CANADA COMMERCE

SEPTEMBER 1975

Britain's offshore oil & gas
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Trade fairs
U.S. Midwest market
Swiss banking
France restauration

Success at Duesseldorf

One of the world's most important boat shows is staged in Duesseldorf, West Germany. For one Canadian company, "Boat 75" proved to be well worthwhile.

In a letter to Jim Masse of IT&C's Transportation Industries Branch, Peter Smilousky, president of California Glass Marine, Stoufville, Ontario, writes: "Our main objective was to set up a market for our boats in Europe. We took on five new dealers over there, in addition to selling all of our display boats right at the show . . . orders have already come in from Germany and as a result, we have shipped two containers of boats. Success in this market will depend on transportation costs, distribution points, and our own production schedules. If we can establish a distributor over there, it will pin-point the destination of the boats and save a bit of the cost of shipping . . ."

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Offshore gas and oil: Britain's first 10 years

KENNETH P. SCOTT,
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(Metals, Minerals and Energy), London

"A recent estimate of the market value related to the British offshore search for oil and gas is in excess of $1.9 billion a year . . . there is still considerable scope for Canadian companies . . ."

On June 11, oil production from the British sector of the North Sea began. The oil came, as expected, from the Argyll field and was delivered to Britain by tanker. This capped a series of events which began in 1964 with ratification of the 1958 United Nations Continental Shelf Convention, and it gave new strength to predictions that by 1980 Britain will be self-sufficient in oil.

It may surprise many to know that Britain's oil industry dates from 1850, when a Glasgow chemist obtained lamp oil and lubricants from natural mineral oil occurring in the Derbyshire coal measures. Scottish shale deposits were first worked for oil in 1858 and only ceased production in 1962.

The first concerted effort to find oil in Britain was stimulated by the 1914-18 war and since then, limited drilling programs have been carried out in various parts of the country. Several small onshore oil fields have been established but annual production totals only about 87,000 tons — less than 0.08 percent of British consumption in 1973!

Thus, although some oil had been found in Britain, the outlook for the future did not look encouraging — so, what promoted the search in the North Sea, where conditions were likely to be extremely harsh and require drilling techniques far in advance of those on land? The answer lies in the natural gas find in August 1959 by Shell-Esso at Groningen in Northeast Holland. This discovery in itself was not particularly significant but its size was — it is now

regarded as the second biggest gas field in the world, surpassed only by the Hugoton field in the United States.

Another discovery came in late 1965 when BP confirmed that exploration on block 48/6 showed gas in commercial quantities. This field — West Sole — was subsequently developed and production commenced in 1967. Since then a series of discoveries, both gas and oil, has been made, details of which are given in Tables I and II. Projected production from these fields is shown in Figure III.

It is not clear who made the first significant oil discovery in the North Sea but the first public announcement came from the Burmah Oil group in October 1966. Unfortunately, this find was not of commercial value. Early in 1969, Phillips Petroleum Company confirmed that a mixture of gas and oil had been found in the Norwegian sector and that oil production of 100,000 b/d could be produced from the field — Codfield — but this was not considered large enough to be commercially viable on its own.

Despite rumours of a further find in 1970, it was not until mid-1971 that Phillips declared it had found a "giant" oil field in the North Sea — Ekofisk — in the Norwegian sector. During the same period BP announced its discovery in the British sector, subsequently to be confirmed in October 1971, that its Forties field was capable of producing at least 400,000 b/d.

The first shipment of North Sea oil arrived by tanker in Britain from the Ekofisk field in the Norwegian sector on September 24th, 1971. The highlight of 1975 has been the landing of the first oil from the British sector. Later in the year the Forties field will commence production and oil will be pumped ashore to Cruden Bay north of Aberdeen, through an underwater pipeline.

While total oil production from the British North Sea this year will be relatively low — probably only 3.5 million tons, or about 3 percent of requirements — each year will see further fields coming on stream (Figure III).

Canadian Involvement

At the present time, nearly 40 Canadian companies have a specific interest of some kind in the North Sea and other offshore areas around Britain and these are listed in Table IV.

In the British sector, Canadian companies have involvement in 41 licences covering an area of about 7,200 square miles or 17 percent of the total area licensed by the British government. About 93 individual blocks have some Canadian interest and the location of these can be seen in Figure V.

Of particular significance to Canadian companies is the Ninian field, part of which lies in block 3/8. Ranger Oil has a 20 percent interest in this. United Canso also had a 20 percent interest in block 211/18 — which contains the major part of the Thistle field — until March 1975, when it sold its interest to Dimenex, a German oil consortium. In April this year, Siebens Oil and Gas announced an encouraging oil find in block 2/10. Reserves have been estimated unofficially at several hundred million barrels.

The licence for this block is fully Canadian-owned — Siebens as operator holding 95 percent, with Westburne Drilling & Exploration the remaining 5 percent.

In the gas fields, Leman Bank extends into block 49/28, in which Canadian Superior Oil has a 3.33 percent interest. Canadian Industrial Gas and Home Oil are associated with a gas condensate discovery but plans for the development of this find have not been announced. In many of the other blocks where Canadian companies are involved, and in some cases are operators, drilling is yet to take place.

Equipping, servicing and financing

Developments in the past 10 years have not come about without considerable demands being made for equipment, services and finance. On many occasions, the British offshore oil and gas industry has been referred to as "frontier development."

Numerous technological problems and difficulties hitherto not encountered elsewhere in the world have had to be overcome, especially those relating to water depth — the Forties field is located below 400 feet of water — and weather conditions. The latter, with a combination of strong winds up to 150 knots and wave heights to 100 feet, together with complex sea and swell patterns, have hampered exploration drilling, platform development and operation of service craft.

On land there has been the need to build service bases, pipeline terminals and platform construction yards. Canadian companies have participated in these developments and some of the products and services supplied by about 30 such companies are listed in Table VI.

As might be expected, the financial requirements for exploration and subsequent development of successful finds are high. Moreover, as the search for oil and gas has progressed from the southern North Sea to the stormier northern areas where the water is deeper as well, so have costs increased, aggravated by recent inflationary trends. Current drilling costs from a large semi-submersible are around $46,000 a day and expected to rise to about $76,000 a day by the end of the year.

The relatively shallow-water platforms for gas production were installed for a cost of around $4.6 million, whereas one for oil production in 500 feet of water and due for installation in 1977, is expected to cost $115 million. The laying of a 36-inch pipeline from such a platform will cost more than $1.8 million a mile. British Petroleum Company now estimates that total development costs of its Forties field will be more than $1.4 billion, while Shell-Esso's Brent field development is likely to exceed $2.3 billion.

Celtic and Irish Seas

While most of the action so far has been in the North Sea, with consequent high activity and onshore development in Scotland, some attention is being given to the seas west of Britain. The Celtic Sea is that area of water bounded by the coasts of Wales, Ireland and Cornwall. Although at a very early stage, and intense activity is a long way off, some believe the chances of success in this area — perhaps on the same scale as achievements in the North Sea — are very high.

This view is encouraged by the discovery of one large gas field and some oil "shows" off the coast of Ireland, which is administering its own offshore exploration. To date, development in the British area of the Celtic Sea has been limited to three wells drilled in 1974, two of which were stopped before reaching their target depth, due to rig commitments. One of these will not be resumed, due to the results of well data examination. The third well found nothing.

During 1975, some six to eight wells are expected to be drilled, possibly by Amoco, BP, Elf-Aquitaine and Shell — the latter awaiting a new drilling rig from Canada. In the longer term about 26 drilling operations are expected before the six-year franchise period expires on most of the blocks (in March 1978). To the north, in the East Irish Basin, the British Gas Corporation this year is expected to resume drilling where it found gas in 1974.

Meanwhile, some onshore developments are taking place in preparation for the expected build-up of offshore activity. At Pembroke Dock there are three supply bases and work on a quay construction project has started. Two further supply bases are located at Milford Haven and Swansea, while at Fishguard a supply base complex is expected on a style similar to the one recently completed at Peterhead, Scotland. At Neyland, a major site is to be developed for construction projects such as pontoon barges and platform modules.

For the Irish Sea, a supply base is to be developed at Heysham where the harbour provides all-tide facilities for two supply ship berths. At Barrow, in Furness, a land area has been taken as a construction site for offshore structures.

British policy

It is not intended to deal in detail with government policy on Britain's offshore oil and gas but no article on the subject would be complete without indicating in broad outline the measures which the British government has taken and intends to take in the future.

The Continental Shelf Convention provides international legislation for offshore operations where they occur outside territorial waters and defines the Continental Shelf as the sea-bed and its sub-soil adjacent to the coast but outside the area of territorial waters to a depth of 200 metres (656 feet). Thus, having obtained international rights over its surrounding sea-bed, Britain lost no time in introducing the Continental Shelf Act 1964, whereby the sea-bed was divided into a number of areas — commonly termed blocks — which could be licensed to companies for exploration and development. Exploration licences are non-exclusive and

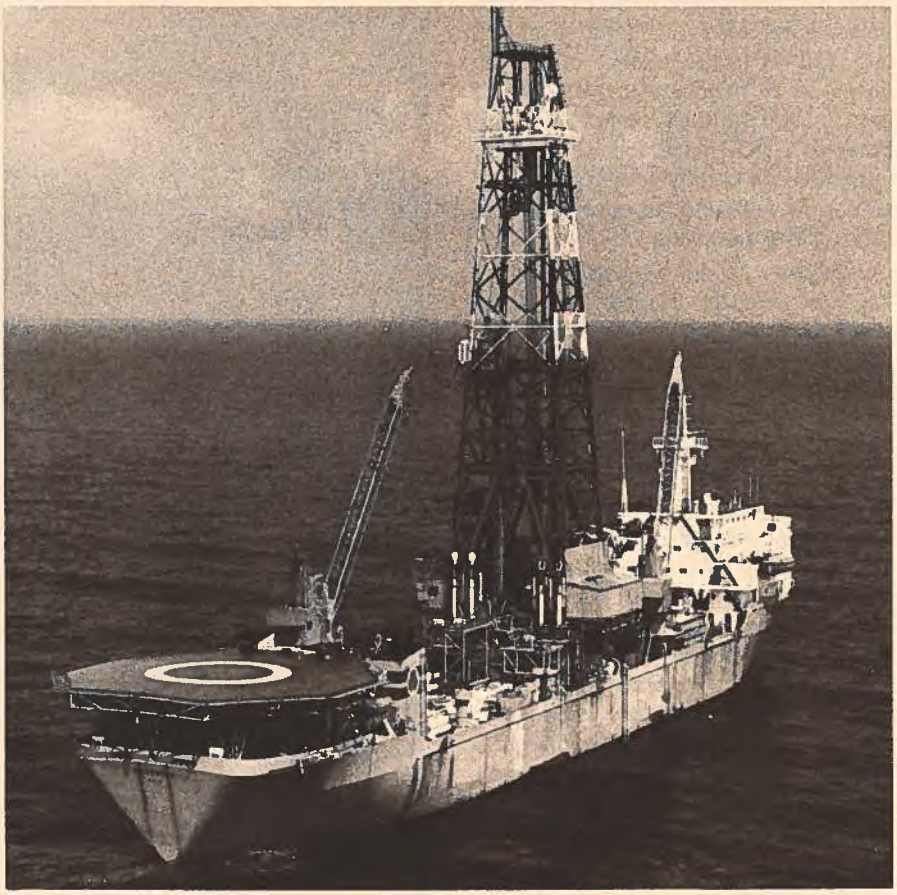
give the holders the right to search in all areas not covered by production licences which give exclusive rights to search, drill for and extract petroleum from specified blocks.

The block size decided upon by the British government was one of about 100 square miles. These units were awarded on a competitive basis to applicants who had submitted approved work programs and could demonstrate the capability of carrying them out. All applicants must be resident British-registered companies.

In September 1964, 960 blocks were offered, equal to about one third of the area of the British sector of the North Sea, from which 53 licences were issued covering 348 blocks and involving 51 companies. After paying an application fee of £200 plus £5 for each block required over 10, the initial rental was £25 per square kilometre (equal to £6250 for 100 square miles) for a period of six years. During this period the licensee had the right to retain half of the original concession for 40 years for a rental starting at £40 per square kilometre and rising in annual increments of £25 per year to a maximum of £290 per square kilometre (i.e. during the 17th year of the licence). A 12½ percent royalty is payable on the value of any oil or gas produced at the wellhead.

Since 1964 three other licensing rounds have occurred on broadly similar terms, except for slight increases in rental terms (see Table VII). During the fourth round in 1971, an experimental auction of 15 blocks — the first event of its kind in Europe — was held, while another 421 blocks were offered on a discretionary basis. There were 31 applications for these 15 blocks, totalling £135 million, of which £37.2 million ultimately went to the government. The range of tenders was very wide — from a high of more than £21 million from Shell-Esso for one block (211/21), to a low of £3,200 from the independent Canadian group, Chieftain Exploration, at that time an unknown company in Britain.

The main objective of the present government is to ensure that the offshore oil is brought into full public ownership and that the operation of obtaining and bringing it ashore is brought under full government control with majority public participation. Its



policy is designed to give a fair share of benefit to the community, at the same time recognizing the need for the oil companies to earn a suitable return on their heavy investment. The government also wants to ensure that development of the Continental Shelf proceeds as fast as possible. The policy objectives are to be translated into legislation, largely by the Oil Taxation Bill and the Petroleum Bill.

The Oil Taxation Bill introduces a petroleum revenue tax (PRT) on profits arising from offshore operations which is additional to both royalties and corporation tax. A number of reliefs are available before a profit is deemed to have been made, after which PRT is payable at 45 percent. Including royalty payments and corporation tax, the total government take is estimated at 70-75 percent of total profit from any particular oil field.

One of the main functions of the Petroleum Bill will be to set up a British National Oil Corporation (BNOC) which will hold the public stake in both current and future licences. While it will be a condition of future licences that the BNOC will have the option to take majority participation in all commercial fields under those licences, it is also intended to invite holders of current licences to negotiate State majority participation in their commercial discoveries. BNOC is intended to be a fully integrated oil company with powers to extend its activities "downstream" into refining and marketing.

Another aspect of government policy has been the creation in January 1973 of the Offshore Supplies Office (OSO), with the objective of sponsoring and assisting British industry to make the most of the market opened up by offshore activities on the British Continental Shelf. The primary tasks of the OSO are to ensure that the British industry is given full and fair opportunity to compete for offshore business and to encourage the creation of an indigenous oil-related expertise. Its intention is not to obtain preferential treatment for British firms or to shield them from international competition, because in the long term the government is anxious to have a British offshore supply and contracting capability which can sell world-wide on a fully competitive bases.

The British offshore market

A recent estimate of the market value related to the British offshore search for oil and gas is in excess of $1.9 billion a year, of which it is claimed that British firms win about half the orders. Thus, there is still considerable scope for Canadian companies displaying initiative, enterprise and aggressive salesmanship to share in the market created by the oil companies. But is is essential that potential suppliers and contractors make themselves aware of the needs and problems of the oil operators.

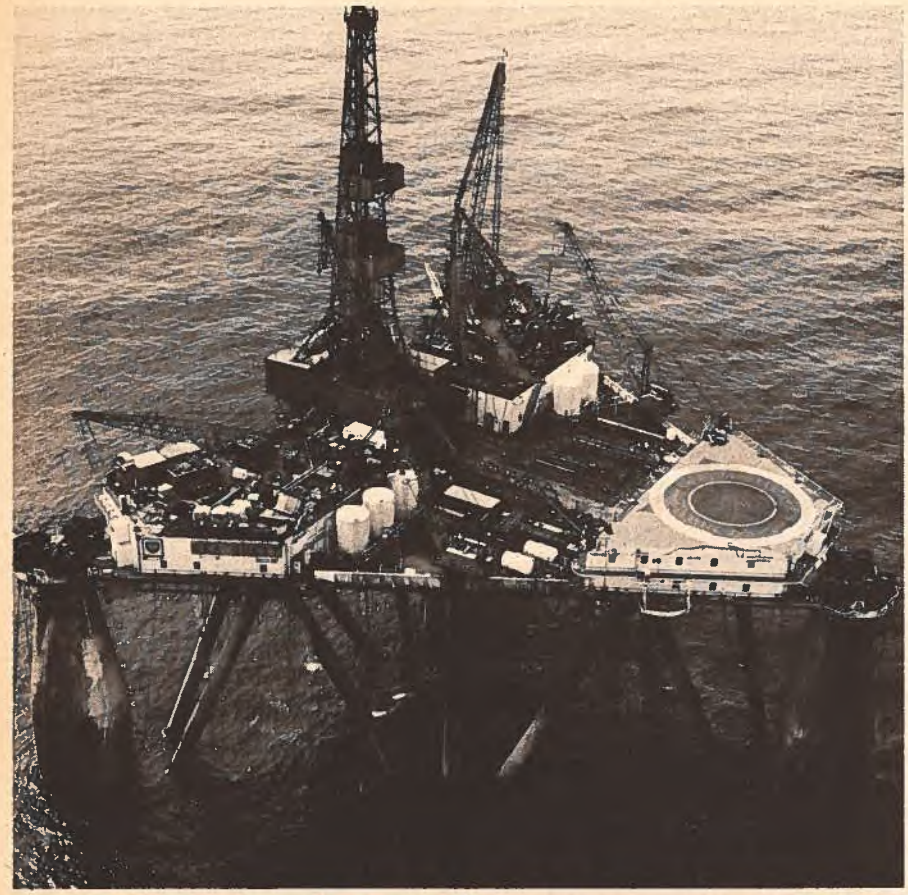
The necessity for some homework prior to visiting likely customers cannot be overstressed, because without this background information it will be impossible to win the client's confidence in the ability of your organization. There is now an immense amount of background literature on the subject, much of which has been produced from conferences or seminars held in various parts of the world. A study of this is recommended.

In general terms, doing business with the oil operators follows normal commercial procedures, but some aspects are worth stressing. Due to the severe offshore conditions, specifications are usually more rigorous than those for land applications and it is essential that these specifications are complied with.

Having obtained an order, another very important point is to adhere to delivery dates. It is almost inevitable that the component being supplied will be a small part of a large integral unit, or a link in a chain of operations, and any delay will have severe repercussions where "time costs big money." With an eye on future sales and continuing business, one final aspect not to overlook is sales back-up service such as maintenance and stocks of spares.

A breakdown of the market into sectors indicates that about a third of the anticipated expenditures relates to exploration drilling, including the capital cost of rigs and drill-ships. Canada's capability in this area is established, with three semi-submersibles operating in the North Sea and a fourth expected this year.

The next major sector, equal to about a quarter of the total is in offshore production, including the platforms. While it might not be feasible to build



complete platforms too far away from their respective fields — and it would appear that Britain has sufficient building yard capacity — these structures absorb a variety of equipment such as power units, pumps, firefighting and safety equipment, hoists, valves, water and sewage treatment plants. Looking ahead, it is inevitable that there will be progression into deeper waters, where sea-bed completion systems will be needed instead of platforms.

Offshore services such as supply vessels, rig tenders and helicopters will absorb large amounts of money, and a recent study has indicated that despite the enormous growth in demand for supply ships in the North Sea since 1969, the number required will probably double again from 182 in the summer of 1974 to 358 in 1976, followed by slower growth, to 378, in 1978. Likewise, helicopter requirements are expected to increase from 29 this year to 52 in 1979. Additional to these requirements, demand will continue in the sectors related to pipelines (including supply of suitable lay/derrick barges), diving, submersibles and last but not least, surveying.

For further information or assistance, contact the Commercial Divisions of either the Canadian High Commission, 1 Grosvenor Square, London W1X 0AB, England or the Canadian Consulate, 195 West George Street, Glasgow G2 2HS, Scotland.

TABLE I

British Offshore Gas Fields

Name	Operator	Est. reserves (trillion cu ft)	Max. output (million cu ft)	Status
West Sole	**BP**	1.0	300	In production since March 1967
Leman Bank	**Shell/Esso**	14.0	2000	In production since Aug. 1968
Hewett	**Arpet**	4.0	600	In production since July 1969
Indefatigable	**Amoco**	8.0	400	In production since Oct. 1971
Viking	**Conoco**	5.0	540	In production since Nov. 1972
Rough	**Amoco**	0.5	150	Production expected mid-1975
Frigg	**Total**	6.0	700	Production expected 1976
Lomond	**Amoco**			
Amethyst	**Burmah**			
Ann	**Phillips**	Under evaluation or development deferred		
Dottie	**Phillips**			
Deborah	**Phillips**			
Sean	**Shell**			
Brent	**Shell/Esso**	?	600	Production likely 1979

TABLE II

British Offshore Oil Fields

Name	Operator	Water depth (ft)	Est. reserves (mill. tons)	Max. production (mill. tons/year)	Likely start-up date
Alwyn	**Total**	400	75	5.0-7.5	1977/78
Andrew	**BP**	325	70	5.0	1978
Argyll	**Hamilton**	250	15-20	2.0	Started
Auk	**Shell/Esso**	275	10-15	2.5	1975/76
Beryl	**Mobile**	385	110	7.5	1976
Brent	**Shell/Esso**	460	250	25.0	1976
Claymore	**Occidental**	375	70	5.0	1977
Cormorant	**Shell/Esso**	500	50	5.0	1977
Dunlin	**Shell/Esso**	500	70	6.0	1977
Forties	**BP**	400	280	20.0	1975
Heather	**Unocal**	425	50-75	5.0-7.5	1978
Hutton	**Conoco**	490	150	10.0	1979
Josephine	**Phillips**	250	10-15	2.5	1970
Magnus	**BP**	600+	110	10.0	1979/80
Maureen	**Phillips**	325	70	5.0	1979
Montrose	**Amoco**	300	30	2.5-5.0	1976

Name	Operator	Water depth (ft)	Est. reserves (mill. tons)	Max. production (mill. tons/year)	Likely start-up date
Ninian	**Chevron**	450	270	20.0	1978
Piper	**Occidental**	475	110	15.0	1976
Statfjord (UK)	**Conoco**	480	45	?	?
Tern	**Shell/Esso**	550	?	?	?
Thistle	**Burmah**	530	70	10.0	1977

British Crude Oil Consumption and Natural Gas / Oil Production

Figure 3

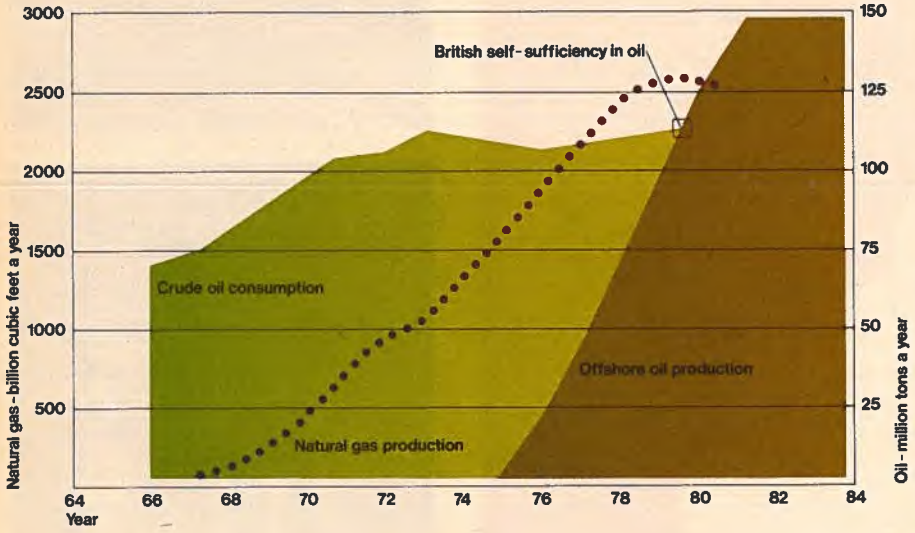


TABLE IV

Canadian Companies with Interest in North Sea and Other Offshore Areas

Albany Oil and Gas Limited
Bow Valley Industries Limited
Bralorne Resources Limited
BP Canada Limited
Canada Geothermal Oil Limited
Canada Northwest Land Limited
Canadian Export Gas and Oil Limited
Canadian Homestead Oils Limited
Canadian Industrial Gas and Oil Limited
Canadian Pacific Investments Limited
Canadian Superior Oil Group of Companies
Chieftain Development Company Limited
Decca Resources Limited
Denison Mines Limited
Distillers Corporation — Seagrams Limited
Dome Petroleum Limited
Home Oil Company Limited
Houston Oils Limited
Husky Oil Limited
Lochiel Exploration Limited
Numac Oil & Gas Limited
Oakwood Petroleums Limited
Page Petroleum Limited
Peyto Oils Limited
Peruvian Oils & Minerals Limited
Rand Resources Limited
Ranger Oil (Canada) Limited
Siebens Oil & Gas Limited
Sunlite Oil Company Limited
Sunningdale Oils Limited
Teck Corporation Limited
Trans-Canada Resources Limited
Ulster Petroleums Limited
Voyager Petroleums Limited
Westburne Petroleums & Minerals Limited
Western Canadian Explorers Limited
Western Decalta Petroleum Limited

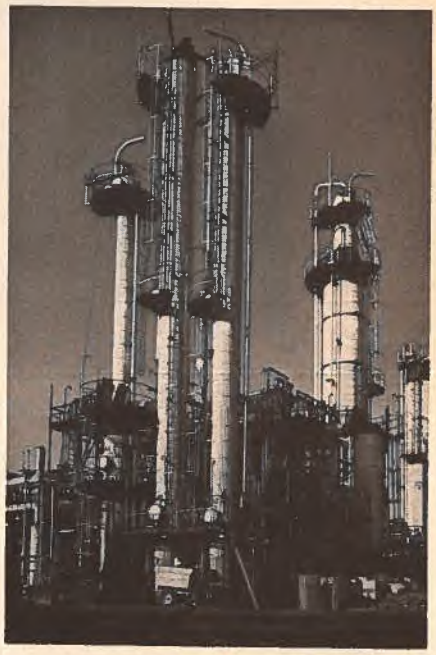


TABLE VI

Some Canadian Equipment and Services Supplied to British Offshore Oil and Gas Industry

- Data logging
- Diving services
- Drilling fluids
- Drilling rig components
- Gas turbines
- Headers
- High-speed temperature, salinity and depth measuring system
- Impregnated pipe wrapping
- Integrated underwater deep towing systems for sub bottom profiling
- Iron ore for pipe coating
- Mini-submersibles
- Modular marine seismic profiling system
- Oil and gas well reserve estimations
- Pipeline check valves

Seismic surveying

Semi-submersible drilling rigs

Steel pipe

Supply ships

Weld heat-treatment

Wellhead risers

TABLE VII
British Licensing Rounds

Round	Area Under Offer	Application Fee	Initial Payment per sq km	Annual Rental/sq km			Royalty	Licences Awarded		
				7th Year	Incr. p.a.	Max		No.	No. of Cos.	No. of Blocks
FIRST (Sept 1964)	North Sea	£200 plus £5 for each block requested over 10	£25	£40	£25	£290	12½%	53	51	348
SECOND (Nov 1965)	North Sea Irish Sea English Channel							37	44	127
THIRD (June 1970)	North Sea Irish Sea Orkney/ Shetland Basin		£30	£50	£30	£350		37	61	106
FOURTH (Dec 1971; Mar 1972)	North Sea Irish Sea Celtic Sea Orkney/ Shetland Basin		£45					118	213	282

China's trade patterns

ARMAND BLUM, Commercial Counsellor, Peking

Meaningful statistics concerning economic development indicators are notoriously difficult to obtain in the case of China, particularly when they relate to the internal sectors of the economy. But early this year, when reporting on the work of the Government to the Fourth National People's Congress, Premier Chou En-lai released statistics covering the growth of important sectors of the economy during the last 10 and 25 years.

TABLE I

Growth in selected sectors

Sector	Period	Percentage
Population	1949-74	1.9
Foodgrain production	1949-74	3.5
Value of agricultural output	1964-74	4.2
Raw cotton production	1949-74	7.2
Gross industrial output value	1964-74	11.2
Steel production	1964-74	8.2
Coal production	1964-74	6.7
Petroleum production	1964-74	22.0
Electrical power production	1964-74	11.6
Chemical fertilizer production	1964-74	15.7
Tractor production	1964-74	20.0
Cotton yarn production	1964-74	6.0
Chemical fibre production	1964-74	15.7

Source: Estimated from reports published by New China News Agency.

The general picture that emerges is one of growth, particularly during the last 10 years, but with sharp differences between various sectors reflecting the special problems that must be overcome by China and the development strategy used to deal with them. The accepted development ideology has been to give priority to agriculture, with industry cast in a supportive role. The relatively higher rates of growth for tractor and chemical fertilizer production (two key indicators) bear witness to this emphasis. Although the figures quoted for growth in food grain production and population increase show a sizeable improvement in the ratio of food grain production per person, the difficulties and uncertainties associated with any population estimate for China cloud this otherwise optimistic result. However, whatever the improvement, Chinese planning priorities are still directed towards improving agricultural production by opening new arable lands, expanding irrigation, using fertilizers more intensively, improving varieties, mechanizing and so on.

The priority given by Chinese planners to the agricultural supportive side of industry does not mean a lack of development and investment in other areas. As a matter of fact, these other industrial sectors by their very nature account for a major share of the purchases of plant and equipment made abroad. Out of some $2.1 billion contracted by China over the period

1973-74 for imports of complete plant from the West, only about $0.5 billion can be directly ascribed to agriculturally-related sectors, mainly fertilizer production units.

China's development strategy, can be expected to continue in the same direction. The main task given to the economy is still to adequately feed, clothe and supply daily necessities to an enormous population (estimates of which vary from somewhat less than 800 million to more than 900 million) and whose rate of increase still appears far from stabilizing. At the same time, investment in industry, particularly in terms of imported equipment and machinery, will continue, though at a much reduced pace in the case of new acquisitions of complete plants, since the ones already on order are straining both available foreign exchange resources and absorption capabilities of the industrial system. Petroleum exploration, production and transportation together with some areas of infrastructure (harbour development and possible communications) are expected to become the main industrial sectors where investment, particularly in terms of imported equipment and machinery, will occur over the next 12 months.

Foreign trade

Between 1969 and 1973, China's total foreign trade showed a startling increase of 154 percent — an average annual increase of 38 percent. During this period foreign trade went from $3.9 billion to $9.9 billion and fully 85 percent of this was with non-Communist countries.

Still looking at the same period, the sectors in which Chinese purchases from abroad were concentrated also showed interesting changes. For example, chemicals (mainly fertilizers) as a share of total imports decreased from 17 percent to 9 percent, while manufactures (mainly metals, machinery and equipment), crude materials and foodstuffs increased their respective shares of the total import bill. The commodity composition of China's imports from various non-Communist countries and groups of countries during 1973 concentrated in manufactures (again mainly metals, machinery and equipment) and foodstuffs (mainly grain).

It is estimated that Chinese foreign trade again increased substantially during 1974. Both imports from and exports to Western developed countries increased by close to 40 percent over 1973. Table II provides some projected figures for 1974 Chinese foreign trade. It will be seen that Canada ranked as the third largest supplier to China, after Japan and the United States.

Although China is thought to hold substantial reserves, earns considerable foreign exchange by way of overseas remittances, and has been able to obtain all necessary financing from a number of sources, there is no doubt that such a trade deficit is unsustainable for any length of time, given the authorities' refusal to enter into the usually accepted forms of international financing or investment. For this reason, as well as because of the difficulties previously mentioned which would be encountered in absorbing further large imports of complete plants,

TABLE II

Projected trade with selected partners 1974
($ million)

Country	To China	From China	Turnover
Japan	1,986.0	1,300.0	3,286.0
United States	807.0	114.0	921.0
Canada	434.1	60.9	495.0
West Germany	400.5	188.1	588.6
Australia	317.9	114.9	432.8
Britain	181.9	157.2	339.1
France	170.4	195.5	365.9
Italy	103.6	118.1	221.7
Argentina	90.0	0.3	90.3
Switzerland	64.8	42.8	107.6
Netherlands	42.4	97.6	140.0
Belgium/Luxembourg	36.8	51.2	88.0
Hong Kong	19.5	1,122.9	1,142.4
Denmark	15.1	31.5	46.6
TOTAL	**4,670.0**	**3,595.0**	**8,265.0**

NOTE: For a number of countries, figures shown are estimates based upon part-of-year trends.

Source: Partner countries' statistics

These 1974 trade figures also suggest that China has been running a deficit on the trade account — estimated at some $1075 million with the 14 countries listed in Table II and about $1 billion when all other trading partners are included.

the rate of increase in imports is expected to taper off this year and for the immediate future. On the other hand, Chinese exports and, hence, availability of foreign exchange can be expected to increase in 1975, mainly on account of large additional sales of

crude oil, particularly to Japan, but possibly also in certain other areas, such as textiles, where outside factors caused by the international economic situation had tended to dampen its sales last year.

Trade with Canada

Canadian exports to China showed a gratifying 58.9 percent increase in 1974 over the preceding year, while Chinese sales to Canada increased by 15.1 percent over the same period. Tables III and IV show respectively the breakdown of our exports and imports. In terms of value, grain is still by far the largest component of our exports (almost 77 percent in 1974), but a substantial diversification in our sales to China has taken place, particularly since the opening of diplomatic relations in 1970.

In the recent past, particularly noteworthy developments in the non-grain sector have been sales of heavy equipment and machinery (generator sets, gas turbine engines) potash, pulp and paper, and a first shipment of beef breeding stock from Alberta.

The main promotional activity undertaken by Canada in China during 1974, was the holding of an Electronics and Scientific Instruments Exhibition in Shanghai in April. Thirty-four Canadian companies participated in this Exhibition, which was visited by over 40,000 Chinese engineers, scientists and State Trading Corporation and end-user representatives. Canada was the first Western nation to hold a large specialized industrial exhibition in Shanghai and nearly two-thirds of the instruments and equipment displayed were sold during the course of the show. More importantly, the many personal contacts made at the technical level between the Canadians and the Chinese visitors should lay a firm foundation for future exchanges.

Another first for Canada was the visit of a Canadian Consulting Engineers Mission to China in June 1974. This was the first time China had received such a group. Mission mem-

First shipment of Canadian breeding stock arrives in Shanghai . . .

. . . Canadian Electronics and Scientific Instruments Exhibition opens in Shanghai last fall. Huang Chin-Hai, Permenent Member, Shenghai Revolutionery Committee, cuts the ribbon. Looking on, are from left: Armand Blum, Commerciel Counsellor, Peking, end Deputy Director General of the Exhibition; Claude T. Cherland, Assistent Deputy Minister for Export Development, Department of Industry, Trade and Commerce, and Director Generel of the Exhibition; C.J. Small, Canadian Ambessador to China; and Han Yue-ching from the China Council for the Promotion of Internationel Trede, Shanghei Brench, under whose auspices the Exhibition was held.

bers had the unique opportunity during their stay to carry out with senior Chinese officials a series of in-depth seminars describing the concept and practice of consulting engineering which, until then, had been relatively unfamiliar in China.

Following the second series of meetings, held last February in Ottawa, of the Canada-China Joint Trade Committee (a body established by the Trade Agreement signed by Prime Minister Trudeau and Premier Chou En-lai during Mr. Trudeau's visit to China in October 1973), a program for the exchange of trade and economic missions in 1975 was agreed on. It is also expected that a series of technical seminars, to be given in China by Canadian companies, will be started this year.

Prospects for Canadian exporters

China is a market which has already been discovered by most important exporting nations. Competition is keen, first because of the size of the market to be supplied but, second, and perhaps more important, because of the staggering longer-term opportunities presented by a country with a population soon to approach one billion. Certainly for the foreseeable future, China's foreign trade will remain at a level modest in comparison to other main trading countries — but in our case, it became in 1974 our sixth largest total market, third for agricultural products, and first for grain.

China buys very few consumer products — grain being the major exception — but is an important purchaser of raw and industrial materials and equipment and machinery. This trend will undoubtedly continue. Some of the areas which now offer the best prospects for Canadian businessmen are: animal breeding stock, insecticides, synthetic fibres, power generation and transmission, electronic and scientific equipment, petroleum and natural gas exploration, equipment, production and transportation equipment, pulp and liner board, and bulk handling equipment. China is

TABLE III

Canadian Exports to China 1972-74
($ 000)

Product	1972	1973	1974
Live Animals	—	—	104
Wheat	232,006	186,791	333,803
Other foods and materials for food		29	
Fruits and fruit preparations			14
Tobacco	870	1,530	1,076
Raw hides and skins	28	213	433
Seeds for sowing		96	93
Scrap iron and steel	2,395	6,315	
Copper in ores, concentrates and scrap		43	
Nickel in ores, concentrates and scrap		3	
Other metals in ores, concentrates and scrap		105	
Asbestos, unmanufactured	80	98	
Sulphur	2,229	3,506	95
Other crude non-metallic minerals		50	
Lumber, softwood		10	
Lumber, hardwood			8
Other wood fabricated materials			7
Wood pulp and similar pulp	3,043	1,119	3,535
Newsprint paper		36	
Paperboard		401	297
Other textile fabricated materials	160		3
Oils, fats, waxes, extracts & derivatives	2,845	2,856	4,997
Chemical elements		26	

Table III cont'd.

Other inorganic chemicals	54	41	131
Organic chemicals	15	26	176
Fertilizers and fertilizer materials	482	1,368	4,239
Synthetic rubber and plastic materials		86	
Plastics basic shapes and forms		2	1
Other chemical products			2
Plate, sheet and strip, steel			124
Railway track material		984	
Aluminum, including alloys	2,404	6,556	
Copper and alloys			17,592
Lead, including alloys	301		
Nickel and Alloys	13,112	58,855	65,446
Other non-ferrous metals and alloys	184	799	
Metal fabricated basic products		6	300
Other fabricated materials, inedible			2
Engines and turbines, general purpose	3		
Electric generators and motors		51	
Drilling, excavating, mining machinery	4		
Woodworking machinery and equipment		2	9
Construction machinery and equipment	2		
Other special industries machinery		2	
Soil preparation, seeding, fertilizing machinery	1	4	1
Aircraft engines and parts			79
Televisions, radios and phonographs		2	

only interested in what is most advanced technologically and not yet produced domestically. Exporters should keep this fact in mind when approaching the Chinese trading corporations and stress, when applicable, the technically advanced features of their equipment.

Table III cont'd.

Other telecommunication and related equipment	224	427	75
Electric Lighting and Distribution equipment	4		102
Heating and refrigeration equipment		2	
Other measuring, laboratory, medical and optical equipment	221	668	1,101
Other equipment and tools		1	
Apparel and apparel accessories			1
Medical, ophthalmic and orthopaedic supplies			4
Printed matter	13	3	8
Containers and closures			218
Prefabricated buildings and structures		168	86
Other end products		2	11
Special transactions, trade		30	2
TOTAL	**260,682**	**273,293**	**434,147**

Source: Statistics Canada

TABLE IV

Canadian Imports from China 1972-74
($000)

Product	**1972**	**1973**	**1974**
Live animals	—	—	—
Food, feed, beverages and tobacco	6,429	7,851	9,687
Crude materials, inedible	3,509	2,665	3,315
Fabricated materials, inedible	13,918	12,216	16,347
End products, inedible	24,284	29,727	31,363
Special transactions, trade	237	445	159
TOTAL	**48,377**	**52,904**	**60,871**

Source: Statistics Canada

Almost all of China's foreign trade is conducted through one of the eight Trading Corporations (see list). A first contact with any of the Trading Corporations should comprise the following:

1) Your letter addressed to the corporation, introducing your company, the products you would like to sell to China (pointing out, if applicable, their technically advanced features) and offering to come to China to hold further discussions, if desired by the corporation;

2) Fifteen sets of readily available technical literature describing your products offered for sale — remember the Chinese will be interested in the technical description of your products and *not* in a glib and glossy sales approach;

3) A copy of your letter and literature to our office to enable us to follow up on your behalf.

Alternatively, should you wish to enquire beforehand whether a market exists for your products or if you desire any further information, write first to us.

Should you already have approached the relevant Trading Corporation without receiving an answer, do not be discouraged. The Chinese procurement system is such that it takes a long time for information to be disseminated among the various potential end-users, and for ensuing purchasing decisions to be made and communicated to the foreign firm. Also it may be that your material has been lost. You would be well advised to enter into a regular mailing program (say every two months) until you obtain a reply. For more information contact your Regional Office as well as writing to us: Commercial Counsellor, Canadian Embassy, 10 San Li Tun, Shao Yang District, Peking, People's Republic of China.

China's Foreign Trade Corporations

China National Cereals, Oils and Foodstuffs Import and Export Corp.
82 Tung An Men Street, Peking:

Cereals, edible vegetable oils and vegetable oils for industrial use, oil seeds, seeds, oil cakes and food stuffs, livestock and poultry, meats and meat products, animal fats, eggs and egg products, fresh fruits and fruit products, fresh and dried vegetables, deep frozen vegetables, salted and preserved vegetables, aquatic and marine products, canned goods, sugar and sweets, wines and spirits, beverages, dairy products, rice products, condiments, etc.

Cable: CEROILFOOD PEKING — Telex 558831 X 221

China National Native Produce and Animal By-Products Import and Export Corp.,
82 Tung An Men Street, Peking:

Native produce: Tea, coffee, cocoa, tobacco, bast fibre, timber, rosin feeding stuffs, forestal produce, spices, essential oils, nuts, and dried vegetables, patent drugs, and medicinal herbs, as well as other native produce.

Animal by-products: bristles, tail-hairs, casings, hides, leathers, fur-mattress, fur products, bristle brushes, carpets, wool, goat hair, goat wool, camelwool, rabbit hair, feather and feather products and other animal by-products, animals for breeding purposes.

Cable: CHINATUHSU PEKING — Telex: 554124

China National Textiles Import and Export Corp.,
82 Tung An Men Street, Peking:

Raw cotton, cotton yarn, raw silk, tussah silk, wool, man-made fibres, grey sheetings, bleached sheetings, dyed goods, printed and yarn-dyed fabrics, various kinds of blended fabrics of polyester and other materials, worsted and woollen goods, plush, interlining woollens, silk piece goods, rayon piece goods, mixed silk-rayon piece goods, Tussah silk piece goods, synthetic fibre piece goods, spun rayon piece goods, garments for men, women and children, suits, overcoats, shirts, overalls, embroidered blouses, pyjamas, morning gowns, woollen sweaters, vests, cotton interlock singlets and trousers, cotton sweaters and trousers, swimming suits, socks, bath towels, bed sheets, woollen blankets, cotton blankets, kerchiefs, woollen knitting yarns, various kinds of sewing threads, drawn-work and embroidered table cloths, pillowcases, handkerchiefs, gloves, table towels, woollen needlepoint tapestry, etc.

Cable: CHINATEX PEKING — Telex: 553793

China National Light Industrial Products Import and Export Corp.,
82 Tung An Men Street, Peking:

General merchandise, paper and paper boards, building materials, electrical appliances, radio and TV sets, photographic and cinematographic equipment and supplies, stationery, musical instruments, sport goods, toys, leather shoes and other leather goods, pottery and porcelain, human hair, pearls, precious stones and jewelries, ivory and jade carvings, lacquer ware, cloisonne, plaited articles, furniture, artistic handicrafts and other handicrafts for daily use.

Cable: INDUSTRY PEKING — Telex: 556749

China National Chemicals Import and Export Corp.,
Erh Li Xou, Hsi Chiao, Peking:

Chemicals, rubber, rubber tyres and other rubber products, petroleum and petroleum products, chemical fertilizers, agricultural chemicals and insecticides, pharmaceuticals and medicines, chemical reagents, medical instruments and supplies, surgical dressing, dyestuffs, pigments, paints printing inks, etc.

Cable SINOCHEM PEKING — Telex 891289

China National Machinery Import and Export Corp.,
Erh Li Kou, Hsi Chiao, Peking:

Mechanical processing equipment, metallurgical machinery, mining equipment, transportation equipment, building machinery, agricultural machinery and implements, hoisting equipment, tools, ball-and-roller bearings, machinery for light industry, electric equipment and materials, telecommunication equipment and devices, various kinds of measuring and testing instruments and meters and other industrial equipment, and supplies.

Cable: MACHINPEX PEKING — Telex 891243

China National Metals and Minerals Import and Export Corp.,
Erh Li Kou, Hsi Chiao, Peking:

Tungsten ore, antimony regulus, antimony sulphide (crude antimony), antimony trioide (antimony white), antimony ore, tin, mercury, pig iron, steel products, cement, anthracite coal, bituminous coal, dera, non-ferrous metals, precious rare metals, ferrous and non-ferrous mineral, ores, hardware, etc.

Cable: MINMETALS PEKING — Telex: 892376

China National Technical Import Corp.,
Erh Li Kou, Hsi Chiao, Peking:

Import of complete industrial plants and technical Knov-Hov; organizes technical exchanges.

Cable: TECHIMPORT PEKING — Telex: 892116

ANCILLARY ORGANIZATIONS:

China National Foreign Trade Transportation Corp., Erh Li Kou, Hsi Chiao, Peking:

Arranges transportation of import and export goods.

Cable: ZHONGUAIYUN PEKING — Telex: 893566

China National Chartering Corp., Erh Li Kou, Hsi Chiao, Peking:

Responsible for the chartering of vessels and booking of shipping space.

Cable: ZHONOZU PEKING — Telex: 893566

The People's Insurance Company of China, PO Box 2149, Peking:

Underwrites marine, land and air transportation, postal, ship's hull and machinery insurance and reinsurance.

Cable: 42001 PEKING — Telex: 334714

Bank of China, San Li Ho, Peking:

Handles all types of foreign exchange transactions.

Cable: HHOCHUNGKUO PEKING — Telex: 330452

China Council for the Promotion of International Trade, Peking:

Telex: 662835

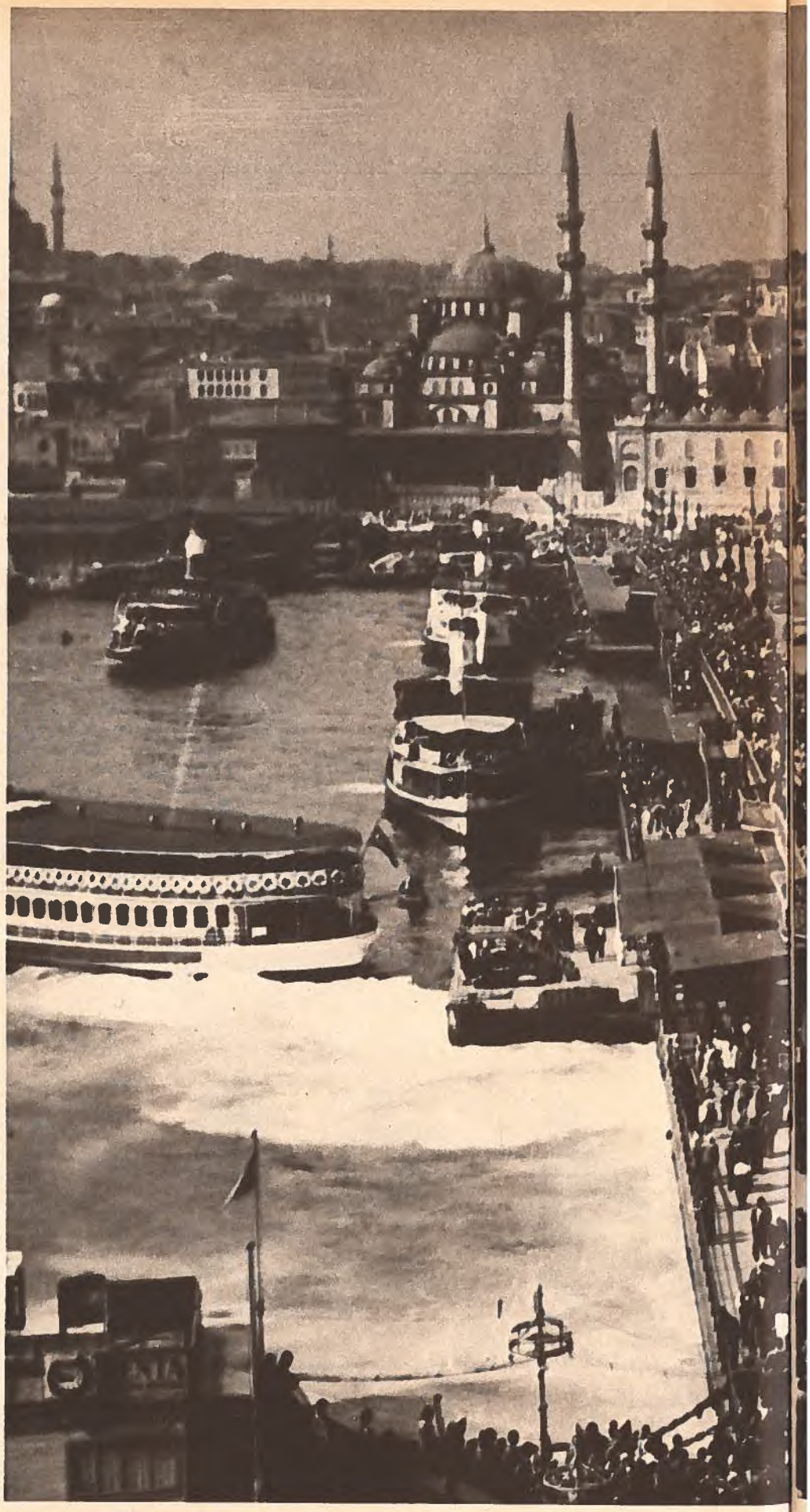
Another Canadian First

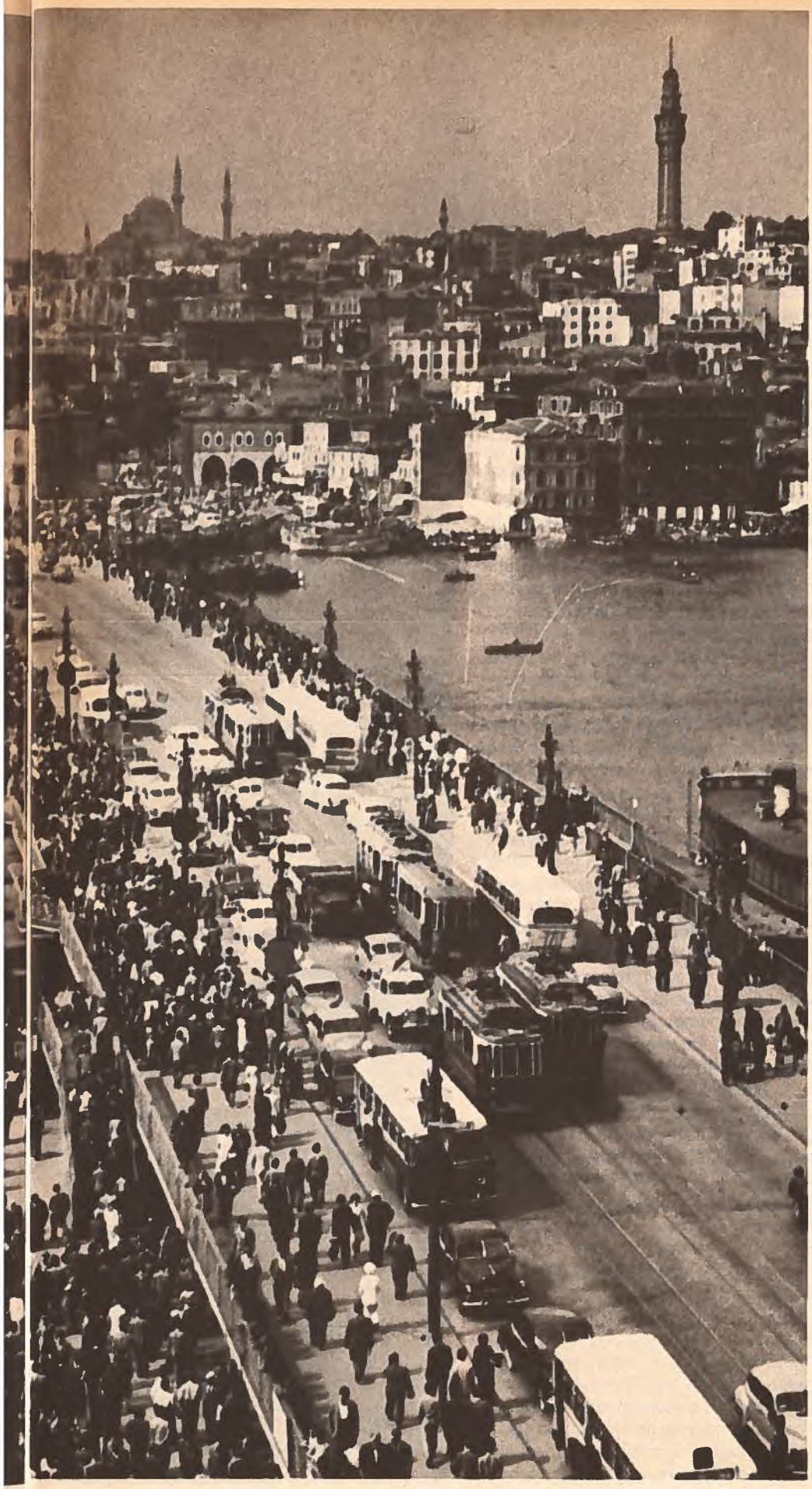
On June 10, at Talien in Northern China, the first set of complete plant sold by Canada to China was commissioned. The equipment, produced by Orenda Division of Hawker Siddeley Canada Limited of Toronto, consists of two rail-mounted gas turbine generators. There are two rail cars for each unit — one car carries generating equipment; the other, the controls.

The original contract was worth more than $5 million and was signed after the 1972 Trade Fair in Peking. The photograph shows representatives of Chinese end-user organizations, Orenda and the Canadian Embassy in Peking. From left to right, in the white shirts, are: John Higginbotham, Commercial Secretary, Canadian Embassy, and Dick Quan and Ian Leafe, both of Orenda. To the right of Mr. Quan is Gao Gen-yi, vice-chairman of the Talien Electrical Power Bureau. The others are representatives of the China National Technical Import Corporation and the Ministry of Water Conservancy and Electrical Power.

Chinese to tackle a new sport?

Regular readers of *Canada Commerce* probably knew already that the Chinese play a creditable game of hockey but the July 4 issue of *Far Eastern Economic Review* contained some surprising information. In his column, "Traveller's Tales", Derek Davies reports that the Chinese are thinking about building a 20,000-seat baseball stadium in Peking. Davies wrote: "The Japanese have already proved that Asians can excel at baseball. It had been noted that Chinese visitors to the U.S. and Japan had attended baseball games, making copious notes, but that was put down as curiosity, not as a portent that the Chinese were going in for the most American of sports."





Turkey: a time for change

D.H. LEAVITT, Commercial Secretary, Ankara

Although 1974 was in many ways a difficult year for the Turkish economy, growth continued at an impressive rate and imports of Canadian goods and services doubled. Over the past decade, real growth in GDP has been about 6.5 percent a year, led by industry, power, transport and construction. Industrial output grew by 10 percent a year and the share of industry rose from 16 percent of GDP in 1962 to 22 percent in 1973. Textiles, machinery and equipment, steel, food processing and chemicals provided the main impetus to industrial growth.

This high rate of growth was accompanied by a strong improvement of the external position. Foreign exchange receipts rose rapidly following the devaluation of the Turkish lira in August 1970, as a result of a much-improved export performance and strong increases in workers' remittances.

In 1973, a sizeable surplus appeared on the current account, in sharp contrast to the chronic difficulties that Turkey experienced in the Fifties and Sixties. The debt service declined in terms of export receipts to about 15 percent in 1973. The exchange rate system was simplified and a number of multiple currency practices eliminated. It proved possible to liberalize imports while at the same time adding substantially to reserves. The bottlenecks which occurred in earlier years because of severe control of imports were much less of a problem. However, there was a high rate of inflation, fed in part by a rapid monetary expansion. Despite the high rate of growth, there was no progress in alleviating the problem of unemployment, which stems from rapid population growth and a declining agricultural labour force.

The prospect for continued growth appears to be reasonably good, despite current uncertainties in the world economy. Although Turkey has not been as greatly affected by inflation, recession, rising unemployment and payments difficulties as many developed or less-developed countries, it

faces inflation and a trade balance gap which must be financed by invisible transactions.

In 1974 the economic picture changed. The balance of payments deteriorated sharply. Growth in GDP has been estimated at 8 percent in 1974, in real terms, with agricultural production recovering from the drought of 1973, but the rate of growth of industrial output slowed down. Despite the large external deficit, the monetary expansion remained strong and domestic expenditure increased in real terms by 12 percent. Under the influence of strong pressures on domestic resources and sharply increased import prices, the rate of inflation accelerated at a rate of about 30 percent. Unemployment, partly as a result of a more restrictive attitude to the employment of foreign workers in many European countries, including unemployment in agriculture at the peak harvest period, numbered over 1.75 million people — or 12 percent of the labour force.

The sharp increase in the trade gap reflects: a) increased imports cost for petroleum, wheat, iron and steel; b) worsening terms of trade; c) reduced export volume due to export restrictions, slower growth of trading partners, a poor harvest and inappropriate pricing policies; and d) declining remittances from foreign workers due to the economic slowdown in Europe.

These economic developments in 1974 and early 1975, of course, took place against the background of considerable political uncertainty.

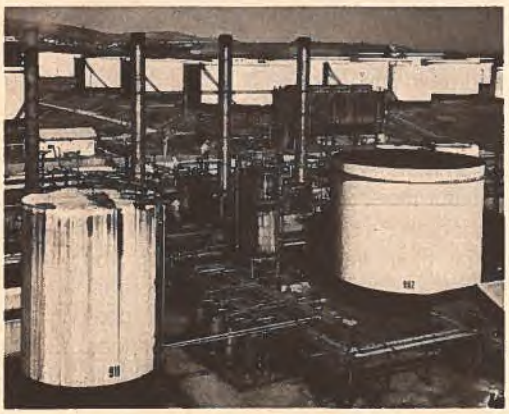
The main long-term planning tool of successive governments has been the Five Year Development Plan. The first and second Five Year Development Plans were prepared in the framework of a 15-year perspective plan which showed the direction in which the economy could develop with optimum use of resources, provided certain obstacles were removed, assuming a 7 percent rate of growth of GNP. The first Five Year Plan gave emphasis to investment in infrastructure, the employment problem and institutional reforms, and the Second Five Year Plan concentrated mainly on industrialization. Agriculture was given a supporting role in both Plans.

The third Five Year Development Plan was drawn up in a new 22-year perspective plan (1973-95). This new strategy had become necessary because of rapid changes in the domestic economy and in the foreign sector. Under it, Turkey's economic potential is to be maximized through rapid industrialization and by decreasing dependence on external resource. The goal is to raise the Turkish standard of living to that which prevailed in Italy in 1970. Concrete targets were given for 1995 with respect to income per person (four times the 1972 level); the contribution to GNP by the main sectors (agriculture 10 percent, industry 40 percent); and the distribution of the active population (agriculture 10 percent, industry 23 percent). It is hoped to achieve an average rate of growth of GDP (1971 factor cost) of 8.4 percent a year during 1973-87. In 1987-95 growth is supposed to be even higher.

Trade regulations

In view of Turkey's high import propensity and its uncertain export revenues, control is exercised on the import trade and on the composition of the imported goods. The customs tariff is high for competing and non-essential imports. For example, duties on vegetables, cooking oil and dairy products are 30-50 percent. Imports of tobacco are not permitted. In addition to the Customs duty, various high surcharges (stamp duty, etc.) are payable by the importer. Each year an import program is published which lists the country's import requirements in the framework of the plan. Raw materials and capital goods make up about 90 percent of the total import program.

Exports of the main agricultural products which still constitute the bulk of Turkey's exports are also subject to licensing and price control. Exports may be banned in order to safeguard domestic supplies. Minimum export



prices can be fixed by the Ministry of Commerce for such items as cotton, hazelnuts, sultanas, olive oil, dried figs, etc. These prices are applied by the agricultural trade co-operatives and their unions under the control of the appropriate authorities. Exports of tobacco, sugar and opium are regulated by the monopolies concerned.

Trade

Exports in 1974 rose by 16.3 percent and imports shot up by 81 percent. Fuel imports headed the list of import items which increased in price and these were followed by iron products, wheat and organic fertilizers.

The biggest increase in exports was in industrial and especially mining products. Agricultural and livestock exports did not live up to expectations. Workers' remittances in 1974 totalled $1,425 million and they remained far short of filling the foreign trade gap. The drop in exports and the rise in imports continued into January 1975, valued at $112,471,000 and $348,535,000 for that month. This resulted in a considerable decrease in gold and foreign exchange reserves which stood at $1,248,849,317 as of February 28, 1975, compared with $2 billion in mid-1974.

TRADE WITH TURKEY
($000)

Canadian exports . . .						
13,242	18,912	21,492	27,029	12,405	25,326	52,613
1968	**1969**	**1970**	**1971**	**1972**	**1973**	**1974**
Turkish exports . . .						
1,696	3,646	1,469	1,362	2,812	3,899	2,947

The ratio of export earnings and total import payments has now dropped to the lowest level since 1923. This ratio, which was 63 percent in 1973 and which has never been less than 50 percent, has dropped to 40 percent. Due to the reduction in foreign exchange reserves, the Ministry of Finance has re-established the system of convertible accounts, whereby foreigners will be able to open accounts which can be converted to foreign exchange. This procedure previously applied to attract Euro-dollars to Turkey following the 1970 devaluation and which was later abolished due to its inflationary influence, has now been reintroduced to attract petro-dollars.

Turkey's associated membership in the European Economic Community inevitably makes the EEC the main trade growth area, although a revision of the terms of association is being sought.

In 1972, 39.2 percent, and in 1973, 46.4 percent of total exports were directed to EEC countries while 41.7 percent of total imports in 1972 and 55 percent in 1973 came from the EEC countries.

The government's program called for a wider geographical base for the country's foreign trade, with emphasis on strengthening trading ties with the Middle East, Africa and the Far East. Turkey has recently signed trade agreements with Saudi Arabia and Libya and is an active promoter of the proposed Islamic Nations Development Bank but it is not easy to see how any important change in the pattern of trade would be brought about.

Canadian exports to Turkey during 1974 amounted to $52.6 million, compared with $25.3 million for 1973. It can be expected that this is a variable figure depending on the supply of equipment for large projects and our sale of grain. For example, in 1974 Canada sold $11.46 million worth of wheat but that figure, of course, fails to reflect the value of consulting services sold.

Opportunities in Turkey

J.P. CARON, Asst. Commercial Secretary, Ankara

In the coming months and years, Turkey's infrastructure requirements will present additional opportunities for Canadian equipment manufacturers and consultants (particularly in resource-based fields, telecommunications and transportation) and will be primarily associated with government tenders or state sector industries.

Turkey, in both the private and public sectors, will continue its program of rapid industrialization and import replacement. Although this will unfortunately limit many imports (including some from Canada) it will present further openings for turnkey projects, capital and technical equipment and raw material sales.

Turkey is as near as your mail box. For further information on the market opportunities for your product write to: Canadian Embassy, Commercial Division, Nenehatun Caddesi 75, Gazi Osman Pasa, Ankara. You should also contact your Regional Office.

Over the last few years, the Canadian business community has paid an increasing amount of attention to market prospects in the Eastern Mediterranean region. Consequently, sales to most Middle Eastern countries have been on the rise, often exhibiting 100 percent increases from year to year.

As one of the largest and most populous countries in this part of the world, Turkey has also attracted a fair share of this new interest. From a token $12 million a year in the early Seventies, total Canadian exports to Turkey in 1974 surpassed $50 million. In fact, only Iran has provided as many opportunities as Turkey in the Eastern Mediterranean area, with Israel and Lebanon coming close behind.

What has made Turkey important for Canadian exporters has been the relative breadth of the market. About 50 percent of the sales are attributed to primary products such as wheat, aluminum, woodpulp and other raw and semi-finished materials, but there remain substantial opportunities for suppliers of capital equipment for industry and electronic goods.

The shape of the market is attributed to the industrial strategy favoured by the country. While the necessary communications and energy infrastructure is not complete, the number of essential projects presently on stream, and the perogatives that they enjoy, guarantee that the industrial development which began in earnest 30 years ago has sufficient momentum. Industrial management has so far shown enough sophistication to circumvent or overcome occasional energy and raw material shortages, which could paralyze less developed economies.

Another important element is that Turkey enjoys a resource base which makes import substitution an attainable policy objective. Substantial deposits of coal, zinc, chromite and so on permit the creation of indigenous primary and secondary industries. And while oil reserves are not substantial, the country does succeed in producing 35 percent of its requirements, and expects to maintain that percentage over the next few years.

These factors, coupled with the government policies presently in force, help determine the import regime which prevails. Under this, foreign exchange reserves are allocated on the basis of various policy objectives. As noted, these are concentrated in the mining, forestry, transportation and other infrastructure sectors. On the other hand, little or no allocations are reserved for importing consumer items, most of which are manufactured locally.

In order to capitalize on these market possibilities, Canadian firms have used a variety of approaches, some of which have been more successful than others. The first handicap to be overcome is the relative lack of information and experience which Canadian firms may call upon in dealing with Turkey. Because of such diverse factors as the absence of a substantial Turkish minority in Canada, and the great distance between Canada and Turkey, Canadian firms usually start with next to no knowledge of effective marketing strategies. Nevertheless, these barriers can be overcome easily using techniques which are simple to apply and yet can be very fruitful in the long run.

Needless to say, nothing is better than a visit, an approach which is so obvious as to barely need mentioning. One or two days visiting the appropriate state enterprise or manufacturing concerns generally provides an adequate overview of the market. The large number of PEMD market identification visits which have been approved by this post attest to the attraction of this initial approach.

Before undertaking such a visit, it is recommended that the Canadian firms contact the Commercial Division at the Canadian Embassy in Ankara to notify it of their interest in exploring the market possibilities. The post will be in a position to advise on these possibilities and make recommendations as to the duration of the stay. As letters between Canada and Turkey take 10

days on the average, we recommend you write at least one month before the visit. Should there not be sufficient time, a telex will suffice.

Once a firm has discovered some market potential, the most useful follow-up approach has been to retain the services of an active agent/representative who may pursue on a day-to-day basis the type of personal marketing strategy which is so essential in a country such as Turkey. Indeed, many of the sales visits made by agents could be termed no more than courtesy calls, although they are a highly important marketing technique.

Because of the level of sophistication of the Turkish market, most Canadian firms have discovered the importance of allying themselves with agents with technical backgrounds specific to their product range. Numerous agencies have been established by individuals capable of calling upon very specific technical expertise. Experience has shown that these firms can be effective marketing agents, and are in many ways pushing old-fashioned importers/exporters into obsolescence. In order to test the quality of the agent, firms have found that one-year experimental (and exclusive) agreements have been sufficient to indicate whether the agents are suitable.

The Commercial Division at the Canadian Embassy has developed extensive contacts with various agents in Ankara, Izmir and Istanbul — the main trading centres — and is often in a position to identify the agent which most suits Canadian requirements. The division has also been in a position to follow-up with agencies when these require assistance. In addition, the division calls upon the services of an Honorary Commercial Counsellor for Canada, Norman Covey. His services are also available to Canadian businessmen in Instanbul and his address is: Mesrutiyet Caddesi, No. 34, Tepebasl, Beyoglu, Istanbul, Turkey (telephone — 49 06 58).

The Istanbul contact is particularly important as this city is the hub of Turkey's privately-owned commercial enterprises. Because of its access to Eastern Europe, as well as its major port facilities, Istanbul is the home of most business concerns involved in the private sector. Indeed, the commercial district offers the most heterogenous variety of products imported from around the world, and it is not uncommon to see welding equipment suppliers operating next to dealers in sophisticated medical equipment. Istanbul in fact deals with nearly all those industrial items sold on a mass basis, and is the centre of their national distribution facilities.

On the other hand, Ankara, as the capital, is the centre of all major government activities, including the State Economic Enterprises, which are involved in many basic sectors of the economy and indeed account for 50 percent of the country's industrial production. These government-owned and operated enterprises, such as Etibank (mining), MTA (mineral research), Tekel (cigarette and alcholic beverages monopoly) have extensive requirements for raw materials, capital equipment, and even specialized services such as construction and engineering. Therefore, should your main buyer be the government, a visit to Ankara is a necessary starting point for a successful operation in Turkey.

In fact, many Canadian firms have been introduced to the Turkish market by acting on the numerous government tenders that are released almost daily. The post in Ankara regularly advises the industry sector branches in Ottawa of these tenders, and numerous Canadian firms have penetrated the market by winning government contracts on a tender basis. Another approach which has proven effective for Canadian suppliers of capital equipment has been marketing in the context of major industrial projects designed and engineered by Canadian firms. SNC for example, is completing a lead-zinc complex in Kayseri which has a significant proportion of Canadian equipment. Sandwell of Vancouver has been retained to complete a $75-million paper mill project on the South Coast, as well as a $35-million newsprint mill in the Northern part of the country. Chemetics, also of Vancouver, will soon build a major chlor-alkali facility in Izmit. As some of these projects occasionally benefit from Canadian financing, Canadian equipment can find a ready market.

Canadian exports to Turkey . . .

	($ million)
Wheat	11.5
Telephone apparatus	10.9
Aluminum	6.7
Woodpulp	3.5
Sugar	3.0
Industrial furnaces etc.	3.0
Barley	1.6
Lead	1.2
Special industry machinery	1.0
Cattle hides	1.0

. . . And our imports

Filberts	0.82
Raisins	0.48
Telephone apparatus	0.42
Nuts	0.24
Grape wines	0.11
Spices	0.10

Canada at the Izmir Fair

This year, Canada is participating in the Izmir International Fair for the fifth time since 1971. The fair, which is located on one of the most impressive sites in the Middle East and is Turkey's only international event of this kind, has developed into an important and continuing feature of the Turkish import system.

In its effort to fulfill the country's need for industrial goods, raw materials and other products, the Turkish government annually allocates foreign exchange through the establishment of dollar import quotas to meet purchases of specific items. For the Izmir Fair, an additional allocation is made and is divided among participating countries on the basis of their level of exports to Turkey.

Only products on these quota lists as well as normal free-list items may be displayed and imported. In practical terms, this participation is limited to exhibiting samples of the quota items to be imported and thus serves as an opportunity for foreign companies to increase their exports. Normally, representatives of the participating firms do not visit or staff the Pavilion. The company's local agent provides literature and some technical briefing to the hostesses in attendance.

The total quota allocated to Canada for 1975 is $525,000, which represents on-site sales during the fair. The fair, which runs from August 20 to September 20 each year, attracts more than 3 million visitors.

The usual 25-35 foreign national pavilions house the products of most of Turkey's regular suppliers. Turkey's own industries are being represented in increasing numbers and the overall number of trade buyers appears to be increasing. If the country's declining balance of payments results in routine import licences being less freely granted it can be expected that the Izmir Fair allocations will become increasingly important and sought after.

This year, more than 25 countries are expected to sponsor national pavilions and will display an almost unlimited variety of products, ranging from raw materials to advanced technological equipment and heavy industry machinery of all types.

The Canadian pavilion alone is expected to be visited by over 1 million people, among whom perhaps 500 may be seriously interested in importing from Canada. The fair, so far, has generated Canadian sales to Turkey of more than $1 million each year.

Fifteen Canadian companies are in the Canadian pavilion this year and products to be displayed include chain saws (Terry Industries, Pioneer Saws Limited, DESA Industries of Canada, Sabre Saw Chain Limited, Laser Sales); outboard motors (Outboard Marine Corp. of Canada, Chrysler Canada Outboard Limited); air purifiers (Electrohome Limited); operating tables (Bio-Millet Laboratories Inc.) sterilizators, autoclaves, etuves, laboratory glassware, centrifuges (Johns Scientific); laboratory meters and various other medical equipment, electrocardiographs, graph paper (Manitoba Export Corp.) valves (Eric Manufacturing Co. of Canada Limited); plastic work gloves (Edmont Canada Limited); and fine papers.

The Izmir International Fair offers wide-ranging export opportunities for other Canadian companies that might be interested in exporting their products to Turkey. Manufacturers of construction equipment, hand tools, office machinery, metal products, medical, geophysical, educational and other scientific equipment and industrial machinery can penetrate this rapidly expanding market very effectively through the fair.

There are also other significant advantages to participation, in addition to providing an allocation. The Fair affords an opportunity to cement relation between the local agent and the

Trade fairs: are they right for you?

DAVID MAGEE, Editor

The Department of Industry, Trade and Commerce devotes considerable time and effort — and money — to the promotion of trade fair participation by Canadian business and industry. Despite the fact that this country was involved in trade fairs even before Confederation, many people continue to question their value—and not without reason. Even those who make regular use of trade fairs find themselves wondering why they do it, why they keep banging their heads against the wall.

Trade fairs, you see, are not fun. They are a pain in the expletive deleted. They cost a lot of money. They can disrupt company operations and they have caused more than one marital breakdown. And the worst part of being involved in a trade fair is that once you have been through the blood-sweat-and-tears routine, frequently you have no way of assessing quickly whether it was worth it. Many executives come back from these shows with nothing more than a handful of "expressions of interest."

But business people, who are not as a group noted for their masochistic tendencies, keep going back to the damn things year after year. There must be a reason and R.J. Henderson, of Barringer Research, may have put it most succinctly when I talked with him during

Canadian principal in terms of increased sales because agents often use the stand for product demonstrations to selected groups of specially invited potential buyers.

In several cases fair participation has served to introduce Canadian firms to the Turkish market and to provide a useful springboard for further sales. In addition, the fair makes available a "new technology quota" based on 25 percent of the basic allocation, to be used to introduce technologically new and advanced items to the Turkish market. Last but not least, our pavilion represents tangible evidence of Canada's continuing interest in maintaining and increasing our trade with this country.

Fair regulations state that applications for participation in each year's Fair must be submitted by the end of February of that year and that foreign companies can participate only as part of a government-sponsored pavilion. Interested companies should contact the Office of Export Programs and Services of the Department of Industry, Trade and Commerce, Ottawa, or the Commercial Secretary at the Canadian Embassy in Ankara, Turkey.

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the Poznan International Trade Fair in Poland. "The only way to sell," he said, "is to travel and to demonstrate our product, even though we're always having to justify the expense."

Trade fairs, difficult as they may be, are often the best way to demonstrate the product and keep the travelling to a minimum. At a trade fair, the prospective customers come to you — at least you hope they do.

Actually, if you go about it the right way, you should not have to spend a great deal of time twiddling your thumbs and waiting once you get to the show. Furthermore, you should be able to ensure that even if you do not make substantial sales on-site, you have not wasted your time and money.

It is possible to select with a certain degree of accuracy the shows likely to do your company the most amount of good. It is also possible to obtain all kinds of assistance at all stages of trade fair involvement — from planning to actually putting up the stand. None of this is news to firms that have dealt with IT&C's Office of Export Programs and Services but if you belong to one of the companies that has been missing a good thing, read on.

If your company is involved in exporting on a limited basis, say, to some parts of the United States, chances are that involvement is going to become more diversified. You may not have any choice, what with the way the universe is unfolding these days. For some companies, broader exporting activity is going to be the only way to keep the business afloat because, as traditional markets dry up, new ones are going to have to be found. Trade fairs can be a great way to introduce a company to those new markets.

A beautiful example is provided by Canmillex Sawmill Exports Ltd. of West Vancouver, British Columbia. In June this new company entered its first trade fair, LIGNA Hanover '75, taking full advantage of IT&C's services to do so. In

fact, the company came about partly because of the department.

Canmillex vice-president and general manager Phil Kendrick told me at Hanover that the company is the result of a consortium formed by six B.C. companies that "had been doing a lot of thinking concerning export markets." The six had gone their own ways in exporting for many years but had never really achieved significant results. Mr. Kendrick said that each company, operating on its own "just didn't have enough depth or size to go into the international market in a big way."

He said that the idea of a consortium was "nourished, if you like, by IT&C, which had said for years that we should get together and go into exporting." And finally, officials of all six, normally highly competitive, companies were persuaded that the consortium was the right thing to do. The organization was formed on the basis that it would be a tool strictly for exporting, that the six would retain their independnece at home.

What about the objectives of the consortium? "Number one," said Mr. Kendrick, "was certainly to sell. We had to sell packages of machinery, particularly to developing countries where expertise is not available for purchasing individual pieces of equipment and assembling a complete plant, as might be done in North America. We stress sales of complete packages rather than individual items. We've already landed a $2.5 million contract in Iran and we're working on that one with consultants. It involves complete sawmill machinery and log handling equipment — all the bits and pieces."

Asked about the consortium's first trade fair involvement, Mr. Kendrick said that it would probably prove to be "an excellent medium for us and it appears we're getting to a lot of people at the cost of very little mileage." He said the company was also able to make contacts and assessments that might otherwise take a great deal of time. He said it was really too much to expect that sales would be made off the floor but added that there had been some serious inquirles about Canmillex capabilities.

Mr. Kendrick was cautious when asked if the consortium would enter future trade fairs but he said, "I do think that this is the right approach for us and I would be very surprised if we don't continue."

The Canmillex exhibit, by the way, was one of the real crowd-pleasers of LIGNA '75. The drawing card was a working model sawmill that was operated every half hour, attracting as many as 100 people at a time. Another company set up a 40-foot portable sawmill (the real thing) designed for use in developing countries and on the last day of the fair, reportedly had five serious offers for it. Unfortunately, the machine was a prototype that had to be returned to Canada.

One of the nice things about entering a trade fair in conjunction with IT&C is that you usually get to display your product on a national stand that is always an attention-getter. Information Canada/Expositions, an outfit that has won international praise for its work, designs the stands and pavilions we use at all trade fairs, and supervises their assembly. Canada had the only national stand at Hanover and the nine Canadian companies undoubtedly had greater impact, grouped as they were, than if they had entered as individuals. Certainly, had they gone in alone, they would have been lost in the sea of European exhibitors.

And what about results? IT&C's Keith Munro, who was project manager at Hanover, reported that while on-site sales were only a little more than $32,000, the companies expected to make a total of about $16.5 million in sales over the following 12 months, as a result of their participation. Mr. Munro said that 86 serious inquiries were processed, two agencies were established and 15 were pending — not bad for a week's work (the show ran from May 28 to June 3).

LIGNA '75 was a fair aimed at a specific segment of a specific industry, namely woodworking. While it was accessible to the general public, it was of real interest only to industry persons. Exhibitors were reasonably sure that the people who visited their stands had more than a passing interest in what was displayed. However, a different sort of show, the Salon international de l'aeronautique et de l'espace at Paris, is a bit more complicated.

On the one hand, it is of considerable political significance in that it is the largest air show in the world and enormous amounts of money are involved in the wheeling and dealing that goes on. Anything and everything related to the aerospace industry, for military or peaceful purposes, is on display — so are the countries that participate and national prestige is very much at stake at Paris. On the other hand, the public comes to the show by the millions, swarming to see the vast array of aircraft and gadgetry in static displays, and to watch the aircraft perform over the runways of Le Bourget.

The Paris air show is important to Canada's aerospace industry but this year we were labouring under some severe budget restrictions. The problem was to give the 30-odd participating companies the best possible exposure for the leanest possible dollar. In the past, we were helped considerably by having flying displays. This year, they were not possible and everything had to be done on the ground. But despite the difficulties we managed a very strong presence and it was in large part due to a completely new concept for the main pavilion. In Paris, I talked to project manager Jim Harman:

You've divided the pavilion into three areas: one for the exhibits and audio-visual displays, one for business meetings and one for the public relations and press operations. What's the idea?

In all previous shows the emphasis was on display hardware — the typical trade fair type of thing — and in 1973 we filled our pavilion with almost $2 million worth of hardware. Trouble was, it left us almost no room to take care of the people we wanted to talk to.

So I said that if this is the biggest meeting place of the whole aerospace industry, then what we should be doing is somehow humanizing the pavilion and making it a place for people to meet people. Also we found out that many Canadian companies wanted to use this opportunity to have their marketing people meet the visiting businessmen. They wanted a meeting place but they didn't need a display booth because their hardware was already well-known. They just wanted to revive contacts or make new ones.

Something else we learned from the 1973 experience was that marketing people didn't want to spend their time running around looking for people, trying to find answers to questions, trying to make reservations and doing all sorts of other things that had nothing to do with selling. It was a good show, don't get me wrong. But after I'd put the thing together, I could see as time wore on that we really hadn't taken care of the people aspect. So this year we put in this facility with all the trappings that would make it efficient for the marketing man.

What you have, then, are really two kinds of participation?

That's right. One style involves companies with traditional types of exhibits out front and the other has the marketing types back here in the meeting area which they can use as a base of operations. It's a place where they can really work. We have all kinds of sales aids and A.V. equipment and a good communications system. We have a Ferranti-Packard system that sends messages to screens at the chalet, to the business area here, to the press room and to the public area of the pavilion. It really helps in reaching people quickly.

What's the chalet?

It has purely a hospitality function. Various countries and companies use the chalets for entertaining high-level people. The buildings rim the display area and clients can watch the air show while being wined and dined.

How have the exhibitors reacted to the new arrangement?

Obviously, I'm biased but as far as I can tell the reaction has been fantastic. But then they knew what to expect. They were thoroughly briefed in Ottawa and that session was something of a show in itself. This is a complex operation, with about 60 people involved in running it. We have industry sector officers from IT&C, we have Air Canada hostesses and we even have relatives of some of the industry people working here and at the chalet. So various people were assigned specific responsibilities and instead of having a lot of speeches we did a dry-run of what everybody would have to do. And just to make sure, we had another briefing when they got here. I think it's worked very well."

The exhibitors tended to agree with Mr. Harman. Peter Haley, an architect with CAIM, the Montreal firm that's responsible for Montreal's huge new Mirabel airport, told me the pavilion was a distinct improvement over the ones of previous years. As for the business possibilities, Mr. Haley said there may be better shows for actually selling airports but at Paris his firm has the opportunity to meet the high-level people involved in planning for entire countries. He said those kinds of contacts can be difficult to establish, except at a show such as the one at Paris.

Andrew Stevens is a vice-president of McPhar Instrument Corporation of Don Mills, Ontario, and I talked with him at the Poznan International Trade Fair in Poland. Perhaps more than in any other part of the world, trade fairs are an important part of doing business in Eastern Europe. In fact, trade fair participation can be absolutely essential to the completion of a deal, as I discovered during my talk with Mr. Stevens.

His firm has been involved with the federal government in trade fair participation for about eight years and I asked him first what led to that involvement. He told me: "It so happens that in the mining industry, Canada has a world-wide lead, not only in geophysics, but in all aspects of the industry. Our methods are really quite advanced and it's easy to see how this expertise developed. Anyway, we've saturated our own market for these advanced techniques and we have to look abroad for other markets. We tried to do this on our own but the government provides so much assistance in so many ways that it seemed only sensible to take advantage of what was being offered. It costs us a lot of money too but it is worthwhile."

Normally, Mr. Stevens' firm prefers to exhibit its products at the specialized "vertical" fairs — the ones aimed at specific industry sectors and closed to the public. The Poznan International Trade Fair is a more general type of show — a "horizontal" one — which both buyers and general public attend. The product gets lots of exposure at such a show but the exhibitor has a little more trouble distinguishing serious prospects from curiosity-seekers.

It is true that the horizontal type enables a country to establish a presence. However, Mr. Stevens told me that McPhar had a special reason for attending Poznan: "A Polish delegation had come to Canada to look at our capabilities in mineral exploration and they decided there were certain types of equipment they'd like to buy. But they decided to tie those purchases in with participation in this fair. To us it was a new way of doing business but the prospects looked good. While we're here, we're taking some of our equipment out on field trials and we've been told they'll make their purchases after that."

Our Trade Commissioner in Warsaw, Garrett Lambert, explained why the Poles wanted Canadian companies to come to Poznan as a condition of any sales. "They are interested," he said "in selling equipment, as well as buying it. A fair like this helps to establish them as sellers of technologically-advanced equipment, as well as buyers. Getting foreign companies to come to Poznan is a means of ensuring that the rest of the world will see their products as well."

Mr. Stevens told me he was looking forward to the geology and geophysics show being held in Moscow during the fall. It is a specialized fair and he said his

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T.M. Burns, Senior Assistant Deputy Minister, International Trade (centre), welcomes high-level Polish delegation to Canadian pavilion at Poznan.

2
John Langer, Farinon Electric of Canada Ltd., explains all at Poznan.

3
Canmillex model sewmill at LIGNA '75 was a crowd-pleaser.

4
Demonstrations were an important part of Welding '75 at Brno.

5
The Paris air show is always swarming with people.

6
Dramatic lighting was a feature of the colourful Canadian pavilion at the Paris air show.

7
Public area of Paris pavilion.

8
The Paris pavilion featured some new ideas to facilitate business discussions.

9
Paris again.

10
Welding '75 was staged in the newest building at the Brno fair grounds.

11
The Czechoslovakian pavilion at Poznan was popular.

12
Everybody loves those Canada shopping bags and the kids at Poznan did a great job of distributing them.

company regards it as an excellent opportunity to meet Soviet end-users. Actually, he said, it is virtually impossible to meet these people at any other time of year because "it's not their way of doing business and representatives of all the state agencies will be at the show." The Canadian government is not participating fully in the Moscow show as it was announced after our plans for the year were locked up. But even though there will be no Canadian pavilion, McPhar will have some assistance and will not exactly be going it alone.

It seems obvious that trade fairs of the future will be increasingly specialized, if for no other reason than that the buyers and sellers prefer them. And this view is endorsed by Vladimir Smida, the manager of commerce for one of Eastern Europe's largest trade

fair organizations, in Brno. This is a beautiful old city in the heart of Czechoslovakia and it has become known as the country's trade fair town. When I interviewed Mr. Smida, Welding '75 was the show of the moment. Fairs of a specialized nature are held year-round at Brno and he told me he hopes the trend to specialization continues. "It's possible to cover much more ground this way," he said, "because you have a concentration of experts and probably an exchange of know-how is more effective than actual displays."

However, Welding '75, which occupied only a small portion of the huge fair grounds, did feature a full complement of displays and Mr. Smida said that next year the plan is to supplement these with trade marts, seminars and symposia, partly in order to increase the exchange of know-how.

Mr. Smida is no stranger to Canada. He was, as he modestly explained it, "associated" with the Czechoslovakian pavilion that was the hit of Expo 67 at Montreal and he said he would like to see more Canadians in Brno. "Many of your firms attend our electrical and electronics show in September," he said, "but there are other shows that should be of interest." He pointed out that a company that exhibits at Brno is assured of showing its wares to a selected audience and gets exposure, not only among Czechoslovakians, but also other Eastern Europeans and other potential customers. "For example," he said, "at Welding '75, the products are being seen by end-user representatives from many socialist countries as well as numerous developing countries."

"Not only that," said Mr. Smida, "we also organize special events for the exhibitors. For instance, we'll hold a special industry day for a particular manufacturer and arrange for his exhibit to be visited by delegations from developing countries. But I should point out that we're not trying to attract hordes of people. If you look around Welding '75, you won't see huge crowds, however, the people who are there are seriously interested in buying."

Having read this far, probably you have realized that the question posed by the title of this article has not really been answered. You now know what several business and government people think about trade fairs but you still do not have sufficient information to decide whether your company should be involved with them. However, you may be somewhat more interested than you were a few minutes ago and if you are, your next move should be to contact the people IT&C's Office of Export Programs and Services. They will be more than pleased to help answer the question — and rest assured, they will not try to con you into something you do not need. Write to D.J. Janigan, Director, Office of Export Programs and Services, Department of Industry, Trade and Commerce, Ottawa, Ontario K1A 0H5.

Quick comments after a first-time venture

Canada recently took part in the 20th World Veterinary Congress Scientific and Technical Exhibition at Thessaloniki, Greece, and it was the first time we had been in the show. Judging from the comments of the Canadian participants, the effort was more than worthwhile:

David Greig, sales executive, Connaught Laboratories:
"Canadian government participation through the Department of Industry, Trade and Commerce was simply marvellous. Although Connaught is well known in the human field, our work in animal research is relatively unknown. This show has given us excellent entry and exposure to contacts from all over the world. Without this federal assistance we could not possibly have undertaken this type of venture."

Dr. K.A. Mian, president, Maknur Laboratories Limited:
"For a first participation, the results have been remarkable. I have been in touch with world-wide markets for my products. The direct contacts with delegates to the Congress is of extreme value."

W.F. McMillan, secretary-treasurer, K-Vet Limited:
The Canadian exhibit, including the structure, publicity and general preparation by the Department was extremely well-organized. There has been favourable comment from all the visitors to the exhibit, which has made my efforts that much easier.There has been more interest in my products than I had anticipated. I am certain that the associations made at this show will more than pay off in the future."

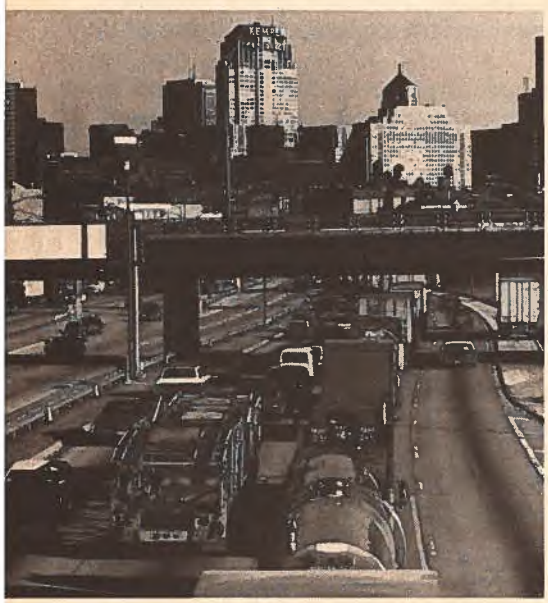
Dr. Jean Claude Panisett, director, Cancor Limited:
"My colleagues and I are most enthusiastic about our participation in this show and the co-operation we have received. The reaction by visitors has been most positive. It was a wise decision for us to come as a company and for the Department of Industry, Trade and Commerce to sponsor the Canadian companies. Under the Canadian umbrella we did very well. As individuals we might have been lost in an exhibition of this scope."

Dr. J. Lumsden, Associate Professor, University of Guelph:
"The university has a responsibility in the field of animal research and our presence at the show has been most important. We have made international contacts with government people, researchers, industry and students. We have been able to expose the Canadian capability in a convenient manner. The involvement by the Canadian government has been very helpful."

Dr. Morris Freeman, director, Semex Canada:
"The results have been much better than expected. The Department people involved are to be congratulated on their efforts. We have made valuable contacts which have produced positive results. Semex is a relatively small company and this type of exposure is important. Our personal meetings with researchers, teachers and government people would have been much more difficult without this type of facility."

U.S. Midwest: a market you shouldn't miss

This article was prepared by a number of IT&C officers serving in the areas it deals with.



The midwest United States, as covered by this article, is in every sense the heartland of the country — geographically, industrially and agriculturally. And it is enormous. Its area of more than 800,000 square miles represents nearly a quarter of the U.S. and is larger than all of the countries of the EEC combined. The population of approximately 60 million is almost triple that of Canada and bigger than any Western European country except Germany.

Industry centres around the heavy industries based in the vicinity of the Great Lakes basin: engineering, steel and other metalworking around Chicago; the automobile industry in Detroit; steel, machinery, automobile parts and materials handling equipment in Cleveland; machine tools in Cincinnati and rubber in Akron. The western portion of the area is the granary of the U.S. and Minnesota and Wisconsin are the leaders in dairy farming.

The area is rich, despite these troubled times. Total personal income runs close to $270 billion, a figure approaching 30 percent of the nation's total buying power. More than 320 of the top 1,000 U.S. corporations have their headquarters in this area, with Chicago, Detroit and Cleveland dominant. Their buying power is enormous, with the smallest recording 1973 sales in excess of $55 million.

Within this market there are outlets for almost any product that Canadian exporters might have available.

To further define the market potential here, perhaps the best approach is to present a capsule of each of the major metropolitan centres, beginning with the largest.

Chicago

With a population close to 8 million, metropolitan Chicago is the second largest centre in the U.S. While second in population, the city can boast of many firsts. It is the leading domestic transportation centre in the country, being the hub of the rail and trucking industries as well as having the busiest airport in the world.

It ranks first as a steel-producing centre and leads the country as a production centre for such diverse commodities as telephone equipment, radio and television sets, household appliances, electrical machinery, meat products, railroad equipment, canned and frozen foods, cosmetics, business forms, metal cans, screws and bolts, and office machines among others.

Chicago is a major commercial printing centre, supplier of petroleum and coal by-products, and ranks first in furniture, marketing at the wholesale level. This is particularly true of commercial or contract furniture, with the Merchandise Mart having the largest concentration of manufacturers showrooms in the country.

Wholesale marketing activities in a wide range of consumer products such as apparel, giftware, sporting goods, etc. are extensive and with both Sears Roebuck and Montgomery Ward head offices in the city, Chicago is regarded as number one in catalogue merchandising as well.

In another category — trade shows and exhibitions — Chicago ranks with New York City as the leader, with more than 1,000 conventions and trade shows every year, some attracting close to 100,000 visitors. With 52,000-plus retailers in the area, it offers great potential for sale of a full range of consumer products, and literally thousands of independent manufacturers representatives are based here, operating not only in the immediate vicinity but covering surrounding states as well in many cases.

Detroit

The sixteenth largest city in the world — has retail sales close to $16 billion annually. Obviously this is a lucrative market for all types of consumer products. This is especially true for Canadian manufacturers because of the close ties that exist between the city and its Canadian neighbors.

Although Detroit is famed as the centre of the automotive industry — a market that should not be overlooked even though the major manufacturers are presently having their difficulties —

only about 13 percent of Detroit's labor force is actually employed in that industry. The city is also very important in the production of machine tools, agricultural equipment, chemicals, crugs, steel and office machines. In addition, the entire state of Michigan offers one of the best markets in the U.S. for recreational products of all sorts, particularly those associated with water. It is perhaps the best market for small pleasure craft outside of a few Southern states where boating is a year-round activity.

Cleveland

With a metropolitan population of over 3 million, this city maintains strong economic ties with Canada. From its early basic industries (steel, chemicals) established in the Flats (often referred to as the Ruhr of the U.S.) the city has added a strong secondary manufacturing sector with emphasis on printing, rubber, transportation equipment, machine tools, and of paramount importance, machinery. Over 1,000 manufacturing establishments turn out electrical and non-electrical industrial machines in metro Cleveland.

More than 700 plants forge, cast, stamp, diecast, press or extrude metals in and around this metropolis. It comes as no surprise then, to witness that the major national forging, casting and die-casting trade associations are headquartered here.

On the consumer side, Clevelanders are discriminating, but more Canadian-made apparel, furniture and entertainment products are beginning to make substantial inroads. Located on the lake as it is, the city and the surrounding municipalities have proven to be a rewarding market for pleasure boats, as many Canadian firms have found out.

Other areas of Ohio should be looked at very carefully. Toledo, Lima, Dayton, Cincinnati, Columbus, Canton, Youngstown and Mansfield form the main points of an industrial web that encompasses 16,800 manufacturing plants, more than 5,000 of them producing automobile parts. Whether it is an aircraft, a ship, a car, a truck, an off-highway vehicle or a refrigerator, a vacuum cleaner, a washing machine or a lathe, a numerically controlled machine tool, a scale, a mining excavator, a crane or a monorail system, it is being engineered and produced in Ohio by large and small industrial concerns many of which are in a buying mood.

Moving westward we reach the agricultural core of the U.S. — Minnesota, Iowa, Nebraska, Kansas and the Dakotas — not to mention, or forget, the important states of Wisconsin and Missouri. More than half the nation's farms are located in this area and the nine traditional farming states (including Illinois and Indiana) are among the 11 top states nationally in terms of value of production. Nearly three-quarters of the country's major grain producing farms are found here and over half of its major livestock farms. Almost one-third of the country's major grain producing farms are found here and over half of its major livestock farms. Almost one-third of the major U.S. dairy farms are in Wisconsin and Minnesota alone. Needless to say, agricultural equipment and related items find a good market in this region.

St. Louis

This city — and Kansas City, Missouri — are two centres that should not be overlooked, although they frequently are. These are major commercial and industrial areas, strong in animal feed, meat packing, brewing, food processing, farm equipment, chemicals, industrial electronics, and, in the case of St. Louis, aircraft, as well as show manufacturing and wholesaling. Retailers in this region have been becoming more aware of the merchandising opportunities Canadian products offer them and have become very receptive to appropriate sales approaches. Distribution of products from one or both of these points, either through wholesalers or resident sales agents, has been proven to be necessary to achieve proper market penetration of the southern tier of the Midwest states. Due to the distances involved, it is simply impossible to service accounts otherwise.

Nebraska and Iowa

While not possessing any major metropolitan centres such as Chicago, Detroit or St. Louis, these states have a number of substantial cities in Omaha, Lincoln, Des Moines and Cedar Rapids. All of these have reasonable industrial bases, as well as functioning as the major retail trade centres for their states. Disposable income is high in both states, reflecting the booming farm economy, and hence excellent markets for consumer goods exist in the area. Surprisingly, despite its landlocked location and rural environment, interest in international trade, and quality imported products, is high in the region. Buyers, at both the retail and wholesale levels, are very receptive to proper presentation of a new import line, reflecting their understanding of their customers' tastes for products with a different flavor, style or features.

The Midwest is rich in variety and opportunity, but competition is fierce. Price, quality, delivery, presentation and service are what the Midwest buyer demands but the rewards can be substantial and many Canadian firms have already been successful here. To assist Canadian exporters in seeking a share of these rewards, the Department of Industry, Trade and Commerce has established several offices in this region. The overall size of the market is simply too great to try to develop at one time or to cover from one local base of operations. IT&C offices are located in Chicago (covering Illinois, Iowa, Nebraska, Missouri and Southern Wisconsin), Detroit (Michigan and Indiana) and Cleveland (Ohio, Kentucky, West Virginia and western Pennsylvania). Trained officers stand ready and willing to all of these locations to help you in any way they can to develop your share of this market. It really is an opportunity you shouldn't miss. Contact your Regional Office in Canada for more information.

$50 million furniture market

J. QUIGLEY, Commercial Officer, Buffalo

A population of more than 6.8 million, with a per-capita income of about $3,700; three major cities (Syracuse, Rochester, Buffalo); a common border with Ontario and Quebec; and an association wholesaling more than $50 million a year — this is the furniture market in Upper New York State.

It appears to be a natural but this market is a tough one to export furniture into. There are many obstacles, including U.S. standards, rates of duty, transportation, warehousing and the simple one of finding a good representative. These problems cannot be solved overnight but if they are tackled seriously, step by step, the end result will be rewarding — as many Canadian companies have found out. Canadian furniture usually speaks for itself; it is generally better finished and different in appearance. But more than superior quality and design are required to break into this market.

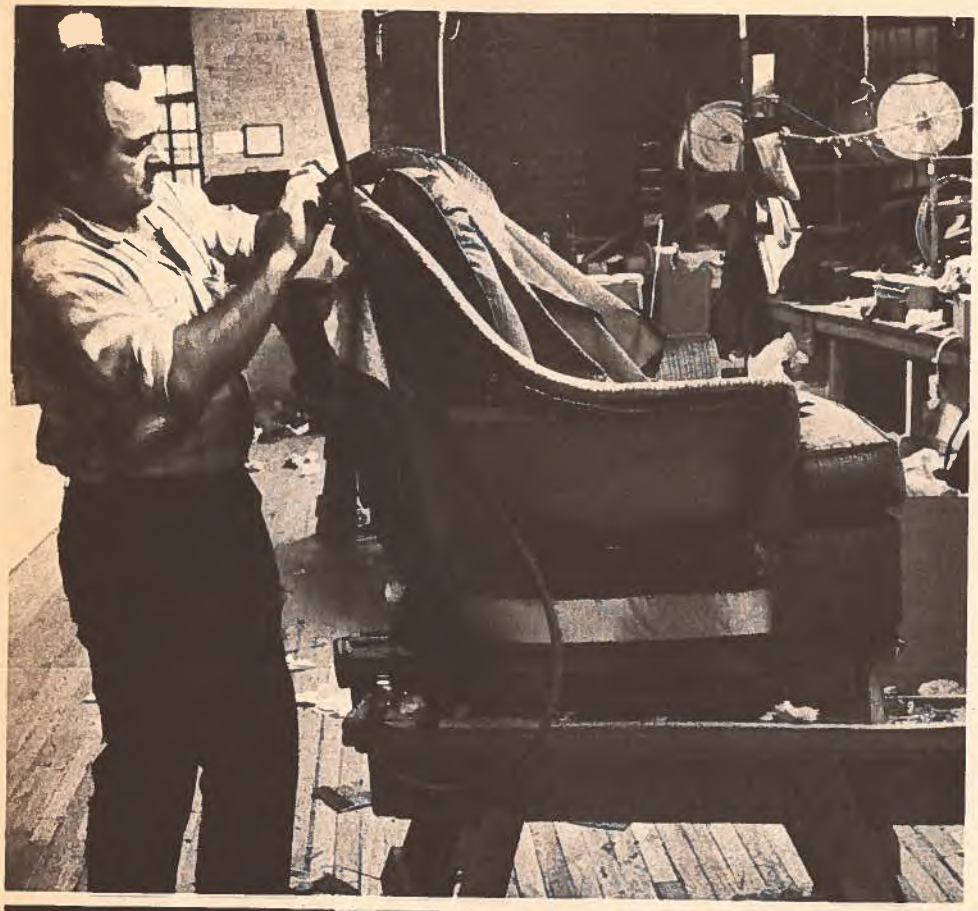
For example, Americans decided a long time ago that any furniture not guaranteed fully dust-proof was poor quality and the consumer has been educated to believe that furniture without this feature should be avoided. Now, many U.S. representatives know that most Canadian furniture is of excellent quality, but these same reps simply will not handle furniture without a guarantee of its being dust-proof. In other words, you are not going to change the New York customer's mind about certain things; you are going to have to supply furniture that meets all the standards prevailing here.

Tariffs always present complicated problems, but especially so in selling furniture to the United States. Rates of duty vary enormously, depending on the chief values of the components and the quality of upholstery. Because of the complexity of the classifications involved in furniture, we strongly urge you to contact the United States Division, Western Hemisphere Bureau, Department of Industry, Trade and Commerce, Ottawa K1A 0H5 for the rates applicable to your product. You should also talk to a U.S. customs broker for information on clearing your shipments and on the rate of duty.

Once your rate of duty has been established, you will be in a better position to decide what part of your production could and should be exported to the United States. Having made that decision, your next problem crops up — transportation. The best solution is to ship by truckload but it is almost impossible to sell a truckload of furniture to a new account. Therefore, you will probably have to decide whether you can afford to truck a few pieces to a number of different accounts, or whether you should warehouse your furniture in Buffalo for distribution later. Warehousing costs vary, of course, but this is often the ideal solution, providing that not too large a range of items is involved.

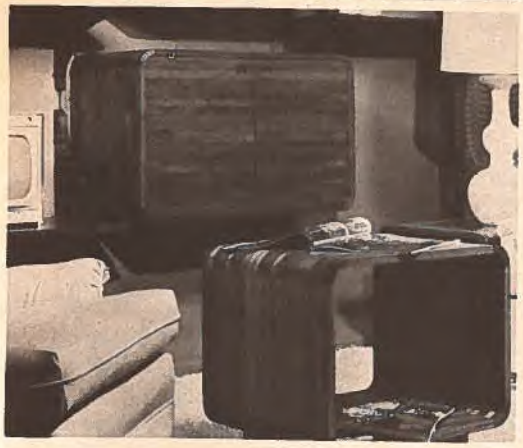
Once you have established your f.o.b. prices for every city in this area you can begin contacting local representatives. Fortunately there are some excellent ones, several of whom probably would be happy to carry a new line. Most of these people have been sanctioned by the Empire State Association and we maintain close contact with them.

We will be glad to assist you in lining up prospects and you will probably find that most potential representatives are quite willing to provide you with all kinds of inside information on the market. Many Canadian companies seem to believe that appointing a sales rep is the last step on the road



to success but unfortunately, this is not often the case. A representative must receive continual encouragement from the company whose products he is selling and this means you should be prepared to send your executives to help the rep from time to time to cover his territory.

He should also be given some assurance that your prices will not change too often and without notice. Being able to do this will give the rep tremendous encouragement and should reinforce your image as a reliable supplier. Give this market some thought, then contact your Regional Office. We would also like to hear from you. Write to us at: Consul and Trade Commissioner, Canadian Consulate, One Marine Midland Centre, Suite 3550, Buffalo, New York 14203.



Swiss banking

L.D. BURKE, Commercial Counsellor, Madrid

Its banking system — much talked about but little understood — has made Switzerland one of the financial powers. In this article written just before he was posted from Berne to Madrid, Mr. Burke takes some of the mystery out of the system that has intrigued so many people over so many years.

It is a tiny country, landlocked, with limited natural resources and a small population, yet with one of the most powerful and sophisticated banking systems in the world. How has Switzerland accomplished this? The answers to this question are well worth studying and they include Switzerland's geographical position in the centre of Europe, a long tradition in banking, political and economic stability, and the "untouchability" of the Swiss franc.

The origin of Swiss banks dates back to the middle of the 17th century. Their major development, however, has occured since World War Two. The soundness of the Swiss currency, reflecting in turn this country's political and economic stability, has contributed significantly to this development. Many people are aware of the strength of the Swiss franc today but perhaps not as well known is the fact that the franc, since the end of the World War One, has been devalued only once and has one of the highest backings in gold of any currency in the world.

The confidence of foreigners in Swiss banks and in the Swiss currency has resulted, in recent times, in large influxes of foreign money (including petro-dollars) into Switzerland even at times when the interest rates here have been much lower than in other countries. Since investment possibilities inside Switzerland are limited, a considerable proportion of the funds arriving from abroad have been available for channelling back to foreign countries and foreign borrowers. As a result, Switzerland has become one of the most powerful financial centres in the world (generally considered third after London and New York) acting as a "turntable" in international financial transactions and as a manager of funds originating from around the world.

There are nearly 600 banks in Switzerland, operating a total of about 4,800 branches and other offices. The population of Switzerland is 6.4 million so this means there is one banking office, including those operated on a part-time basis, for every 1,300 inhabitants. The density of the Swiss banking network, therefore, is about 2.5 times that of Canada, where there are approximately 3,282 inhabitants per chartered bank office. Approximately 68,000 persons are employed in the Swiss banking industry and their productivity is very high. The banks are modern, with the maximum of technological innovation (e.g. the Bancomat system throughout the country by which customers with coded cards can withdraw money day and night) and with highly efficient multilingual personnel. Through their participation in industrial corporations and membership on the boards of directors of non-banking firms, the banks in Switzerland exercise a strong influence (some sectors of the business community would claim it is unduly strong) on industry in this country.

The structure of the banking system consists of the Swiss National Bank, which has responsibility for monetary, currency and credit policies plus six categories of commercial banks. These

include the provincial or cantonal banks, the regional mortgage and savings banks, the co-operative savings associations, the so-called "big banks", the "private" banks and finally, the foreign-controlled institutions. The latter three categories are of special interest to us because these are the most active internationally.

There are five "big banks" but of these, three dominate the group: Swiss Credit Bank, founded in 1856; Swiss Bank Corporation, founded in 1895; and Union Bank of Switzerland, founded in 1912. The other two banks in this groups are the Swiss Volksbank and Bank Leu Limited.

These institutions differ from the Canadian banks in that they are "universal" banks which perform virtually every type of financial function. They accept deposits, grant loans and deal in foreign exchange, like the Canadian banks, but in addition, they are members of the Swiss stock exchanges; handle the largest part of the securities business here; are important underwriters in Switzerland, not only for Swiss stocks and bond issues but also for the sizeable foreign loans; and manage extensive investment portfolios.

These banks have also developed a system of affiliated companies including leasing, personal loan, mortgage and accounting firms and gold refineries. The Big Three have a world-wide network of branches and agencies but unlike the banks of some other countries they have tended to limit these, placing them only in key financial centres. Of the Big Three, two have affiliated companies and one a representative office in Canada.

The oldest members of the banking system, and among the most intriguing, are the "private" bankers. They occupy a position of great importance in international finance because of the tremendous amount of wealth they control. Private banks in Switzerland are not incorporated and normally do not publish financial statements. The private banker, however, as an unlimited partner in the bank, is liable to the creditors to the full extent of the capital of the bank and his own private fortune. The private banks developed out of the export-import and forwarding business and the history of several still operating today dates back to the late 1700's. There are 39 such firms in Switzerland today with assets estimated in excess of $1 billion. Their real importance, however, lies in the amount of securities and investment accounts which they manage. It is calculated that the three largest of these manage between them more than $5 billion in marketable securities, a truly impressive figure.

terests, and even the Soviets, have established banks in this country and there are very few international banking institutions which do not have some form of participation in banks operating here. In addition, many foreign banks (including the Canadian Imperial Bank of Commerce) have representatives stationed in Switzerland. Growth of the foreign banks was such that in 1968 new legislation was passed tightening control over the formation, in Switzerland, of foreign-controlled financial institutions.

In spite of all the types of banking services available a lot of personal

The head office of the Swiss Credit Bank in Zurich has this Boursorama which provides precise, up-to-the-minute information about transactions on the stock exchange.

Arguments have been waged back and forth as to whether Switzerland is "over-banked". Those who claim it is not point to the growth in recent years in the number of foreign-controlled banks in Switzerland. The actual invasion of these banks started after World War Two and there are now 118 such institutions in Switzerland. American, French, British, Italian, Japanese in-

banking in this country is not done through the banks at all but through the "giro" system of the Swiss post office. Most firms send a postal money order with their bills, which have printed on them their account number. The order can be paid for at the local post office or, if the client has a "giro" account of his own can be debited to that account with balances settled monthly. Bank

cheques as a means of paying bills are practically unknown to the average citizen in Switzerland.

The main banking centres in Switzerland are Zurich, Basel and Geneva, But Lugano and Chiasso, in the Italian-speaking part of the country, should not be overlooked. Lugano, for example, with a population of only 30,000 people has 42 banks. These are active mainly in Italy-Switzerland financial transactions.

A description of some of the services, other than the taking of deposits and granting of loans which are provided by the Swiss banks may be useful. Zurich is one of the world's centres in the gold trade, with a turnover of several tons a day. Various crises in recent years have contributed to the rapid growth of this trade in Zurich. One can exchange currency for gold or turn in gold for currency and it is possible to purchase gold bars, coins or gold futures. A client who buys gold can dispose of it in three ways: leave it in the Bank's vault; open a gold-metal account; or withdraw and transfer the bullion elsewhere. Silver can also be purchased either in the form of metal or as futures.

Over the years, considerable interest has developed in Switzerland's famous "numbered accounts". These accounts are designated by a code number rather than the actual name of the customer and having such an account means basically that fewer people in the bank know the identity of the account holder. But the banks will not open such accounts without being informed of the name and place of residence of the prospective client. Sometimes the term "anonymous" is added to describe these numbered accounts, but this is erroneous unless it is used to mean that fewer people within the bank are aware of the true ownership of the account. In fact, numbered accounts do not give substantially more protection to the depositor than would the normal Swiss policies of banking secrecy. Nevertheless, the desire of certain depositors for secrecy is so great that numbered accounts are in much demand.

Swiss banking secrecy is a matter much discussed these days. Contrary to the popular view, this feature of Swiss banking is not of recent invention. Complete confidentiality as regards bank accounts was fully practised in Switzerland as early as the beginning of this century and "banking secrecy" was made part of the country's Banking Law of 1934. Article 47 of this Law provides that anyone who divulges a secret entrusted to him as an officer or employee of a bank is liable to prison terms and fines.

Article 273 of the Swiss Criminal Law also makes it a punishable offence to divulge to a foreign country anything to the disadvantage of the State. This covers a wider area than banking but on occasion has also been invoked with respect to banking secrecy. There are, nevertheless, certain limitations to this policy. In criminal cases, for example, the law requires banks to provide information on clients' accounts, numbered or otherwise. However, difficulties arise when the question of the definition of "crime" is raised.

In Switzerland, any kind of fraud is a criminal offence. Tax evasion (i.e. failure to declare or pay taxes) is not, even though in this country, as elsewhere, such evasion is punishable by fines or, in serious cases, by jail terms. It is the diversity of legal systems and the interpretation under these of what is and what is not a crime (particularly with reference to tax evasion) which is, from time to time, the cause of controversy between Switzerland and other countries. But Swiss bankers feel that secrecy is fundamental to their system and to their ability to compete with other international financial centres.

Notwithstanding the limitations pointed out, the debate is likely to continue regarding possible abuses of Swiss banking secrecy and numbered accounts for such purposes as circumventing security regulations in other parts of the world, for the evasion of taxes and for the purposes of providing a haven for fortunes acquired in questionable ways. In this respect, it should be noted that numbered accounts are not unique to Switzerland.

In case the impression has been created that the development of Switzerland as a financial centre was an easy task, it should be pointed out that in the process there were many setbacks and that the effort has been a painstaking one. During the 1930's, for example, the Swiss banking system had to struggle just to survive and there have been recent difficulties as well. Last year six banks in this country were forced to close.

To be fair to the Swiss — a number of these were controlled, or founded, by international wheeler-dealers. Still, such developments have led to the traditionally liberal Swiss banking system being increasingly subject to controls. Many of these controls directly affect the banks' foreign clientele and the fear has been expressed that such measures, in the long run, could prejudice Switzerland's position as an international financial centre.

The latest worry faced by the Swiss banks (in particular the "Big Three") has been the possibility of a takeover of these institutions by foreign interests. To counteract this, the "Big Three" recently increased their share capital and for the first time in the history of Swiss banking, created registered shares as opposed to the previous bearer shares. For the new shares the name and place of residence of the prospective buyer must be given. In the event the bank is not in agreement with the transaction the sale can be refused.

A report on Swiss insurance companies and the overseas investments of Swiss industrial firms will appear in the October issue of Canada Commerce.

Restauration in France

L. RICHARD KOHLER, Assistant Commercial Secretary, Paris

The first thing to know about the French restaurant and hotel equipment market is that you are going to have to add a couple of new terms to your vocabulary. They are "restauration" and "neo-restauration," and they are used everywhere in the industry.

Restauration basically means two things: (i) commercial restaurants and (ii) institutional establishments. Between 1945 and 1970, institutional establishments grew faster than commercial restaurants but the trend has reversed, with the latter growing 5 percent a year since 1970 and expected to grow at more than 6 percent a year from now until 1980. For the period 1970 to the present, the institutional market grew at just over 4 percent a year and is expected to show gains of no more than 4 percent a year until 1980.

Neo-restauration is used to describe the phenomenon which is restructuring the eating habits of France.

Innovation is sweeping away many of the traditional eating spots and replacing them with cafeterias, snack bars, grills, pubs, drugstores and pizzerias. All these manifestations of neo-restauration were virtually unknown just five years ago.

The French restauration industry had undergone rapid and continuous expansion since about 1958 but the energy crisis and its global after-effects disrupted this pattern. What is happening now could best be described as a condition of cyclical evolution. So far, the up-turns have bested the downward trends and the industry, on average, continues to show absolute gains.

The market is big and getting bigger. France had 50.4 million inhabitants in 1970 and this is expected to have increased to at least 54 million by 1980. It is a cliché to say that the French like to eat and within five years they will be consuming a total of 39 billion meals annually, even though only two real meals a day are eaten. Breakfast, as you are probably aware, generally consists of no more than a demi-tasse of strong black coffee accompanied, perhaps, by a croissant.

A Swiss-based research organization, GIRA, has estimated that fully 21 percent of those 39 billion meals in 1980 will be consumed away from home. Most of that 21 percent will consist of restaurant/hotel meals, probably at least 6.4 billion of them, compared with the estimated 5.1 billion to be served this year. French household purchases of foodstuffs dropped about 10 percent between 1959 and 1973, with much of this redistribution going into restaurant coffers. At any rate, it's a lot of food and it will take a lot of equipment to prepare it.

There are several reasons for this trend to eating away from home:

- Increasing distances between place of residence and place of work make eating out more convenient;
- More women are working, which means fewer family meals are being prepared;
- Shorter working hours have resulted in correspondingly shorter lunch periods, forcing people to eat at or near their place of work;
- Away-from-home-meals have become more economical with the advent of meal vouchers and institutional establishments subsidized by employers.

The potential market in France for restaurant and hotel equipment is healthy and exciting too. Exciting because traditional European methods of preparing and marketing commercial foods are changing to the North American mode. Until recently, only 3 to 5 percent of the restaurant and hotel equipment in use in France came from outside the EEC, and most of this small amount came from the United States, Sweden, Japan and Canada. Now, the potential for Canadian supliers is increasing.

There are about 50,000 restaurants in France. The new-style outlets (cafeterias, snackbars, pizzerias, etc.) represent only 1.1 percent of this total but they serve 6.4 percent of the meals served each year and they control 5.2 percent of the annual restauration turnover. Their acceptance, and growth, are due in part to the development of tourist facilities to service the French highways and auto-routes. Moreover, the French government is encouraging the establishment of one and two-star motels to operate in tandem with these facilities. Investment incentives jumped from 34 million francs in 1974 to 50 million francs this year and the success of the new-style facilities is impressive.

Other reasons for the growth of neo-restauration in France include the following:

- The rapid escalation in food prices has forced restaurant and institutional managers to operate more efficiently, hence they require more modern equipment;
- Shopping complex developers need new-style facilities to attract and retain customers;
- A recent French decree has forced employers of more than 500 persons to provide either subsidized cafeterias or meal vouchers;
- Schools, prisons, religious institutions and other organizers have been forced to turn to restauration specialists to combat rising costs.

There are a number of highly successful restauration specialists in France and Canadian suppliers should approach such firms as: Jacques Borel, PLM, CIWLT, AIR-MAXIMIS, Carrefour, Nord-Est, Alimentation, Casino-Epargne and Court Paille. Write to us at the Commercial Section of the Canadian Embassy in Paris and we will be glad to help you make contact.

As is the case in most countries, trade shows are invaluable in promoting your products or services in France and one of the world's Big Three restaurant and hotel equipment shows, Equip' Hotel, is held every fall in Paris. It attracts not only the domestic buyers but also an international mix that would be hard to find under one roof anywhere else. Many Canadian companies have participated with very satisfying results.

If your company is looking for new markets and it manufactures the type of equipment suited to neo-restauration, consult your Regional Office and get in touch with us too: Minister-Counsellor (Commercial), Canadian Embassy, 35 Avenue Montaigne, 75008 Paris, France.

NEO-RESTAURATION

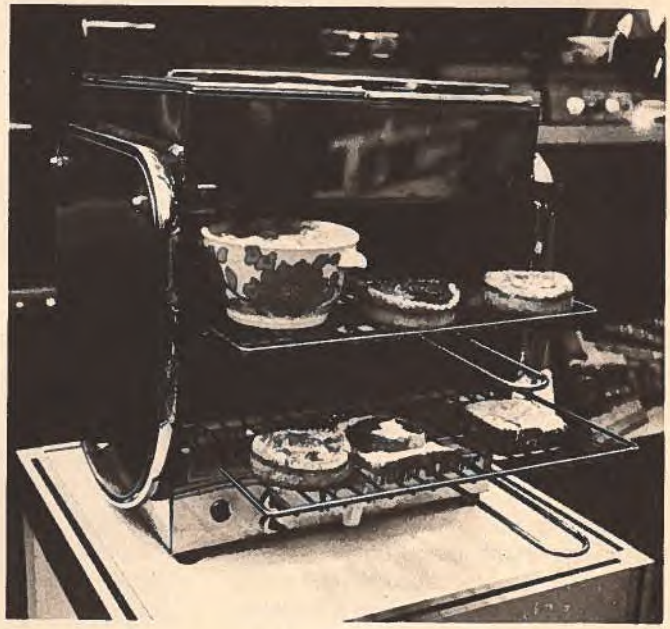
Type	No.	Percentage
Cafeteria	259	42.4
Grill	136	22.3
Snack	71	11.7
Coffee shop	52	8.5
Steak house	24	3.9
Fast food	20	3.3
Pizzeria or creperie	17	2.8
Drugstore	15	2.4
Pub	12	2.0
Other	4	0.7
Total	**610**	**100**

Source: Néo-Restauration Hotelrie

EVOLUTION OF ANNUAL SALES VOLUME
(millions francs)

	1971	1972	1973
Auto-route restauration	58.4	76.6	110.0
Percentage growth		**+31.1**	**+43.6**

Source: IBID



Something to think about: small business and the computer

R.W. RUTHERFORD, Deputy Director, Management Systems, Department of Industry, Trade and Commerce

Once upon a time (actually just two decades ago) there were a businessman and a computer. They each had their duty to do and their respective place in society. Until recently they had never met. The computer spent all her time with military men, defending their empires, and with scientists, breaking down barriers of knowledge. She had no time for the businessman.

But the world has changed and a relationship has been developing. The businessman has come to know the computer through his contacts with computerized billings, credit cards, direct-mail promotional letters, taxation information and the like. And if he plays his cards right, he and the computer will live happily together for ever-after.

But before any deep involvement with this strange new world, the business man must ask "what can I gain, and at what cost"? Far too many businessmen have started their affair leaving these questions unanswered. Much to their chagrin, they have then become embroiled in ever-increasing costs, loss of control of their own business, and a realization that they are not getting the benefits they thought they would.

You, the business person should remember that there is no magic involved. The computer will reduce costs only if it is used wisely and taking short-cuts will not lead to success. What is required is a complete analysis of your company's operations and information needs, both present and future. An integral part of this analysis would be determining if all operations are being carried out in the best possible manner. This will bring to light many questions that have not been asked. You may find in answering these new questions and streamlining present procedures that you don't need a computer at all. On the other hand, you may be left with repetitive, time-consuming tasks, or areas where timing is an important factor. Look at areas such as general accounting, billing inventory and process control, forecasting, payroll, etc. These are the ones most suitable for computerization.

Most of your remaining problems, brought to light during the analysis, can be solved by the computer. Beware! The most important question is what you are willing to pay for the "I'd like to know" or "It would be nice to have" statements encountered during the analysis. A review of similar-size companies may reveal the good computerization has done, and the harm it has caused. Using the 20-20 hindsight of others, you can avoid many pitfalls.

The first step

Having decided what you want the computer to do for you, and at what cost, you now have to determine which area of this world can serve you best. This step will include contact with computer world specialists, so you must first decide upon the definitions and terminology you are going to use to describe your requirements. This is most important because the same term sometimes indicates different meanings to different suppliers.

When discussing your requirements some major pitfalls to be avoided are:

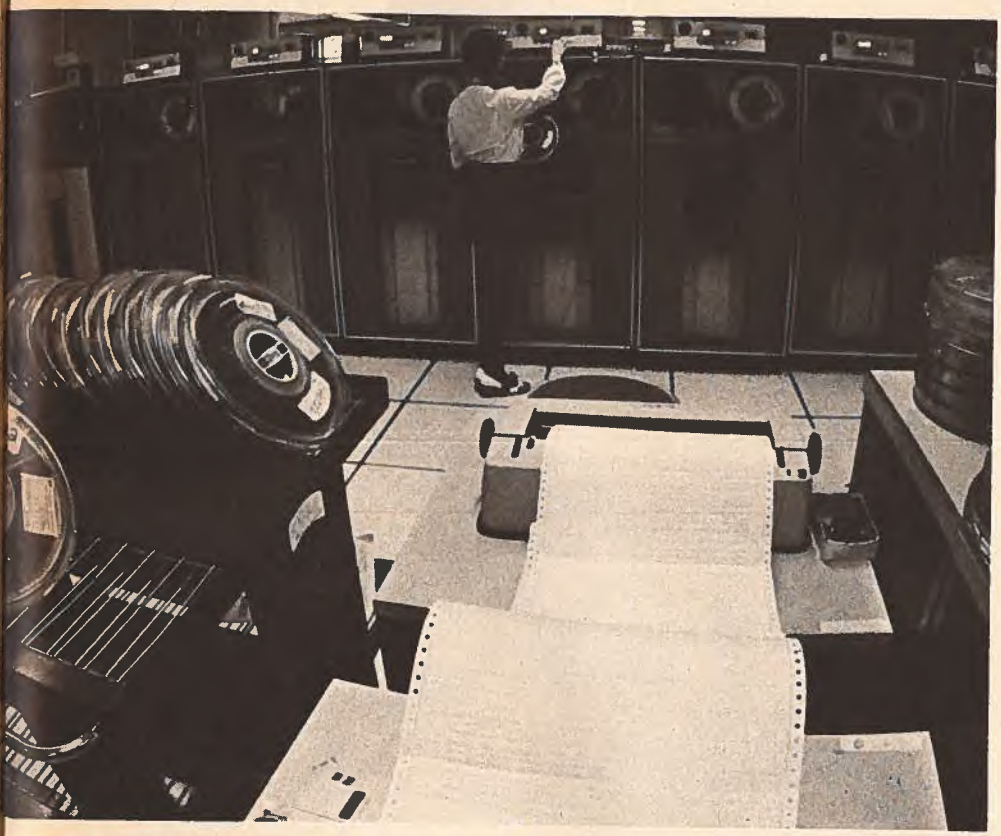
- *Overexpenditure* — do not obtain more computer power than you need;
- *Long-term commitment* — do not purchase equipment or sign a long-term lease during the first year if it can be avoided. Always allow room to maneuver or withdraw if necessary;
- *Investigation* — look at several suppliers in each area, do not jump on the first band-wagon. Check all the angles and all possible solutions;
- *Hidden costs* — determine all costs, including what your supplier will do and charge you for under all conditions. Determine who pays for furniture, manuals, training, computer supplies, after-hours maintenance and the cost of converting your present system. Don't be fooled into believing you can offset costs by reducing staff, it doesn't happen;
- *Broken promises* — make sure that all promises are in writing, determine ahead of time what you expect the supplier to provide and what he expects you to provide. Cover all conditions, including extended down-time, expansion requirements and what happens if your needs change or the supplier does not meet your requirements.
- *Loss of control* — ensure that management of your company, which includes any computer utilization, remains where it should be. Do not be pressured into cutting the foot to fit the shoe. Do not allow computer specialists and salesmen to dictate how to run your business. Always remember that the computer is just a tool to help your company make a profit, if it does not meet this objective then do not use it.

The areas of the computer world available to you include service bureaux, software companies, and manufacturers of almost any combination of these.:

Service bureaux as the name implies, provide service at a contracted price. The service provided varies from system design to data entry to computer time. Cost will vary with the service required. Most service bureaux can be accessed either "over the counter" or via telephone lines and terminals.

Software companies many being associated, either directly or indirectly, with a particular service bureau, provide system design and programming services to business. These companies can design, write, test and implement all required computer programs. This service removes the necessity to hire and retain a team of programmers.

Manufacturers supply numerous sizes of computers depending on your processing requirements and the price you are willing to pay. They also supply the same services as a software company, along with training. This service in some cases will be free of charge. In others they charge for the service depending on the con-



tract to purchase or lease their equipment.

To assist you in determining which area of the computer world can best help your company and how others have approached the problem, here are examples of how six companies solved their problems.

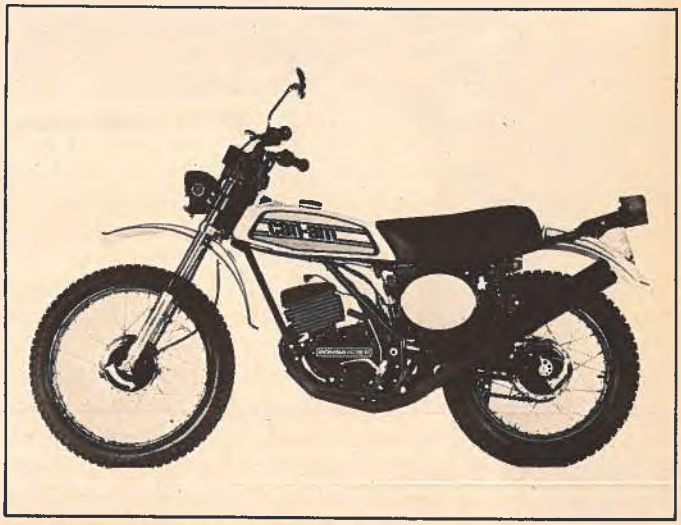
- A fuel oil company installed a mini-computer to handle its delivery notices and billing.
- A wholesale engineering and plumbing supply company uses two small accounting computers on their premises and a large computer at a service bureau to handle their requirements. The company has five distribution centres and more than 2,500 customers.
- An apparel manufacturing company has installed a micro computer with a programmable calculator and input-output writer to provide complete payroll analysis, including information relating to operator performance and skill centre efficiency. The system was installed to reduce support staff and to speed report production, because in an operation where most of the work done is piece-work the value of payroll analysis is in direct proportion to its promptness.
- An office equipment and accessories company in Toronto utilized the services of manufacturers to determine and satisfy their needs. The manufacturer provides, for a flat monthly rate, analysis of requirements, project management to install the system, the computer, its terminals, the programming and support required and all necessary training.
- A distributor with several warehouses in Ontario uses a service bureau. To interface with the service bureau they have, in each branch warehouse/office, two keyboard to magnetic tape units, a printer and a communications unit.

Bombardier's winning motorcycle

In 1973, Bombardier Limited's Can-Am motorcycle won gold, silver and bronze medals in the International Six Day Trials. Until the Quebec snowmobile firm came along, no manufacturer had ever accomplished this on its first attempt at the competitions. Any remaining doubts about the capabilities of the Can-Am were erased when it cleaned up seven gold medals in the same trials the following year. Not only that, it placed one-two-three in the 1974 250cc National Motocross Championship.

Sales reflect the Can-Am's racing successes. Last year, only the second year of production, 6,000 were sold and almost 70 percent of those were exported. Production was expected to double this year, with sales totalling more than $12 million.

The casual observer might have thought the North American motorcycle market was saturated when Bombardier decided to build its new line in Canada. But the company had studied the market intensively and had discovered a strong demand for high-performance motocross bikes. A team of motorcycle experts — racers, mechanics, designers — developed a bike that combined tried-and-true methods with some new wrinkles and interestingly, it borrowed little from snowmobile technology. Some aspects of the Can-Am design have proven to be controversial but the point is, it wins races and it sells.



UPDATE

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

Foreign Exchange Rates

Canada Commerce **publishes these rates in order to provide a reference for currency fluctuations. Your banker should be consulted for up-to-date quotations. These tables should never be used in business transactions. When more than one rate is shown, the one to be used depends on the commodity traded. Information re: specific commodities may be obtained from the Department's International Bureaux in 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.**

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)	.0342	29.24
(commercial)	.0395	25.32
Australia Dollar	1.3790	.72
Austria Schilling	.0620	16.13
Bahamas Dollar	1.0264	.97
Belgium and Luxembourg Franc	.0293	34.13
Bermuda Dollar	1.0397	.96
Bolivia Peso	.0513	19.49
Brazil Cruzeiro (official free)	.1291	7.75
Britain Pound	2.3324	.43
British Honduras Dollar	.6078	1.64
Burma Kyat	.2132	4.69
Chile Escudo (commercial)	.0004	2,500.00
(financial)	.0003	3,333.33
China, People's Republic of Yuan	.4188	2.39
Colombia Peso (fixed)	.0349	28.65
Costa Rica Colon	.1232	8.12
Cuba Peso	N.A.[10]	
Czechoslovakia Koruna (fixed basic rate)	N.A.[10]	
Denmark Krone	.1884	5.31
Dominican Republic Peso	1.0264	.97
Ecuador Sucre (official)	.0411	24.33
El Salvador Colon	.4106	2.44
Fiji Dollar	1.2830	.78
Finland Markka	.2913	3.43
France, Monaco, etc.[1] Franc	.2569	3.89
French Pacific[2] Franc	.0139	71.94
Franco-African Republics[3] Franc	.0051	196.08
Germany D Mark	.4380	2.28
Ghana New Cedi	.8895	1.12
Greece Drachma	.0342	29.24
Guatemala Quetzal	1.0264	.97
Guyana Dollar	.4444	2.25
Haiti Gourde	.2053	4.87
Honduras Lempira	.5132	1.95
Hong Kong Dollar	.2078	4.81
Hungary Forint (official)	.0869	11.51
Iceland Krona (official)	.0069	144.93
India Rupee	.1263	7.92
Indonesia Rupiah	.0024	410.00
Iran Rial	.0134	74.63
Iraq Dinar	3.4683	.28
Ireland Pound	2.3324	.43

Country and Currency	Foreign currency unit in Canadian dollars	Canadian dollar in foreign currency units
Israel Pound	.1678	5.96
Italy Lira	.0016	625.00
Jamaica Dollar	1.1290	.86
Japan Yen	.0035	285.71
Kenya[4] Shilling	.1379	7.25
Korea, Republic of Won	.0020	483.00
Lebanon Pound (free)	N.A.[10]	
Libya Dinar	2.777	.36
Malawi Kwatcha	1.2280	.81
Malaysia Dollar	.4491	2.23
Mexico Peso	.0821	12.18
Morocco Dirham	.2447	4.09
Netherlands Florin	.4245	2.36
Netherlands Antilles Florin	.5734	1.74
New Zealand Dollar	1.3576	.74
Nicaragua Cordoba	.1466	6.82
Nigeria Naira	1.4700	.68
Norway Krone	.2091	4.78
Pakistan Rupee	.1037	9.64
Panama Balboa	1.0264	.97
Paraguay Guarani (free)	.0082	121.95
Peru Sol (free)	.0237	42.19
Philippines[5] Peso (free)	.1468	6.81
Poland Zloty (fixed basic rate)	.2577	3.88
Portugal & Overseas Provinces[6] Escudo	.0423	23.64
Saudi Arabia Riyal	.2850	3.50
Sierra Leone Leone	1.2371	.81
Singapore Dollar	.45	2.92
South Africa Rand	1.5094	.66
Spain & Dependencies Peseta	.0184	54.35
Sri Lanka[7] Rupee	.1495	6.69
Sweden Krona	.2617	3.82
Switzerland Franc	.4113	2.43
Syria Pound (free)	.2711	3.69
Thailand Baht (free)	.0503	19.49
Trinidad & Tobago[8] Dollar	.4859	2.06
Tunisia Dinar	2.3585	.42
Turkey Lira	.0733	13.77
United States Dollar	1.0264	.97
Uruguay Peso (free)	.0004	2,500.00
Venezuela Bolivar (official free)	.2397	4.22
Yugoslavia Dinar (official)	.0593	16.86
Zaire, Republic of[9] Zaire	1.961	.51
Zambia Kwacha	1.550	.65

1. Franc is also used in French Guana 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 reprinted from the New Product Bulletin, **published by the Industrial and Trade Enquiries Division of the Department. Further material on items listed is for Canadian manufacturers only and no responsibility is assumed for claims or statements made. Address inquiries, quoting item numbers to: Industrial & Trade Enquiries Division, Department of Industry, Trade and Commerce, Ottawa K1A 0H5.**

Anti-fouling formulations
American government agency is offering the Canadian manufacturing rights to its low-leaching, antifouling organometallic polymeric materials which are claimed to protect ships' hulls and underwater structures from fouling for five years and longer. Recent tests revealed no barnacle attachment or worm attack — the two most damaging sources of marine fouling — on panels immersed for 38 months under severe tropical conditions. These coatings are claimed to reduce underwater maintenance problems and to prolong the life span of coated products. Literature available. **Item 3193**

Modular furniture.
Austrian firm is offering under licence the Canadian manufacturing rights to its modular furniture system for living rooms, bedrooms, dining rooms, children's rooms, dens and hallways. The system is based on a standard grid and the furniture units can be drawn on a sketch sheet on a 1:30 scale. With a grid of 28 cm and using a combination of depths (24, 36, 48 and 62 cm), widths (45, 60, 90, 105 and 120 cm), and 9 different heights, any size or layout of furniture can be created. Design details to assist with interior decorating are available to the Canadian licensee as well as accessories such as fold-up tables and beds, doorways, sideboards, etc. Literature available. **Item 3194**

Lighting fixtures
Swedish group of lighting fixture manufacturers seeks licensing arrangements with Canadian firms to assemble and market their products in Canada. Each of the five manufacturers in the group has its own exclusive designs in all price ranges. Fixtures are designed for residential use and are constructed of glass, metal, plastic, sheet metal, wood and textiles. Literature available. **Item 3195**

Frozen foods
British food manufacturer is interested in a licensing agreement with a Canadian frozen food processing firm to manufacture its limited range of English frozen foods, specifically pork sausages, pork pies and steak and kidney pies. The company will provide the required food technology, technical assistance and recipes as well as the use of its brand name. Export rights for the United States are negotiable. Literature available. **Item 3196**

Pneumatic bulk handling system
Italian firm is offering the Canadian manufacturing rights to its unique pneumatic bulk handling system for the conveying of pulverized or granular materials. The system operates on the "impulse-wave" principle, by which a metered amount of material is advanced intermittently by pulsatory jets of air under pressure. The pipeline is built in standardized modular units placed sequentially. Claimed advantages of this system are low initial cost and improved overall economy in operation, simplicity of enlarging existing installations, and high filling coefficient of the transmission pipes especially in long distance conveying plants. Literature available. **Item 3197**

Prefabricated water tower
Finnish company seeks a licensing arrangement with a Canadian firm for the manufacture of its prefabricated water tower, constructed entirely of precast concrete components. Its capacity is approximately 22,000 gal. (1,000 m^3) and its height is variable up to 150 feet (45 metres). The shaft of the tower is composed of ring elements which are erected directly one upon the other and joined together by means of grouted dowels. The cylindrical water reservoir is assembled of elements, and the horizontal forces causes by water pressure are transferred radially to the shaft. The reservoir bottom is made up to T-beam elements; the external wall of folded slab elements. The tower's foundation is formed of concrete cast on the site. Literature available. **Item 3198**

Coding and decoding device
Swiss firm is seeking a licensing arrangement with a Canadian company to manufacture its highly sophisticated coder/decoder for off-line operations. The device's main purpose is to permit the communication of sensitive and confidential information. This is accomplished by the user altering the key to ensure the individual privacy of his system. The input is effected by means of an alpha/numeric keyboard or papertape reader; the output on display and strippprinter and/or papertape punch for subsequent teletype transmission. The unit can be housed in an attaché case. The cryptographic portion of the device uses the latest technology such as large scale integration components and micro-processors. A key variation in excess of 1,000 is claimed. Literature available. **Item 3199**

INVENTIONS

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

Window sash
Canadian inventor is offering under licence the rights to manufacture in Canada his patented window sash. The object of this invention is to provide a window sash which can be rotated 180° so that both sides can be washed from within, thus eliminating the cost and hazards involved with the use of scaffolding. The sash is supported by a pair of guide bars pivotally attached at their bottom ends to the window frame. The sash engages the guide bars through a centrally located rod on each side which allows it to slide and rotate within the guide bars. In addition to its obvious advantage for washing windows in factories and high rise buildings, this invention permits replacement of glass from within. Literature available. **Item 3200**

Circular saw with peripheral drive
Dutch inventor offers under licence the Canadian manufacturing rights for his patented central passage circular saw,

equipped with peripheral chain drive. Direct drive at the outside periphery of the saw allows wooden logs and beams or blocks of stone to pass longitudinally across the central part of the circular saw. The saw has a penetration capacity of more than half its diameter. The cutting machine can be equipped with a single blade or several parallel blades in close proximity driven by a common multiple chain. Claimed advantages over conventional circular saws and reciprocating saws include more precise cutting, greater penetration depth, higher cutting speed and lower cost. Literature available. **Item 3201**

Programmable sprinkler system
Canadian inventor offers under licence the Canadian manufacturing rights to his programmable sprinkler system which is claimed to have applications in both irrigation and fire control. The system can direct water or chemicals to a specific zone in response to programmable conditions. The sprinklers can be programmed for regular or odd-shaped distribution patterns, distance of throw, spray characteristics, etc. The system is equipped with a modulation mechanism which is essentially an adjustable timing device that provides one or two pressure modulated sinusoidal waves 180° out of phase. It is this mechanism that provides the stepping rate to the sprinklers and the sweeping action at the nozzles. Literature available. **Item 3202**

Television equipment
Austrian inventor offers a licensing arrangement or the outright sale of the rights covering his process for the fusion of colour trios into one picture point each in T.V. picture tubes. This process permits the generation of white dots on the colour tube and offers the advantage of keeping the total illuminated screen area constant even with single-sided chrominance information. The picture quality of colour T.V. receivers is claimed to be considerably improved by this process. Another product offered is a glass fiber T.V. camera which operates on the principle of transit time differences of photons in glass fibers of different length. It is claimed to require no vacuum tube for scanning. The camera is approximately the size of a pencil, is claimed to cost little to produce, and can process up to several hundred frames per second. Literature available. **Item 3203**

Automobile rear view mirror
Canadian inventor offers under licence the Canadian manufacturing rights to his patented interior rear view mirror for automobiles. The design incorporates a flat portion which extends into convex shaped wings of a specific computerized curvature. The result is to provide the driver with a panoramic undistorted view of overtaking traffic moving into the adjacent side lanes, thus eliminating the blind spots prevalent in existing mirrors. The features of this invention are applicable as well to side mirrors for automobiles, trucks, buses, etc., except that the flat portion has a single wing. A safety feature which can be added is a phosphorescent border on the curved portion to indicate a danger area for driving at night. Provision can be made for adhesive adherence to existing mirrors. Literature available. **Item 3204**

Motorized bicycle
Canadian inventor seeks a licensing arrangement with a Canadian firm for the production of his all-seasons, multi-purpose motorized bicycle. It is claimed that this vehicle can travel over snow, ice, land, sand and mud. Powered by an internal combustion engine, the cicyle is equipped with an endless track located at the rear. A front steering column is secured to the front of the frame and has at its bottom end either a single ski-like runner for winter driving or a wheel with a balloon type tire for summer use. A means of support and power is provided for multipurpose attachments such as lawnmowers, snowplows, utility trailers, etc. Literature available. **Item 3205**

International projects

AFGHANISTAN WATER AND SANITATION
The International Development Association (IDA), an affiliate of the World Bank, is providing $9 million to help finance a water supply and sanitation project in Kabul, Afghanistan's capital and its largest city. Other financing is being provided by CIDA.

The water supply sector in Afghanistan is in a very early stage of development. Piped water supply is mainly limited to the capital and four major cities serving altogether less than 500,000 people. Water supply in Kabul is totally inadequate to the community's requirements. The project being assisted by the IDA credit is the first stage of the implementation of a 30 year master plan for water supply and sewerage in Greater Kabul.

Implementing organization: Afghan Water Supply and Sewerage Authority Kabul, Afghanistan.

Procurement: International Competitive Bidding (ICB) for transmission, distribution piping and pumping equipment, water meters and associated equipment, vehicles required for sanitation component. Domestic manufacturers to receive preference of 15 percent in evaluating bids. ICB for civil works (except for minor works amounting to $250,000) granting Afghan firms a preference of 7½ percent.

BRAZILIAN STEEL EXPANSION
The World Bank has approved a loan of $95 million to Companhia Siderurgica Nacional (CSN) of Brazil, to help finance the expansion of the company's steel plant at Volta Redonda and its iron ore mines at Casa de Pedra. CSN, the largest steel producer in Latin America, is expected to raise its raw steel production capacity from 2.4 to 4.4 million tons per year, with net foreign exchange savings resulting from the project estimated at about $440 million annually by 1981.

The project supported by the Bank loan constitutes Stage III of SCN's expansion of its production facilities. The overall project will require financing

estimated at $2,115 million. CSN will cover $651 million of the total with the Bank loan, a $63 million loan of the Inter-American Development Bank (IDB), and credits from filateral financing sources. The remainder of the total financing requirements will be met by CSN's internal cash generation, local loans, and increases in share capital.

Implementing organization: CSN will be responsible for the execution of the project. Mailing address: Companhia Siderurgica Nacional, Avenida 13 de Maio N 13, Rio de Janeiro, RJ, Brazil. Cable address: SIDERURGICA, Rio de Janeiro, RJ, Brazil.

Procurement: Equipment and materials to be financed by the Bank loan will be procured through international competitive bidding under the Bank procurement guidelines. Bids containing Brazilian components totaling 50 percent or more of the bid value will be allowed a 15 percent margin of preference, or the applicable import duty, whichever is lower. The same margin will be allowed for identificable Brazilian components of bids of equipments packages with less than 50 percent Brazilian component.

Consultants: Outside consultants will be hired as necessary by CSN.

DOMINICAN REPUBLIC PORT EXPANSION

The Inter-American Bank announced the approval of a $35 million loan to help expand and modernize the port of Haina, located nine miles west of Santo Domingo, capital of the Dominican Republic

The loan will be used by the Secretaria de Estado de Obras Publicas y Comunicaciones (SEOPC) to enable the port of Haina to handle up to 1,335,000 metric tons of general cargo per year by 1980, thereby converting it into the most important seaport in the country.

Implementing organization: Secretaria de Estado de Obras Publicas y Comunicaciones (SEOPC) Santo Domingo

Procurement: International public bidding among Bank member countries on the purchase of all goods and services covered by the resources of the Bank loan except for engineering and consultant services.

EGYPTIAN TELECOMMUNICATIONS

The International Development Association (IDA) an affiliate of the World Bank, has approved a credit of $30 million for Egypt to help national program of the Arab Republic of Egypt Telecommunications Organization (ARETO), and consists of the expansion of the country's telephone network and telex system. It includes the installation of local exchange equipment, together with subscriber and inter-exchange telephone cables in Cairo, Alexandria and in a few provinces; also, the replacement of worn-out exchange equipment and defective telephone cable.

Implementing organization: Arab Republic of Egypt Telecommunications Organization (ARETO), Ramses Street, Cairo, Arab Republic of Egypt.

Procurement: All equipment financed under the proposed credit bidding in accordance with the Bank Group's guidelines. Other items included in the project, but not proposed for financing under the credit, namely, local telephone exchange equipment, PBXs, PABXs and telephone instruments, will be procured partly from the local factory. The remainder of these items, and the telex exchanges and telephones, will be procured from Swedish and French sources (in amounts equivalent to the financing provided by Sweden and France respectively) and through international tenders.

RWANDA EDUCATION CREDIT

The International Development Association (IDA) an affiliate of the World Bank, today announced the approval of a credit of $8 million for an education project in Rwanda.

Increasing agricultural productivity in Rwanda is an urgent necessity in view of the growing population and the scarcity of land. In this effort, the education system can play an important role by providing the required skills. At present, it is inadequate to the needs. The project being assisted by the IDA credit will help improve the quality of primary education and the productivity of new entrants into rural life through appropriate training. It includes the construction, furnishing and equipment of 150 workshops with about 6,000 student places and a print shop and the provision of paper for the production and distribution of 2.7 million textbooks and 1.6 million student guides written in Kinyarwanda. The project will also provide technical assistance.

Implementing organization: The School Financing and Construction Unit (SFCU), Ministry of Education, The Government of Rwanda, Rwanda.

Procurement: Printing equipment and paper (about $1.3 million) will be procured after international competitive bidding in accordance with the Bank Group guidelines. Building materials available locally will be procured directly by the communes, or, if suitable for purchases in bulk, by the SFCU after local competitive bidding. Building materials not available in Twanda, as well as instructional equipment, furniture and vehicles (about $1.6 million) will be procured after advertisement in the local press and in adjacent countries.

Consultants: The following experts will be internationally recruited: (i) an architect and a procurement officer for the School Financing and Construction Unit and several other specialists to assist in general project administration and implementation (44-man-years); (ii) experts for the evaluation of the construction procedures and the financial mechanism established by the SFCU (four man-years).

ZAMBIAN TELECOMMUNICATIONS

The World Bank is providing $32 million for a $78 million telecommunications project in Zambia, part of a comprehensive telecommunications development program to be implemented during 1975-1980 at an estimated cost of $109 million equivalent.

The program will be of assistance in the economic development of Zambia through the expansion and improvement of telecommunication services throughout Zambia's eight provinces. In particular, exchange equipment will be installed in 60 towns, including 32 towns that presently have no facilities and to which the long distance network will also be extended. The capital city of Lusaka will be linked by reliable microwave communications with the main provincial centers, including towns on the borders of neighboring countries such as Malawi and Tanzania.

Implementing organization: The Post and Telecommunications Corporation (PTC), Lusaka, Zambia.

Procurement: All goods financed by the Bank loan will be purchased under international competitive bidding in accordance with Bank's Guidelines. A preference margin of 15 percent of the c.i.f. cost or the applicable customs duties whichever is lower, will be afforded to local manufacturers of

telephone cables.

Consultants: Consultants will be employed to assist PTC in planning, detailed engineering, and bid preparation and evaluation. Other consultants will assist in surveying microwave links and VHF/UHF radio systems, and others may be required to assist in the supervision of installation and commissioning of switching equipment. Financial/accounting consultants have already been retained.

Export Opportunities

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

Electrical and Electronics

NETHERLANDS — 1) connectors, counters, relays, switches, wirecable, conduit connecting blocks; 2) electronic software, relays, solid state devices, LEDS, Switches; 3) defence instrumentation, electronic navigation aids, medical diagnostic and analysis equipment, optical laboratory analysis instruments, photographic equipment, video recorders and other TV equipment; 4) telephone answering equipment, automatic telephone dialing equipment, novelty telephone sets, electronic detection equipment (fire, smoke, burglar) dictating machines, electronic calculators electronic quartz watches, miniature transformers for use with electronic appliances: Commercial Counsellor, Canadian Embassy, Sophialaan 7, The Hague, Netherlands.

UNITED STATES — The rmographic instruments or readers for hospital and home use: Consul and Senior Trade Commissioner, Canadian Consulate General, 500 Boylston Street, Boston Massachussetts, 02116.

Equipment and Machinery

CZECHOSLOVAKIA — Pulp and Paper Trust intends to import machinery capable of producing 15 million paper shopping bags a year as well as machinery to produce industrial paper bags with polyethylene inlay suitable for disposal of wet wastes: Rudolf Adamec, Severoceske Papirny, Statni, CZSSR.

SINGAPORE — Singapore firm wishes to represent truck manufacturers in Indonesia. The firm is particularly interested in right-hand-drive vehicles with capacities up to 25 tons: Commercial Secretary, Canadian High Commission, P.O. Box 845, Faber House 7&8 Floors, 230/236 Orchard Road, Singapore 9, Singapore.

Foodstuffs

YUGOSLAVIA — Canadian source of frozen wild blueberries and frozen cultivated blueberries: Interexport, Kolarcev a 8 11000 Belgrade, Yugoslavia, Attn. Mrs. Kragujevic, Sector 1-1 (Telex 12-442 YU INNT).

Special Inquiries

AUSTRIA — Import-export agency in Vienna is interested in representing Canadian manufacturers of construction machinery machine tools, building materials and electrical goods, as well as chemicals and general merchandise. For more information: W.A. Hack, Trade Commissioner, The Austrian Trade Delegate in Canada, Suite 2008, 401 Bay Street, Box 21, Toronto, Ontario. M5H 2Y4 (Telex 06-23196.

BELGIUM — Textile agency seeks exclusive representation for garment fabrics, also possibilities for upholstery fabrics: Agency Textile Hilaire CAMBIER, Rue de Renaiz, 179, 7890 Ellezelles, Belgium.

NETHERLANDS — Agent seeks to represent Canadian manufacturers of unbleached draft; also interested in other papers, board and flexible packaging materials; will represent in Netherlands or in all Benelux countries: E.J. Kok, Managing Director, Firma Theo Tenten Papier-Agenturenx, 262 N.Z. Voorburgwal, Amsterdam, Netherlands (Telex 11110 TENTE NL.). Please send copy of any communications to the Commercial Counsellor, Canadian Embassy, The Hague.

SOVIET UNION — Seeks company capable of providing complete plant for liquorice extraction; Capability of 2500-3000 metric tons of dry product a year required: V.M. Khramov, Senior Engineer, Trade Representation of the USSR in Canada; 24 Blackburn Avenue, Ottawa, Ontario K1N 8A3

ZAIRE — Refinery extension: Commercial Secretary, Canadian Embassy, P.O. Box 8341, Kinshasa, Republic of Zaire.

Foreign Tariffs and Trade Regulations

Argentina

Economy Ministry Resolution No. 693 announced new import regulations which will apply for the second half of 1975.

1) These regulations establish that imports for the second half of 1975 will have to be such that total imports for all of 1975 will not exceed total imports for 1973 plus 12 percent.
2) Import permits will be issued only for goods to be shipped before January 1, 1976.
3) Importers and end users will have to state in a Sworn Declaration of Need their import requirements for the second half of 1975 which must not exceed the quantities established by Resolution No. 693.
4) The prices shown in the Sworn Declaration of Need will be accepted provided they do not exceed the reference levels to be established by the State Secretariat of External Trade and International Economic Negotiations.
5) On December 31, 1975, importer's inventories cannot exceed 10 percent of the total imports authorized for 1975.
6) The Sworn Declaration of Need regarding capital goods and replacements parts or goods to be imported under promotional regimes may be exempted from the general conditions of Resolution No. 693 when considered necessary by the Secretariat of External Trade and International Negotiations.
7) The Sworn Declaration of Need will have to be presented before June 25 and will begin to be considered on July 3.
8) A new import system will be introduced before October 31, 1975 and will be effective January 1, 1976.
9) The Secretariat of External Trade has been authorized to proceed with the Sworn Declaration of Need which were approved before May 25. Declarations that were not approved before May 25 have been annulled by Resolution 225.

• The peso was further devalued effective June 5 as follows: the financial rate of the peso in relation to the U.S. dollar was raised from 15 to 30. The commercial rate was increased from 10 to 26 pesos per U.S. dollar.

Imports could cost between 100 and 160 percent more depending upon the rate of exchange applied to a product.

• Central Bank Circular RC 524 of April 15, 1975 introduced new financing terms for capital goods imports. All capital goods imports must have at least six months financing with mandatory financing terms ranging up to six years. The payment terms established by Resolution RC 524 are as follows:

Value of Imports in U.S. Dollars

Over	Up to	Term	First Payment
10,000	10,000	6 months from shipment	6 months
30,000	30,000	2½ years from shipment	6 months
50,000	50,000	3 years from shipment	12 months
100,000	100,000	4 years from shipment	12 months
200,000	200,000	5 years from shipment	12 months
300,000	300,000	5½ years from shipment	24 months
500,000	500,000	6 years from shipment	24 months

(Central Bank must be consulted)

The terms are set according to the amount of capital imports each firm is making on yearly cummulative basis. A maximum initial payment of up to 5 percent will be admitted at the time of formalizing a purchase on imports whose f.o.b. value is more than $10,000. Up to 10 percent of the f.o.b. value may be paid against delivery of the shipping documents, and this value may be increased up to 15% when no initial payment is required.

El Salvador

Consular legalization requirements for all shipping documents with the exception of invoices covering restricted imports (drugs, guns, ammunition, etc.) where abolished on June 2, 1975. Shipping documents should be sent directly to the importer so that they may be presented to the customs authorities in El Salvador in accordance with regulations issued by the Director General of Customs.

Uruguay

Central Bank Resolution No. 615 of April 9, 1975, introduced a minimum prior deposit (consignacion minima) of 35 percent on all imports by the private sector. These prior deposits will be made in Urugayan pesos for a term of 150 days. Imports of fertilizers, raw materials for the production of fertilizers and seed potatoes are exempted from the prior deposit requirement.

• A Central Bank Resolution abolished all import quotas effective June 1, 1975. The prior deposits (consignacion) of 450 percent, 900 percent, and 1200 percent, imposed on merchandise imported over the importer's authorized quota have also been abolished. The minimum prior deposit (consignacion minima) of 35 percent introduced by Resolution No. 615 (see above) on all imports by the private sector has been maintained.

What's special about specialty foods?

BASIL M. FILLMORE, Commercial Officer (Agriculture), London

This spring's International Delicatessen Exhibition in London was rated a great success, despite the inflation-afflicted British economy.

The delicatessen market in Britain has been valued at £75 million this year and appears to be growing at a time when other sectors of British industry are feeling the pinch. The members of DAFFA (Delicatessen and Fine Food Association), sponsors of the show, are self-proclaimed enemies of "bland, mass-produced food" and they claim the support of a growing army of consumers who vote in favour of the trade with their purses.

There were 100 exhibitors at this year's show, with more than 2,000 different product lines from all over the world. Random sampling from the stands required great will power and self-restraint by the visitor. It was an easy matter to make up a sample menu which encompassed paté Provençal, canard à l'orange, Formosan quail eggs, Canadian honey, American prune juice, Schwartz spices, Bick's pickles, Lou Palou cheese (from the Pyrenees), and real bread (that is, bread as it used to be).

The delicatessen trade has many facets and it is just one part of the broad spectrum of specialty foods which extends from delicatessen through health foods, herbalists and organic food stores. Delicatessen, catering as it does to the more discriminating and exotic tastes, generally comes more expensive than the "bland, mass-produced" product and the evidence suggests that the enlightened consumer does not mind paying the price even in difficult times.

The exhibition mirrored the fact that the trade is made up of scores of small specialist companies that have a low turnover of a wide variety of product lines — the reverse of the large chain store operation. There is a nucleus of a few large importers, but their basic operations comprise very small minimum deliveries (say quarter-cases) to a large number of specialty outlets, which would be completely uneconomical for other types of food distributors.

The firms are generally first-hand importers and most of them utilize public storage and transportation facilities. The problem of shelf life with slow-moving lines seldom seems to arise because the products involved are either smoked, canned, bottled or dry-packed. Frozen foods as such are not a feature of the delicatessen business and thus it is rare to find any member of the trade equipped to handle frozen specialties.

In the vast range of delicacies available at the show, it was inevitable that there would be many duplications. There were several varieties of Canadian honey for instance, set as well as clear, competing with each other. They were packed in glass, locally from bulk imports, and under British labels. Maple syrup could also be seen but it is the European wines, meats, sauces, patés, confections and condiments which predominate in this trade.

Specialty importers are always willing to meet and discuss suitable new lines; they do not have the "hard to get" attitude of the large-scale centralized buying operations. When they consider new lines, the main criteria are that if the products are not unique they should be a little different from already established products and be of high quality with good packaging and presentation — but price is not the primary consideration. Notwithstanding the exotic nature of such products, it is still necessary to comply with British labelling requirements. Contact your Regional Office for more information.

Selected exports of specialty products to Britain and Europe — 1974

	($'000)
Hams	80
Poultry	1
Cured beef	17
Cured fancy meats	10
Cured meats n.e.s.	229
Fresh sausage	11
Cured sausage	149
Cooked meats	120
Canned meats	32
Canned crab	1,383
Canned lobster	1,143
Shellfish n.e.s.	34
Fish roes, cured	36
Honey	1,771
Bakery products	153
Macaroni	18
Maple syrup and sugar	453
Spices, herbs	708
Misc. food preparations	724

Source: Statistics Canada

Canada/USSR Mixed Commission meets again

The fourth session of the Mixed Commission ended on a highly positive note, according to O. Silverman of the International Division of IT&C's Office of Science and Technology. Mr. Silverman reports a number of highlights, including:

1) The agreement between Canada and the USSR on co-operation in the Industrial Application of Science and Technology was described in the Protocol signed at the conclusion of the Session as an important instrument in the context of Canada/Soviet scientific, technological and commercial relations.

2) It was noted that since the last Mixed Commission Session in 1973, the Agreement had played a significant role in identifying short and longer-term commercial opportunities of mutual interest.

3) Joint scientific and technical projects which will be undertaken during the next year include the testing

of Soviet turbodrills in the Canadian North, the supply of drills for testing in the USSR for use in permafrost, for construction of the second Trans-Siberian Railway, and the development and testing of Canadian gas well processing equipment in the USSR.

4) It was agreed to establish new ad-hoc groups of experts to examine possible areas of co-operation in coal, ferrous metals, non-ferrous metals, and the industrial application of geology.

5) The Mixed Commission agreed to a renewal of its operations for another five years, beginning in January 1976.

6) In his concluding remarks to the Mixed Commission, Mr. Gillespie pointed out that the exchanges under the Agreement were of value not only to scientists and industrial experts in both countries, but to the public at large in both countries. As an example, he noted that there are many more Soviet people living in the North than there are Canadians, and that some of the technologies developed in the USSR might be applied in Canada.

COSTPRO Course

The Canadian Trade Document Alignment System (CTDAS) is probably familiar to many *Canada Commerce* readers and quite a few are probably using it in their businesses. The Canadian Organization for the Simplification of Trade Procedures (COSTPRO) claims that CTDAS can produce savings of up to 70 percent in preparation of export documents.

At any rate, to help get its story across, COSTPRO has designed an implementation course to help businesses use the system as efficiently as possible. Small workshops will be offered at various times through the fall in the Montreal-Toronto area.

The course fee ($200 a person) includes costs of pre-analysis consultation and the time of the actual course. If analysis of a company's needs shows little or no requirement for CTDAS, it will be suggested the firm not send a person to the workshop and there will be no fee. Attendance per workshop will be limited to four or five companies. For more information contact Guy Desgagnés, COSTPRO, 2085 Union, 9th Floor, Montreal, Quebec H3A 2C3 (tel. 514 — 283-4093).

Change of address

The Canadian Embassy in Lima, Peru has new quarters. From now on, please write to the Embassy at 132 Calle Libertad, Miraflores, Lima.

Electrical code approvals for Washington, Oregon, Idaho and Alaska

Washington

The State of Washington honors any standards laboratory or association that is nationally recognized with the following exceptions: the Municipalities of Seattle, Tacoma, Spokane and Vancouver, which have their own electrical code. These cities all require U.L. (Underwriters Laboratory) approval for all electrical related items. The four cities above comprise over half of Washington's population. Thus, U.L. Approval is a requirement for most of the electrical construction work in the State. Distributors involved with handling electrical items, both industrial and commercial are not interested in catering to just the areas that are outside the cities of Seattle, Tacoma, Spokane and Vancouver, Wash.

Idaho

The National Electric Code is the standard used here for electric-related items. The state will recognize any standard association such as CSA or U.L. as long as those associations meet the National Electric Code. In some cases, U.L. does not meet the NEC). The instances of non-compliance are too numerous to mention. Thus, any Canadian manufacturer wishing to sell his goods in Idaho must show proof of his electric item meeting the National Electric Code or have a U.L. Approval that is known to meet the National Electric Code.

Oregon

This state requires that all electrical products and appliances sold or offered for sale bear the seal of a nationally-recognized testing laboratory or association. That seal will be recognized by the state only if that association engages in a follow-up program in Oregon. However, no definition exists as to what follow-up program means. Underwriters Laboratory is the only recognized standard in the State of Oregon. If CSA were to man an office in Oregon, then CSA would also be

accepted as an approved electrical standard.

Alaska

Alaska recognizes any nationally-known standards laboratory or association. The Canadian Standards Association is an accepted national association. CSA seals are sufficient to meet Alaskan electrical code requirements. In general, ULC (Underwriters Laboratories of Canada) is recognized in the U.S. in all instances where U.L. is required.

Who's who

We are putting together a new listing of Trade Commissioners and Commercial Officers to be published during the fall but pending that, we want to apologize for ommissions in the last listing, which was published in April.

A.R.A. Gherson, Minister-Counsellor (Economic) in Washington points out that we omitted the names of two Commercial Officers — S.J. Fowler and W.A. Black. Mr. Gherson also clarifies the responsibilities of some of the other officers at the post: "Mr. Pedersen's designation should read Commercial Counsellor (Metals and Minerals); there is a separate Minister-Counsellor (Energy); and J.C. Currie's title is Commercial Counsellor (Defence Production)."

Inter-African forestry association

Fifteen countries have signed an agreement to form the Organization Interafricaine sur l'Economie Forestière et le Commerce de Bois. Agreement came at the close of the Second Inter-African Conference, held in Bangui, Central African Republic.

The new organization will have its headquarters in Libreville, Gabon, and its activities will focus on co-operation between forestry producing and exporting countries "as it relates to international markets for forest produce." Signing the agreement were: Cameroun, Congo, Ivory Coast, Gabon, Ghana, Guinea, Kenya, Liberia, Malagasy, Nigeria, Uganda, Sierra Leone, Tanzania, Central African Republic and Republic of Zaire.

New directory for Port of Saint John

A new expanded directory of services and facilities at the Port of Saint John, New Brunswick is now available to all customers of the port as well as persons with a serious interest in international port facilities.

The directory features a detailed section on the Rodney Container Terminal as well as an innovative guide to the international ports reached directly from Saint John. It also contains expanded sections on the role of the National Harbours Board at Saint John and on the two railways serving the port. In addition, there is information on container, breakbulk, RO-RO, bulk dry and liquid, forestry, dry dock and refrigerated operations.

Copies of the directory are available from Murray McCavour, Box 1971, City Hall, Saint John, New Brunswick.

An interesting problem

T.W. Harboe, our Commercial Officer in Copenhagen, Denmark, sends us the following: "We have received an inquiry from a Danish firm seeking the name of the Canadian company that exported, some 10 years ago, adjustable automobile and boat compasses. These instruments featured indirect lighting, were egg-shaped and came in a variety of colours. The compasses would be used in car rallies."

Can any of our readers help Mr. Harboe?