant problems of air pollution and consumption of imported oil, Switzerland opted for nuclear reactors to cover the increasing need for electricity. As far back as 1946 the Swiss Federal Council decided to encourage the use of nuclear power, but it was made clear that the responsibility for the development of a Swiss reactor would lie with Swiss industry.

A few projects were worked out, but only in 1955 was Switzerland able to obtain uranium and heavy water from abroad for the construction of an experimental reactor. The next step was a pilot plant operation with an 8.5 Mw reactor, but subsequently it was decided that it was uneconomical to continue an independent nationalistic Swiss reactor policy. The Swiss power companies then had to look to foreign suppliers and they chose the American light water reactor type which requires enriched uranium. The natural uranium is purchased either by the power companies or the consulting engineering firms responsible for the planning and construction of nuclear power plants. Enrichment services are provided by the U.S. Atomic Energy Commission and by the French Commissariat à l'Energie Atomique and Eurodif. Today these nuclear power plants are in full operation:

Location	Capacity	Reactor type
Beznau I (on the Rhine north of Zürich)	350 Mw	Westinghouse
Beznau II (on the Rhine north of Zürich)	350 Mw	Westinghouse
Mühleberg (near Berne)	306 Mw	General Electric

Under construction are the following plants:

Location	Capacity	Reactor type
Kaiseraugst (near Basel)	924 Mw	General Electric
Leibstadt (near Basel)	940 Mw	General Electric
Goesgen (near Olten)	970 Mw	Deutsche Kraftwerkunion

It is not expected that these three plants will be in operation before 1980. Opposition from citizen groups who argued that nuclear reactors are unsafe, general credit restrictions and the fact that large water cooling towers have to be built for all new nuclear reactor stations, gave rise to major difficulties and caused considerable delays.

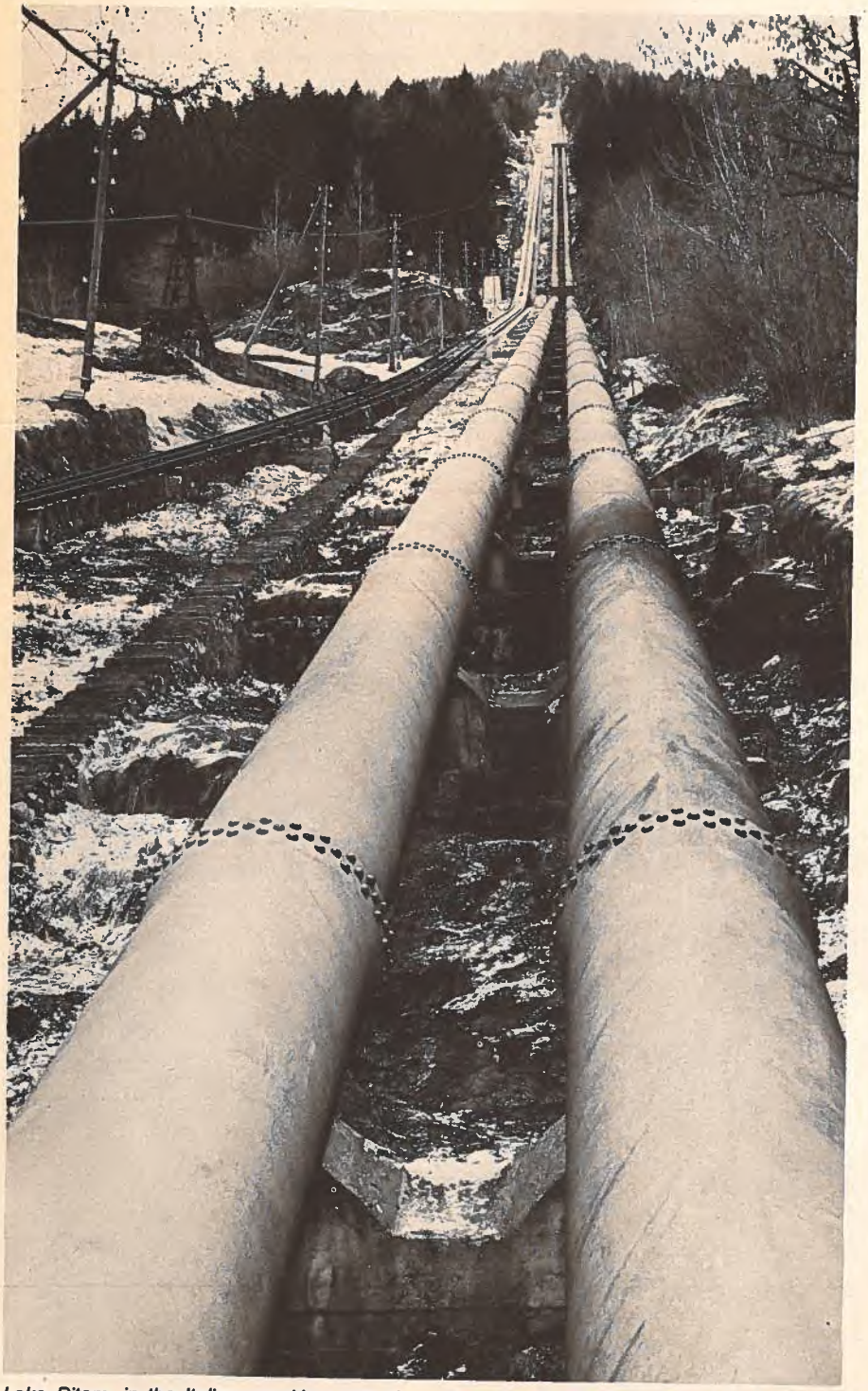
In order to cover electric power requirements to the end of this century, additional nuclear power plants will be built. More or less advanced projects exist already for the following plants:

Water reservoir in the Alps.

Location	Capacity	Reactor type
Graben (In the Berne region)	1140 Mw	General Electric
Verbois (Geneva)	800-1110 Mw	not decided
Rüthi (In Eastern Switzerland)	900 Mw	not decided
Inwil (near Lucerne)	1000 Mw	not decided

When the Swiss power companies decided that in addition to the three existing nuclear power plants, seven plants with a much greater capacity would be needed in the next 30 years, the planning was based on a continuing economic boom and on a population increase from 6.2 million to 10 million by the year 2000. Both projections have since had to be revised. Industrial activity is not expected to increase at the pace of the last 25 years and the population will probably not be larger than 7 million by the end of this century.

After 1980, the three plants now under construction (Kaiseraugst, Leibstadt and Goesgen) will produce 18 billion KwH, which is more than half of the total 1973 consumption of electricity. The four nuclear power stations



Lake Ritom, in the Italian-speaking part of Switzerland, is one of many artificial lakes in the Alps. The water is held by a dam and descends at great pressure through pipelines to the hydro plant in the valley below. The Ritom power plant belongs to Swiss Federal Railways.

listed above which are now in the planning stage, would add another 25 billion KwH. In view of the revised estimate on demand and the substantial new capacity that will be coming on stream, plans for some of the future stations may have to be revised, especially since some Swiss power companies are also partners in two French atomic power stations (Fessenheim and Bugey) from where, after 1976, electric current will be imported into Switzerland.

It could be argued that electric power might replace fuel oil as a source of energy, but this would mean that electricity would have to be competitive with oil and natural gas, which is not the case today. For the time being, and until the next nuclear power station comes on stream at the end of this decade, electric power production just barely covers normal requirements, and it is even possible that shortages will arise. For this eventuality, the Federal Council has obtained authority from Parliament to introduce a rationing scheme if this is ever required. The very mild winter just past and down-turn in business activity have made it unnecessary to implement this measure so far.

The following power companies are involved in the construction of nuclear plants: Nordostschweizerische Kraftwerke AG, Baden; Bernische Kraftwerke AG, Berne; Aare-Tessin AG, Olten; Centralschweizerische Kraftwerke AG, Lucerne; Elektrizitäts-Gesellschaft Laufenburg AG, Laufenburg; L'Energie de l'Ouest-Suisse SA, Lausanne; Swiss Federal Railways, Section for Power Stations, Berne.

French and German power companies participate in various consortia which were formed to build the larger Swiss plants. And the following consulting engineering firms are concerned with the planning of nuclear power plants: Motor Columbus Consulting Engineers Ltd., Baden; Elektro-Watt Engineering Services Ltd., Zürich; Bonnard & Gardel Ingénieurs-Conseils SA, Lausanne; Société Générale pour

l'Industrie, Geneva; Suiselectra, Basel.

For the plants already completed or under construction the Swiss firm Brown, Boveri & Co. Ltd., Baden, acted as general contractor, together with General Electric or Westinghouse. Only the Goesgen plant is being built on a turnkey basis by the German firm Deutsche Kraftwerkunion (Siemens).

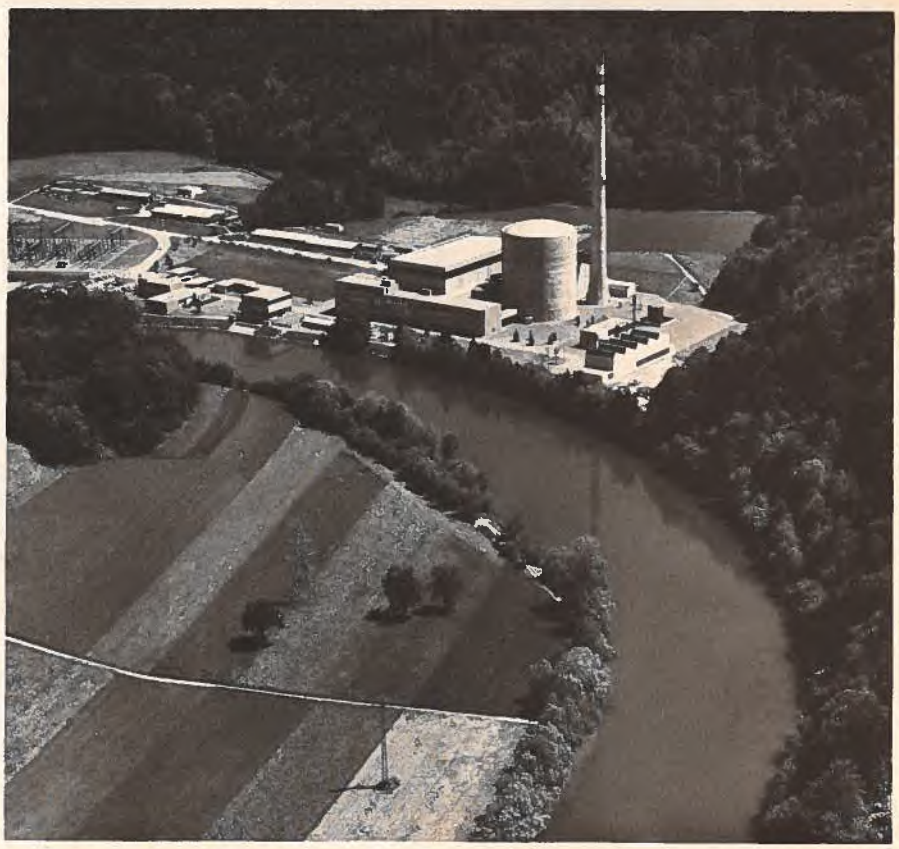
Whereas the reactor is always supplied by foreign firms, sub-contracts for the conventional parts (turbines, generators) and for components usually go to Swiss companies. In fact, Swiss firms have been able to establish themselves firmly on the world market for nuclear power station equipment. The most important companies in this field are Brown, Boveri & Co. Ltd., Baden (electrical equipment); Sulzer Bros. Ltd., Winterhur, (pressure vessels, primary circuits, pipes, valves, pumps); Georg Fischer Ltd., Schaffhausen (steel castings); Charmilles Engineering Works Ltd., Geneva (fuel handling and transfer systems); Chemap Ltd., Maennedorf (filters); Theodor Christ Ltd., Aesch (ion exchangers); K. Ruetschi Ltd., Brugg (pumps).

Possibilities for Canadian companies — So far, the Swiss have purchased only light water reactors, for which enriched uranium is needed, but conditions might change and the door is not completely closed for the heavy water CANDU reactor. Contracts with Canadian suppliers of uranium already exist and there are good prospects for further sales. Possibilities for Canadian firms exist also in the field of components for nuclear reactor stations. Canadian valves, for example, have been installed at the Beznau plants. Canadian companies might also be interested in working with Swiss consulting engineering firms, especially Motor Columbus and Elektro-Watt, on projects in third countries.

An opportunity to explore these possibilities will be provided by the 4th International Fair of Nuclear Industries (NUCLEX '75), to be held in Basel from October 7 to 11, 1975. Some 14 companies have booked space on the official Canadian stand. Not only will the exhibition provide a general view of the present situation with regard to peaceful uses of nuclear energy, but the world élite in this field will be in Basel, and contacts on an international basis can be established. A number of technical meetings will be an added attraction for scientists and engineers as well as for businessmen. Programs of the meetings can be obtained from the Commercial Division, Canadian Embassy, Kirchenfeldstrasse 88, 3006 Berne.

SWISS ENERGY SOURCES
(percentages)

	1950	1960	1973
Coal	40.6	23.9	1.9
Wood	11.0	4.9	1.2
Petroleum products	22.9	46.6	72.8
Hydro-electricity	25.5	24.6	13.8
Natural gas	—	—	0.9
Fission material (uranium)	—	—	9.4
	100	100	100



The 306-MW Muhleberg nuclear power plant near Berne, owned by Bernische Kraftwerke AG.

German shipbuilding: diversified and healthy

M.W. McQUINN, Vice Consul and Assistant Trade Commissioner, Hamburg

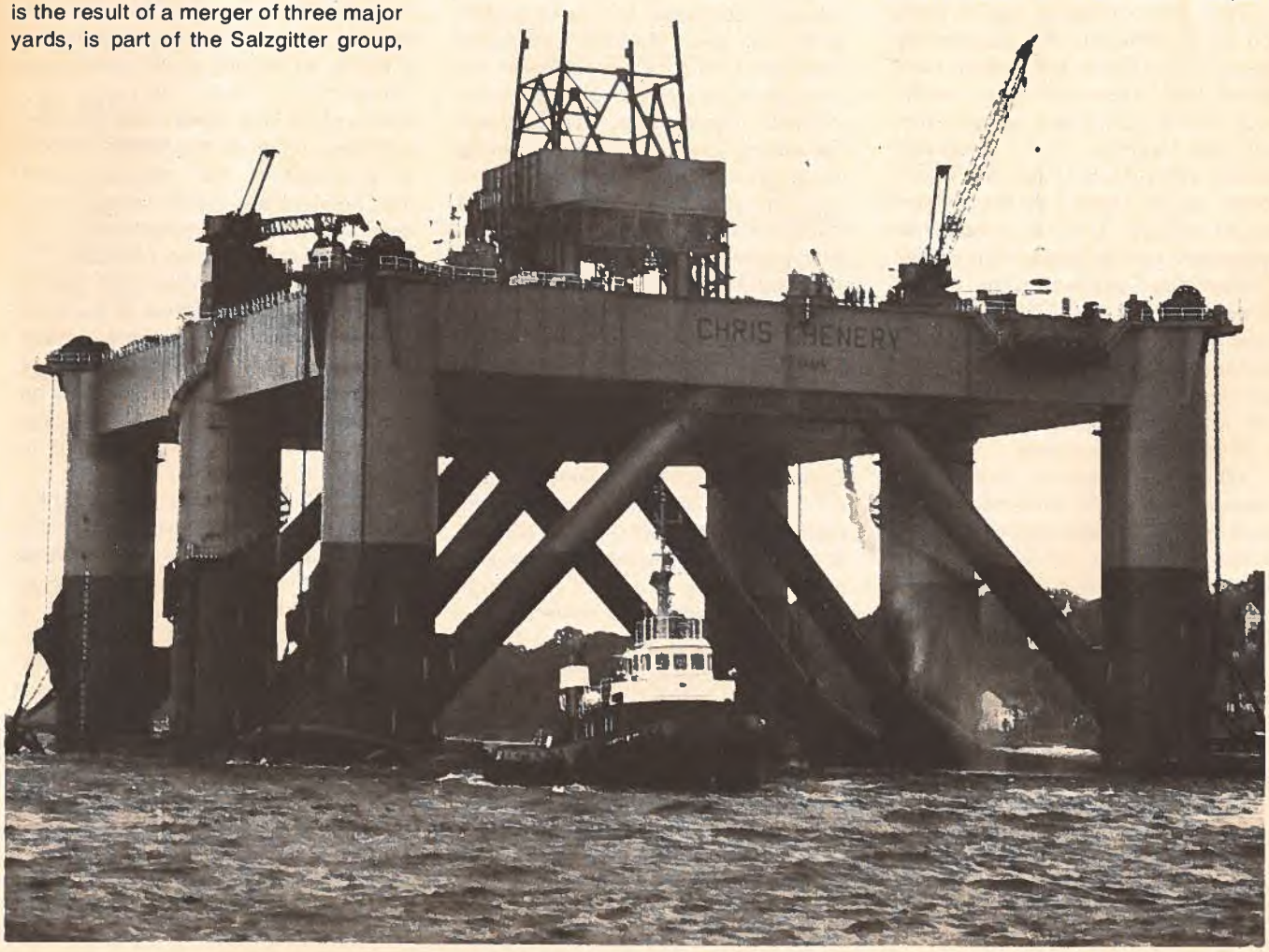
The West German shipbuilding industry has had its ups and downs but in the last few years it has begun to reap the benefits of the rationalization and diversification programs that were begun in the Sixties.

The five largest firms — HDW, AG Weser, Bremer Vulkan, Blohm & Voss and Rheinstahl Nordseewerke — are all the result of mergers and takeovers which occurred in the Sixties, when the number of yards employing more than 2500 personnel were reduced from 10 to the present five. All of these firms are members of major steel industry groupings, thus, supplies of their basic raw material are assured.

HDW of Hamburg and Kiel, which is the result of a merger of three major yards, is part of the Salzgitter group, in which the federal government holds a majority share, with the State of Lower Saxony holding the remainder. Bremer Vulkan has as its main shareholder the Thyssen-Bornemisza manufacturing and trading group, with headquarters in Holland. The Krupp empire owns AG Weser of Bremen, while the Thyssen group controls Blohm & Voss of Hamburg. The engineering and steel group of Rheinstahl has its own shipyard in Emden. These five shipyards account for fully three quarters of West Germany's ship deliveries. These yards claim to have considerable managerial independence from their parent steel concerns, but one has to look at the medium and smaller shipyards before a truly independent organization is apparent.

The West Germans were only recently supplanted by the Swedes (but the margin is narrow) as the second-largest shipbuilders in the world. But more importantly, the diversification of the German industry's products will continue to help it weather the vagaries of the world's demand for new ships.

Tankers — Germany, like any major shipbuilding nation, has the capacity to build the present generation of supertankers and three of the German yards have the capacity to build tankers of more than 200,000



tons. The yards and their capacity are as follows: Howaldtswerke — 240,000 tons; AG Weser — 380,000 tons; and Bremer Vulkan — 450,000 tons.

Prior to the oil crisis, when the oil tanker business was booming and the thought was to make tankers better but mainly bigger, all three of these yards made expansion plans. Howaldtswerke in Kiel, on the strength of a contract for four 470,000-ton tankers was the first to take the investment plunge. In November 1973 they broke the ground for their new dry dock which will enable them to build tankers with a capacity up to 700,000 TDW and the laying of the keel of the first 480,000-ton tanker is scheduled for early 1976.

With the coming of the oil crisis and the softening of the supertanker market, the other two yards have placed their expansion plans on the back burner until there is some firm indication whether such enormous tankers will ever be in demand again. Some people claim that the present glut of tankers is not a fundamental oversupply of the beasts, but rather, manipulations carried on by certain parties attempting to drive down world rates. Questions such as "what will be the rate structure on the Suez Canal?" will have to be answered before any firm will make additional investments to increase its capabilities.

When one realizes that during every week of 1975 three new supertankers will be delivered somewhere in the world, it is rather difficult to think that there will not be an excess of supertankers for some time to come. According to some oil firms, if no new tankers are ordered between now and 1980, there will still be a tanker surplus in 1980.

While this would appear to be an omen of doom for the world's shipbuilding industry, the West Germans will be affected much less than many others because they have not concentrated on supertankers. It is this flexibility that is going to see them through.

Container ships — West Germany is the indisputable world leader in the construction of container vessels. According to figures compiled by the Bremen Research Institute for Maritime Transportation, the six major West German shipyards have managed to corner one third of the world's market measured by total container carrying capacity. However, the Germans are not sitting on their laurels and continue to work on new developments which will produce more economical ships and thus maintain their competitive edge against the rest of the world. As far back as 1972, a Japanese-German working group completed a joint study of the feasibility of constructing a nuclear-powered container ship with 80,000 SHP. Even then, the study concluded that such a ship, under particular circumstances, could prove to be a commercially-viable proposition. Since the energy crisis and the enormous increase in prices of bunkering oil this concept has gathered more support. A follow-up study, recently completed, anticipates that atomic container ships will be put into service early in the Eighties. Thus, the German project group is planning to complete by 1980 Germany's second atomic vessel with a power plant of 80,000 SHP or eight times that of the experimental bulk carrier, *Otto Hahn*, built in 1968. Even beyond this, the German yard AG Weser with support of a $1.25 million grant from the German Ministry of Science and Technology is looking at the feasibility of a giant catamaran container vessel to be powered by a 240,000 SHP nuclear plant and capable of carrying 4,000 containers at 40 knots.

1974 performance — This was the most successful year yet for the West German shipbuilding industry. Although final figures are not yet available, after nine months of 1974, 210 ships totalling 2.3 million GRT and worth $2.75 billion had been delivered. The previous best year was 1973, with delivery of 169 ships totalling 2.1 million GRT, worth $1.6 billion.

The most significant figure is of course the value of production. It can be seen that although the total tonnage of the deliveries yards is increasing steadily, their value has jumped dramatically as the yards increase their production of special ships, as opposed to the large but simple tankers. This factor should be important for Canadian marine equipment suppliers simply because more specialized ships require more technical components.

The future — Economic indicators of the world's ship building industries usually trail behind most other economic conditions by 12-18 months. Thus, shipbuilders are not so concerned with the fact that an economic malaise exists in the world (provided it is not so severe as to lead to the cancelling of orders) but rather they wonder how long these conditions will continue. Although the tanker market is unsettled at the moment, most liner services are actively pursuing expansion plans. Hapag-Lloyd, the major German shipping company, intends to invest a further $300 million on new vessels in addition to the $200 million program investments already under way. Activities in all spheres are to be expanded but priority is to be given to liner operations. Between now and 1978 the company plans to acquire 11 new ships.

The West German shipbuilding industry entered 1975 with orders for approximately 8 million GRT. This is the largest level of orders in its history and is a result of its flexibility. The chairmen of the three largest shipbuilding companies are quietly optimistic about their future despite the gloomy outlook in many shipping circles. With most major yards presently committed until 1977/78, these gentlemen are looking forward to the expected upturn in the world economy which most economists are expecting late in 1975 or early in 1976.

If you are interested, we recommend that as a first step you provide

our office with brochures on your equipment. Of course, before your competitive position can be established, you will have to work out c.i.f. European port prices. If after these procedures it is determined that your product is of interest and is competitive, we would highly recommend as a second step that you consider exhibiting at the Hamburg Ship and Machinery Show which will be taking place in September, 1976 and again in 1978.

Table No. 1

1974 Deliveries ('000 tons)

	300-350	200-300	100-200	50-100	20-50	10-20	5-10	1-5
Tankers	2	7	4					
OBO			3					
Bulk Carriers				5		2		
Heavy Goods Ships				2	1			
Freighters						5		17
Product Tankers						1	3	4
Refrigerated Ships						2		
Auto/Pass Ferries							2	5
RO/RO Ships								2
Motorships								6

Special Ships:			
Drilling Platform	1	Research Vessels	3
Pipe Layers	2	Fast Patrol Vessels	6
Cruise Ships (300 pers)	2	Dredgers	4
Fishing Cutters	10	Ice Breaking Tug	1

Table No. 2

Order Book — April 1, 1975 ('000 tons)

	over 400	300-400	200-300	100-200	50-100	20-50	10-20	5-10	1-5	under 1
Tankers	4	13	5	5	6	6	7	12	8	
Bulk Carriers				6	5		9		3	
OBO				2	2					
Container						5	16			
Ferries								6	14	2
Freighters						2	20	9	37	9
Supply Vessels									7	8
Lumber Carriers					4					

Specials — Drilling platforms, pipe layers, dredgers, fireboats, hydrofoils, patrol boats, rescue cruisers, research ships, deep diving vessels, cruise ships, fish factory.

Fish Cutters — 15

Tugs — under 20 m length — 1; 20-30 m — 6; 30-40 m — 4; 40-50 m — 2; over 50 m — 1 (51 m)

SELLING CLOTHING TO SWEDEN

"Sportswear of good quality in the medium to high-price brackets are best bets for Canadian suppliers wishing to approach the Swedish market."

WILLIAM MANSTON,
Commercial Officer, Stockholm

The Swedes have money to spend, whatever their occupations or ages. What do they spend it on? Well, for one thing, more than 7 percent of Sweden's total private expenditure relates to clothing. A family of two adults and two children spends 9 percent of its income on clothing, almost as much as the total provided for health care, recreation, transportation, insurance and savings.

Is the Swedish market worth the trouble to the Canadian exporter? Even if too much has been made of Sweden's high living standard, the fact remains that this country offers considerable advantages as a potential market for exporters. Few other countries can offer a more attractive combination of reasonably stable market conditions, low tariffs, minimal regulations and a wide understanding of the English language. Outside of the United States and Canada, Sweden has the highest per-capita consumption of textiles and clothing in the world.

Today, Sweden's main garment suppliers are Britain, Finland, Denmark, Portugal, followed by Asia and Eastern Europe. Combined, these account for 60 percent of Sweden's total clothing imports. Because of this strong competition from abroad, Swedish garment manufacturers have been compelled to cut their prices severely and consequently, many firms have not survived. A number of manufacturers have established subsidiaries in countries such as Portugal and Finland where costs are lower.

During the last three years the style of dress in Sweden has changed significantly; the demand for heavy, formal and durable garments is decreasing, while cheaper and less formal clothing is taking a larger share of the market.

The retail clothing trade in Sweden has also undergone important developments. Population migration to the cities and urban areas has led to the closing of many shops in the smaller communities. By the end of this year, at least 1,200 outlets will have closed. The larger establishments, those with a turnover of at least $500,000 a year and representing 2 – 3 percent of the total number of outlets, now account for 25 percent of the total clothing turnover.

Who are the buyers? The principal retail distribution channels for sales of ready-made clothing are divided into the following groups of enterprises: consumer co-operatives, private chain department stores, private chain stores and private clothing shops.

The largest of these chains, the Domus and Obs stores, are a part of the Swedish Co-operative Union and Wholesale Society. This is Sweden's largest business organization, commonly known as Kooperativa Forbundet or KF. Domus is the name given to their 157 department stores situated in cities throughout Sweden. The 18 hypermarkets known as Obs or Domus are located either as single establishments outside large population centres or as integrated parts of

suburban shopping centres. Goods sold by the hypermarkets are generally in a lower price range and are exhibited in plainly-equipped premises, often in connection with KF's regional warehouses. The clothing assortment of the chain is approximately the same as the traditional higher-class department stores but at a lower quality and price level. Buying is centralized in Stockholm and imports are sourced primarily from the Far East.

One of the two principal private department store chains is NK/Turitz & Co. This company was formed in January 1970, when Nordiska Kompaniet and Turitz & Co. merged. The new chain operates three types of retail outlets or profit centres: the NK division, which has four full-service department stores on traditional lines; the EPA division, with 105 department stores; and the Hypermarket division, known as BRA, with eight hypermarkets and seven separate supermarkets.

Compared with other Swedish department store chains, NK is above average in the proportion of exclusive lines within the total assortment. The EPA and Hypermarket divisions include approximately the same clothing products as NK with a lower price and quality level. All buying decisions for the NK stores are made in Stockholm. Purchasing for EPA stores and Hypermarkets is centralized in Gothenburg, with deliveries to Stockholm, Gothenburg or Malmö.

The second major private department store chain is Ahlén & Holm AB. This firm conducts its business through three Ahléns department stores, 72 Tempo department stores, five supermarkets and four Wessels hypermarkets. The Ahlén stores provide a full range of men's, women's, teenagers' and children's wear in medium-priced, good-quality merchandise. The Tempo and Wessel assortment comprises mainly lower-price merchandise and a smaller assortment of clothing than Ahléns. Purchasing for the entire group is centralized at the Stockholm headquarters.

The major private or specialized chain stores are Erling Persson AB,

through Its Hennes-Mauritz stores; AB Sven Gulin – Peplta Bolagen, through Gulins and Pepita stores; and Kapp-Ahl AB. All are expanding rapidly and concentrate on the fashion-conscious young man and woman with money to spend. They sell a broad assortment of light and heavy clothing at a medium-price level.

The private clothing shops provide an assortment of both fashion and standard men's and ladies' wear for different age groups. The best-known stores are AB Regment; Malmö, with 14 shops specializing in lightweight ladies' wear of the latest fashion; Bredenberg & Co. AB, Stockholm, with 12 shops in central and southern Sweden selling a full range of high-quality heavy and lightweight ladies' wear; and MEA AB, Stockholm, an exclusive department store specializing in men's and women's high-class garments, especially outerwear, shirts, knitwear and accessories.

What to sell — In a nutshell, leisurewear and sportswear of good quality in the medium to high-price bracket are best bets for Canadian suppliers wishing to approach the Swedish market.

In high demand for women are: coats, raincoats, leather and suede jackets, pants, pant suits, underwear and beach wear, knitwear, dresses. In greatest demand in men's wear are leather and suede jackets, blazers,

pants, shirts, sweaters. Anoraks, ski jackets and pants, snowmobile suits, sweaters and T-shirts are wanted for sportswear and all types of infants' and children's wear are also in demand.

The Swedish buyer of leisure and sports wear is perpetually searching for the near impossible — a unique, practical garment of non-classical features but not too extreme in style. This particularly refers to jackets of all materials for young men and women. Styling in Sweden is important for the younger age groups and buyers unhesitatingly conform to trends set by the youngsters themselves. A garment with unique style selected by the youth of Sweden as a "trend setter" rapidly develops a high demand. Canadian manufacturers, therefore, should insert at least one or two of their more unusual designs in their sample collections for the Swedish market.

Buyers regularly attend the fashion fairs and the most popular are: Scandinavian Fashion Week, Scandinavan Men's Wear Fair and Ladies' Clothing Fair — all in Copenhagen in September and March — as well as Prêt-à-Porter in Paris (spring and fall), Ladies' Fashion Week in London (spring and fall), and Men's Fashion Week in Cologne (spring and fall).

Department and chain stores tend increasingly to purchase on a continual-basis or rolling system throughout the year. But for some items there are still four principal buying periods: September/October, for the spring collections; September, for Christmas and winter collections; January/February, for the summer collection; and March/April, for the fall collection.

How to sell — Clothing is best distributed through local agents unless regular visits, at least twice a year, can be arranged. Our office will gladly help in locating agents and making arrangements if you prefer to deal direct. Agents' commissions are usually between 8 and 10 percent.

The distribution of children's wear is handled mainly by joint purchasing organizations representing large and small retailers. These buying groups meet their members regularly at least five times a year to present their collections.

Canadian exporters intending to visit Sweden must time their arrival carefully to ensure their trips do not conflict with the fashion fairs. It is also important to remember that it is not the practice of Swedish buyers to receive foreign or domestic representatives at short notice. Appointments should be arranged well in advance. Deliveries must be punctual and while Swedes are experienced international buyers, quotations, terms and invoicing should be clearly understood at time of sale.

In the past, Canadian manufacturers of ladies' and men's coats, jackets (suede and leather), beach

wear and underwear, anoraks, snowmobile suits, shirts and children's wear have been successful in gaining entry to the Swedish market because of their high quality and styling features. But it is necessary that a continuing effort be made by the Canadian supplier to establish a meaningful and lasting penetration of the market.

Our office maintains excellent contact with local agents and the principal retail buyers in all organizations discussed in this article. Canadian manufacturers and exporters wishing to introduce their merchandise to Sweden are welcome to take advantage of these connections by sending brochures, price lists and samples direct to the Commercial Division of the Canadian Embassy, P.O. Box 16129, S-103 23 Stockholm, Sweden. You should also contact your Regional Office to find out more about how IT&C can assist your exporting program.

Spotlight on design

Over the past few years, Canada Commerce has carried an assortment of articles underlining the importance of design in product success. It is a fact of industrial life that without good design (and once more we stress that we are not necessarily talking about the cosmetic aspects — see *Canada Commerce,* May 1975), most products are doomed.

Starting with this issue, we intend each month to spotlight outstanding examples of new design. This month we have another winner from Bell-Northern Research Ltd., which has come up with the Traffic Operator Position System (TOPS), designed to combat the increasing turn-over of telephone operators.

TOPS is a video screen and computer keyboard built into a desk and panel unit designed specifically for telephone operators. The equipment fits the operator — the video screen adjusts up, down, in, out, and back and forth. The operator controls brightness and contrast. TOPS units are designed to fit into a cluster of four or six, and by landscaping several clusters in one large room, a community atmosphere is obtained.

More information about TOPS is available in a new case study published by the Office of Design, Department of Industry, Trade and Commerce, Ottawa, Ontario K1A 0H5. We also invite you to contact that Office if your company has a product with some outstanding design features.

A copy of the following letter arrived at our in-basket the other day. Frankly, we don't know too much about widgets but we do know that Garrett Lambert is giving Wally some sound advice, even if it is a bit tongue-in-cheek.

Canadian Embassy Ambassade du Canada

Commercial Division
Warsaw

May 5, 1975

Walter's Wonderful Widget Works
1 Wetaskiwin Way
Winnipeg, Manitoba

Dear Wally:

It was a pleasure to work with you last Fall in Frankfurt at the Automechanika '74 show, and we were all surprised at your sales volume there. We knew widgets were a popular item, but you had uses for them no one had dreamed of, and you hit the German sex shop market with perfect timing. You will recall our conclusion that that kind of performance would be hard to keep up given the fleeting nature of the business, and you said you were interested in expanding your sales for more traditional applications into new geographical market areas. When I promised to look at the prospects in Poland following my arrival, I was afraid I was letting myself into a job of tracking down hard-to-find information. On the contrary, however, the process of preliminary information gathering seems to be reasonably straightforward, and a copy of the statistical data is attached. The business possibilities in Poland appear to be well worth investigating (see *Canada Commerce,* April 1975).

Imports and exports of widgets, like every other commodity, are handled by one of Poland's foreign trade enterprises (FTE). The officers of these state-owned companies almost without exception speak English and can handle English correspondence. They are well versed in dealing in the international market place, and represent all Polish production facilities and ministries for the purchase or sale of goods abroad. I suppose they are analogous to an agent, except that they do sign the contracts and undertake the financial responsibility for the transactions they negotiate. It seems that there is an agricultural implements factory in Southeast Poland which wants to incorporate widgets into one of their multi-purpose machines. I will try to call on them during a trip to the area, and the FTE has promised me a copy of the technical specifications within the next few weeks. I will send them on to you right away. You should quote in U.S. dollars, both c.i.f. European port of entry and f.o.b. plant because the FTE may choose to ship by their own routing. It appears that there are also possibilities for follow-on business, and that it might be worthwhile for you to negotiate a long-term agreement.

I should warn you however, that the Poles are tough traders, and people in the foreign trade enterprises have obviously been well-schooled in bargaining techniques. I was up on the Baltic coast last week with a Canadian businessman, and we spent long hours in hard negotiations with an FTE on one of his contracts. Although the issues were resolved satisfactorily, he commented that the next time he thought he might do better by bringing along a union business agent as part of his team. I think his was an extreme case, but it does point up the need to be well-prepared when it comes time to get down to the nitty gritty. On the other hand, just the week before, another representative came from Toronto on an advance selling trip to prepare for the Poznan Trade Fair. He was pleasantly surprised to be handed a $56,000 initial order for equipment and follow-on orders were promised within a couple of months.

Our first impressions of Poland have really been very positive, largely, I think, because of the openness and accessibility of the people here. Indeed, since we arrived, in addition to being pleasantly deluged with incoming Canadian business visitors, we have been pressed from all sides by Polish officials who are trying to arrange commercial ties with specific Canadian companies. The buzz-phrase in Poland for commercial activity is "mutual co-operation", whereby both partners can make some contribution to the fulfillment of one of Poland's many economic priorities. For example, both businessmen I mentioned above are also negotiating arrangements with Polish companies to represent their interests on the Canadian market. I am certain that the Poles produce something that is compatible with your widget line, and during your visit, you might like to look at the possibilities of a two-way approach. Even joint manufacturing arrangements are possible.

It seems clear that the Poles and we both want to see a significant increase in commercial activity, and the quicker we can identify our own interests to them, the better. I apologize for the length of this letter, Wally, but I am excited about our prospects here, and I wanted to give you as much background as possible so that your trip will give you good results. I am looking forward to hearing about the latest uses you have found for your widgets. The last ones were mind-boggling.

Best regards

Garrett Lambert
Commercial Secretary

c.c. Canada Commerce

Something to think about: Are your key people physically fit?

W.E. JEFFERY, Office of Information and Public Relations, Department of Industry, Trade and Commerce

During the day, Bill Jeffery runs this Department's International Public Relations Division, but for the past 10 years his avocation has been physical fitness. He is a regular at the YM-YWCA and he never misses an opportunity to promote the cause. His article, "That Dangerous Middle Strata Stress," which appeared in our March issue, drew gratifying response. This time around he explores another area of fitness and we think you will find it as absorbing as his first contribution.

Are the executives in your business or industry healthy enough to withstand the day-to-day pressures and frictions? Do your managers trek in Monday morning feeling like Friday night, with no vim or vigor?

It may be time now to consider your most valuable assets — the men and women in your organization who make the important decisions that keep your company in business. A healthy executive is a more effective employee. He contributes more when he is on the job, spends less time off the job.

Have you considered a fitness program for your key employees? Have you considered that lack of physical activity may be one of the major factors in premature coronary heart disease and other cardiovascular ailments? Sedentary work coupled with inactivity off the job plus overeating, drinking, excessive smoking, and the high stress of today's society are thought to be the main reasons Canada is losing so many young men and women at the peak of their most productive years.

In this country, coronary heart disease remains the major cause of death in men over 40. The cost of physical degeneration is high for Canadian industry — lost potential income due to early death is estimated at $496 million; coupled with hospital care, income lost during illness and physicians' services the figure is estimated at $1.5 billion. Heart attacks cause nearly every third death at a rate of one a minute. The supposedly healthy middle-aged male stands one chance in five of having a heart attack before retirement.

So much for the gloom and doom. What can be done about the broad problem of improving the health of employees?

One answer could be employee fitness programs — with the stress on exercise, proper dieting and sensible living practices. And employee fitness is not a new phenomena. The USSR started such a program in the early Thirties, as did many European countries. Most factories in the Soviet Union have fitness facilities called "preventoriums". A physical culture break is more common in Eastern Europe than a coffee-and-carbohydrate break, with employees in sedentary jobs pausing twice a day to perform easy flexibility exercises to relieve boredom and increase blood flow and, eventually, work efficiency.

Canada has only recently discovered the beneficial effect to both employee and employer of physical fitness. Employee fitness programs in Canada are beginning to attract attention, with many corporations and companies getting into the act.

The federal government has already instituted physical fitness programs in some of its departments and such corporate entities as Bell Northern Research Centre and Amoco Oil have begun programs to upgrade and maintain the level of fitness among their employees.

The Confederation Heights Fitness Program in Ottawa is, to quote the Department of National Health and Welfare, "a huge success", with 350 employees from both the Post Office and Public Works Department exercising regularly at their new fitness centre.

The Xerox Corporation established exercise programs in 1967. Six months following the pilot project, an attitude assessment was carried out on the 23 participants in the course. The results were significant — in most cases there had been a change in lifestyle, with employees becoming more aware of their bodies' needs. There was also a newly kindled interest in nutrition, weight control and, in some cases, the effects of stress were diminished.

In May 1974 the Department of National Health and Welfare completed a pilot physical fitness program on a select group of employees. The regular exercisers had highly significant increases in their fitness while the non-participant control group showed a decrease in their fitness over the six-month period.

There was also, according to the NHW study, a "definite attitude change towards physical activity in the regular participants, as well as a feeling of better health, more positive work attitude, better ability to handle strain, feeling of better work efficiency and more conscious approach to lifestyle related health problems."

That's all well and good, you may counter, because you think your people are already in pretty good shape.

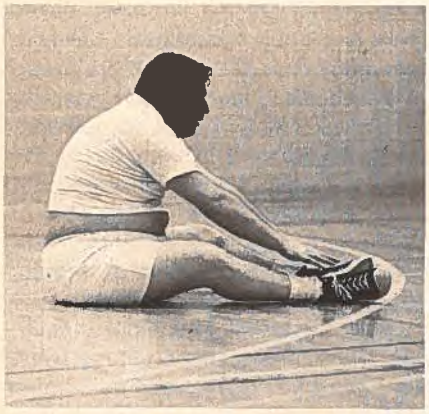
Really!

A recent Saskatoon study to determine the fitness of the average Canadian showed that Canadians were not only below Scandinavian norms but even below norms set by the American Heart Association. Forty percent of men and 47 percent of women had fitness levels now classified as either fair or low.

Even worse, in a 10-year longitudinal study of school children it was found that cardiovascular fitness declines steadily from the age of eight stabilizing at a very low level only in late adolescence.

If the people of Saskatoon represent Canadians in general, then the physical fitness of Canadians is decreasing and is worse than in the United States and Sweden.

Think of that the next time you say you believe your employees to be in good shape. Some of them may well be, but the chances are the majority



embrace a lifestyle conductive to poor health.

But why all this talk about fitness you ask? Because physical fitness adds quality and dimension to life — and this means happier people. It improves health — and that means consistently higher performance levels. And all this adds up to good business.

Dr. Richard H. Morrison, who pioneered the executive physical fitness program for the North American Rockwell Corp. put it this way: "If our program saves the health of just a few executives — and I believe the score is already much higher — the cost will have been more than repaid. A healthier executive is a more effective employee because he spends more time on the job.

"And", Dr. Morrison added, "to the extent the program reduces the occasions for replacing the executives who are ill or have died, it pays its way — and nets incalculable dividends in morale and human hope."

Oh, but you say, how do I motivate my employees to take fitness breaks — and how do I go about getting them started?

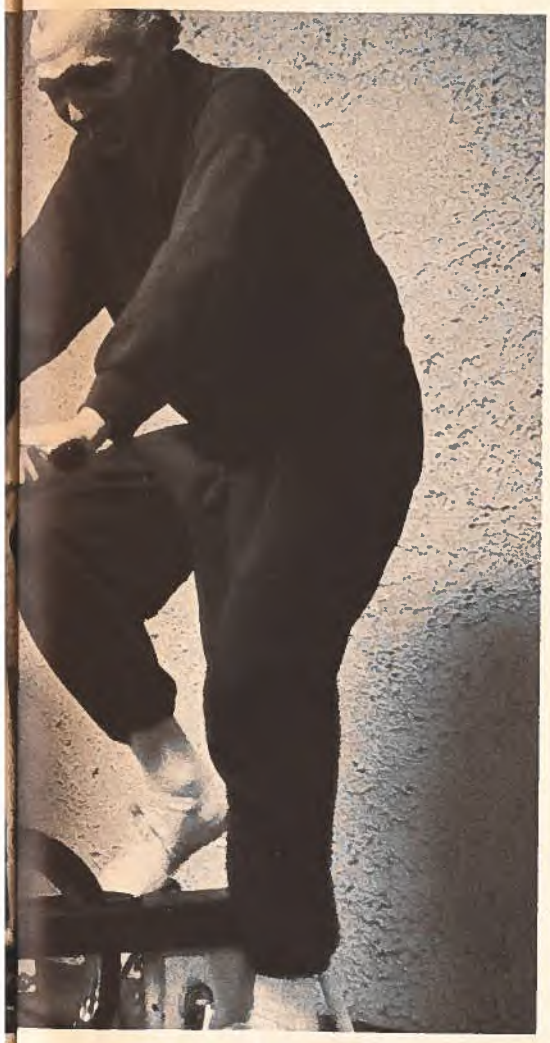
This involves creative management. This is where you have to be convinced yourself before you can convince your employees. You can start by providing education and motivation, and in this way it may be possible to make workers more conscious of the need for activity.

Books, pamphlets, posters, films and other audio visual materials are readily available from the YM or YWCA, Participaction Canada, some life insurance companies and from some universities. There really isn't much shortage of information. A good place to start is the Y or the Department of National Health and Welfare. If there is a university in your community — try there for some expert guidance.

If you have the space in your building, try setting aside a room where some of your employees can go for an "exercise break". Every large building that houses sedentary workers should at least have showers and change rooms for use by employees. Perhaps several companies could get together to share the cost of a fitness area — people don't like sweaty hides and smelly gyms. Provide good ventilation and proper shower and changing facilities.

Another way to make exercise appealing to your employees is to unite the sexes — encourage Pete to jog along with Pam.

As an employer your concern should be for people — for your executives and key personnel. You'll get much more out of them and for a longer period of time.



Of course exercise is just one small part of keeping fit — sufficient rest, proper diet, regular exercising, sensible living, beneficial recreation and hobbies are also important. But encourage your employees to get moving in some way. Whatever you do, you've got a big job ahead of you because at last count only about 3 percent of Canadians exercised on a regular basis more than twice a week. We need to raise this dismal figure to 25 percent — this means we must now think in terms of facilities to be able to handle one out of four Canadians.

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Market facts for decision makers

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

Report No.	Class No.	Subject	Period
12-75	409-81	Adipic acid	July to Sept. 1974
13-75	375-39	Nylon broad woven fabrics	Oct. 1973 & May 1974
14-75	375-51	Acrylic broad woven fabrics	Oct. 1973 & May 1974
15-75	473-03) 473-15)	Window and laminated glass	June to Aug. 1974
16-75	375-45	Polyester broad woven fabrics	Oct. 1973 & May 1974
17-75	771-15	Calculating machines	July to Sept. 1974
18-75	325-20	Rubber packing	April & May 1974
19-75	445-18) 469-72 501-49) 651-49)	Tank heads	Jan. to July 1974
20-75	468-19	Ball valves	Sept. to Nov. 1974
21-75	904-24	Plastic binding elements	Oct. to Dec. 1974
22-75	921-40) 921-65) 921-99)	Electrical and electronic musical instruments	July to Sept. 1974
23-75	65-49	Noodles	March & April 1974
24-75	375-99	Broad woven fabrics	Oct. 1973 & May 1974
25-75	424-53	Polypropylene film and sheet	Oct. 1974
26-75	639-24	Coils and parts for radio, television and other communication equipment	April to June 1974
27-75	639-45	Loudspeakers, systems and parts	April to June 1974

Geographical listing for exporters

Need information on foreign markets? You can get it from the Trade Commissioner posts around the world, or from the International Bureau in Ottawa. This breakdown tells you which TC post and which Bureau Division is responsible for the country in which you are interested.

Country	TC Post	Division
Afar and Issas, Territory of the (Fr. Somaliland)	Nairobi	Africa & Mid East
Afghanistan	Islamabad	Asia
Albania	Vienna	Eastern Europe
Algeria	Algiers	Africa & Mid East
Andorra	Paris	Western Europe
Angola	Johannesburg	Africa & Mid East
Arab Republic of Egypt	Cairo	Africa & Mid East
Argentina	Buenos Aires	Latin America
Aruba (see Netherlands Antilles)		
Australia	Sydney Melbourne Canberra	Pacific
Austria	Vienna	Western Europe
Azores	Lisbon	Western Europe
Bahamas	Kingston	Caribbean
Bahrein	Beirut	Africa & Mid East
Balearic Islands	Madrid	Western Europe
Bangladesh	Bangkok	Asia
Barbados	Port-of-Spain	Caribbean
Belgium	Brussels	Western Europe
Belize	Kingston	Caribbean
Bermuda	New York	Caribbean
Bhutan	New Delhi	Asia
Bolivia	Lima	Latin America
Bonaire (see Netherlands Antilles)		
Botswana	Johannesburg	Africa & Mid East
Brazil	Brasilia Rio de Janerio Sao Paulo	Latin America
Britain	London Glasgow	Britain
British Solomon Islands	Sydney	Pacific
Brunei	Singapore	Asia
Bulgaria	Vienna	Eastern Europe
Burma	Kuala Lumpur	Asia
Burundi	Kinshasa	Africa & Mid East
Cameroon	Kinshasa	Africa & Mid East
Canal Zone	San José	Latin America
Canary Islands	Madrid	Western Europe
Cape Verde Islands	Lisbon	Africa & Mid East
Cayman Islands	Kingston	Caribbean
Central African Republic	Kinshasa	Africa & Mid East
Chad	Kinshasa	Africa & Mid East
Chile	Santiago	Latin America
China, People's Republic of	Peking	Asia
Christmas Island	Sydney	Pacific
Cocos-Keeling Islands	Sydney	Pacific
Colombia	Bogota	Latin America
Comoro Islands	Johannesburg	Africa & Mid East
Congo (Brazzaville)	Kinshasa	Africa & Mid East
Cook Islands	Wellington	Pacific
Costa Rica	San José	Latin America
Cuba	Havana	Caribbean
Curacao	(see Netherlands Antilles)	
Cyprus	Tel Aviv	Africa & Mid East
Czechoslovakia	Prague	Eastern Europe
Dahomey	Lagos	Africa & Mid East
Denmark	Copenhagen	Western Europe
Dominican Republic	San Juan	Caribbean
Ecuador	Bogota	Latin America
Egypt (see Arab Republic of Egypt)		
El Salvador		Latin America

Country	TC Post	Division
Equatorial Guinea	Madrid	Africa & Mid East
Ethiopia	Nariobi	Africa & Mid East
Falkland Islands	Buenos Aires	Caribbean
Fiji	Sydney	Pacific
Finland	Helsinki	Western Europe
France	Paris	Western Europe
French Guiana	Port-of-Spain	Western Europe
French Oceania	Wellington	Pacific
French Somaliland (see Afar and Issas)		
Gabon	Kinshasa	Africa & Mid East
Gambia	Abidjan	Africa & Mid East
Germany	Bonn Duesseldorf Hamburg	Western Europe
Ghana	Lagos	Africa & Mid East
Gibraltar	London	Britain
Gilbert and Ellice Islands	Wellington	Pacific
Greece	Athens	Western Europe
Greenland	Copenhagen	Western Europe
Guadeloupe	Port-of-Spain	Western Europe
Guatemala	Guatamala City	Latin America
Guinea, Republic of	Abidjan	Africa & Mid East
Guyana	Port-of-Spain	Caribbean
Haiti	San Juan	Caribbean
Honduras	Guatemala City	Latin America
Hong-Kong	Hong Kong	Asia
Hungary	Budapest	Eastern Europe
Iceland	Oslo	Western Europe
India	New Delhi	Asia
Indonesia	Jakarta	Pacific
Iran	Tehran	Africa & Mid East
Iraq	Beirut	Africa & Mid East
Ireland, Republic of	Dublin	Britain
Israel	Tel Aviv	Africa & Mid East
Italy	Rome Milan	Western Europe
Ivory Coast	Abidjan	Africa & Mid East
Jamaica	Kingston	Caribbean
Japan	Tokyo	Pacific
Jordan	Beirut	Africa & Mid East
Kenya	Nairobi	Africa & Mid East
Khmer Republic	Bangkok	Asia
Korea	Seoul	Asia
Kuwait	Beirut	Africa & Mid East
Laos	Bangkok	Asia
Lebanon	Beirut	Africa & Mid East
Leeward Islands	Port-of-Spain	Caribbean
Lesotho	Johannesburg	Africa & Mid East
Liberia	Abidjan	Africa & Mid East
Libya	Cairo	Africa & Mid East
Liechtenstein	Berne	Western Europe
Luxembourg	Brussels	Western Europe
Macao	Hong Kong	Asia
Madeira	Lisbon	Western Europe
Malagasy Republic	Johannesburg	Africa & Mid East
Malawi	Lusaka	Africa & Mid East
Malaysia	Kuala Lumpur	Asia
Maldives	Colombo	Asia
Mali, Republic of	Abidjan	Africa & Mid East
Malta	Rome	Western Europe
Martinique	Port-of-Spain	Western Europe
Mauritania	Abidjan	Africa & Mid East
Mauritius	Joannesburg	Africa & Mid East
Mexico	Mexico City	Latin America
Monaco	Paris	Western Europe
Morocco	Madrid	Africa & Mid East
Mozambique	Johannesburg	Africa & Mid East
Muscat and Oman	Beirut	Africa & Mid East
Nepal	New Delhi	Asia
Netherlands	The Hague	Western Europe
Netherlands Antilles	Caracas	Caribbean
New Caledonia	Sydney	Pacific
New Hebrides (British-French Condominium)	Sydney	Pacific
New Zealand	Wellington	Pacific
Nicaragua	San José	Latin America
Niger	Abidjan	Africa & Mid East
Nigeria	Lagos	Africa & Mid East
Northern Ireland	Glasgow	Britain
Norway	Oslo	Western Europe
Okinawa (see Ryukyu Islands)		
Pakistan	Islamabad	Asia
Panama	San José	Latin America
Papua and New Guinea	Sydney	Pacific
Paraguay	Buenos Aires	Latin America
Persian Gulf Area	Beirut	Africa & Mid East
Peru	Lima	Latin America
Philippines	Manila	Pacific
Poland	Warsaw	Eastern Europe
Portugal	Lisbon	Western Europe
Portuguese Guinea	Lisbon	Africa & Mid East

Country	TC Post	Division
Puerto Rico	San Juan	Caribbean
Qatar	Beirut	Africa & Mid East
Reunion	Johannesburg	Western Europe
Romania	Vienna	Eastern Europe
Rwanda	Kinshasa	Africa & Mid East
Ryukyu Islands	Tokyo	Pacific
St. Helena	Cape Town	Africa & Mid East
St. Pierre and Miquelon	Boston	Western Europe
São Tomé and Principe	Lisbon	Africa & Mid East
Saudi Arabia	Jeddah	Africa & Mid East
Scotland	Glasgow	Britain
Senegal, Republic of	Abidjan	Africa & Mid East
Seychelles Islands	Nairobi	Africa & Mid East
Sierra Leone	Lagos	Africa & Mid East
Sikkim	New Delhi	Asia
Singapore	Singapore	Asia
Somalia	Nairobi	Africa & Mid East
South Africa	Johannesburg Cape Town	Africa & Mid East
Spain	Madrid	Western Europe
Spanish Sahara	Madrid	Africa & Mid East
Sri Lanka	Colombo	Asia
Sudan	Cairo	Africa & Mid East
Surinam	Port-of-Spain	Caribbean
Swaziland (Ngwane)	Johannesburg	Africa & Mid East
Sweden	Stockholm	Western Europe
Switzerland	Berne	Western Europe
Syria	Beirut	Africa & Mid East
Tahiti	Wellington	Pacific
Tanzania	Nairobi	Africa & Mid East
Thailand	Bangkok	Asia
Togo	Lagos	Africa & Mid East
Tonga	Wellington	Pacific
Trinidad and Tobago	Port-of-Spain	Caribbean
Tunisia	Algiers	Africa & Mid East
Turkey	Ankara	Africa & Mid East
Turks and Caicos Islands	Kingston	Caribbean
Uganda	Narobi	Africa & Mid East
United Arab Emirates	Beirut	Africa & Mid East
United Kingdom	(see Britain)	
United States	Washington Atlanta Boston Buffalo Chicago Cleveland Dallas Detroit Los Angeles Minneapolis New York Philadelphia San Francisco Seattle United Nations (New York)	United States
Upper Volta	Abidjan	Africa & Mid East
USSR	Moscow	Eastern Europe
Uruguay	Buenos Aires	Latin America
Venezuela	Caracas	Latin America
Vietnam	Bangkok	Asia
Virgin Islands (Br.)	San Juan	Caribbean
Virgin Islands (U.S.)	San Juan	United States
Western Samoa	Wellington	Pacific
Windward Islands	Port-of-Spain	Caribbean
Yemen Arab Republic	Beirut	Africa & Mid East
Southern Yemen, People's Republic of	Beirut	Africa & Mid East
Yugoslavia	Belgrade	Eastern Europe
Zaire	Kinshasa	Africa & Mid East
Zambia	Lusaka	

Morocco/Tunisia trade mission said successful

The idea behind the majority of trade missions is not to sell a lot of products but, rather, to open a few doors. And that's exactly what happened when a group of Canadians visited Morocco and Tunisia this spring.

The mission, timed to follow-up official trade negotiations in Tunis last November and the visit in February of a Moroccan mission to Canada, was led by IT&C Assistant Deputy Minister Claude Charland. It included representatives of eight Canadian companies who were acting, not only for their own firms, but also as observers for their industries. They came from diverse industrial sectors: steel, power, communications, aviation, chemicals, heavy construction, agricultural equipment, livestock and fisheries. Also on the mission were a number of other people from IT&C and Export Development Corporation.

Canadian exports to both Morocco and Tunisia have always been modest and have always fluctuated, never exceeding $10 million a year to either country — and much of that business has been done through CIDA. But both economies are expanding. They are both important sources of phosphate, the price of which has quadrupled in recent months, and they are both prime candidates for development loans from their oil-producing Arab friends. Consequently, ambitious development programs have been launched recently and they include infrastructure projects in a number of fields in which Canadians are expert.

The first hurdle in developing trade relations is lack of information. To alter an old truism for our purpose — familiarity breeds commerce — but Canadian business people are largely an unknown quantity to the Moroccans and Tunisians. Both countries are former colonies, Morocco of France, and Tunisia of Italy, and both retain commercial ties with their former possessors. Both are associate members of the EEC and, until recently, have looked to Europe almost exclusively when importing.

But with their economic upswing has come a desire to break traditional ties, to forge commercial links with a broader range of trading partners. Canada is among the prospects and it was explained to the Canadian mission, "we have always considered Canada to be so far away but suddenly we realize that shipping takes no longer than it does from Scandinavia, which we have always regarded as being nearby."

In Morocco, the mission spent three days in Rabat, the capital and administrative centre, and a full day in Casablanca at the invitation of the Chamber of Commerce. As a result of these meetings many opportunities came to light, including: a need for turnkey beef and dairy cattle operations, with a requirement for about 70,000 purebred cattle over the next 10 years; a new airport; air traffic control equipment; aircraft training simulators; a steel plant expansion and modernization; an earth satellite station; fishing vessels and port facilities; pollution control equipment; agricultural equipment; and chemicals, especially sulphuric acid.

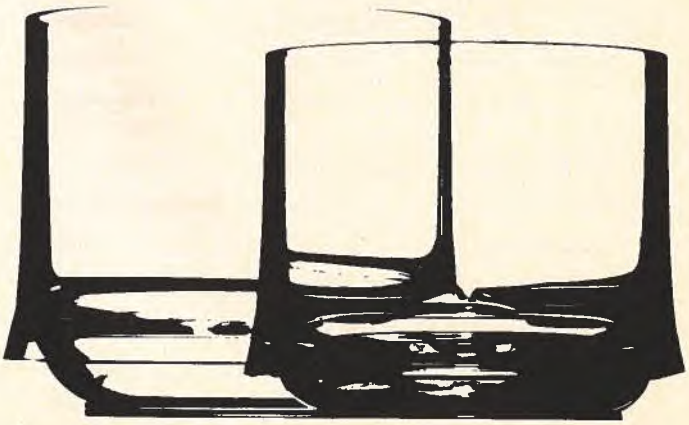
The reception in Tunisia was equally warm and mission members were kept extremely busy during three days of appointments. Here again, quite a few projects were of particular interest to the Canadians, including: a telecommunications system incorporating an earth satellite station; a hydroelectric project; rail transport development; STOL aircraft and support facilities; fisheries projects; and water purification plants.

Much of the groundwork for the mission was laid by IT&C's Trade Commissioners in Madrid and Algiers, who cover Morocco and Tunisia respectively. The business people who participated agreed they accomplished what they set out to do, in large part because of the assistance provided by the Trade Commissioners. If you are planning a trip to either Morocco or Tunisia, we suggest you too contact the Trade Commissioners for help in arranging it.

Bloody Caesar

Westerners are always improving things — including the things they eat and drink. This business of tinkering with food and beverages extends even to that Madison Avenue institution, the Bloody Mary. A Westerner wouldn't be caught dead drinking one. Instead he orders a Bloody Caesar, a concoction that is catching on in other places. Many watering holes in the East now offer them, but in case yours doesn't, *Canada Commerce* offers the recipe:

3 oz. tomato juice
3 oz. clam juice
(There is a commercial mix called clamato juice.)
1 1/2 oz. vodka
Spice to taste; place in a tall, frosted glass and garnish with a sprig of fresh celery.



UPDATE

Foreign Exchange Rates
Wanted Manufacturers
International Projects
Export Opportunities
Foreign Tariffs and Trade Regulations

UPDATE

Earlier on, we told you how fire had delayed production of *Canada Commerce* late last year and wrecked our entire schedule for about six months. As of the May issue, production of the magazine is back on schedule. However, many readers are still not getting their issues on time. Unfortunately, once the magazine has left our mailing centre there isn't much we can do, except to hope that current difficulties at the Post Office are resolved.

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: Becauae of unsettled market conditiona exporters should conault 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)	2.6241	.38
Argentina		
Peso (financial)	.0667	14.99
(commercial)	.1006	9.94
Auatralia		
Dollar	1.3790	.72
Austria		
Schilling	.0620	16.13
Bahamaa		
Dollar	1.0268	.97
Belgium and Luxembourg		
Franc	.0295	33.89
Bermuda		
Dollar	1.0397	.96
Bolivia		
Peso	.0513	19.49
Brazil		
Cruzeiro (official free)	.1292	7.74
Britain		
Pound	2.3776	.42
Britiah Honduras		
Dollar	.6078	1.64
Burma		
Kyat	.2089	4.79
Chile		
Escudo (commercial)	.0003	3,333.33
(financial)	.0002	5,000.00
China, People'a Republic of		
Yuan	.4188	2.39
Colombia		
Peso (fixed)	.0360	27.78
Coata Rica		
Colon	.1232	8.12
Cuba		
Peso	N.A.[10]	
Czechoalovakia		
Koruna (fixed basic rate)	N.A.[10]	
Denmark		
Krone	.1838	5.44
Dominican Republic		
Peso	1.0268	.97

Country and Currency	foreign currency unit in Canadian dollars	Canadian dollar in foreign currency units
Ecuador		
Sucre (official)	.0402	24.88
El Salvador		
Colon	.4107	2.43
Fiji		
Dollar	1.2835	.80
Finland		
Markka	.2848	3.51
France, Monaco, etc.[1]		
Franc	.2547	3.93
French Pacific[2]		
Franc	.0130	76.92
Franco-African Republica[3]		
Franc	.0047	212.77
Germany		
D Mark	.4384	2.28
Ghana		
New Cedi	.8715	1.15
Greece		
Drachma	.0333	30.03
Guatemala		
Quetzal	1.0268	.97
Guyana		
Dollar	.4444	2.25
Haiti		
Gourde	.2011	4.97
Honduras		
Lempira	.5134	1.95
Hong Kong		
Dollar	.2094	4.78
Hungary		
Forint (official)	.0869	11.51
Iceland		
Krona (official)	.0067	166.66
India		
Rupee	.1302	7.68
Indoneala		
Rupiah	.0024	410.00
Iran		
Rial	.0134	74.63
Iraq		
Dinar	3.4683	.29
Ireland		
Pound	2.3776	.42

Country and Currency	foreign currency unit in Canadian dollars	Canadian dollar in foreign currency units
Israel Pound	.1712	5.84
Italy Lira	.0015	666.66
Jamaica Dollar	1.1295	.88
Japan Yen	.0033	303.03
Kenya[4] Shilling	.1379	7.25
Korea, Republic of Won	.0024	404.38
Lebanon Pound (free)	N.A.[10]	
Libya Dinar	2.777	.36
Malawi Kwatcha	1.2280	.81
Malaysia Dollar	.4533	2.20
Mexico Peso	.0821	12.18
Morocco Dirham	.2448	4.08
Netherlands Florin	.4283	2.33
Netherlands Antilles Florin	.5736	1.74
New Zealand Dollar	1.3505	.74
Nicaragua Cordoba	.1467	6.81
Nigeria Naira	1.4700	.68
Norway Krone	.2081	4.80
Pakistan Rupee	.1037	9.64
Panama Balboa	1.0268	.97
Paraguay Guarani (free)	.0080	125.00
Peru Sol (free)	.0225	44.44
Philippines[5] Peso (free)	.1468	6.81
Poland Zloty (fixed basic rate)	.2577	3.88
Portugal & Overseas Provinces[6] Escudo	.0410	24.39
Saudi Arabia Riyal	.2850	3.50
Sierra Leone Leone	1.2371	.81
Singapore Dollar	.3358	2.98
South Africa Rand	1.5094	.66
Spain & Dependencies Peseta	.0184	54.35
Sri Lanka[7] Rupee	.1534	6.52
Sweden Krona	.2619	3.82
Switzerland Franc	.4112	2.43
Syria Pound (free)	.2711	3.69
Thailand Baht (free)	.0502	19.92
Trinidad & Tobago[8] Dollar	.4953	2.02
Tunisia Dinar	2.3590	.42
Turkey Lira	.0726	13.77
United States Dollar	1.0268	.97
Uruguay Peso (free)	.0004	2,500.00
Venezuela Bolivar (official free)	.2398	4.17
Yugoslavia Dinar (official)	.0594	16.83
Zaire, Republic of[9] Zaire	1.961	.51
Zambia Kwacha	1.3893	.72

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

2. New Caledonia, New Hebrides, French Polynesia.

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

4. Rate also applies to Tanzania and Uganda.

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

6. Approximately same for Portuguese territories in Africa.

7. Formerly Ceylon.

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

9. Formerly Congo (Kinshasa).

10. Rates not available at press time.

Wanted Manufacturers

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

Pest control devices

British firm is offering the Canadian manufacturing rights to its electronic devices to repel or kill insects. One device, a small electronic unit which emits a low level sound, is claimed to keep mosquitoes at a distance of three to five metres. This unit, slightly larger than a matchbox, provides personal protection by carrying it around or by placing it nearby. It is powered by a 9V battery which provides 100 hours of protection. Another device, an electronic pest destroyer, is claimed to attract all flying insects through the use of an ultra-violet lamp. It comes in a range of different sized models, AC or DC operated, with an effective area of 500 to 2,000 square metres. Literature available. **Item 3176**

Industrial cleaning products

Swiss firm seeks the sale of its formulations or a licensing arrangement with a Canadian company for the manufacture of its complete range of specialized institutional and industrial cleaning products. Included in these products are items such as a detergent concentrate for cleaning laboratory equipment and glassware, an automobile body cleaner, carpet shampoo, toilet cleaner, and wax remover, and industrial chemicals such as stripping fluids, thinners, machine cleaner and degreaser, etc. Literature available. **Item 3177**

Lampshade

Danish designer is offering the rights for manufacturing under license in Canada his multifacetted decorator lampshade for use with suspension type lamps. The shade is injection moulded in eight identical sections which simply snap together. It is a unique lampshade combining aesthetic Scandinavian design with all the essential qualities of a functional lampshade, giving maximum light diffusion with minimal optical disturbance. It has industrial and commercial as well as domestic applications and, due to its durable qualities, is well suited for outdoor use. Literature available. **Item 3178**

Electric motor

Danish firm seeks to license a Canadian company to manufacture its line of electric motors designed for maximum flexibility in almost any fractional power application. These drip-proof open self-ventilated AC squirrel-cage motors, in frame sizes covering an output range from 60 to 1800 watts, are available in 3-phase and single phase models. The design is based on the concept of a standard model which can be modified by a limited number of standard components to serve specific needs. Custom-made versions are available for unusual applications. Various mountings and power and performance combinations are possible. Literature available. **Item 3179**

Exhaust system

Swedish firm is offering the rights for manufacturing under license in Canada its patented exhaust systems for the removal of fumes, gases, vapours and other contaminants from the interiors of buildings and for introducing fresh air where required. Four models are available: a unit consisting of a suction tube connected to a mobile pollution source such as a vehicle in motion within the building; a similar version for evacuation of car exhaust fumes from stationary vehicles; a model adapted for evacuation of gases developed by the welding process; and a reverse version of the first model which brings fresh air to unsanitary working places. Literature available. **Item 3180**

Sealing of cast metal articles

German firm offers under license the Canadian manufacturing rights to its patented process for sealing cast metal articles by impregnating them with chemical monomers and subsequently hardening the monomers within the pores by heating the articles in the absence of catalysts. The chief advantages claimed for this process are the low viscosity of the impregnated material, its long storage life and the high degree of tightness of the sealed parts. Literature available. **Item 3181**

Cutting of metal blooms and bars

Hungarian state agency offers under license the Canadian manufacturing rights to a process and equipment for the constant volume cutting of solid metal products of different forms and dimensions. This system is adaptable to both new and existing cutting machines such as saws and shears. It is suitable for cylindrical or rectangular, and small or large size bars and blooms. Measuring of the work piece is done automatically during the cutting operation. In addition to a material cost-saving of five percent, the system is claimed to reduce the time required for further processing the storage area needed, the transportation costs, and the power required for heating, and to lead to a number of other important engineering and economic benefits. Literature available. **Item 3182**

Gas produced from wood

Swiss firm is interested in granting a Canadian company the rights to manufacture under license its gas producers available in 5 different models, with a maximum capacity of 1,500,000 kcal/hour, permitting optimum gasification of wood waste or wood from split logs. The large models of this equipment are fitted with automatic feeding and cleaning devices to secure continuous operation for months at a time. These wood-gas producers are used in forested areas for the economical heating of industrial furnaces, steam boilers, central heating systems, etc. Literature available. **Item 3183**

INVENTIONS

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

Door lock

Canadian inventor is offering the rights for manufacturing under license in Canada his door lock for use primarily on inside doors. The lock is released by pressure on the door handle in the direction of the door opening. No twist-

ing or turning of the handle is required as with conventional locks. The device is entirely mechanical with few parts and is claimed to be simple and economical to manufacture. Literature available. **Item 3184**

Fluid meter
American inventor is offering under license the rights to manufacture in Canada his patented fluid meter. The function of this new positive displacement type meter is expanded beyond the usual one of indicating total flow locally to include the functions of local indication of fluid flow rate and remote indication of total flow, flow rate and control. Special construction minimizes internal friction allowing accurate fluid metering even at low flow rates. Literature available. **Item 3185**

Metering device for utilities
American inventor is offering under license the rights to manufacture in Canada his metering device for consumer type commodities such as water, gas, electricity, etc. The meter maintains a constant indication of the amount of commodity consumed from the time of installation, the amount used during the billing period, the unit cost of the commodity, and the amount used and total cost at any time during the billing period. The meter has provision for resetting it to zero to start a new billing period. Literature available. **Item 3186**

Woodworking equipment
American inventor seeks to license a Canadian company to manufacture two patented products in the woodworking equipment field. One is a machine for cross cutting lumber and the like and then automatically sorting it according to length and/or grade. The system also provides a means for continuously counting and tallying all items cut. The other product is a high precision, high speed gang-ripping machine equipped with internal lubrication and cooling of the saw blades. The equipment is claimed to provide extremely thin kerfs, extended blade life, and high quality and accurate cuts. Literature available. **Item 3187**

Wire reeling device
American inventor offers for manufacture under license in Canada his device for reeling wire which is claimed to have an improved wire distributor. The device consists of a two-wheel trailer type wire roller which is towed offset and behind a pickup truck or other vehicle. A frictional clutch mounted on the frame and in contact with one of the trailer wheels rotates the reel in a direction opposite to the movement of the trailer. Wire is rolled up and guided onto the spool automatically and evenly. This device is claimed to be useful for rolling up and relocating electric and barbed wire fence, cable, hose and cord. Literature available. **Item 3188**

Electronic program controller, battery-operated clock
Indian company offers the outright sale of the rights covering its new electronic program control equipment which is claimed to provide low cost automation and advanced technology. Compared with numerical control, magnetic tape control, and photocell control devices, it permits a relatively simple means of providing automation for any type of machine programming control and plant process control. Firm also offers manufacturing rights to an electro-striking clock, a feature of which is the striking on the hour and half hour by means of an electrostatic device. The clock is powered by a battery and claimed to be easy to build with a minimum of working parts. Literature available. **Item 3189**

Wheelchair, life saving apparatus
Austrian inventor seeks Canadian licensees to manufacture his tractor-type wheelchair and his device for lowering people from burning buildings. The wheelchair, equipped with caterpillar traction and wheels, is claimed to enable incapacitated persons to transport themselves upstairs and downstairs and over uneven ground. It is constructed for hand operation. An articulated cylindrical spindle is claimed to keep the seat always in a horizontal position regardless of the slope being traversed. The device for rescuing people from burning buildings consists of two steel ropes wound around a drum with one or two safety belts attached to each end. The ropes work in opposite directions, thus when one end is wound up, the other is at the street level. The braking power is adjustable so that a child or a heavy adult can be lowered at the same careful speed. Literature available. **Item 3190**

Purification of liquids
Hungarian state agency offers under license the Canadian manufacturing rights to a new process and equipment for mixing liquids with air or other gases. The equipment used in this process is a tank or a vat in which the air or gases are introduced at the bottom of vertical pipes which are submerged in the liquid. Intensive mixing is accomplished as a result of the horizontal flow of the liquid through the equipment and the vertical flow of both the gases and the vertically mixing liquid. Fields of application include intensive aeration of sewage, aeration of running and still waters, various aerobic fermentation processes, and air flotation. Literature available. **Item 3191**

System for rust and corrosion prevention
Canadian inventor offers the patent rights to his system specifically designed for preventing rusting and corroding of airport runway light fixtures embedded in the ground. Moisture is drained from the light fixture casings into conduits which connect each fixture with sumps located at the ends of the runway. In addition to their drainage functions, the conduits are used to provide a supply of dry air to further aid in the removal of moisture by absorption. The system could also be used in other situations where continuous removal of moisture is needed to prevent corrosion. Literature available. **Item 3192**

International Projects

GAS TRANSMISSION AND DISTRIBUTION — PAKISTAN

The World Bank has approved a loan of $60 million to help finance a project for expanding the gas transmission capacity of the Sui Northern Gas Pipeline Limited (SNGPL), a limited liability company incorporated in Pakistan in 1963.

Industrial and agricultural expansion in Pakistan has resulted in a 13 percent annual growth in energy consumption in recent years. Natural gas provides about 32 percent of the total energy supplies. It is also used as a raw material in the production of nitrogenous fertilizers. Pakistan obtains most of the gas from a major reservoir at Sui in Baluchistan. Expansion of Pakistan's natural gas industry has been facilitated by previous Bank loans totalling $56 million to Pakistan's two gas transmission companies — SNGPL and the Sui Gas Transmission Company. The present loan of $60 million will help SNGPL in expanding its pipeline system.

Implementing organization: Sui Northern Gas Pipeline Limited, P.O. Box 56, Monnoo House, 3, Montgomery Road, Lahore, Pakistan. Cable address: SUINORTH, Lahore, Pakistan.

Procurement: All major items financed under the loan will be procured through international competitive bidding, with domestic suppliers of materials and equipment accorded a preference equal to 15 percent of the c.i.f. costs of competing imports or the import duty, whichever is lower.

Consultants: a) design and supervision of installation of purification plant: Adtek, USA; b) welding, coat and wrap inspection and engineering of cathodic protection: to be appointed; c) design of telecommunications equipment: to be appointed; and d) feasibility study and engineering for Uch Gas Field: to be appointed. Required consultant's services are estimated to amount to about 200 man-months.

IRRIGATION IN MOROCCO

The World Bank is providing $18.5 million for an irrigation project in Morocco, aimed at a substantial increase of agricultural production and to improve rural income distribution in the Souss Valley in Morocco.

The project, with an estimated total cost of $39 million, is located in southwestern Morocco, east of the town of Taroudant. The project is expected to help increase agricultural production by providing a rational development of irrigated agriculture based on the use of groundwater resources. It will also ensure that a substantial share of the benefits accrue to the poorest members of the local population. It consists mainly of land tenure reorganization of over 7,300 ha. and the construction of: a) a modern sprinkler irrigation system over 6,300 ha. and a rehabilitated gravity irrigation system over 100 ha.; b) 148 km of farm access roads and 36 km of open drains; c) about 80 km of 22 kv transmission lines, and d) seven milk collecting centers.

To facilitate access of farmers to markets and create an improved rural environment, the project will also provide village infrastructure for 11 new and nine existing villages in the form of main streets, street lighting, domestic water supply, schools and health and community centers.

The project will make a major contribution to meeting local demand for livestock products and cereals, equivalent to an annual net foreign exchange saving of about $6 million equivalent. The main crops to be grown under the project are alfalfa, berseem, wheat, maize, citrus, olives, pulses and almonds. The main livestock products will be fattened lambs and milk.

Implementing organization: Office Regional de Mise en Valeur de Souss — Massa, Agadir, Morocco.

Procurement: Contracts for civil works and equipment for the irrigation network will be divided into seven contracts; a) tubewells; b) one transformer and power connecting lines; c) irrigation distribution system and associated works; d) access roads, irrigation, drainage and protection channels and land preparation; e) electromechanical equipment; f) mobile sprinkler equipment and hydrants; and g) agricultural equipment. The total estimated value of these seven contracts is $25.4 million equivalent. These contracts will be tendered under international competitive bidding according to the Bank's guidelines. Construction of village infrastructure, miscellaneous administrative buildings, civil works for pumping stations and windbreaks, estimated to cost a total of $8.7 million will be let in small contracts after local competitive bidding following normal Government procedures. Equipment for supervision, operation, maintenance and agricultural extension, estimated to cost a total of $3.3 million, will be procured after international competitive bidding in accordance with Bank guidelines except for purchases not exceeding $40,000 equivalent, when procurement will be in accordance with the normal Government procurement procedures, provided that such purchases do not exceed an aggregate of $250,000. A 15 percent preference margin, or the prevailing custom duty, whichever is lower, will be extended to local manufacturers in the evaluation of bids for equipment.

Consultants: ORMVASM will employ engineering consultants to provide advice on the design, start-up and maintenance of the irrigation network.

Foreign Tariffs & Trade Regulations

Argentina

The Ministry of Economy has announced temporary restrictive measures on imports while a new import system which is expected to be implemented shortly is being studied.

Effective April 22, the only authorized imports will be those which are already in transit or those with irrevocable letters of credit already opened and approved.

The opening of letters of credit for imports covered by certificates of need approved prior to April 22, can only be done with Central Bank authorization.

Brazil

The Customs Policy Council has announced the following tariff changes:

Resolution 2354 of February 2, 1975 exempts from duty for one year a quota of 30,000 tons of aluminum oxide for use by producers of primary aluminum. (Tariff heading 28.20.01.00). The quota to be distributed by CACEX.

Resolution 2355 of February 25, 1975 exempts from duty ilmenite for importers registered with CACEX provided proof of acquisition of national product in proportion of no less than 155% of imported material is furnished (tariff heading 26.01.17.02).

Resolution 2359 of February 25, 1975 exempts from duty until December 31, 1975 tires of specified sizes for earth moving and road building and road mending machines and tubes of specified sizes for such tires (tariff headings 40.11.01.03 and 40.11.-02.00).

Resolution 2363 of March 6, 1975 exempts from duty calcium hydrogen orthophosphate with a maximum content of 1 part of fluorine to 100 parts of elementary phosphor when imported from exclusive use as animal feed (tariff heading 28.40.28.00).

Resolution 2364 of March 11, 1975 reduces the duty from 30% to 7% on unwrought zinc, unrefined, except special high grade (99.99%) if importer proves acquisition of one ton of national product for one ton of imported material.

Also reduces the duty from 30% to 7% for a quota of 16,000 metric tons of unwrought zinc, refined, special high grade (99.98%) exclusively for manufacturers who provide proof that only this type of zinc can be used for their products (tariff headings 79.01.01.00 and 79.01.02.00).

Resolution 2366 of March 11, 1975 exempts from duty a quota of 6,000 tons of jute (except Kenaf and Thailand jute) (tariff heading 57.03.01.00).

Resolution 2368 exempts from duty until December 31, 1975 bus and truck tires of specified sizes as well as inner tubes and outer covers therefor. Concession applies only to vehicle manufacturers. (Tariff headings 40.11.-01.02, 40.11.02.00, 40.11.03.00).

Resolution 2369 of March 13 exempts from duty a quota of 2,000,000 tons of wheat in grain to be imported directly by CACEX (tariff heading 10.01.00.00).

Resolution 2370 exempts from duty tires and tubes of specified sizes for agricultural tractors and machinery. Concession applies only to manufacturers of agricultural machinery and tractors (tariff headings 40.11.01.04 and 40.11.02.00).

Resolution 2374 of April 8, 1975 reduces the duty from 145% to 45% on refractory bricks, blocks and similar building products non-fused, with zirconium oxide content superior to 25% (tariff heading 69.02.99.00).

Resolution 2375 of April 8, 1975 reduces the duty from 115% to 15% on unwrought cobalt (tariff heading 81.04.08.01).

Resolution 2376 increases the duty from 17% to 45% for one year on Manganese (III) oxide (manganic oxide) (tariff heading 28.22.03.00).

Resolution 2377 of April 9, reduces the duty from 120% to 20% on bricks, tiles and similar products of stone and other mineral substances electrically fused (tariff heading 68.16.03.00).

Resolution 2378 of April 9 reduces the duty from 130% to 30% on pump and compressor parts. Parts for hand or pedal operated air pumps for inflating tires, and parts of fans and blowers remain dutiable at 130% (tariff heading 84.11.99.00).

Resolution 2382 of April 9 reduces the duty from 55% to 25% on certain musical instruments (tariff headings 92.01.02.00, 92.02.00.00 and 92.05.00.00).

Resolution 2385 of March 26 exempts from duty for one year unwrought tin (tariff heading 80.01.01.00).

Resolution 2393 of April 4, 1975 exempts from duty for one year neutral sodium carbonate (tariff heading 28.42.17.00).

Resolution 2396 of April 8, 1975 increases the duty from 30% to 60% for one year on decyl alcohol (29.04.06.00), nonyl alcohol (29.-04.15.00), octyl alcohol (29.04.16.00), and isooctyl alcohol (29.04.25.00).

Britain

Effective April 3, 1975, most yarns and fabrics of all main textile fibres and the basic man-made fibres consigned to Britain from all countries and territories outside the EEC are being placed under import surveillance.

The British authorities have stated that the surveillance will be operated by requiring importers of such goods to obtain individual import licences, which will be issued freely without restrictions as to quantity. Applicants will be asked to provide certain information about the percentage breakdown of the fibre composition of the goods and to define them precisely in tariff statistical terms.

- The April 14, 1975 British Budget announced changes in some value added tax rates. A 25 percent rate of VAT will be applied from May 1, 1975 to most domestic electrical appliances, cameras, furs, jewellery, boats, aircraft and caravans. The basic rate on most other goods, except foodstuffs which are zero rated, remains at 8 percent. Details may be obtained from the Britain Division, European Bureau.

Finland

The Government of Finland has implemented an Import Deposit Scheme effective March 24, 1975. Rates of deposits range from 10 percent to 30 percent. This Scheme will remain in effect until March 23, 1976 inclusive. Import deposits will be held for a period of six months, after which time they will, upon application to the Customs authorities, be repaid. No interest is paid on import deposits. The import Deposit will be levied on the import price of the imported goods.

Some items subject to 30 percent deposit are as follows:

Meat
Fish
Cereals
Products of the milling industry
Preparations of meal & fish
Certain aluminum products
Some machinery
Some electrical machinery and equipment
Motor vehicles (with exceptions)
Hides and skins
Articles of leather
Fur skins
Paper-making material
Carpets
Instruments and apparatus
Pharmaceutical products
Toys, games and sports requisites

Detailed information on specific items may be obtained from the Western Europe Division, European Bureau, Department of Industry, Trade and Commerce.

Italy

Effective March 24, 1975, Italy removed the remaining mandatory six-month, non-interest bearing deposit requirement equivalent to 50 percent of the c.i.f. value of certain goods imported into that country.

At the time of termination the measure was applicable to a wide variety of manufactured goods imported into Italy. In earlier stages many agricultural products were subject to this requirement but most of them were exempted in a series of steps. The system did not apply to industrial materials.

Jamaica

Notices to Importers Nos. 2930 and 2931 of April 14, 1975 announced that import licences will be issued for limited quantities of elastic and elastic laces, and for natural cheese in bulk packages.

Japan

The 1975 version of the Japanese Customs Tariff has recently been received. The new tariff reflects the changes made to the rates of duty on some 43 items, three of which involve duty increases. They are as follows; (former rates indicated in brackets):

BTN	*Product*	*Duty Rates*	
08.10	Frozen pineapples (not sugared)	35%	(20%)
20.03	Frozen pineapples (sugared)	35%	(28%)
64.01	Ski boots of plastic	27%	(10%)

The 40 remaining alterations reflect decreases in duty. Those of possible interest to Canada are; (former rates in brackets):

BTN	*Product*	*Duty Rates*	
26.01-6	Molybdenum ore and concentrates	Free	(6%)
29.39-1	Insulin	6%	(10%)
30.03-1	Preparation with a basis of hormones (insulin)	6%	(12%)
87.02-4	Special motor vehicles	6.4%	(8%)
89.01-2	Ships with tonnage over 100 tons but less than 10,000 tons	Free	(6%)

Further details are available from the Pacific Division, Pacific, Asia and Africa Bureau, Department of Industry, Trade and Commerce, Ottawa, Ontario K1A 0H5.

• The Ministry of Finance announced recently that the Import Quota recommendations of the Tariff Rate Council have been accepted and approved for the first half of the fiscal year 1975/76 (April-September).

For further information contact the above address.

Malaysia

Importing the following 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), effective April 24, 1975:

Heading No:	*Description of Goods*	*Country*
82 06	Knives and cutting blades, for machines or for mechanical appliances	

100	flat, rectangular with one sharp bevelled cutting edge	All countries

New Zealand

Information has recently been received concerning the 1975/76 Import Licencing schedule of New Zealand. A number of changes have been introduced with effect from July 1, 1975. Generally, imports of goods subject to licencing within the designation known as "Basic Items" will be granted licences equivalent to 100 per cent of the licences granted during 1974.

A number of items which previously entered within the "Basic" allocation have now been placed with category "C" (i.e. those items for which applications will be considered individually), with basic allocations below the general level. Items affected are:

Item Code	*Brief Description*	*Allocation*
38.135	Insecticides, fungicides etc.	C (with basic 75% of 1974 licences)
40.130	Tires and tubes	"
50.225	Heavy weight synthetic fabrics	"
50.425	Household linen	"
68.115	Grinding wheels	"
69.134	Crochery	"
69.137	Other ceramic wares	50% of 1974 licences
70.160	Heat resistant glassware: other table glassware	C (with basic 75% of 1974 licences)
85.225	Electric lighting glassware	"
97.115	Dolls	"
97.116	Model toys	50% of 1974 licences
11.100	Barley and rice flour	"C" from "Basic"
22.110 22.115 22.120	Wines	"
39.155 39.160	Plastic sheeting	"
40.155	Rubber and leather	"
42.105	Belting	"
50.330	Coated or laminated	"
50.340	Textile fabrics	"
50.410	Knitted fabrics under 18 in. in width	"C" formerly "C" with basic
73.170	Tubes & pipes of copper	"C" from "Basic"
73.420	Cutlery	"
73.465	Charms of iron or steel	"

Further details are available from the Pacific Division, Pacific, Asia and Africa Bureau, Department of Industry, Trade and Commerce, Ottawa, Ontario K1A 0H5.

Uruguay

Central Bank Circular No. 616, effective April 21, 1975, has established minimum financing terms of 180 days for most imports. Exceptions to this requirement are imports of capital goods which are subject to a special financial regime, imports of a value of less than U.S. $1,000 and temporary imports.

• The Executive Power decreed the exemption from all duties and other taxes on imports of capital goods:

1) Requests for imports of c.i.f. value not exceeding $20,000 will be automatically approved when they apply to capital goods to be imported directly by the end users.
2) Requests for imports whose c.i.f. values are between $20,000 and $100,000 per importer, will be approved if they have a minimum external financing of three years.
3) Requests for imports of more than $100,000 c.i.f. will be approved if they have a minimum external financing of five years.

Backgrounder to FBDB

The strength of the Canadian economy in the years ahead will depend, to a large extent, on the progress and growth of small businesses in Canada, which comprise between 50 to 60 percent of business enterprises in Canada.

Studies made by the government have indicated that, while financing is a major problem for small business, there already exist institutions which can make financing available. The Industrial Development Bank, for example, has played an important role for the last 30 years in term-loan financing to small and medium-size businesses. But the government studies have indicated that small businesses are often deficient in management. The small businessman often needs someone to talk to about management problems and some central point where he can get information on government programs and assistance without having to go to Ottawa or without having to contact several different departments of government.

There is a need for bringing together in one institution — with a regionally-oriented office structure — programs to meet these three basic needs of small business: an expanded and more flexible financing program, a management counselling and training program, and an information and guidance program specifically directed to the needs of small business.

The legislation which the Government passed last session provided for a new Crown Corporation — The Federal Business Development Bank — to combine and operate the financing programs and advisory services of the Industrial Development Bank and other programs of the government relating to management counselling and training and to establish an information service — all with the intention of aiding small business.

The objectives of the Federal Business Development Bank will be to promote the formation and development of viable business enterprises in Canada, giving particular attention to small business, by supplementing other sources of financing, counselling and management training programs and by providing an information service.

The Federal Business Development Bank will have a Board of Directors which will report to Parliament through the Minister of Industry, Trade and Commerce. It is also intended that Regional Advisory Councils be established in six regions of Canada to ensure that the Federal Business Development Bank is responsive to specific regional needs.

By incorporating the Industrial Development Bank into the new Federal Business Development Bank, the present branch office structure of the Industrial Development Bank will be available at the outset to provide focal points for services to businessmen in all regions of the country, including the Territories.

New flexible lending techniques are proposed, as well as emphasis on equity financing. The new Bank has been given powers to enable it to provide a full range of financial services. With regard to management services, counselling and management training are to be expanded and related to the needs of small business. Information services — particularly on federal assistance programs — are intended to involve advice and personal referral as well as documentary information.

The powers which the new Bank will have should enable it to provide a co-ordinated and comprehensive service and to respond with flexibility to any justifiable needs of small business which cannot be met on a reasonable basis in the private sector.

Trade Lines

Morocco gets new carbonate of soda factory

An agreement was signed recently between the Moroccan Industrial Development Office (ODI) and the Italian glass-making group, Peschia, for construction of a carbonate of soda factory which will utilize mineral salts in the region of Mohannedia, where the factory will be located.

It is estimated that an annual production will be at least 500,000 tons and will fill the requirements of the Moroccan glass, detergents and food products industries, as well as providing an exportable surplus — Madrid.

Turkey's first industrial soda ash plant

The soda ash plant began operations this spring at Mersin, on a 100-acre site. The giant plant was built by FENNI VE GAMA LTD. STI. and is owned by SODA SAN. AS. The Turkish government provided numerous incentives and $20 million of the development money came from foreign sources. It is expected that production of soda ash at Mersin will enable Turkey to save millions of dollars annually through import substitution. In addition, some of the production will be exported — Ankara.

One organization to be sole pharmaceutical importer in Zaire

Effective September 1, Depot Central Medico-Pharmaceutique (DCMP), a state-owned organization will be the sole importer and distributor of drugs and related products for the Republic of Zaire. The country imported $17 million worth of pharmaceuticals in 1973 — Kinshasa.

Financing for Dominican Republic

The Export Development Corporation, in co-operation with The Royal Bank of Canada, will provide financing to the extent of $17 million for the sale of equipment by GTE Automatic Electric (Canada) Ltd., of Brockville to Compania Dominicana Telefonos, C. por A. (CDT), of Santo Domingo, Dominican Republic.

The money will be used to purchase a sophisticated package of communication equipment from Canada including PABX, central office equipment, telephones, radio and distributions systems. This ambitious CDT program stems from a compound growth rate in connected telephones in

the Dominican Republic of nearly 20 percent a year in the past decade — one of the highest rates in the world.

The loan will support a contract for $18.7 million of Canadian equipment and services and will follow three previous loans for similar equipment which EDC has extended to CDT totalling $26 million.

CANDU in Republic of Korea

Loans of up to $380 million will be made by Canada's Export Development Corporation, together with a group of Canadian and British banks, to support the sale by Atomic Energy of Canada Limited, of a 600-megawatt CANDU nuclear power generating plant to the Korea Electric Company, Seoul, a publicly-held company controlled by the government of the Republic of Korea.

Under the agreement EDC will lend up to $300 million and a consortium of six Canadian banks headed by The Royal Bank of Canada will lend $30 million to assist in the purchase of Canadian equipment and services. The British banks, headed by Hambros Bank Limited, will lend up to the equivalent of $50 million for British equipment and services.

According to Industry, Trade and Commerce Minister, Alastair Gillespie, "This sale represents a major breakthrough for AECL, for Canadian technology and for Canadian suppliers, particularly as the contract was won in competition with the United States suppliers who have contracts to build two nuclear power plants in Korea."

Major Canadian suppliers will include Canatom Ltd., a consortium of Canadian engineering companies formed by Montreal Engineering Company Limited, Surveyer, Nenniger and Chenevert Inc., and Shawinigan Engineering Company Limited, who will undertake the overall construction and management of the project; The Foundation Company of Canada Limited, of Toronto, who will provide supervision of civil works; and Howden Parsons Limited, of Toronto, who will supply the turbo-generators. Hundreds of small and large companies across Canada will also benefit from this transaction as sub-suppliers.

Record Sales at OTC '75

The 17 Canadian suppliers of offshore products and services exhibiting at the recent Offshore Technological Conference (OTC '75) in Houston, Texas, made on-site sales of nearly $6 million.

Additionally, Lockheed Petroleum Services Ltd. of British Columbia, designers and manufacturers of sub-sea production systems, was one of the 25 firms (of more than 2,800) selected to receive a "Special Meritorious Award for Engineering Innovation."

About 45,000 oil men from all over the world attended OTC '75. The Canadian exhibit (with 17 Canadian firms displaying their offshore equipment and services) was among the largest of the national exhibits at this, the world's largest annual offshore trade fair.

Over the next 12 months, Canadian sales resulting from participation in OTC '75 are expected to exceed $20 million.

IT&C's Eyton appointed to senior ADB post

On June 1, Anthony T. Eyton, formerly of IT&C's International Financing Branch and Trade Commissioner Service, officially began a two-year term as Executive Director of the Asian Development Bank. The Bank's headquarters are in Manila, Philippines and he will be living there.

The appointment was announced jointly by Industry, Trade and Commerce Minister Alastair Gillespie and Finance Minister John Turner. The Finance Minister is Canadian Governor of the ADB. Prior to being named Acting General Director of IT&C's International Financing Branch at the start of the year, Mr. Eyton had been Director of the Branch since May 1974.

Since joining the department in 1964, 34-year-old Mr. Eyton has had a number of Trade Commissioner Service postings and for a year was seconded to CIDA as assistant to the Director of Asia Planning.

A.T. Eyton

Canadian AIESEC president to Brussels

At the March 1975 International Congress of AIESEC, Tom Davies, National Committee President of AIESEC-Canada, was elected Secretary General of AIESEC-International. He will be working out of Brussels until his one-year term expires in August 1976. Among other things, Mr. Davies will be responsible for AIESEC's student traineeship exchange which involves at least 4,000 jobs each year (see *Canada Commerce,* April 1975).

Tom Davies

NEXT MONTH IN CANADA COMMERCE

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