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In This Issue

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Cover photo: Vivian Frankel

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Canada and the European communities

MARCEL CADIEUX, Ambassador of Canada to the European Communities

In the past 15 months, Prime Minister Trudeau has visited Europe four times, in pursuit of various aspects of Canada's interests, policies and priorities on this continent. In the same period, the community has moved from its disarray immediately following the 1973/74 oil crisis to gather and re-direct its forces internally, and to invigorate and strengthen its presence and network of relationships in the world. This is a community — the largest trading entity in the world — that we must do business with, and this activity will be increasingly worthwhile.

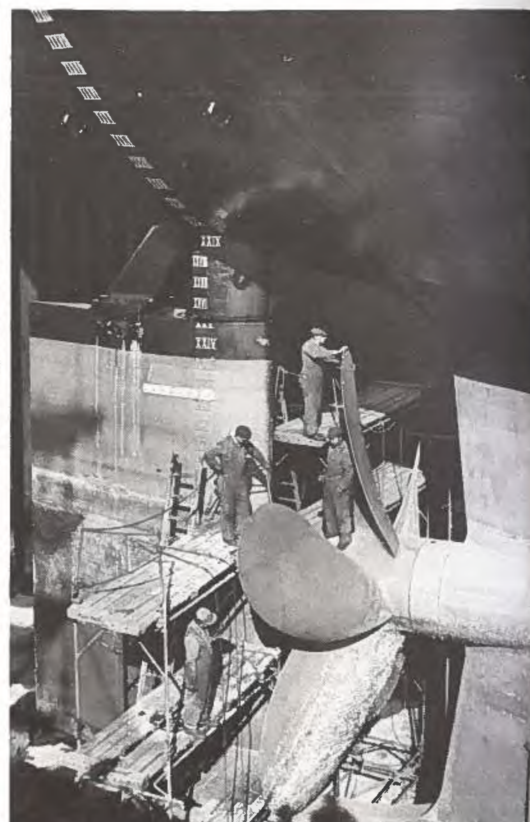
With Canada, the Community has picked up the challenge of creating jointly a new kind of relationship, one that is not preferential or exclusivist, that allows scope for pursuit of traditional strong and valuable bilateral links, and seeks out innovative ways to build on the strengths, aims and requirements of each, to their mutual advantage.

To this end, the Community is obtaining a mandate to negotiate with Canada a framework agreement on commercial and economic co-operation. This agreement will not in itself put more money in the pockets of either side but it will serve to fill a void and act as a means to open doors in both directions.

Also with an eye to the new relationship, both Canada and the Community have begun a process of methodically seeking out and developing opportunities for industrial and economic co-operation in a number of sectors. Already there have been some missions and more are needed in both directions.

A closely related element is what I have begun to call "business diplomacy" — an effort to foster a new partnership between government diplomacy abroad and the activities of private business. Obviously, the substance of our economic relationship with the Community must be the business-to-business links. Implementation of new methods which can be found to facilitate this basic pattern, along with the best of the old, is what my staff and I are working to achieve.

At the end of my first year as ambassador to the European Communities, I am convinced our relationship with the Community is on the threshold of a new stage of development. Favourable opportunities exist in many areas for the expansion of profitable Canadian business ties with EC countries, with the full support, assistance and co-operation of official circles on both sides of the Atlantic, in line with their respective policies. I very much hope that a great many Canadian businessmen, industrialists and investors will take up this challenge.




PRODUCE

The evolution of industrial co-operation

In three visits between October 1974 and June 1975, Prime Minister Trudeau visited EEC headquarters and the capitals of Belgium, France, West Germany, Italy, Britain, the Netherlands, Ireland, Denmark and Luxembourg. In talks with the leaders of these countries, Mr. Trudeau put forward the idea of expanding industrial co-operation between Canada and the Community.

Following these visits, talks confirmed that there was sufficient interest on both sides of the Atlantic to warrant further discussions. For example, preliminary meetings of the Canada-France Industry Working Group identified a number of areas in which co-operation might be beneficial. These meetings were followed by Mr. Jamieson's December visit to France as head of a high-level Canadian industrialists' mission.

Senior Canadian representatives have also had discussions with the EC Commission, West Germany, Britain, Denmark and Italy, and areas of co-operation with each of these countries have been identified. This program is evolutionary in its nature and as one official put it, "will have to proceed at a pace consistent with the ability of both sides to respond effectively and thereby ensure its success." Canada's relationship with Western Europe has been characterized by various forms of industrial co-operation; this new effort seeks to supplement rather than supplant that on-going relationship. An essential element will be follow-up by private enterprise.

The role of the Canadian government, particularly the Department of Industry, Trade and Commerce, is to identify opportunities that companies would not be likely to uncover by themselves, to develop policies which will facilitate the process, to monitor the process and generally to provide advice and assistance to Canadian firms.

Canadian government officers are now in the process of making contact with individual companies in the sectors which we agreed with the Community would be explored. Upon completing their review and assessing the amount of interest shown by Canadian firms, these people will draw up plans of action for consideration by both the EC Commission and the individual Community members. These plans could include exchange visits between Canadian and European firms, and meetings of specialists in various fields. The details will vary from country to country but company-to-company contact will be the ultimate objective and the process has begun. The Community has already sent to Canada three missions; one a forest industries mission in October 1974, a uranium mission in May last year and a nonferrous metals mission in September.

A Canadian mission was preparing to visit Europe as this issue went to press. A report is expected for a later issue.

Financial co-operation in the Community

YVES FORTIN, First Secretary, Mission of Canada to the European Communities

Since its inception in 1958, the EEC has been developing various mechanisms of intra-Community financial co-operation for the purposes of supporting balance of payments, modernizing industrial equipment, financing new industrial and infrastructure projects, and developing less-favoured areas of its territory.

The energy crisis prompted proposals by the Commission for new facilities. As a result, the Community is now equipped with an important and relatively effective system of financial co-operation and solidarity. Another positive result is that the EEC and its institutions, particularly the European Coal and Steel Community and the Bank of Investment, now enjoy a very high credit rating on capital markets.

It is anticipated that over the years, the Community will play an increasing role in the financing of economic activity. Among the most important instruments of EEC financial co-operation are the balance of payments support mechanisms, the Regional Development Fund and the Investment Bank. Discussions have begun on the possibility of floating Euratom loans for the financing of nuclear power stations and the establishment of an Export Financing Bank.

Most of the financial co-operation mechanisms within the EEC tend to strengthen the competitiveness of industries benefitting from them, directly or indirectly, by putting at their disposal financial means of modernizing their productive equipment, reducing their borrowing costs and improving their ability to compete for both domestic and foreign contracts. At the same time, they create new possibilities for co-operation with foreign businessmen and investors. The potential offered by the European Investment Bank in particular will likely grow as the Community's relations with the rest of the world expand. Canadian business people and investors interested in broadening their relations with their European counterparts should carefully monitor developments in the field of intra-EEC financial co-operation because these are bound to become increasingly important. They could present commercial opportunities; they certainly will affect a growing number of the Community's economic sectors, including the financing of joint ventures abroad (e.g. the announcement by the Council of Foreign Ministers last month of a $78 million loan to British Steel Corporation for a joint investment in a facility for the extraction and pelletization of iron ore at Fire Lake, Québec).

Balance of payments and monetary support

The opening up of boundaries and economic interdependence have made it necessary for the EEC to set up over the years a complex system of very-short, short and medium-term credit facilities. The very-short-term mechanism is aimed at facilitating central banks' interventions in the exchange market in the currencies of the countries which participate in the Community system of narrow margins of fluctuation (or the "snake" arrangement, as it is better known). Such interventions are mandatory and unlimited whenever the currency of a participant reaches the limits of the agreed margins. The mechanisms put at the disposal of the central banks of the deficit countries, through a complicated system of swaps, the currencies of the other participating countries, in which they must intervene and exempt from the obligations of settling immediately outstanding balances resulting from interventions. Settlements are usually effected 30 days after the end of the month in which interventions took place. But this very-short-term financing may be transformed on request of the debtor bank, and up to certain amounts, into three-month, or six-month financing in cases where both creditors and debtors agree mutually.

In addition to these financing mechanisms, in 1971, the Community created within the framework of the plans of Economic and Monetary Union, a system of medium-term financial support for the balance of payments. This facility provides for the granting of mutual support in the form of financial assistance to members experiencing temporary difficulties with their balanaces of payments. The purpose of the facility is to enhance intra-Community financial co-operation and ensure that member countries are not distracted from their obligations and the economic integration objectives of the Community by temporary strains in the balance of payments. Assistance is extended on conditional terms and surveillance procedures ensure the observance of the economic policy conditions imposed on debtor countries. The facility was last activated in December 1974, when Italy faced serious balance of payments difficulties as a result of the increase in the price of oil.

A further effort to support the balance of payments of the EEC countries was made as a result of the energy crisis. Early last year, the Community set up a special facility aimed at assisting its members hardest hit by the crisis. The facility provides that the Community, backed by guarantees extended by member countries, may raise funds in capital markets up to a maximum amount of about $3.5 billion (including interest) and lend the proceeds to member countries for the financing of their oil deficits. Negotiations concerning the establishment of this facility were lengthy and so far no member country has drawn from it, even though a few have reportedly expressed their interest in doing so.

Regional Development Fund

The Rome Treaty specifies in its preamble that one of the basic objectives of the European Community is to ensure the harmonious development of national economies by reducing the disparities existing between the various regions as well as the backwardness of less-favoured regions. This objective was pursued until recently through various means, such as the loans of the Coal and Steel Community, the Social Fund and the Investment Bank. The funds of these institutions have made an important contribution to regional development in the past and will continue to do so. But with the creation of a Regional Development fund and a Regional Policy Committee in March 1975, the Community has equipped itself for the first time with the means of tackling problems of regional development on a larger and more comprehensive scale.

For the period 1975-77, the new fund has been allocated about $1.5 billion to spend on development grants in the regions with problems resulting from over-dependence on agriculture, from industrial change and structural unemployment. While this amount is modest in relation to needs, it must be emphasized that setting up the fund constitutes an important step in the life of the Community as it finally marks the acceptance of the principle of the transfer of resources from richer to poorer regions of Europe.

But the Regional Fund is not intended to be the sole regional development mechanism in the Community. Member states will continue to aid their own regions and remain free to select those instruments of regional policy best adapted to the particular needs of their regions. The fund, which began operating last summer, provides grants towards the setting up and development of industry and tourism, and the provision of infrastructure in nationally-assisted areas. Those regions which receive funds on the basis of national regional policies will be eligible for assistance from the fund. Its contributions to investments are established on the basis of the type of investment, the number of jobs created or maintained, and the level of national aids, as well as the total cost of the investments. Aid from the fund will be directed as a priority to areas of Italy, Britain, the Republic of Ireland and the West and Southwest of France.

The Investment Bank

The European Investment Bank was created in 1958 by the Treaty of Rome with the purpose of granting long-term loans and giving guarantees to enterprises, public authorities and financial institutions to finance industrial projects and infrastructure equipment which favour the development of less-advanced regions and serve the general interest of the Community.

The bank, which operates on a non-profit basis, borrows the funds required to carry out its tasks on the capital market of the Community and non-member countries, and on international markets. Its capital amounts to approximately $4.3 billion, of which 20 percent has been paid up by the members. Its activities were initially confined to the EEC but have gradually been extended to various associated states. The bank's Statute provides moreover that, with special authorization of its Board of Governors, the bank may also provide financing in non-member countries, provided the projects concerned are of general interest to the Community and its members. This means that Canadian/European joint undertakings in Canada, or outside the Community (including co-operation on assistance projects in certain developing countries), may be eligible for partial financing by the European Investment Bank.

The bank loans cover only part (i.e. not more than 40 percent) of the cost of a project, supplementing the borrower's own resources and credits. Loans generally range between $2 million and $20 million, with the term varying from 8 to 12 years for industrial investment and up to 20 years for infrastructure projects. The rate of interest as of December 1975 was 9.5 percent irrespective of maturities. Since its inception the bank has loaned more than $6.5 billion.

Until the creation of the Regional Development Fund in March 1975, the bank had been the main institution financing regional development projects. While it will continue such financing, recently it has been taking an increasing interest in the financing of energy projects of the EEC member countries. In 1974, for example, almost half of the loans of the bank ($0.5 billion) were granted for the financing of nuclear and conventional energy projects. It is anticipated that this trend will continue as the Community attempts to diversify its energy supplies and reduce its dependence on external sources of supply.

Euratom loans

One of the results of the energy crisis of 1974 has been the EEC decision to accelerate the development of nuclear power capacity. This will be extremely expensive and will require massive financing, and it may present difficulties for member countries with lesser credit ratings.

Therefore, the European Commission has suggested the European Atomic Energy Community (Euratom) follow the example of the European Coal and Steel Community, which has been contributing for years to the financing and the modernization of investment in the coal and steel sectors by means of borrowings and loans.

Briefly, Euratom would borrow in capital markets, using its excellent credit rating, and lend the proceeds at favourable terms and conditions to the Community's nuclear utilities. The proposal has met with general approval but two main issues have yet to be settled before this loan mechanism can become operational. While it is agreed that the Commission should be responsible for the negotiation of the borrowing agreements on the capital market, Community authorities are still undecided as to whether it should be the Commission or the Investment Bank that processes requests for loans and extends financing to the utilities. The Community will also have to decide how much should be borrowed and loaned each year, and whether the mechanism should be set up on an experimental or permanent basis. Decisions are expected soon. In the meantime, potential borrowers reportedly have already expressed interest in obtaining loans totalling about $500 million.

European export bank

In recent years, the idea of creating a new community instrument in the export credit field often has been discussed. The energy crisis and the recession supplied new arguments to those in favour of the early creation of such an instrument. The appearance of important balance of payments deficits, and unprecedented levels of unemployment led the EEC countries to make special efforts to develop their exports at a time when the Americans, Japanese and other competitors were doing the same — with the help of special financial instruments. It was felt not to be in the interest of the EEC to respond to such competition by a war of export credit terms, since the Community was not alone in trying to boost its exports in the face of economic difficulties. The European Commission considers nevertheless that the Community should try to establish means of matching the advantages now available to its competitors, notably the provision of export credit facilities denominated in a single currency.

One of the main problems in that connection is developing adequate arrangements for multi-national projects in which firms from different member countries combine for the export of capital goods. The Commission is aware of the possibility of industrialists setting up export consortia, but feels this approach is not very satisfactory, given the multinational character of large contracts and their usual denomination in many national currencies. If, on the other hand, contracts are denominated in a single currency, exporters must have recourse to the Euromarket, which is expensive and, in fact, limited to very large corporations. Therefore, the Commission considers that only the creation of an export bank would permit circumvention of these problems.

A proposal from the Commission calling for the creation of an export bank is under consideration by EEC members in co-operation with private bankers, industrialists and insurers. If all goes well, the bank could become a reality within three or four years. But it must be noted that the proposal was partly influenced by short-term considerations such as the necessity to ensure the re-cycling of petrodollars, re-establish balance of payments equilibrium and enhance an export-led recovery. Things have changed since last year and it is conceivable that some of those who initially supported the Commission's proposal may now take a more detached attitude.

Energy: A growing concern

C. COURTEMANCHE, First Secretary, Mission of Canada to European Communities

There was a time when the energy issue held no special place in the EEC's efforts toward political and economic integration. With the exception of the coal industry, for which provision was made in the European Coal and Steel Community established in 1952 (six years before the EEC), energy per se was not covered in the Treaty of Rome. Community jurisdiction of trade policy, rules of competition, transportation and so on obviously has implications for the energy sector as well as other areas of industry, but for years there had been no mandate for development of an energy policy.

Europe has become increasingly dependent on imported oil (for 61 percent of its energy requirements) and this dependence placed it in an extremely awkward situation when the Arab oil producers stopped shipments to Western countries in 1973. In addition to such problems as upset balance of payments, galloping inflation and a severe shortage of energy resources, the Community suddenly found that it had lost the competitive advantage it had enjoyed by basing its economy on crude oil from the Middle East. With no common energy policy, Community members found themselves unable to take effective measures to alleviate the crisis in a way that would bolster mutual solidarity. The few regulations that did exist were often disregarded and, above all, there was no plan for energy sharing. It was every man for himself and it was clear something had to be done.

At Copenhagen, in December 1973, the EEC heads of state decided a genuine common energy policy must be instituted. The "Eurocrats" set to work in 1974 but they have not had an easy job. Energy is a sector in which compromise is difficult to secure. In addition to wanting to safeguard their individual economic positions, the member states are concerned about national sovereignty and naturally want to proceed cautiously toward this common policy.

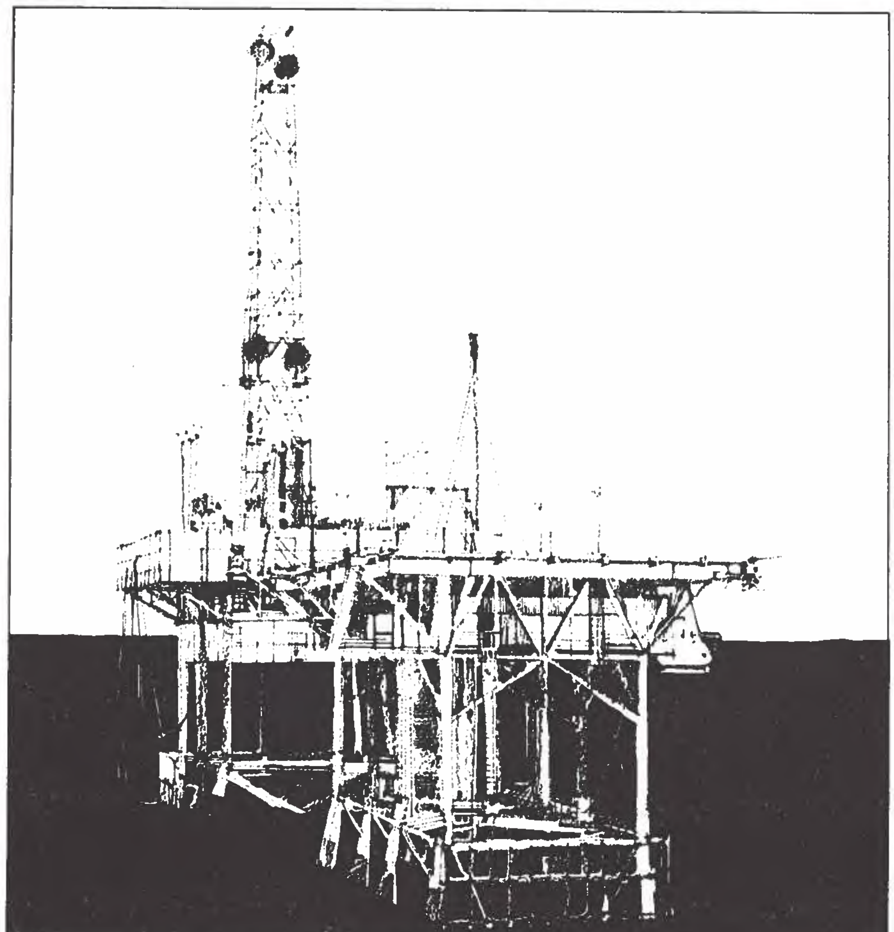
Furthermore, each country tends to have an energy policy quite different from its neighbour's. For example, France traditionally has had a para-government oil industry while Germany has allowed free enterprise to function with a minimum of interference. And now Britain has become a special case because it may be an oil and gas exporter by the Eighties.

However, progress has been made, especially in recent months, and a common policy may be set out within the next few years. Whenever it comes about, it will have a decided effect on both European industrial policy and on relations with industrialized nations such as Canada. The following paragraphs outline some of the achievements to date.

Development objectives

The Community has agreed on quotas for each source of energy supply, to be in effect by 1985. The foremost objective is to reduce dependence on outside sources. For example, dependence on oil from the Middle East will be reduced to no more than 50 percent of the total energy requirement; if possible, to 40 percent.

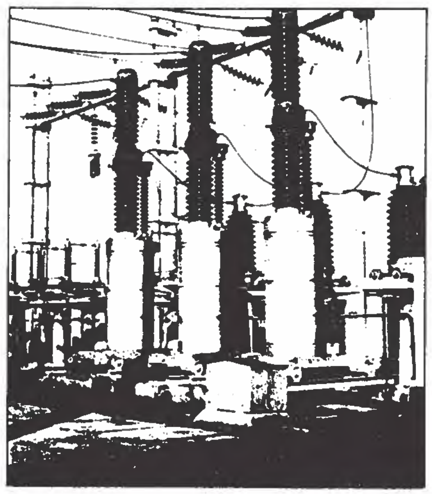
Other objectives are: coal and other solid fuels, 17 percent (up from 10 percent); natural gas, 18 to 23 percent (up from 15 percent); hydroelectric and geothermal energy, 3 percent (instead of 2 percent); and nuclear power 13 to 16 percent (up from 9 percent). It appears these objectives will be difficult to attain, especially in the case of nuclear energy.



Energy conservation
There has been agreement on reducing energy consumption 15 percent by 1985. So far, this program has worked — probably at least partly because of the current recession.

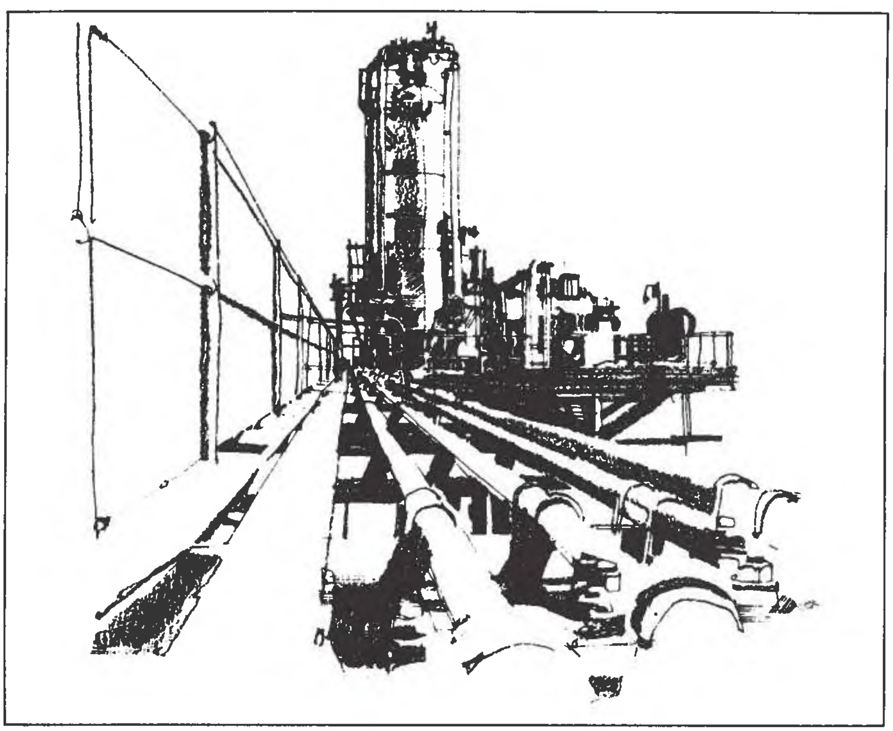
Alternative resources
Development is a problem. It is a matter of deciding how and at what cost the Community will promote non-petroleum resources and what it will do to protect these new resources against the possible lowering, even on a temporary basis, of crude oil prices. The heads of state agreed in December that they should move to stimulate and safeguard investments. Officials are still working out the details but measures such as increased aid to the collieries, thermal power stations using coal as fuel, new nuclear power stations, a system for guaranteed investments, subsidized loans and establishment of a minimum "floor price" mechanism for oil imports can be expected.

Sharing in time of crisis
Even the crisis of 1973 did not spur quick agreement on a system for sharing crude oil in the event of a shortage (member states are required by Community regulations to stockpile sufficient supplies for 90 days' consumption) but the heads-of-state meeting in December broke that deadlock and a plan is about to be put into effect.



Canada's interest
We are keeping a very close watch, for several reasons, as the Community develops its common energy policy. For one thing, the crisis of 1973 created a new awareness of the inter-dependence of all countries when it comes to energy. Now that the EEC is speaking increasingly with one voice (for 250 million people), it carries tremendous weight in international negotiations, such as the Conference on International Economic Co-operation, in which Canada also figures prominently.

In its efforts to diversify its outside sources of energy, the Community could conceivably turn to Canada, not only as a source of, say, nuclear materials but also for industrial and technological co-operation. And finally, the mix of energy sources that evolves in the Community will have a direct effect on Canadian equipment manufacturers.



EEC takes stock of CAP

L.T. DICKENSON, First Secretary, Agriculture Mission of Canada to the EEC

In October 1974 it was agreed that the EEC's Agriculture Council (agriculture ministers of member countries) would take a searching look at the Community's Common Agricultural Policy (CAP). However, the Council was not really able even to take a glance until about a year later, because of more pressing issues such as what to do about a wine "lake", a skim-milk powder "mountain", growing meat stocks, a meat import embargo and other problems.

After the Council finally was able to have some in-depth discussions on CAP, it sent a formal note to the Rome meeting of the Heads of Government of the Community this past December. Essentially, what the note said was that even though CAP has been subjected to a great deal of criticism, much has been done to achieve agricultural integration.

All the agriculture ministers made it clear that they were not questioning CAP principles such as unity of the market, Community preference, common prices and financial solidarity. A clear indication that they were unwilling to undermine CAP is illustrated by the following sentence taken from their note: "In spite of all the difficulties, it must however be acknowledged that the CAP is, and must remain, an indispensable factor in European integration."

One of the principal messages coming out of the stocktaking exercise is that the CAP cannot be judged as an isolated phenomenon, but rather must be seen in the context of overall Community policy. Agriculture ministers conclude that some of the problems CAP faces are due to decisions (or the lack of decisions) made by other Councils of Ministers. Cited as examples are the preferences accorded sugar, meat and wine from the developing countries — the Mediterranean region in particular.

In addition, the lack of monetary and economic union forces the EEC to resort to the application of monetary compensatory amounts (i.e. border taxes and subsidies) on intra and extra-Community trade in agricultural products to bridge gaps in "common" agricultural prices caused by the floating of various Community currencies. The lack of a common social policy results in CAP having to look out for the needs of a large number of small producers.

The ministers are in agreement that some changes should be made in the management of CAP, particularly for specific problem products such as wine, milk, beef and cereals. At the insistence of Italy, they are considering also the problem of an equitable system of market support for Southern as compared to Northern products. Italy argues that CAP offers more security to cereal and dairy producers than to those producing wine and citrus fruits.

While the ministers agree that a better market balance is required, there are different opinions on the measures that should be taken to correct market imbalances. However, they do seem willing to consider measures other than price policy. For the first time they are prepared to look at direct aids, which up until now were taboo, as a useful adjunct to price policy — under certain circumstances. Direct aids could be used either to support farm incomes, while at the same time reducing surplus production through lower prices and, thus, increased consumption, or to move inefficient producers out of agriculture, or at least out of surplus commodities production. In addition, the following measures were noted as possible means of correcting market imbalances: policy on stocks, consumer policy, export policy, food aid, producer participation in market risks (this is called "co-responsibility" by some) and measures concerning production potential.

The first concrete results of the stocktaking will come with the debate on prices for the 1976/77 agricultural year, which will focus on several key problem areas. In the dairy sector, the aim is to restore market balance and prevent an ex-

cessive build-up of stocks. Ministers are expected to adopt some measures to reduce the marked tendency within the EEC towards a structural surplus in dairy products. Indeed, Community stocks of skim milk powder at the end of 1975, which had been taken off the market in support of the intervention price, amounted to a staggering 1,100,000 metric tons.

The stocktaking indicates that the aim of the common policy for beef and veal should be to limit both surpluses and shortfalls by making adjustments to the support system. The fortunes of the Community beef industry have fluctuated considerably in the past few years. Starting with the second quarter of 1973, beef prices, which had been high for over a year, started falling progressively. Community farmers blamed the price decline on a "shortage" regulation which had allowed duty and level-free imports of beef. The EEC, within the space of less than a year, swung from free imports of beef to an import embargo, introduced in July 1974, which in effect prohibited all beef and veal imports, with the exception of some GATT obligations. Since then, the EEC has made some gestures to open its borders to beef, but the effect has been so limited that traditional meat-exporting countries are lobbying collectively for a more substantive re-opening of the borders.

In the cereals sector, the aim is to improve pricing of various types of cereal and to align the price of fodder wheat to that of other feed grains. The advent of new high-yielding wheat varieties of low bread-making quality has caused the EEC common policy in cereals some difficulties, as well as considerable expense. Common agricultural prices for wheat, which are substantially above those for corn and barley, are intended to provide the support mechanism for wheat of bread-making quality. But due to the gap in prices between wheat and feed grains, there is a tendency for stocks of wheat of non-bread-making quality to build up in intervention. These stocks must then be discharged frequently onto the internal market as livestock feed, at a net loss to the Community budget.

It is difficult to predict what specific adjustments will be made to CAP mechanisms as a result of the stocktaking. But for certain commodities of considerable importance to Canada — cereals, beef and milk — there appears to be a growing concensus within Community circles that better market management is required. The steps taken to correct market imbalances could have implications for Canadian agricultural interests, due to the importance of the CAP for Canadian agricultural trade with the EEC and other third countries.

EEC Common Organizations

JACQUES CASTONGUAY, First Secretary, Mission of Canada to the European Communities

At a time when many Canadian firms are attempting to develop industrial co-operation with European partners, it might be worthwhile to provide some information about two of the most important organizations working with the framework of the European Community. They are the Union des Industries de la Communauté économique européenne (EEC Industries Union) and the Conférence Permanente des Chambres de Commerce et d'Industries de la CEE (Permanent Conference of the EEC Chambers of Commerce and Industry).

EEC Industries Union
This body was formed in 1958 as the authorized spokesman for all industries in the Common Market in their dealings with Community institutions. It concentrates on defending and promoting the interests of industry, and combines the main industrial federations of the EEC member countries as well as those of eight associate countries (Austria, Finland, Norway, Portugal, Spain, Sweden, Switzerland and Greece).

UNICE has its head office at 6, rue de Loxum, 1000 Brussels.

Permanent Conference of EEC Chambers of Commerce and Industry
This organization also was formed in 1958 and today has representatives from the EEC members, three associate countries (Greece, Turkey and Cyprus) and eight corresponding members (Austria, Switzerland, Spain, Israel, Yugoslavia, Norway, Sweden, and the Associated African and Malagasy States).

The main objective of the Conference is to provide a common voice for the various chambers of commerce and industry of its members. Its most important agency is the Plenary Assembly which meets twice a year under a Chairman who is selected on a regular, rotating basis. The incumbent is Sir Robin Brook of Britain. The Secretary General is Walter Bucholz, who works out of the organization's head office at 36, Avenue de Tervueren, 1040 Brussels.

Directory
The EEC publishes a huge volume, *Directory of the Common Organizations of the European Communities,* which contains information about chambers of commerce and industry, industries and commercial enterprises of all sizes, and the professions, as well as labour organizations, consumer groups and others. Information about the *Directory* is available from the European Bureau of IT&C in Ottawa, or from the Mission of Canada (For addresses of all posts and the bureau, see box accompanying this EEC feature).

Data processing in the Community

Last September, the EC Commission presented the Council with a proposal containing the first elements of a program for developing the European data-processing industry. Five development schemes were proposed: a medical data bank for matching organs and blood; computerized systems for information on imports and the management of agricultural market organizations; a legal documentation research system; data-processing for air traffic control; and computer-assisted design for the construction industry. These proposals mean that work will have to be done on standardization, interchangeability, data security, programming methods and methods of information storage.

The next step will be to define a program of action for the years ahead and it will probably hinge on two aspects: 1) support for the data-processing industry through equalization of competitive conditions (sales financing), and agreements on rationalization, production, development and joint purchases (peripheral equipment, terminals and advanced components); and 2) financial, supervisory and implementation mechanisms.

But why should Canadians be interested in this activity? Europe appears resolved to call a halt to American domination of data-processing and in order to do that must develop its own technology. Canada has similar ambitions and it seems reasonable to believe that some mutual problem-solving is possible. The time is ripe for Canadian firms interested in industrial co-operation to make their capabilities known. The Canadian Mission to Brussels is ready to provide more information — *J. Castonguay.*

Canada hit by higher tariffs

The second-last 20 percent reduction in the industrial tariff barriers which used to exist between Britain, Denmark and Ireland, and the original Six members of the EEC came into force on January 1, 1976, as provided for under the transition arrangements in the EEC Treaty of Accession.

This will leave only a further 20 percent which is scheduled to disappear on July 1, 1977. Thus, a Common Market in industrial products throughout the Nine will be created.

In keeping with the same timetable, January 1 also saw a parallel 20 percent cut in most tariffs between the original Six and the EFTA countries not joining the Community. The exceptions are certain sensitive products for which there are special arrangements.

This all means that the tariff preferences enjoyed until 1972 for 40 percent of our exports to Britain will disappear by mid-1977 and that competition from the EFTA countries is becoming stronger and stronger. Aggressiveness and seriousness will be required on part of Canadians to reap the undoubted rewards of tapping the lucrative Community market — *J. Castonguay.*

Canada's trade representatives in the Community

The Department of Industry, Trade and Commerce maintains extensive representation in the EEC countries. For more information on any of the articles in this feature write direct to the post or to: Western Europe I Division, European Bureau, Department of Industry, Trade and Commerce, Ottawa, Ontario K1A 0H5.

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Telex 5488 (DMCN EI);
Cable DOMCAN.

Italy
Rome
Commercial Division,
Canadian Embassy,
Via G.B. de Rossi 27, 00161 Rome;
Telex 61056 (DOMCAN ROME);
Cable CANADIAN.

Milan
Canadian Consulate General,
Via Vittor Pisani 19,
20124 Milan; Telex 31368 (CANTRACOM MILAN);
Cable CANTRACOM.

Netherlands
Commercial Division,
Canadian Embassy,
Sophialaan 7, The Hague;
Telex 31270 (DOMCAN HAGUE);
Cable CANADIAN.

West Germany
Bonn
Commercial Division,
Canadian Embassy,
Friedrich-Wilhelmstrasse 18,
53 Bonn;
Telex 886421 (DOMCA D);
Cable CANADIAN.

Duesseldorf
Canadian Consulate General,
Immermannstrasse 3,
4 Duesseldorf;
Telex 8587144 (DMCN D);
Cable CANADIAN.

Hamburg
Canadian Consulate General,
Esplanade 41-47,
200 Hamburg 36;
Telex 215555 (DMCNH D);
Cable CANADIAN.

Science and Technology: Toward a common policy

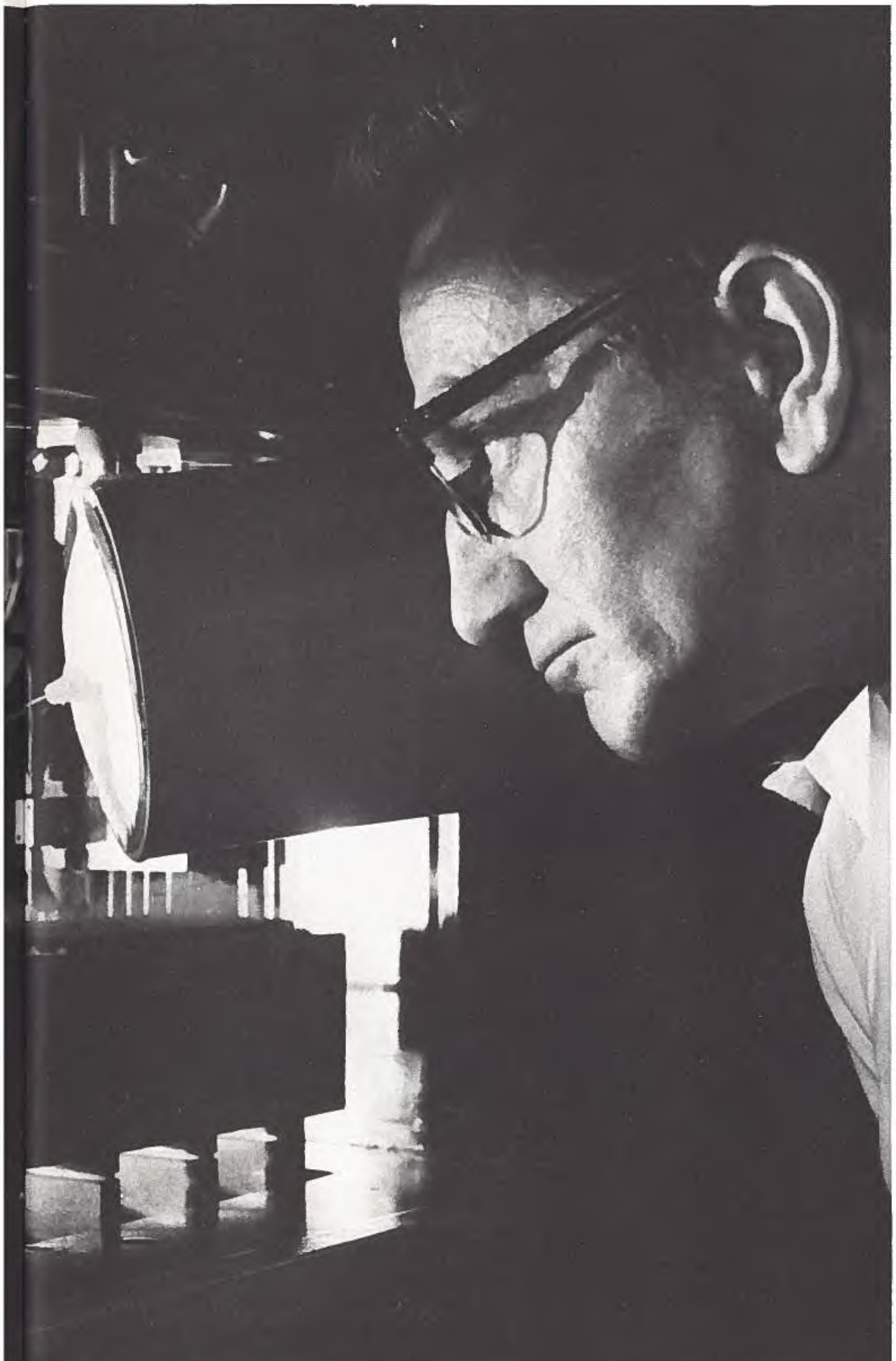
PAUL J. BEAULIEU, Counsellor (Science and Technology), Canadian Mission to the European Communities

Despite persistent efforts through the Sixties and early Seventies, it was not until 1974 that the Council of Ministers of the European Communities finally agreed to develop progressively a common policy on scientific and technical co-operation. This policy will extend in principle to all areas of science and technology, except for defence work and matters subject to industrial secrecy.

The two basic tasks in implementing a common research and development policy consist of defining areas of common interest and then ensuring the co-ordination of national research and development policies. But development of a common R & D policy does not mean that science and technology will be controlled from Brussels. For the foreseeable future, R & D activities in the Community will be conducted within the member countries.

However, the long-term aims of R & D activities in areas such as the Community's thermonuclear fusion program or other high technology programs will tend, in the future, to be determined through common agreement. In 1974 the Community spent on R & D only about 1 percent of the total spent on an individual basis by the member countries. But the Commission wants to change this and is placing more weight than ever before on co-ordination of national objectives.

One of the chief instruments of co-ordination is the Committee for Scientific and Technical Research (CREST). Officers responsible for R & D policy in each Community partner form the committee's membership. They began their work two years ago and they have had their difficulties, mainly in gathering relevant information. However, some new projects have been started.



Another important organization is the Joint Research Centre (JRC), which actually consists of four research establishments at Ispra, Italy; Karlsruhe, West Germany; Geel, Belgium; and Petten, Italy. Created in 1958 as a result of the Euratom treaty, JRC was originally intended to supplement the nuclear research of member states. But the nuclear industry has come a long way since 1958 and so, over the past three years, JRC has been extending its activities into the non-nuclear sphere. For example, it has carried out programs in support of Community sectoral policies in energy and environment.

The centre's staff currently stands at almost 2,000 and it has an annual budget of about $70 million, allotted as follows: 8 percent pure research, 43 percent energy research, 9 percent environmental research, 1 percent raw materials, and 35 percent Central Bureau of Nuclear Measurements, Community Bureau of Reference and data processing. Only 4 percent goes to administration.

Priorities

On the basis of the expressed needs of the Community partners, it has been decided that four areas of research are of particular importance:

1) Resources (energy, agriculture, raw materials);
2) Environment (criteria for pollutants, research into reducing and preventing pollution);
3) Economic and industrial development (data processing, aeronautics, iron and steel, textiles, etc.);
4) Society (social research, biomedical research, urban development, transport, etc.).

During 1976, the Community's jointly-operated organizations will spend about $83,000,000 on research, while the individual members are expected to spend, in total, an additional $104,000,000.

Belgium / Luxembourg: World-class traders

NORMAN W. BOYD, Commercial Counsellor, Brussels

Belgium and Luxembourg have not escaped the general economic downturn. In the case of Belgium, the decline in economic activity that began in the last half of 1974 continued through 1975 in all major sectors of the national economy, to the point where unemployment exceeded 8 percent in November.

But since September there has been a feeling that the situation is improving. Most analysts conclude the bottom has probably been reached but recovery will be slow, with an expansion in activity only by mid-1976.

The economic situation in Luxembourg has also been gloomy. A decrease in gross national product by 5 to 7 percent is predicted, mainly because of a 30 percent reduction in steel production, the vital element in the Luxembourg economy.

The effects of the recession are evident in the decline of exports and imports of the Belgian/Luxembourg Economic Union (BLEU), which declined in 1975 about 5 percent from 1974. Inflation continues at a high level — more than 10 percent in Belgium in 1975 — in spite of a selective price freeze implemented in May.

Although the Belgian government followed liberal monetary and budgetary policies in 1975, and took a number of steps to stimulate the economy, it is generally conceded that Belgium, with its open economy (50 percent of GNP is derived from exports), cannot initiate a revival on its own. But Belgium and Luxembourg should benefit in 1976 from anticipated cyclical revivals in the United States, West Germany and France.

In spite of a selective price freeze that was introduced in May and subsequently extended until the year-end, the slowdown in the rate of inflation of consumer prices that was evident early in 1975, did not continue. Between July and October, the price rise averaged 10.7 percent on an annual basis, compared with 10.3 percent on an annual basis in the April-to-July period. At the end of October the consumer price index was 11.2 percent higher than the October 1974 level.

A rate of inflation higher than that of its major trading partners is particularly worrying for Belgium. It is essential for Belgium that its exports remain competitive.

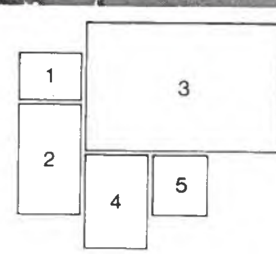
Belgian exporters are increasingly concerned about rapidly rising wage costs and heavy social security payments. They point to the Belgian system of automatic wage increases (wages are linked to the cost of living index) as being largely responsible for the fact that Belgian wages have risen rapidly since 1973 and are now among the highest in the world. The unions are strongly wedded to this indexing system and firmly resist any proposed adjustment in its application.

Government measures

The Belgian government has followed liberal monetary and budgetary policies since the end of 1974 and has taken a number of steps to stimulate the economy. There has been a major increase in government spending (subsidized dwellings, health services, public transport, public works, roads and schools). Government capital expenditures in 1975 were expected to be up 58.5 percent over 1974, representing more than 6 percent of GNP.

The 1976 budget provides for a further increase in capital expenditures. Other stimulative measures include the easing of credit conditions in the banking sector, relaxation of hire-purchase and mortgage credit restrictions, and incentives for private investment.

An economic package including a limited income policy was announced by the Belgian government in October, to be submitted for Parliamentary approval in January. Although the details had not been formally announced at press time, it was expected that the income restraint provisions would include limitation on payment of dividends in 1976, excess profits



1. Namur, on the River Meuse.

2. The Grand Palace, Brussels.

3. The Belgian carpet industry, based on centuries of tradition, uses the most up to date equipment and exports most of its production (Inbel photo)

4. Bruges, often called the Venice of the North.

5. Cutting a diamond in the rough, Antwerp.

tax, freezing of salaries of professionels, limitation on rent increases and the non-application of cost-of-living indexing to the portion of salaries over $1000 a month for nine months. A proposal to combat unemployment would permit earlier retirement, provided the job vacated is awarded to an unemployed person under 30 years of age. Reflationary measures will probably include further easing of hire-purchase restrictions and mortgage conditions, and the provision of more generous export insurance and guarantee terms.

Foreign trade

As world traders, Belgium and Luxembourg rank in ninth place on the list of industrialized nations, immediately after Canada. On a per-capita basis they rank first. But the effects of the recession in Belgium and its markets are evident in the 1975 trade figures.

Overall imports decreased by 6.8 percent in value over the first nine months of 1975. The decline in exports was somewhat less — 6 percent in value for the same period — and the overall balance of payments for Belgium and Luxembourg showed a surplus of BF 17.3 billion for the first nine months of 1975, compared with BF 39 billion for the first nine months of 1974*.

Growing market for Canada
In spite of their relatively small populations, Belgium and Luxembourg form the fifth most important market for Canadian products in the European Community — after Britain, West Germany, Italy, and the Netherlands. As indicated in Table 2, Belgium/Luxembourg imports from Canada in 1974 reached a new high of $364 million, almost double the 1970 figure.

In spite of the recession, Canadian exports to BLEU have remained steady and were somewhat larger by value for the first 8 months of 1975 — $243 million ($228 million in 1974). Because Belgium is largely a transformer, a fabricator and an adder of value, zinc concentrates, wood pulp, nickel oxide, molybdenum concentrates and copper are important traditional imports from Canada.

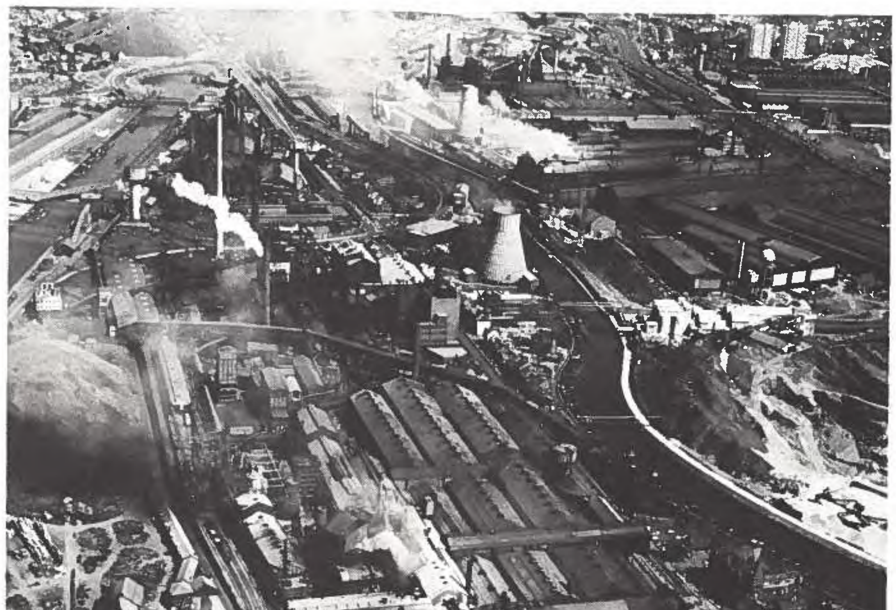
In the fully-manufactured sector, growth items of significance include industrial, construction, and agricultural machinery; electrical and electronic equipment, and parts; sporting and recreational equipment; navigational instruments and parts; and chain saws and parts.

*$1= 39.35 Belgian francs (Feb. 76)

Table 1
Total BLEU Imports

	1974	1975 (9 mos.)
	(BF. millions)	
Live animals	26,315	21,370
Vegetable products	57,496	44,437
Oils, fats	10,202	6,108
Food, beverages, tobacco	43,156	32,460
Mineral products	206,633	141,032
Chemical products	88,179	54,481
Plastic, rubber	42,308	27,672
Hides, skins	7,415	5,307
Wood, cork, wicker-work	17,084	10,060
Paper, & paper products	37,987	23,644
Textiles	92,982	64,797
Shoes, hats	8,060	7,264
Stone, glass, ceramic products	16,747	12,028
Real pearls, precious metals	56,777	42,808
Metals, metal products	146,085	79,959
Machines, appliances	148,930	112,166
Transport equipment	106,649	86,374
Optical, musical, measuring instruments	19,735	14,948
Arms, munitions	531	459
Furniture, brushware, toys	14,911	11,763
Artistic, collector's items	845	660
Miscellaneous	5,280	8,913
TOTAL	**1,154,307**	**808,710**

Source: *National Statistical Institute, Belgium*



Iron and steel are vital industries in Belgium and Luxembourg. This shows both the Cockerill steel plant and the Solvay chemical plant on the banks of the Sambre, Belgium (Inbel photo)

Table 2 Canadian Exports to BLEU	1974	$'000	1975 (8 mos.)
Live Animals	296		165
Food, Feed, Beverages and Tobacco	22,323		17,563
Meat	2,908		2,291
Fish & fish products	6,771		4,623
Foods & beverages	588		1,093
Wheat	8,718		4,508
Barley	—		3,560
Animal feeds	397		155
Tobacco & manufactures	2,938		1,312
Crude Materials, inedible	182,648		99,784
Oilseeds	6,320		845
Iron ore	5,953		1,717
Copper concentrates & scrap	9,070		717
Brass & bronze scrap	3,104		228
Lead ores, concentrate scrap	1,805		1,095
Nickel oxide	21,653		14,364
Silver ores & concentrates	2,853		1,835
Zinc ores & concentrates	81,306		54,643
Molybdenum ores, concentrate & scrap	21,280		15,685
Metal bearing ores & concentrate NES	3,229		532
Asbestos	10,470		7,662
Sulphur	4,965		5,027
Fabricated Materials, inedible	136,128		105,587
Lumber	15,768		6,883
Plywood	539		439
Wood pulp	61,837		54,748
Paper	4,239		5,380
Liner board	6,772		1,625
Yarns & fabrics	5,493		2,840
Alcohol & derivatives	1,979		2,617
Potassium chloride, muriate	1,918		—
Nitrogen phosphate fertilizers	2,367		7,776
Iron & steel, basic products	6,707		1,594
Aluminum pigs, ingots	3,634		404
Copper, refinery shapes	12,052		9,019
Silver	1,067		—
End Products, inedible	22,400		19,460
Chain saws & parts	4,369		6,852
Industry machinery & parts	3,104		1,817
Motor vehicles & parts	482		1,744
Aircraft engines, assemblies & parts	1,406		1,148
Electronic equipment & parts	3,122		1,496
Medical products	2,402		1,783
TOTAL	**697,380**		**472,616**

Source: *Statistics Canada*

Size belies importance

More than 50 years ago, tiny Belgium and Luxembourg established what might be termed a microcosm of the present EEC when they formed their economic union, the principles of which are free circulation of goods, services, capital and persons between the partner countries, as well as co-ordination of economic, financial and social policy. The two countries even share currency (Belgian francs).

BLEU is highly dependent on foreign trade and must find outlets for a very high proportion of its GNP. Neither Belgium or Luxembourg has many natural resources, other than coal, and must import large quantities of materials for the industries which produce their chief exports.

Belgium's geographic position between the industrial areas of the Rhine, Northern France and Britain, and the nearness of its major industries to major ports like Antwerp, have made it attractive to foreign companies. And the Belgian government made it easy, over the years, for manufacturers to establish plants by providing sites, investment grants and other forms of encouragement. Belgium is often used as a test market and is one of the world's foremost assembly countries. The assembly industry was established just before the Second World War and grew rapidly afterwards.

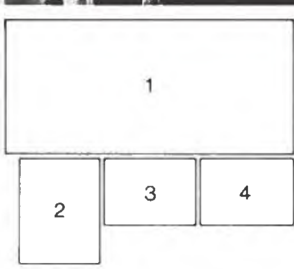
Just over a decade ago, foreign banks discovered Belgium and the number of banks operating there has steadily increased. Luxembourg is also an important financial centre because of the Grand Duchy's liberal banking laws.

1. The new Stock Exchange looks down on the Bank of England (left) and the Royal Exchange (right) in the City of London.

2. The Bank of England was founded in 1694 as a private institution which acquired special rights over the years. It became publicly-owned in 1946.

3. Automatic transmission plant at Camberley, Surrey.

4. Energy Secretary Anthony Wedgwood Benn (centre) opens the valve through which flows Britain's first North Sea Oil.



Britain: Economy could grow

J.E. COOPER, Commercial Counsellor, London

On January 1, the third anniversary of its entry into the EEC, Britain had reason to be optimistic, if not joyous. It seems reasonable to hope that 1976 will be a better year than 1975 simply because it could hardly be worse. At least Britons were able to do a better job of celebrating New Year's Eve; for many of them it was an official public holiday for the first time.

Last year saw Britain's industrial output sink to new lows — not since the Great Depression has it fallen so far below potential. GDP declined by 2 percent and retail prices zoomed by more than 25 percent. By December, unemployment had reached 1.2 million, which is more than double the average of the last decade, and some forecasters say it could reach 2 million before there is any improvement.

Capital investment continued to be low. At year-end it had fallen by 13 percent and this deficiency, coupled with chronic over-manning, is generally regarded as the main cause of British industry's relatively low productivity. Last year saw a number of firms go under and others survived only because of injections of government aid. The balance of payments deficit improved only somewhat. Final figures were not available at press time but the deficit for 1975 was expected to be a still-massive $4 billion. Financing of such a large deficit has been facilitated by the willingness of oil-producing countries to place funds in London, by support from the International Monetary Fund and by the first landings of North Sea Oil (see *Canada Commerce,* September 1975).

On the brighter side, last spring's referendum favouring continued EEC membership and the Labour government's success in convincing the unions to co-operate in maintaining a 6-pound-a-week ceiling on wage increases both augur well for the future. And Britain has other assets: a highly-skilled labour force, first-class scientific and technological capabilities, an effective civil service, the unique commercial and financial facilities of the City of London, vast coal and natural gas reserves and — looking ahead a few years — a significant supply of oil.

Much depends on the Wilson government's ability to achieve its primary goals; that is, to control inflation and increase investment in the manufacturing sector — even if this means deferrment of improvements in social services. Experts feel that if these goals are achieved and world demand continues to improve, Britain's economy could grow 1½ to 2½ percent this year, even with unemployment continuing at high levels, as expected, until at least the middle of next year.

Britain and the EEC Commission had the usual family squabbles in 1975, over such issues as Britain's imposition of import controls, support to ailing industries and its demand for a separate seat at the December conference of oil producers and consumers. But apart from these irritations, relations between Britain and its EEC partners were generally good, and there was no doubt the Community was pleased with the British decision to stay in the club.

Membership worthwhile

British trade has already benefitted from membership. The value of exports to other EEC members increased appreciably over 1974, even though exports to the rest of the world declined. The Common Agriculture Policy has been costly to both the public purse and to the British householder's budget, but it has provided guaranteed floor prices for much farm produce as well as giving protection against third-country competition.

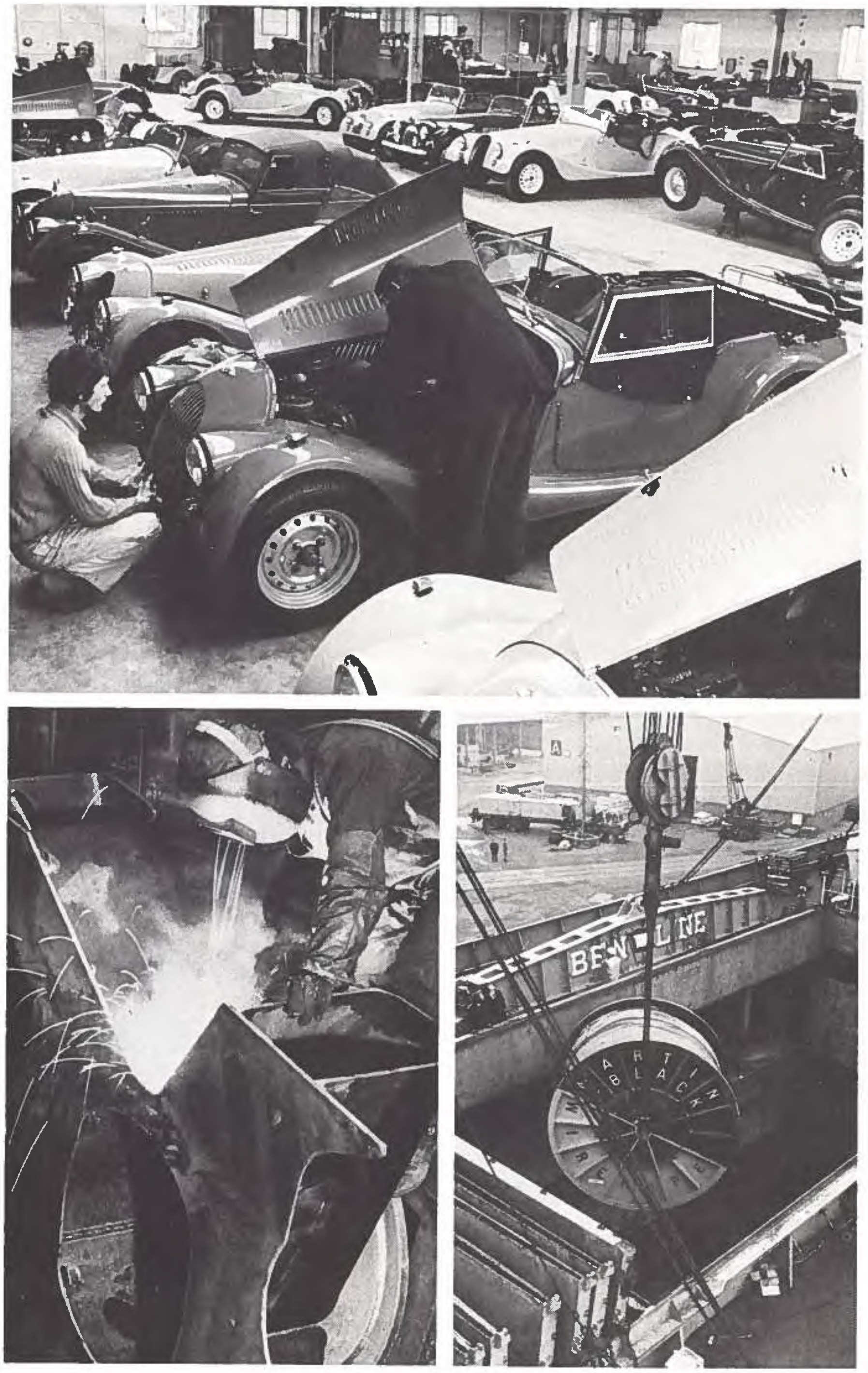
The value of manufactured goods exported to EEC partners increased, and so did co-operative business programs. On the other hand, imports from EEC countries also rose and this, of course, did the British trade deficit no good.

Canadian trade with Britain

Total two-way trade between Britain and Canada was about the same in 1975 as it was in 1974, largely because of the world-wide recession. Canadian exports to Britain dropped from $1.9 billion to about $1.8 billion, while our imports rose from $1.1 billion to about $1.2 billion.

But Britain continues to be a major trading and investment partner of Canada and has become increasingly important to us as the result of a resurgence of interest in developing co-operative programs and joint ventures between Canadian and British companies. Canada took the initiative last year and arranged discussions with British officials to identify and develop co-operative industrial programs. Groups of Canadian industrialists have begun meetings with their British counterparts and it is hoped this activity will lead to new joint ventures, technological agreements, inter-corporate linkages and other business developments in third countries, as well as Britain and Canada.

Canadian businessmen have been visiting Britain with greater frequency. Those who have been before will receive the same welcome as always and newcomers will also be warmly received.



Morgan sports car hasn't changed much in 40 years but demand still exceeds supply (top); fabricating earth-moving equipment, Surrey (bottom left); loading Scottish steel wire for Japan.

Scotland in Europe

ROBERT BANKS, Commercial Officer, Glasgow

At the start of the fourth year of partnership in the European Economic Community, Scotland like the rest of Britain is far from realizing the full benefits of membership. But it would appear that the European part nership has been an important factor in Scotland's ability to resist the worst effects of international economic pressures.

Before Britain's entry to the EEC, there had been doubts about the overall effect accession might have on Scottish industry. It was widely accepted that, while key sectors were likely to benefit, Scottish industry generally might prove less competitive than that of the prospective Continental European partners.

In any event, the results of Scotland's participation in the EEC have been obscured by the effects of economic recession, unprecedented rises in world food and commodity prices, and the energy crunch, all of which have hit Britain particularly hard. Furthermore, Britain's entrance came too late for it to share in the first wave of economic resurgence that so dramatically increased the prosperity of the original Six.

Despite the uncertainties, British trade is becoming increasingly EEC-oriented. Quite naturally, Scottish trade has followed this trend. Exports to the Community have become vital to the Scottish economy. Roughly one third of Scotland's engineering, electrical, textile, clothing, footwear and herring exports now go to the EEC. And exports to the Community of Scotch whisky are worth about £60 million — about 17 percent of total exports.

If Scotland arrived too late on the EEC scene to grasp the opportunities of economic growth afforded the original partners, it has nevertheless been able to obtain a manifestly fair share of other benefits. Scotland has been a major recipient of loans and grants from the European Social Fund, as well as the European Coal and Steel Community, for retraining the unemployed, development of energy resources, improvement of environment and working conditions, modernization of industry, improvement of production and marketing of farm produce, and modernization of fisheries.

Significant sums have been advanced for development at the Ravenscraig steel complex, extension of the Hunterston nuclear generating station, construction of Boddam oil-fired generating station, building an oil platform fabrication facility at Stornoway and gas production from the Frigg Field. It is difficult to disentangle from the all—Britain statistics the actual amounts Scotland has received in such loans and grants, but at June last year it had been estimated that the total was at least £75 million. On a per-capita basis it was reckoned Scotland had by then received more than twice as much as the rest of Britain. The total may now be around £100 million.

Scotland has also won the lion's share of grants to Britain from the Community's recently-established Regional Development Fund. During 1975 — the first year of operation — Scotland received almost 10 million of the £36 million allocated to Britain, or about 28 percent of the total. It has been suggested that, as it stands, the fund agreed by the Community for regional development is unequal to the task. In Britain for example, the Community contribution of £150 million for 175-77 has been compared unfavourably with the British expenditure of £500 million in 1975 alone. But Scots EEC enthusiasts liken this to looking the gift horse in the mouth — a luxury others may be able to afford but not the Scots, who have never been a race to spurn a bawbee. During 1975 they received from Britain some £70 million in regional development grants. As the Scots see it then, the Community's £10 million is hardly peanuts.

The European Investment Bank too has approved loans to Scottish industry at rates resulting in considerable savings in interest over other sources of credit. To date the EIB has advanced some £140 million to Scotland, which is reckoned to be about a third of the total on loan to Britain.

Within the EEC, Scotland has improved prospects of reversing its chronic lack of industrial investment and current economic ills are seen as a temporary setback. In a tariff-free Community, the industrial investor in Scotland will have free access for his products to the vast Community market, just as on the European mainland. But the investor in Scotland also will be putting money into an area of high industrial skills, relatively low labour costs, high regional benefits and ample energy supplies.

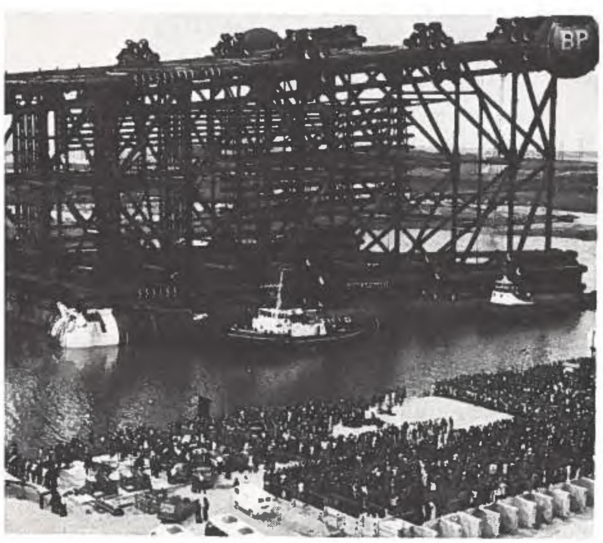
During the last 10 years, the structure of the Scottish economy has been greatly altered and this process can only accelerate within the Community. Farming, shipbuilding, coal mining and some heavy engineering have all declined, while there has been a marked increase in electrical engineering, electronics, office machinery, motor vehicle manufacture, oil refining and petrochemicals, and professional and scientific services. Discoveries of oil and gas off the Scottish coasts have created new opportunities for industry and employment, spawning a large number of oil-related ventures, many of them manufacturing products and providing services entirely new to the economy. There have been proposals for expansion of existing refinery capacity and the establishment of new refinery and petrochemical facilities. A deep-water ore terminal capable of berthing the largest ore carriers conceived is being built on the Clyde, and there are expectations of important steel developments. In addition, spending on the public infrastructure has increased to back up industrial expansion. It could mean that Scotland will become the foremost growth area of Britain over the next 10 years.

North Sea Oil: Not without problems

ROBERT BANKS

Scotland's North Sea oil production target in 1976 is likely to be higher than actual results. Storms in the North Sea during the winter months, with waves running at 15 feet-plus for about 75 percent of the time, continued to place serious limitations on some of the oil exploration companies. But British Petroleum has made encouraging headway in its Forties Field, which is already ahead of schedule, and will be delivering 250,000 barrels a day to the mainland by this summer and, it is hoped, will reach its peak production of 400,000 barrels a day (about 25 percent of Britain's current consumption) by June 1977.

The main reason for the setback was a serious accident late in 1975 at Mobil's Beryl Field, when part of the tanker loading facilities came adrift. The temporary loss of Beryl output will cost the British Government about £10 million in foreign exchange. Despite this rather disappointing note, North Sea oil production in 1976 should result in a much-needed saving of up to £900 million on Britain's balance of payments (oil imports cost Britain nearly £3,000 million in foreign exchange in 1975).



Oil is being landed from the Shell-Esso Auk Field at Shell's Teesport refinery. Of the three oil fields which are due on stream in 1976, the most significant will be the Shell-Esso Brent Field — the North Sea's biggest bonanza. The Brent Field, north-east of Shetland, is expected to produce one quarter of Britain's oil by 1981 — some 500,000 barrels daily — as well as substantial quantities of gas.

In July, Montrose, which is on schedule, is expected to start up. Its production of 60,000 barrels a day will be brought ashore by tanker (The principal participants in this field are Amoco and British Gas). The small Argyll Field, in which RTZ and Blackfriars Oil is involved with Hamilton Brothers, is already operational.

The prospects of the giant Piper Field (the Occidental Group) starting up in September are promising. A pipeline runs from the field to Scapa Flow, about 110 miles away.

Current indications are that the North Sea exploration and development programs may move at a slower pace in 1976. If so, this might mean a tailing-off in the number of operational rigs to about 20 by this summer, down from 28 or 30 in 1975. But this could change. Much will depend on the highly inflated costs of North Sea exploration and development, as well as clarification of the British government's policies on the North Sea, in order to provide the necessary political security for the operating companies.

Devolution for Scotland

Devolution proposals for Scotland were contained in the British Government White Paper of November 27th, 1975. It outlined the following:

1) A single-chamber Scottish Assembly of 142 representatives, as well as a cabinet with legislative and administrative authority in most areas of social policy (health, social work, education (not including the universities), housing (public sector housing finance, subsidies to local authorities, etc), roads and transport, and economic development under the newly-formed Scottish Development Agency;
2) Devolved services to be financed through a block grant from parliament plus existing local authority taxation, and borrowing by local authorities and public corporations — this would mean a block grant of £300 million local authority taxes, and £500 million borrowing — the Scottish administration to have the fullest possible freedom to decide how money from the block grant should be spent.

According to the proposals, the following would be under central control:

(a) A veto of assembly legislation by Westminster on either ultra vires or policy grounds;

(b) The power to pass legislation on any subject will be retained by Westminster;

(c) Westminster will remain responsible for international relations, including EEC matters, but the Assembly will be consulted informally on matters involving devolved subjects;

(d) Westminster will retain most taxing powers, including North Sea oil revenues;

(e) The Secretary of State for Scotland would remain a member of the Westminster cabinet and would have enhanced powers in the economic sphere, including employment, industrial development, nationalized industries and also in the area of law and order, through the Lord Advocate.

On North Sea oil, the government believes that oil must be treated in the same way as other national resources (such as the big coal deposits recently found in Yorkshire and the natural gas off the east coast of England). Note that two thirds of the North Sea oil will land in the Shetlands, 30 percent in Scotland and 3 percent will go to England by tanker.

The White Paper proposals will be discussed during the 1976-77 session of Parliament and there is a possibility the Assembly will be in operation in 1978.

Denmark: Looking outward again

The Danish experience during the recession has been similar to that of most other countries and the biggest problems have been the familiar ones of inflation and unemployment, aggravated in Denmark's case by the high cost of energy and raw material imports.

The government's first priority has been to deal with unemployment. Last September, an economic package was introduced covering the next three years and aimed at reflating consumer demand through a reduction in the value added tax (VAT), and a repayment of the compulsory savings scheme brought down in 1975. In addition, to stimulate business investment and construction, the government has introduced a number of incentives aimed at improving the investment climate. Business circles have been further encouraged by the Federation of Trade Union's indicated willingness to make moderate wage demands in the future.

Experts conclude that the economic plan is generally having a positive effect, and the agricultural and building sectors are expected to make the best showing during 1976. It has been estimated that total industrial investments during 1975 declined at least 23 percent but while it is too early to measure the effects of the incentives, there is modest optimism among business people and industrialists.

Foreign trade

Danish imports totalled US $9,870 million in 1974, with the major trading partners being West Germany, Sweden, Britain and Norway. Canadian exports to this highly diversified and competitive market were Cdn $21.9 million in 1974 and $23.9 million for the first 11 months of 1975. Although raw materials and basic foodstuffs continued to be our biggest trade commodities, we also sold a fairly high proportion of fully manufactured goods. While relatively small, the Danish market offers Canadians a venue of manageable size in which to launch products and gain experience prior to tackling the larger markets of the EEC.

Your business visit

As is the case when doing business in most parts of the world, the personal touch is important. You should visit Denmark to make your own judgements and you should do so with the assistance of IT&C.

The Danish business person is highly regarded and even other Scandinavians will tell you the Dane is among the most competent in Europe. Contracts will be negotiated painstakingly and will be followed to the letter. One Canadian who knows said, "The Dane is concise and precise." Appointments are essential and you had better be on time for them. On the other hand, you can often accomplish more in one hour in Denmark than you can in two or three days elsewhere.

The Dane is not quite as rigid about such matters as dress as are some other Europeans and he will not be surprised if you wear your plaid sports jacket, but you will not lose points if you choose something more subdued. Doing business in Denmark is not as relaxed as it is in North America and you will have to accept that. However, you will be received cordially, even if you do not reach the top man on the first encounter (and you probably won't), and you should not be shy about identifying yourself as a Canadian. English is widely spoken, followed by German.

Spare time

You will likely be doing much of your work in the Greater Copenhagen area and you will not be at loose ends for ways to spend your free hours. Copenhagen has more to offer than you can possibly absorb in one visit. Prices are about the same as in other large European cities and you will have no trouble getting around.

TABLE 1
CANADIAN TRADE WITH DENMARK
($ Million)

	Exports	Imports	Net Trade Balance
1964	7.4	15.7	- 8.3
1965	9.1	20.0	- 10.9
1966	10.8	24.1	- 13.3
1967	15.8	27.0	- 11.2
1968	15.5	26.3	- 10.8
1969	15.0	32.3	- 17.3
1970	21.0	30.4	- 9.4
1971	22.1	34.7	- 12.6
1972	18.1	48.3	- 30.2
1973	22.8	57.0	- 34.2
1974	21.9	80.7	- 58.8
1975 (11 mo.)	23.9	71.4	- 47.5

Source: *Statistics Canada*

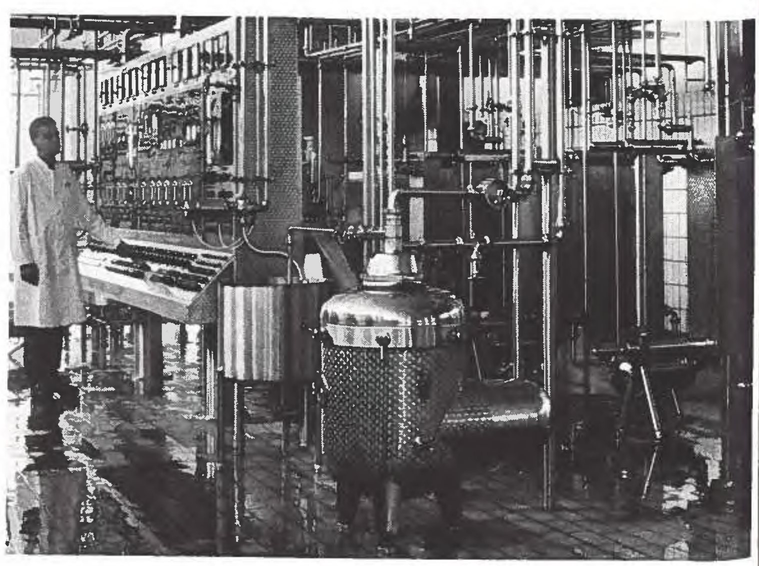


TABLE 2
MAJOR CANADIAN EXPORTS TO DENMARK
($000)

1974 Ranking	1972	1973	1974
Irish Moss, Sea Grasses	1,554	492	2,936
Salmon	1,845	2,591	2,316
Asbestos	1,457	2,411	1,771
Coal	—	—	1,653
Broad Woven Fabrics	658	548	879
Navigation Instruments & Appar.	194	825	856
Card Punch Sort. Tab. Computers & Pts.	36	1,257	591
Wood Pulp, Bleached, Kraft Paper Grade	742	669	579
Aircraft Engines and Parts	664	652	543
Electronic Equipment Components	233	280	410
Tobacco	720	438	367
Radio Transmitting-Receiving Units	—	9	331
Pts. & Access. for Motor Vehicles	140	261	323
Fish Offal and Waste	262	159	316
Aircraft Assemblies Equip. & Parts	—	99	305
Vending Machines	67	203	304
Commercial Telecom. Equip.	—	5	283
Wearing Apparel and Access.	210	189	283
Copper Bars, Rods, Shapes	1,472	1,940	269
Shrimps & Prawns, Fresh, Frozen	74	154	245
Maple Sugar	125	285	242
Veneer	493	509	238
Polyethylene Resins, not shaped	170	227	191
Medicinal & Pharmaceutical Prod.	146	194	162
Lead & Lead Alloy Scrap	53	324	159
Herring	797	405	142
Corn, Frozen	—	126	136
Others	6,082	7,608	5,133
TOTAL	**18,174**	**22,860**	**21,963**

Source: *Statistics Canada*

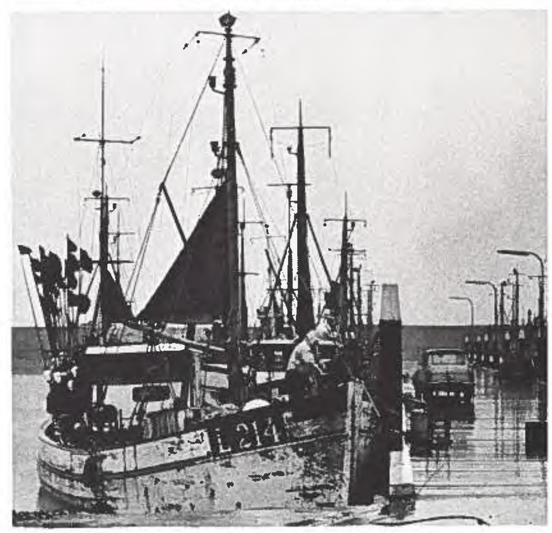


TABLE 3
MAJOR CANADIAN EXPORTS OF FINISHED GOODS TO DENMARK 1974
($000)

Navigation Instruments Appar.	856
Card Punch Sort. Tab. Computers & Pts.	591
Aircraft Engines and Parts	543
Electronic Equipment Components	410
Radio Transmitting-Receiving Units	331
Parts & Access. for Motor Vehicles	323
Aircraft Assemblies Equip. and Parts	305
Vending Machines and Parts	304
Wearing Apparel and Accessories	283
Commercial Telecommunication Equipment	283
Medicinal & Pharmaceutical Products	162
Electricity-Measuring Instr.	152
Dies & Moulds for Plastic Machy.	135
X-Ray and Related Equipment	129
Packaging Machinery	120
TOTAL	**7,115**
Percentage of total	32.39

Source: *Statistics Canada*

France: Still one of the strongest

F. IAN WOOD, Minister-Counsellor, Paris

The New Year will not heal all the wounds of 1975 and one widely-read French economic publication has said that 1976 will be a year of "wavering" recovery. Despite a steep plunge in industrial production — the first and most drastic since the Depression Thirties — and which slowed the annual growth rate to 1952-3 levels, France, by the fourth quarter of 1975, had begun sweeping aside the ashes of a dismal performance and was rekindling its economy.

Consumer demand, stimulated by $1.2 billion in extra social welfare benefits, better credit terms and delayed purchasing, underwrote the last quarter turnaround. Moreover, industrial goods were being bought up at pre-crisis levels and two major government goals were achieved: (1) the $3.6 billion trade deficit of 1974 was reversed and a billion-dollar surplus rung up, and (2) the annual inflation rate was held to 9.6 percent (15.2 percent in 1974), just under the 10 percent limit set earlier in the year by the government.

A massive reflationary injection of nearly $6 billion in September, directed at public and private investment, boosted activity in both sectors although the full effect of the "relance" won't be felt until mid-year. However, heads of firms have ordered 10 percent more capital goods than initially projected, which is an encouraging sign after a year that saw an estimated 8,000 companies go to the wall.

How long the recovery?
Events in 1975 pounded economic forecasts unmercifully. Even though leading economic indicators disclosed a net upswing as France greeted the New Year, and the government happily announced that France's GNP was growing at a rate of 7 percent at the close of 1975, predictions for this year are universally sober. "Uncertain", "disquieting" and "hesitant", and even "stop-go" are favourite sophisms.

The consensus suggests a continuing strengthening until at least Easter, when production is expected to catch up with demand and refill inventories. At present the consumer goods industry is enjoying a mini-boom thanks to higher salaries, welfare payments and a reduced savings rate, all resulting in more disposable income.

The automobile industry (a key producer and employer) is in a recovery phase. Intermediary activity, such as steels and chemicals production, is gaining strength after a severe bout of economic flu and a long convalescence. Spurred by favourable tax provisions, capital goods production should eventually show significant improvement but immediate visible impact has been slight, despite a surge in orders.

Remarkable comeback
All eyes are on trade because the whole economy hinges on its performance. After registering a trade surplus of $800 million in 1973, France nose-dived to a deficit of $3.6 million in the following year. Last year witnessed a remarkable come back (plus $1.3 billion) which independent observers recognized as an achievement produced by depressed imports (especially oil and raw materials), an appreciated franc and stagnation on the domestic scene.

Nevertheless, by almost maintaining the 1974 level in exports through intensive efforts to develop "neglected" markets, France managed to significantly restructure both its geographical and sectoral patterns of trade. Dependence on the EEC and Western European outlets dropped for the first time below 50 percent. Sales to OPEC countries and the Socialist bloc increased markedly, and manufactured products accounted for 60 percent of total offshore sales. Cost of oil imports (by volume second behind Japan) were almost covered by exports of capital and consumer goods.

Imbalance in '76?
The revival of French industrial activity, first evident in October, triggered a strong import demand for for key raw materials, which led to France's first trade deficit in months. With its own recovery sucking in imports of costlier raw materials, exports to traditional markets (many of which are deeper in the recessionary trough) are gaining at a snail's pace. French agricultural exports will be poor this year and the appreciated franc has removed the competitive edge France enjoyed last year. Export sales, it is conservatively estimated, should rise by 3 to 4 percent this year compared with a 10 percent increase in imports. Opinions vary as to the size of a predicted deficit (from $1.3 — $3.3 billion) and the effect of dept financing on the franc and expansion in general.

Industry trends
After a GNP drop of 2.5 percent in real terms in 1975, the government is calling for 3.5 to 4.5 percent more output this year. French industry is urging a growth rate of 5 or 6 percent but officials fear the consequences of resurgent inflation, and an import deluge which would undermine an already vulnerable trade balance, not to mention the additional pressure that would be exerted on the franc.

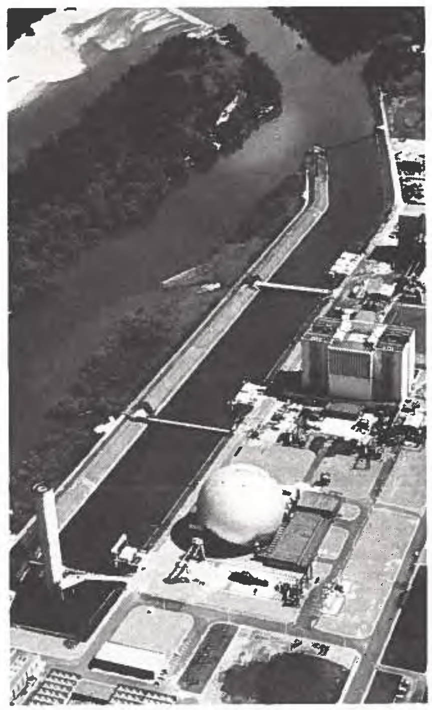
The debate continues between the government, with its social reform program for industry and the powerful Employers' Association (Le Conseil National du Patronat) over the whole sweep of French economic and social policy, particularly as it affects unemployment.

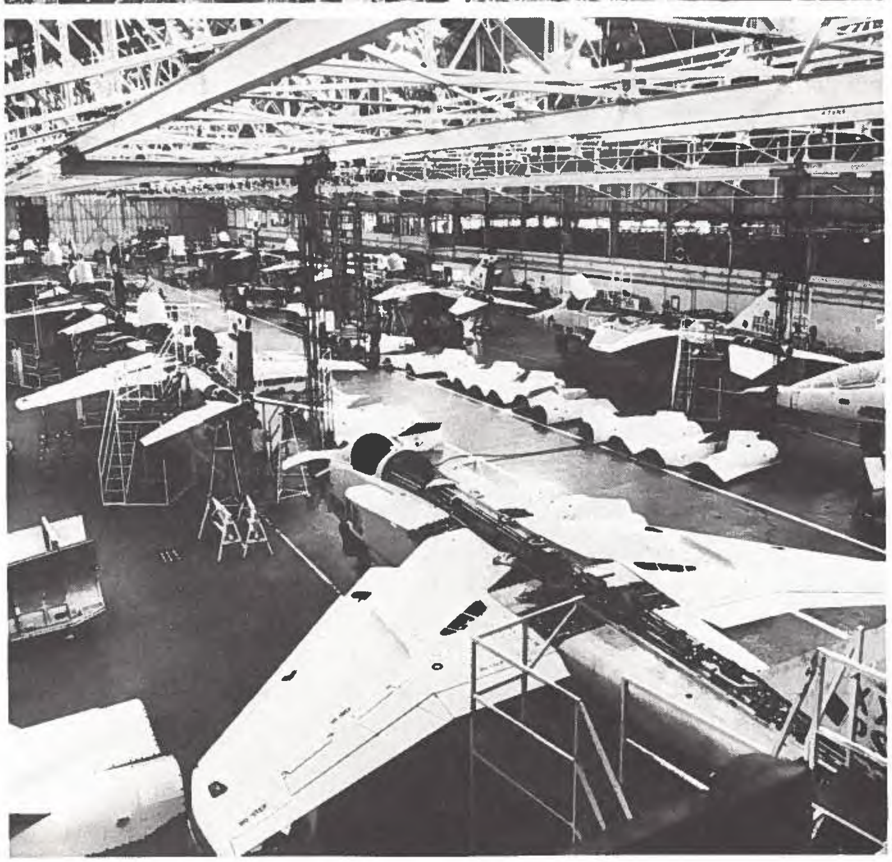
Growth sectors
France combines the most modern industrial base in Western Europe (and a highly-diversified one) with a strong domestic raw material resources base. Added to this is an important agricultural sector which contributes 7 percent of GNP (industry 40 percent, construction 11 percent, services 42 percent).

The industrial revolution of the past 15 or 20 years has transformed what was essentially an artisan economy into one boasting the most rapid industrial growth and modernization rate in Western Europe. Huge steel and related industrial projects such as those at Fos (near Marseille) and Dunkerque, and petrochemical centres at Le Havre and Bordeaux reflect the government's policy of relocating and restructuring industry on world transportation lanes. Confirmed orders for installation of 13,000 MW of nuclear power by 1978/79 (France is the third largest nuclear power producer in the world), with a further 14,000 MW to be supplied by the mid-Eighties, has given industry a much-needed shot in the arm. Government decisions, and financial assistance, favouring Europe's largest aerospace industry, and an electronics sector in which telecommunications and data processing technology are being given a push, have given rise to optimism in other industries as well.

Agriculture
There should be an increase in production of 5 percent over a mediocre 1975 but little or no rise in real income over last year. Compensatory arrangements may be in the offing. However, purchases of new equipment should continue under fiscal aids which saw record sales of tractors last year.

Iron and steel
Slight recovery from a disastrous 1975 is foreseen if automotive and public works activity continues to rise. Last year witnessed a 20 per-



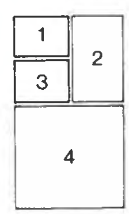


cent drop in production and a sectoral debt of nearly $7 billion which exceeded total industry sales. No resurgence is expected without more stimulous from the public sector.

Non-ferrous metals
The French processing industry expects a 5 to 6 percent improvement after a year which saw decreases in production of semi-manufactures of nickel (-13 percent), aluminum (-16 percent), copper (-23 percent), and lead (-31 percent) as industry worked at only 60 percent of capacity. Recovery and renewed import activity depend on inventory reduction.

Paperboard
Production fell to 1970 levels last year, with the industry working at 65 percent of capacity. Foreign competition and union difficulties are considered obstacles to registering a 10 percent improvement in 1976.

Chemicals
Chemicals and petrochemicals are France's second largest industry. Imports from Eastern Europe and uncertainties regarding farm income offer little prospect for improved fertilizer sales. Synthetic fibre manufacturers will be watching the cotton crop before predicting recovery. Plastics production and sales are out of the tunnel, thanks to a revived automobile industry, and pharmaceuticals, industrial gas and insecticides are other favorites.



1. Open-air selling still popular in Paris.
2. Nuclear power station at Chinon.
3. Steel mill at Dunkirk.
4. Final assembly of Anglo/French Jaguar fighter. This plant is in England.

Machinery and equipment
France's largest industrial sector has 10,000 firms employing more than 700,000 people. This sector, which usually accounts for 10 percent of total industrial sales, is looking for a modest 5 percent improvement after a year almost wholly dependent on export sales. But desert sheikdoms can absorb only so much; moreover traditional European markets are affected by slow recovery and prices are rising faster than those of competition in overseas markets.

Electrical and electronics equipment
Accustomed to high annual growth rates since the late Sixties, the heavy electrical sector isn't looking beyond a 7 percent increase in production, compared with a zero growth rate in 1975. Despite an excellent export track record last year, especially in the OPEC countries, as well as reduced imports, internal demand sank to new lows. Electronics fared better in 1975 (e.g. TV sales) and a fairly good 1976 is expected.

Note that the government is quite active in the electronics industry and has subsidized French manufacturers in difficulty (e.g. the computer industry). Efforts are now being made to get French-based telecommunications manufacturers to supply a billion-dollar modernization and expansion program of the public telephone network, which is today the least automated system in the EEC.

Motor vehicles
France is the world's third-largest producer of automobiles and trucks, with nearly 450,000 workers dependent on an industry which came through the oil crisis and a long strike at Renault with only a slight dip in production. This year will see completely re-styled cars which are expected to do especially well in foreign markets. This prompts predictions of a 5 to 10 percent industry volume increase over the year. Bicycle and motorcycle sales are also expected to climb but the outlook is not good for heavy vehicles.

Aerospace
The French aerospace industry is the largest in Europe and is owned by a mixture of state and private enterprise. Aerospatiale's Concorde SST is now a scheduled airliner and it is hoped that at least six additional units will be sold. Helicopter sales are the mainstay of the company, for the present. Expansion in aerospace is predicated on offshore sales of military aircraft, which customarily earn three quarters of the industry's revenue.

Construction
By far the largest part of September's reflationary funds — $3 billion — was allocated to build and improve roads, ports, hospitals, schools and public housing. The turndown of 1975, after a lengthy period of rapid expansion, hit the private sector hard. A very bad year is forecast for office and industrial building while, on the other hand, private housing starts should benefit from relaxed bank credit restrictions.

Considerable construction activity is underway outside the capital, particularly in Lyon, Marseille, Lille and Bordeaux. Construction of subways in Lyon and Marseille is proceeding on schedule.

Wither Canada-France Trade?
Trade exchanges between Canada and France have traditionally been relatively modest in terms of each other's import markets and are usually less than 1 percent of total imports on either side. In 1974 we were only 10th among France's suppliers, while France ranked 7th among exporters to Canada. But the story in 1975 was different.

Canadian exports, which had doubled between 1972 and 1974 (quadrupling since 1968), held fairly steady over the first six months but at the end of October were 3 percent under the previous year's comparable figure. Meanwhile, French imports to Canada surged upward by more than 30 percent, to hand us a 10-month merchandise deficit of $165 million ($59 million in Jan-Oct 1974), which is well above any previously recorded annual deficit.

These are sobering figures, but bearing in mind that eight product sectors accounted for about 60 percent of our export component in 1974 and that four of these suffered serious reverses or were entirely eliminated (ships — $25.5 million) in 1975, the interim result is not entirely lack-lustre. Farm and fishery sales did exceptionally well; woodpulp exports rose about a third; and shipments of iron ore concentrates increased, while manufactures such as navigational instruments, telephone apparatus, electronic equipment components and office equipment made sales headway.

Prognosis for 1976
Despite economic recovery and forecasts of record imports by the French, one cannot be altogether sanguine regarding our showing in 1976. A large volume of Canadian product is at arm's length from trade promotion and is directly subject to the vagaries of industrial comeback. For the rest, we anticipate increased Canadian interest in France in the wake of Mr. Jamieson's recent visit and initial successes scored by the Industry Working Group of the Canada / France Economic Commission in fostering industrial co-operation through licensing arrangements, joint ventures, technological and personnel exchanges, and industrial partnerships in third countries.

TABLE 1
French Foreign Trade by Country and Percentage of Total 1975 (estimate)

Exports		Imports
49	EEC (total)	49
16.5	West Germany	19
10	BLEU	9.5
9.5	Netherlands	6.5
6.5	Italy	9
5.5	Britain	4.5
1.0	Others in EEC	0.5
4	*United States*	7.5
5.5	*Socialist Bloc*	3.5
13	*OPEC Countries*	18
5	*Switzerland*	3
2.5	*Spain*	2.5
28.5	*Others*	22

TABLE 2
Pattern of Trade by Sector and Percentage of Total 1975

Exports		Imports
15	Agricultural products	11
2.5	Energy sources	23
4.5	Raw materials	9
8	Iron and steel	5
10	Chemicals	8
27	Capital goods	18.5
11.5	Automotives	4.5
7.5	Textiles and leather goods	6
14	Others	15

Your Business visit to France
(And if one more person calls it the French Connection. . .)

L. RICHARD KOHLER, Assistant Commercial Secretary, Paris

France is a marketplace where business can be done. It is not just a weekend stopover for floor shows at "Le Sexy".

A good many Canadians may well be surprised to learn that France ranks third in the world as a producer of grains, meat and iron ore; fourth in automobile production; and second in food products. France is the world's second largest importer of petrol, machinery and transportation equipment; third largest consumer of meat; and third largest buyer of automobiles. Moreover, it ranks third in on-stream nuclear power stations; third in passenger rail transport; fourth in passenger air travel; and first in Europe in terms of the number of students attending university.*

This being said, you may wish to case this market, assess the competition, look for local representation and, generally, promote your product. There is no better way than to do it in person. The following are a few hints which may be helpful in your preparations.

For starters, if you're not already aware of it, the Department of Industry, Trade and Commerce offers a range of programs for export market development. Talk to your IT&C Regional Office.

Five "B's"

1) Be briefed on the market. Reference books are a good idea, e.g.: *Doing Business in France,* prepared by the law offices of S.G. Archibald, 10 Ave. de Messine, 75008 — Paris; *Economic Annual Survey: France,* published by the OECD, 19 rue de Franqueville, 75016 — Paris; *France and its Future 1973-88,* published by Hudson Institute (France), 1, rue du Bac, 75007 — Paris.

2) Be specific in describing the objectives of your visit to trade commissioners, potential clients and others.

3) Be on time for your appointments. The French work by the clock and first judgement is based on punctuality.

4) Be prepared to talk prices, quantities and delivery in Canadian or local terms.

5) Be thorough in your follow-up. Both your potential agent-client (and the trade commissioners if you wish them to help) need prompt, comprehensive replies.

Objectives

Your goal may be to attain "X" amount of dollar sales in France. To prepare for this, your immediate objectives may be extremely varied: gathering market intelligence; locating a representative; approaching specific customers; establishing a branch operation; smoking-out joint venture and/or licence agreement partners.

Representatives, distributors and agents in France are often wary and/or mis-informed about Canadian suppliers. The North American habit of imposing large quotas for first year sales, as well as 30-day payment terms, tends to get short shrift. It is often wiser to choose a representative carefully (since rescinding an agreement is legally complex and costly) and trust him through the first year. The French custom is to test the market slowly and to pay even more slowly — 90 to 120 days is not an uncommon amount of time.

Preparing for a trip

Choose the right time. You should consider the following factors:

1) Customer purchasing habits;
2) Seasonal aspects (if applicable);
3) Economic, political and social criteria;

4) Holidays — in France, you should start by forgetting August. The French are all on holidays then. It is unwise to plan a business visit between mid-July and mid-September unless prior appointments have been made. Other official holidays are: Easter Monday, April 10; Labour Day, May 1; Ascension Day, May 27; Whit Monday, June 7; National Holiday, July 14; Assumption Day, August 15; All Saints' Day, November 1; Armistice Day, November 11; Christmas Day, December 25; Boxing Day (Alsace-Lorraine only), December 26; New Year's Day, Jan. 1.

Your trip could also be planned to coincide with a commercial exhibition involving the trade you may wish to contact (e.g. a trade fair in which Canada is already participating). France has at least 60 international events a year of this kind, with professional attendance averaging 60,000 a show. Check with our office in Paris concerning appropriate trade shows and schedules of exhibitions.

Who makes the trip?

The French are a people whose ways of thinking and negotiating practices are not the same as ours. Thus, the choice of who should make the trip is of utmost importance. Depending on the purpose and the organization of your firm, it would be advisable to choose: the business manager, or the chief of export sales for market survey or sales promotion; a competent technical expert, or an engineer if technical considerations are paramount; the head of the firm, if an important contract is to be signed.

Intellectually, the person chosen should be briefed so as to be familiar with the business practices, geography and history of France. A keen interest in doing business with France should be evident to the prospective client — the French respect a healthy aggressiveness and a positive appreciation of their market, as well as adaptation to local social graces, whether this means religiously shaking hands on meeting and parting, using titles rather than names ("Monsieur le directeur" rather than "Monsieur Smith"), or ploughing through a two-and-a-half hour lunch. Seldom are first names used.

The English-speaking Canadian businessman is well advised to be

* Source: 1972 and 1973 Statistics — OCED, Statistical Office of The European Communities, IATA.

accompanied by an interpretor if his host cannot handle English (and a surprising number can). If your French is barely passable, don't use it because it could negotiate you into a jam. Although licensed interpretors charge up to 1,300 francs ($300) a day, garden variety "hostesses bilingues" are available for between 200 and 300 francs ($45 — $70). We can help in an emergency.

The Canadian should be thoroughly familiar with his business, his product and his competitors; have practical experience of selling; have some knowledge of financial and legal matters (Note: the Trade Commissioners in Paris can recommend names of Canadian lawyers practicing locally who are proficient in French legal requirements); and be familiar with the procedures of French and international trade.

Your product

Quality, price and presentation are essential everywhere — for France you should also seek out information on import regulations, duties and taxes, standards (CSA approval is not automatically accepted and applications, usually taken care of by your appointed representative, are handled at CSA's equivalent, AFNOR), packing requirements, local production, import/export statistics, distribution methods, and consumer habits and tastes. One of the purposes of your trip will be to determine whether any adaptations or changes in your product are necessary.

Literature

Sales and technical brochures are in demand. These should be in French and units of measurement should be expressed in metric terms.

If you want the trade commissioners to assist you in lining up potential customers, agents or distributors, you should send a dozen sets of your literature, with prices to enable them to canvass the trade efficiently. Phone calls sometimes work, but the prospective French client prefers to have documentation in front of him before agreeing to a meeting. Such literature should be sent to the trade commissioner as far in advance as possible (at least 2 months prior to your trip). On your visit, be sure to bring: catalogues and price lists (French francs and dollars, both f.o.b. and c.i.f.); technical specifications; references; samples (if appropriate); business cards (lots of them and in French, if possible); and your firm's stationery and letterhead.

How much will it cost?

Your budgeting, of course, is directly related to the duration of your trip.

1) Air fare — current high-season rates for economy Toronto/Paris return flights, are running at $800. However, protracted visits (including other European countries) could bring this down to $630 or even $450, depending on the type of excursion.

2) Hotels — for an acceptable single with bath, rates run from $35 to $70 a day.

3) Meals — though it's easier to be your own master, average costs range between $20 and $35 a person per day.

4) Rent-a-car — all the major car hire firms are represented in France (as well as some domestic companies). A compact car costs about $13 per day and 10 cents per mile. Weekly rates of $200 with unlimited mileage also exist. Gasoline (about $2 a gallon) is at your expense.

5) Taxis — fares are similar to those in major Canadian cities (with rates going up between 11 p.m. and 6:30 a.m.).

6) Tipping: hotels and restaurants — 12 to 15 percent of the bill if no service charge is added, plus small change; taxi-drivers — 10 to 15 percent of the fare; airport porters — FF 1.40 per bag; theatre and cinema usherettes — 1 Franc.

Follow-up

Upon returning to Canada, you should: send a letter of thanks to all the people you met on business; confirm any arrangements agreed upon or discussed at meetings (the French are more sensitive than most Europeans about lack of follow-up); and send copies of relevant correspondence (agency agreements, problems which could be solved by a local call) to us.

Miscellaneous

The Royal Bank of Canada, the Canadian Imperial Bank of Commerce and La Banque Canadienne Nationale (Europe) all have branches in Paris and the Bank of Montreal has a resident representative.

Other Canadian services with Paris offices include two law firms, five stockbrokerages, one insurance company, one advertising agency, Air Canada, CN-France; and CP (Ships, Rail, Air and Hotels).

Most stores are closed Sunday and Monday (except for large department stores, such as Galeries Lafayette and Printemps, which remain open Mondays). Hours vary from 09:00/0930 to 18:00/19:30 (might as well get used to the 24-hour system). Smaller establishments often close for lunch from 12:00/12:30 to 14:00/14:30.

Sightseeing tours of Paris and excursions to such attractions as Versailles and Fontainebleau are readily available year-round. Paris, of course, is famous for its night life and there are clubs to suit almost any taste. Handy guides issued weekly are *Pariscope* and *Allo Paris*.

Don't forget to check in with us as soon as you arrive, so we can brief you.

Buyers for export

L. RICHARD KOHLER

Although many Canadian businessmen are unaware of the fact, France today ranks a strong fourth among the top trading nations of the world. Geographically central to the European Economic Community, France is also the major Western European foreign commercial power on the Mediterranean Sea. Both traditional and expanding trade links with Francophone western and North Africa and the Middle East have resulted in a sizeable number of export houses centred in Paris, the indisputable commercial, financial and business heart of France.

These trading links have bestowed upon Paris, as an international hub, the distinction of being one of the few powerful world centres for buyers for export. Simply stated, "buyers for export" range in scale from individuals to large enterprises placing orders with manufacturers or suppliers of goods and services on behalf of overseas principals. They take several forms: export merchants, who purchase goods and re-export them to third destinations, thus assuming credit risks; commission houses, which match buyers to sellers but do not take title to goods; government purchasing offices that buy for the national account and as such, rank high in volume and variety of needs; and other trading enterprises such as export brokers, manufacturers' agents, and the centralized buying offices of large corporations.

The official list of French buyers for export runs to more than 400 companies. These organizations work for such countries as the Ivory Coast, Senegal, the Cameroons, Nigeria, Mali, Guinea, the French Antilles and French Polynesia, to name a few. More recently, the markets of the Middle East, Southeast Asia, Japan and China have gained substantial importance as France has single-mindedly promoted capability to supply a considerable portion of the consumer, capital goods, equipment and service requirements of these countries.

Our office has prepared a directory, published early this year, which represents a modest but selective initial effort to segregate those

Canada-France Industry Working Group

Trade and industrial exchanges between Canada and France are not escalating as rapidly as they might because opportunity identification and data distribution have been haphazard, and many Canadian businessmen are simply unaware of existing opportunities. Recognizing the need to bridge this information/communications gap and to shore up our respective trade performances, the Prime Ministers of Canada and France agreed in October 1974 to inject new life into an extant France-Canada Economic Commission by creating two working groups — one to cover energy matters, the other to concentrate exclusively on combing all industry sectors for openings and chances to exploit developed technology, encourage licensing agreements, promote joint ventures, and otherwise work together to mutual benefit in third countries.

The direction was to be away from simple product exchanges and into the more sophisticated area of industrial co-operation. By co-operating on an Industry Working Group it was hoped that Canadian and French officials would supplement existing commercial intelligence procedures and act as marriage brokers between industrial enterprises of both countries. Taking stock after only a year of operations, it appears that the exercise, to date, has been successful in its initial aims: to identify areas of industrial co-operation and energize businessmen in Canada and France into pursuing the co-operation route, whether in either country or in third markets.

The Industry Working Group is co-chaired by IT&C's Assistant Deputy Minister (Export Trade Promotion) and his French counterpart. Support is provided by the trade commissioners of both countries and other government officials. The group meets formally prior to the annual Economic Commission meeting, and frequently informally at the working level to exchange information. We see it as an effective supplement to both IT&C's on-going program of assistance in market exploration and development and to the promotion programs of our office here in Paris.

French buyers for export prepared to consider Canadian offers when quoting to their offshore clients. Most of these firms were visited and their executives interviewed personally by an officer of our Commercial Division. Every effort was made to include only those organizations which would be receptive to Canadian offers and which appeared reputable and commercially sound. But the Commercial Division cannot, understandably, accept any responsibility for their business integrity and financial standing. Credit and banking references have been provided for this purpose.

The directory itself lists almost 50 buyers who source commodities ranging from hair-pins to turn-key petrochemical plant projects. The cross-indexing system is easy to use; companies and commodity/services are each listed in alphabetical order. All pertinent information concerning addresses (postal, telex, cable) export correspondence officer(s), markets quotation preferences, etc. is listed under the company name. When writing to express interest in quoting on future requirements, you should include literature or data descriptive of your products or services, preferably in French, providing metric equivalents and quoting f.o.b. or c.i.f. prices (as appropriate).

The directory is available free of charge by writing: Minister-Counsellor (Commercial), Canadian Embassy, 35 Avenue Montaigne, 75008 Paris, France.

While the Canadian exporting community has become more aware of far-flung markets and has dealt direct in many cases with success, the old adage still applies: if you are having a birthday party and you do not invite anybody, nobody will come. The Paris-based buyers for export are experts in the marketplaces they cover; their clients know them and trust them. Exposing your products and services to these purchasers could hopefully enhance and complement your current and proposed export marketing strategies. But remember that these buyers are accustomed to sourcing their requirements within France or the EEC.

Mission Report

Last fall, Don Jamieson, Minister of Industry, Trade and Commerce, led a delegation of 29 Canadians on a mission to France. Since then, the Western Europe I Division of IT&C's European Bureau has been assessing this venture and a comprehensive report has been prepared. For more information, get in touch with your Regional Office.

The Industry Working Group started by selecting certain industry sectors that appeared, after preliminary investigation, to hold definite promise for mutually beneficial exchange. Specific sectors now receiving detailed study include marine exploration, seabed exploitation, naval and marine construction, urban and interurban transportation, avionics and aircrafts, electronics, machinery (e.g. mining, agricultural, packaging, pollution control), forestry projects and equipment, and livestock.

There have already been some notable successes for Canadian firms. Work is continuing to further refine identification methods and broaden the scope of research.

Canadian industry is invited to explore France through the working group. What better way to reach the core of French officialdom, penetrate the information barrier and gain entry to industry, all with government blessing? The group acts as an initial-stage "clearing house" for potential trade and co-operation deals culled from French and Canadian industry. Once weighed and found credible these proposals are passed on to sector specialists (at IT&C in Canada's case) to companies that seem best qualified to do the job. Company management then decides whether to go ahead.

What is true for individual interests is equally true for the general goal of bridging the information gap. The recent ministerial mission to France offers an excellent example of how this new activist approach to seeking out business with France has already fostered a better Canadian understanding of French industrial technology available on co-operative terms to Canada or third countries. The Working Group is an attempt to cut through the inertia that has snagged Canada-France trade. It is a venture designed not only to promote product trade but to encourage co-operation between Canadian and French industrial interests.

Italy: "Improved deterioration . . ."

D.A. ROSENTHAL, Asst. Commercial Secretary, Rome

As the title of this article suggests (quoting Guido Carli, former governor of the Banca d'Italia) the future of the Italian economy is still in doubt. From a serious balance of payments deficit in late 1974/early 1975, the Italian government, through a series of restrictive measures, enacted one of the now — famous "economic miracles". But the turn-around has not been without its high costs and the immediate future will see a necessity for concerted and responsible action on the part of all participants in the economy if the country is to pull itself out of the recession that has developed.

From 1951 to 1963, Italy had rapid and sustained growth, with exports and fixed capital formation being the most dynamic elements. During these same 12 years, prices were remarkably stable, while labour productivity rose faster than average earnings and unit labour costs consequently declined.

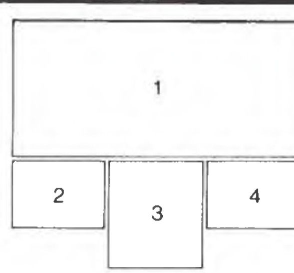
The bubble sprang a leak in 1963. An inflationary boom was followed by a sharp slow-down in the rate of expansion. Labour incomes rose, unit labour costs followed and the resulting narrowing profit margins forced companies to reduce the rate of fixed-capital formation. As massive wage increases were experienced in the public sector, proof of long-term structural deficiencies and the difficulty of finding adequate policy instruments for demand management became evident.

From 1964 to 1972, the economic development of Italy was characterized by a decline in the total labour force and in the rate of overall expansion. There was a short-lived upturn towards the end of 1972, but this was checked by labour conflict and uncertainties about the outcome of wage negotiations. Another recovery was experienced in late 1973/early 1974, but by that time the mounting energy import bill and budget deficit caught up, and recovery again met an early fate.

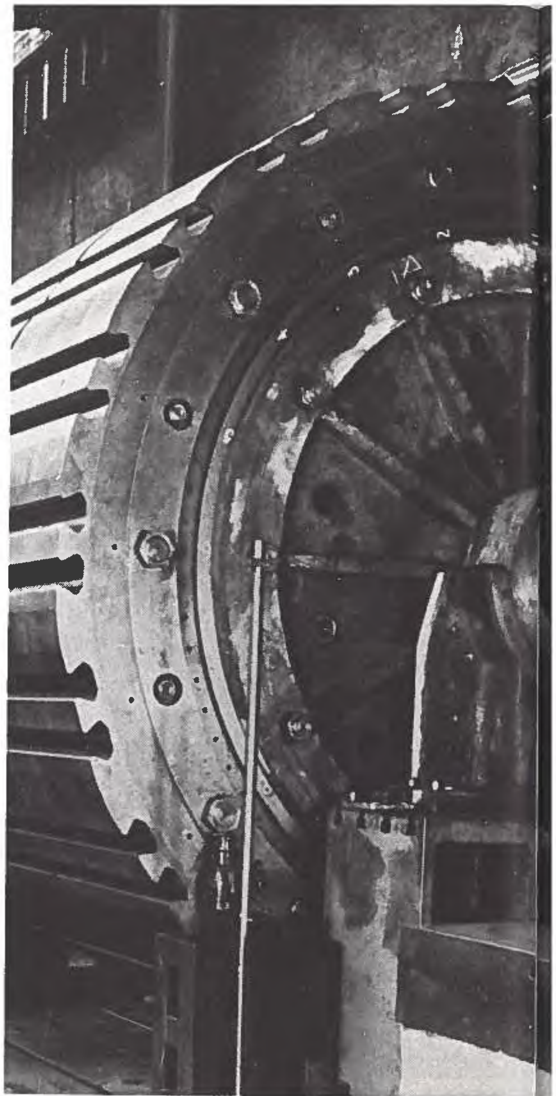
In late 1974 the government imposed heavy restrictions on credit expansion, imports and domestic demand. The result, in terms of the balance of payments, indeed appears "miraculous". For the first nine months of 1975 the deficit was reduced from $4 billion to $701 million, compared with the first nine months of 1974. The trade deficits for the same two periods were $8.5 billion (1974) and $2 billion. But a more precise picture is seen when the change in the terms of trade are reviewed. The export volume index has actually declined; the increases have all been due to the rise in the export price index. The unit decline in imports is attributable to the drawing down of stocks of consumer and investment goods, and a decline in consumer demand and raw material imports.

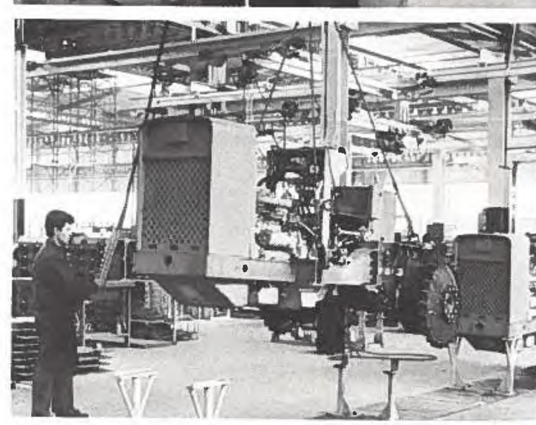
This reduction in consumer demand is also manifested in the statistics for industrial production and investment. In the former, there has been a 12.5 percent decline while in the latter category there has been a 6 percent to 8 percent reduction in global investments and a 15 percent to 20 percent reduction in industrial investments.

All of these factors, of course, have had a severe effect on the rate of unemployment, which is now considered



1. Rialto Bridge, Venice.
2. Autostrada near Genoa.
3. Hypermarket, Brescia.
4. Fishing village of Cetara.





the most pressing national problem. Official figures place the number of unemployed at somewhere between 1.3 million and 1.8 million, (out of a total work force of 19 million) but the less tangible "under-employed" and the large number of short hours worked must also be considered for an assessment of the situation.

The government has tackled the problems with a reflationary package of 3,500 billion lire, which was announced on July 31, 1975. In this second step at stimulating a recovery, the government has assumed a more activist role. These measures have as their main features: (1) export stimulation through an increase in export insurance and export credits; (2) government aids to the construction industry; (3) financial aids to medium and small industries to stimulate a hoped-for 1,800 billion lire worth of new investments; (4) financial aids totalling 650 billion lire to assist in farm mechanization and modernization; (5) further financial assistance to the underdeveloped South; (6) appropriation of 22 billion lire for urban mass transit systems.

Despite the far-reaching nature of these measures, their effectiveness depends, of course, on their ability to be implemented and on their resulting impact on the Italian society and economy. Both these steps have been viewed with pessimism. If the money allocated is released in small dribbles, the impact will be minimal. The government's timetable of 500 billion lire in 1975, 2,000 billion plus in 1976 and the balance in 1977, will only have a cumulative effect in 1977, by which time external factors may have again added their stimulus to economic activity so as to recreate the balance of payments and inflationary conditions of 1974.

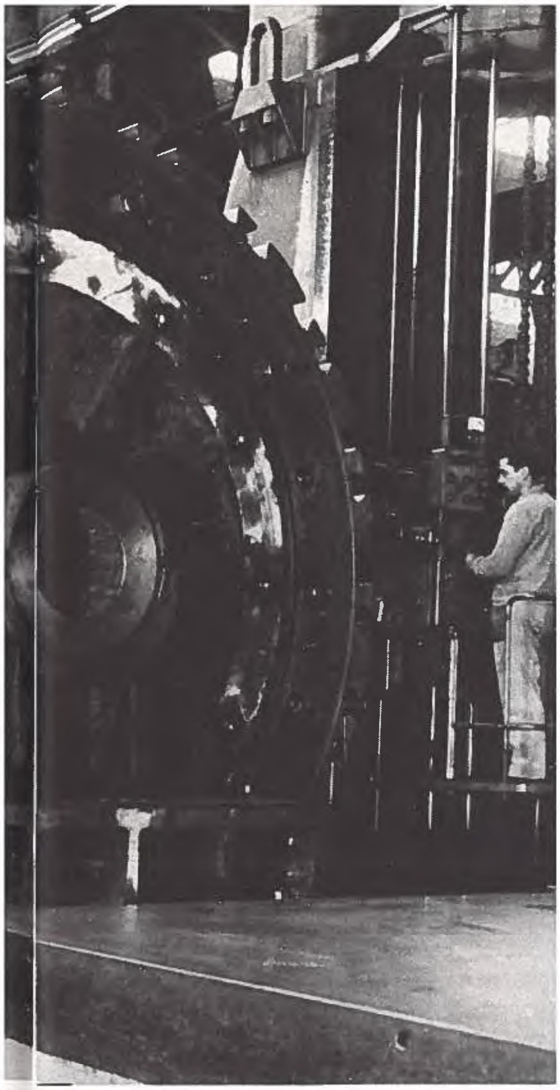
As a more immediate and specific approach to solving its economic woes, the government produced late in 1975 draft legislation for a slimmed-down five year plan that would inject $22 billion into the Mezzogiorno (funding for the underdeveloped South); $6 billion in additional investment capital for state-owned holding companies; and a new $4.4 billion fund to provide money for unemployment benefits and for industrial reconstruction.

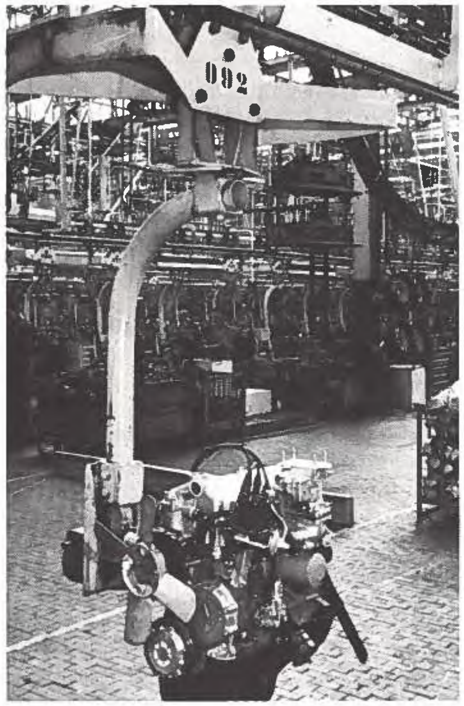
This last measure is the most interesting in that it proposes raising unemployment benefits to 80 percent of the workers' latest wages and extending those benefits up to two years or longer. It also proposes that workers' names be placed on a list that would give them first chance at any new jobs government funds might help to create. This would end current inequities in the benefit system.

Even more fundamental to the problem are the structures of the economy. Italy is a dichotomous state with technologically sophisticated, competitive, export-oriented companies existing alongside small, traditional firms, with a shortage of skilled workers and a persistent under-utilization of labour resources, with excessive urban congestion resulting from abandonment of rural regions. In a plan for the future. At press time, political uncertainties had brought into question whether the industrial measures which were introduced by the former government last year will, in fact, be pursued.

One area of particular concern is plant investment. Although some increase is expected late in the year, in annual terms there will be another reduction, notably in the case of machinery and equipment. An easing of the monetary policy may alleviate the situation, but Italian businessmen continue to exhibit a marked pessimism that may not be changed even by readier access to capital.

Any sign of recovery or indication of improvement in domestic demand will bring an upward movement of prices at both the wholesale and retail levels. Retail prices rose approximately 10 percent to 12 percent in 1975 (a considerable drop from 1974's 25 percent) and 1976 will see no improvement.





Canadian exporters to Italy should continue to find ready markets for agricultural products, and raw and semi-processed materials. But for fully manufactured goods, a broader marketing strategy will have to be taken outside the traditional straight sales approach — including joint ventures, licensing and technological exchanges. Areas most promising are those where Canada has a clearly demonstrated expertise and comparative advantage. Representatives of the Department of Industry, Trade & Commerce have been meeting with Italian officials to discuss the sectors where further industrial co-operation between private firms and enterprises may be possible. The outcome of these consultations points to increasing the already strong and profitable commercial links between Canada and Italy.

Republic of Ireland: Community membership cornerstone of foreign policy

N. VILLENEUVE, Commercial Secretary, Dublin

Since the formal establishment of the Republic of Ireland in 1919, this small country of 27,000 square miles has depended greatly on Britain for its economic survival. Most of Ireland's export production has been agricultural and most of it has gone to Britain.

But the times are changing. Since January 1, 1973, when the Republic joined the EEC, its dependence on both Britain and agriculture has decreased steadily. In 1959, 73.8 percent of total Irish exports went to Britain but by 1974 this had decreased to 55.5 percent. The reduction of the share of agricultural goods as a proportion of total exports has been significant — from 81.7 percent in 1950 to 47.6 percent in 1974. Industrial exports increased almost six-fold during the same period, with the result that the Republic now exports about equal amounts of industrial and agricultural products.

In the early Sixties, Ireland began a period of rapid growth which was encouraged by government policies aimed at industrial development. During the following decade, the GNP grew at an annual rate of about 4 percent, which was sustained by firm world demand for Irish exports and the Industrial Development Authority's success in attracting more than 400 foreign companies, which invested a total of over £250 million. Since 1973, however, the international recession has brought about a decline in growth.

The commodity price boom which developed in 1973, increased export costs and Ireland, with its traditional high dependence on trade and imports, was hit hard by increased prices for imported supplies. Furthermore, the trend to more moderate inflation rates and wage expectations in many Western countries has not materialized in Ireland. The Republic has emerged, along with Britain, as a major exception to the trend and inflation ran at about 25 percent in 1975.

In addition, the upward trend in unemployment has continued and now stands at almost 11 percent of the labour force. There is not likely to be any significant improvement in output, sales or employment. And of course the main reason for this bleak outlook is the Irish dependence on exports (50 percent of its production is exported). It is estimated that 94 percent of manufacturing firms are operating below capacity and industrial output as a whole is about 20 percent off potential. Despite this, wages under the terms of the National Agreement were expected to rise a total of 30 percent for 1975.

Agriculture exports strong

Not all the news was bad. Recent statistics indicate that 1975 was a record year for Irish exports of agricultural products. The two main commodities, beef and dairy products, have both experienced tremendous growth. Cattle and beef exports jumped nearly 40 percent in 1975 for record sales of £280 million. Exports of dairy products totalled £200 million. Ireland has made extensive use of the price support mechanism of the Community's Common Agriculture Policy for disposal of its beef, butter and skim milk powder.

Despite the decreased volume of exports, the Irish deficit will show a substantial improvement for 1975 because the decline in economic activity has resulted in sharply reduced imports. It was estimated that statistics would show total 1975 exports of goods and services would be £1,550 million, while imports would amount to £1,820 million. The current account deficit would amount to about £150 million — half the 1974 deficit. The GNP was expected to decline, in real terms, by about 1.5 percent.

1. Bank of Ireland, College Green, Dublin

2. Irish Net Ltd., Castletownbere, County Cork.

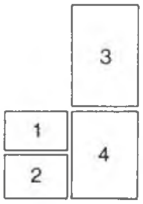
3. Glendalough, one of the renowned centres of learning of Europe, preserving the light of culture through the Dark Ages.

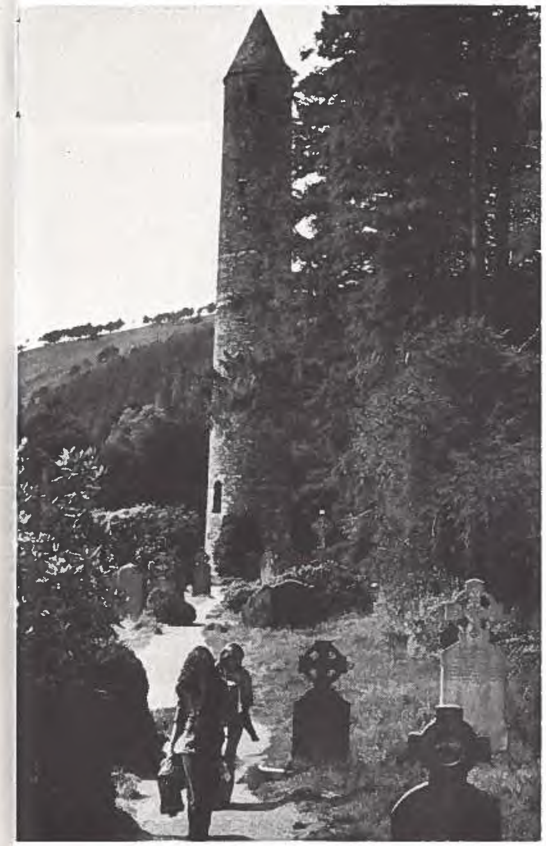
4. Peerless Rug (Europe) Ltd., Athy, County Kildare.

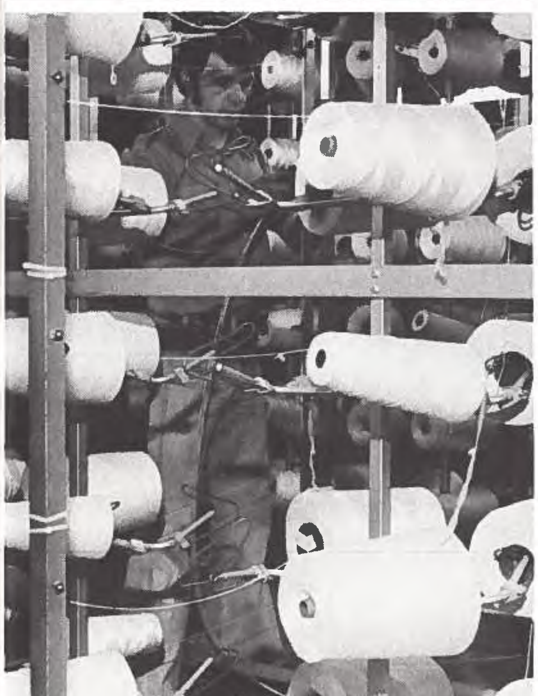
Ireland in EEC

Since its accession to the EEC three years ago, the Republic has played a positive role within the Community's institutions and membership is now regarded as a cornerstone of Irish foreign policy. It has a particular interest in strengthening and expanding the range of Community policies relating to the redistribution of wealth and which are aimed at eventual elimination of the large disparities between EEC partners. In addition, due to its dependence on agriculture, Ireland has real interest in the level of agricultural support prices as well as the type and extent of agricultural policies pursued by the Community.

The Irish government has expressed the view that the Republic's interests are best served by pursuing a strong "European" policy within the Community — one involving clear support for further institutional development, including economic and monetary union and strengthening the Community's decision-making system through majority voting.







Apart from what the Irish feel are inadequacies in the CAP and the Regional Fund, membership has pretty well produced the expected results. The Republic has so far received a considerable sum — £ 22 million — for social development, and transfers to the Exchequer from the Community totalled £800 million by the end of 1974. The Irish had only expected about £30 million. To these sums must be added a further £25 million from the European Investment Bank. Thus, at the end of the second year of membership, Ireland had received some £105 million while contributing £7.5 million to the Community budget.

Industrial development

The Irish are determined to narrow the industrial gap between them and their EEC partners, who are becoming fierce competitors in the Irish home market as the "Free Trade Target" of July 1, 1977 draws closer. Government policy is to welcome foreign investment, generally on the grounds that this brings new capital and increased employment, as well as access to new technology and new markets.

Since 1960, the scale of international business operations in the Republic has increased to the extent that subsidiaries of foreign companies now occupy a prominent position in the Irish economy. The government's success in attracting foreign investment can be attributed, in no small degree, to the range of incentives offered, including a 15-year tax relief on profits resulting from exports. The Irish government also provides industrial grants up to 50 percent of capital investment, training grants and free repatriation of profits.

The role of the Industrial Development Authority in development has been supported effectively by other para-government organizations which provide assistance to export-oriented manufacturers and are responsible for providing training for workers.

Canada and the Republic

Canadian participation in Irish secondary manufacturing industry has been relatively modest. In 1975, Canadian direct investment in Ireland amounted to $75 million, the bulk of which was concentrated in resource industries. Ten Canadian firms have established manufacturing facilities here, with a view to improving their penetration of the European market. Some of the additional investment contemplated by Canadian firms has been postponed, largely due to current world economic uncertainties.

Irish diversification

In addition to making significant progress towards industrialization, the Republic seems to have a promising future as a producer and exporter of industrial raw materials. The Tara Mine in Navan, which has the largest zinc/lead deposit in Europe, is expected to begin production early next year. This should provide Ireland with a significant source of wealth and a base for industrial diversification.

Offshore oil is receiving much publicity but it is only at the infancy stage of development. American oil companies have conducted limited exploration drillings off the southeast coast and a commercially-viable gas deposit, which could be developed in the next few years, has been discovered. Exclusive exploration licences were recently granted to six additional companies and drilling activities are expected to accelerate through 1979.

The Tara project and offshore oil development may well provide the stimulus needed for rapid economic progress in Ireland during the next decade. The Republic will bear watching by Canadians. Currently, about 25 percent of our total exports to Ireland consist of finished products. Leading items include telecommunications equipment, mining/quarrying equipment and machinery, and clothing — particularly outerwear.

The Netherlands: Some increase in public spending

JAMES D. LEACH, Commercial Secretary, The Hague

Recent selected economic indicators suggest that the recession may have at last stabilized but economic prospects in the Netherlands remain "bleak". That is the word used by Finance Minister Duisenberg.

For the first time in the post-war period, Dutch exports and production have declined. Unemployment continues to rise and currently exceeds 5.5 percent of the labour force. A high rate of inflation continues at more than 10 percent a year.

Against this background, and in line with French and West German reflationary measures, the Netherlands government introduced last September a budget which sought to curb growing unemployment and to boost the economy through increased public spending and aid to industry in 1976. The reflationary program, which included tax concessions and loan facilities for industry plus a 650-million-guilder* injection into the shaky building industry, will result in a record deficit of 15.1 billion guilders, almost one fifth the total budget.

With labour costs rising at 13.5 percent a year, a vital condition for maintaining employment and creating new jobs was moderate labour costs. In order to achieve this, and in view of the prospect of slower economic growth, the government indicated that the increase in public expenditure, including spending in social security provisions, would have to be less than most people expected.

In addition, the government announced in early December the implementation of new controls on prices and incomes. The measures represent a concerted effort to reverse the deteriorating economic trend and limit the total wage bill increase to 8.5 percent this year. It also seeks to contain inflation at 6 percent.

** 1 Guilder = $0.37 (Jan. 76)*

The Netherlands' favourable balance of payments on current account remains substantial and should rise to seven billion guilders in 1976. This is mainly the result of a fall in imports and higher earnings from natural gas exports. Capital exports and increased spending on overseas development aid will help prevent the current account surplus from leading to a further rise in the guilder exchange rate, which would weaken the country's competitive position. The government wants to make sure that its borrowing does not lead to capital inflows or a decline in capital exports, as this could lead to upward pressure on the guilder. As a result, the government cannot consider borrowing abroad and must ensure that interest rates at home do not rise.

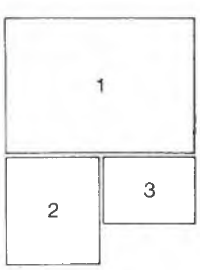
The outlook for 1976 is "sombre", with only limited recovery of output expected, a further decline in industrial investment, rising unemployment, a continuing high rate of inflation and a large financing deficit for the government.

Despite the gloomy economic picture, the Netherlands will continue to be a market for Canadian exporters. The Netherlands is an important trading partner and was our eighth largest export market in 1974 ($383 million). As a result, it is rather surprising that the image of The Netherlands as the country of wooden shoes and windmills still prevails to some extent and that many Canadians continue to ignore the tremendous potential market offered by this small, densely-populated and highly-industrialized country.

1. The Dutch have preserved much of the architecture of three and four centuries ago.

2. Spaarndam, in the North.

3. Pipeline patrol near the Gronigen natural gas field.



Significant opportunities exist in a broad range of sectors. Lumber and plywood have traditionally been a major component of our exports to the Netherlands and the prospects for future growth are favourable. Efforts to promote acceptance of timber frame housing projects, using Canadian wood and materials, have succeeded in developing an important market in the Netherlands for these products.

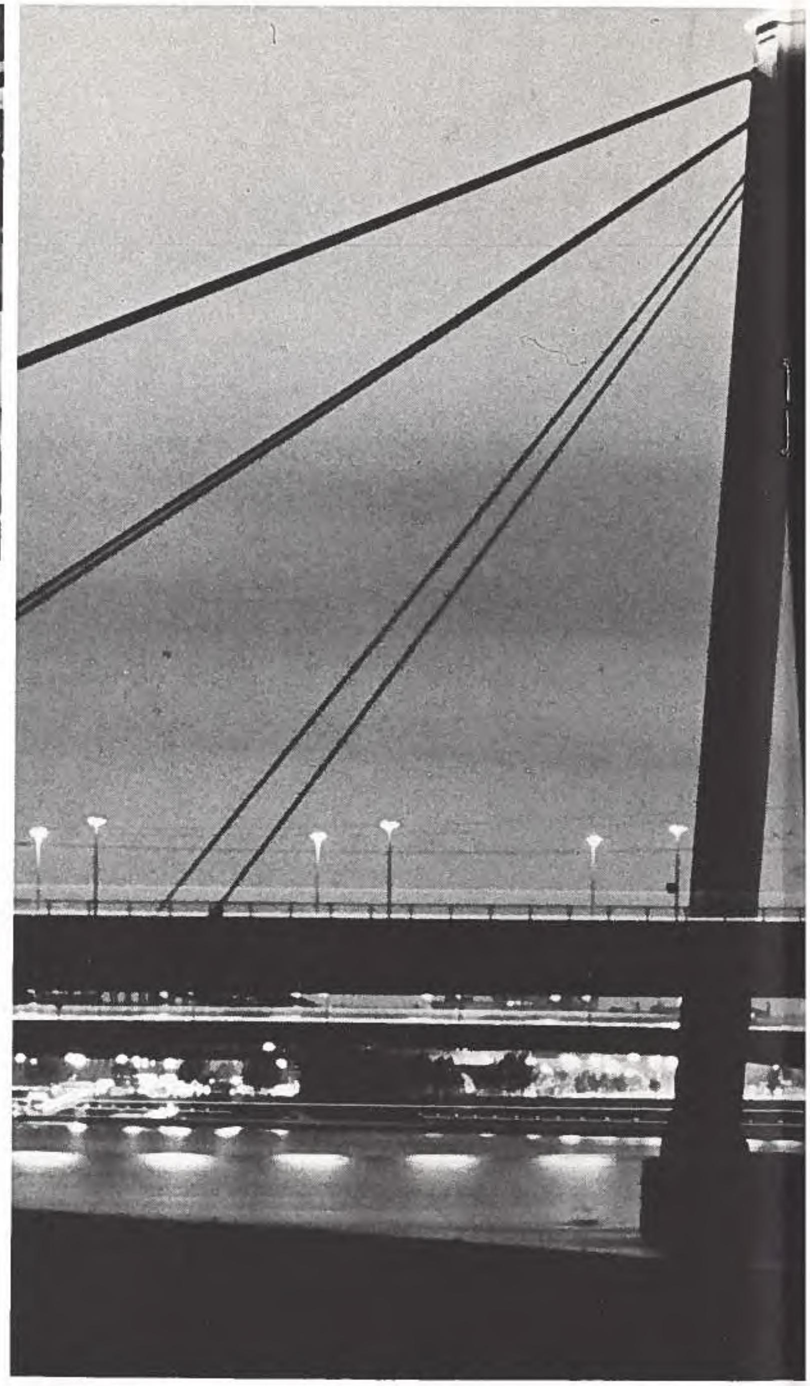
Canadian clothing fabrics continue to find a gradually expanding market here. Most Canadian manufacturers of apparel textiles are now represented and efforts are underway to obtain similar market coverage for the non-apparel textiles sector. Canadian children's wear is gradually finding acceptance in this market and much of our promotional activity is being directed toward increasing sales in this sector, as well as developing a market for ladies' and men's casual outerwear.

The leather goods market in the Netherlands is extremely competitive and price-conscious, and is dominated by imports from Eastern Europe, Spain and Italy. Nevertheless, a market does exist for competitively-priced and distinctively styled leather goods, if Canadian suppliers can satisfy local delivery requirements.

As more Canadian manufacturers of electronics acquire representatives in the Netherlands, our exports in this sector continue to grow steadily. Prospects are particularly good for control systems, sonar equipment, medical, scientific and laboratory apparatus, telecommunications and automotive equipment, and computer peripheral equipment. Recently, a Canadian firm concluded a contract for more than $1 million in display components, and prospects for future sales are even brighter. In addition, the Netherlands continues to be one of Canada's most important markets for defence and defence-related products.

West Germany: Modest recovery could continue

G.F. MINTENKO,
Minister-Counsellor, Bonn



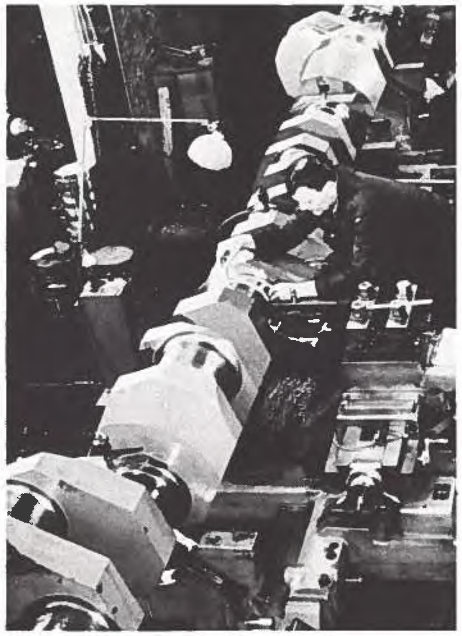
Last year was one of recession for West Germany, as it was for so many other countries. When year-end figures are available, they are expected to show a 4 percent decrease in the gross national product for 1975. It seems clear, though, that the bottom of the recession was hit last summer and that a modest recovery has been taking place since. The industrial production index (1970 = 100), seasonally adjusted, after hitting a low point of 99 in July, gradually eased up to 101 in August, 103 in September and 104 in October.

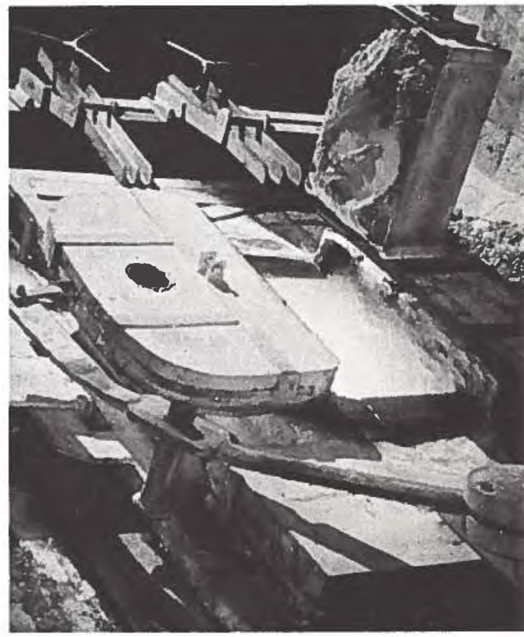
Most observers expect this moderate recovery to continue into the early months of this year but are reluctant to look much beyond June or July. Some do not exclude the possibility of a drop-off in activity during the second half. For the year as a whole, GNP forecasts for the Federal Republic vary from an increase of 3 percent (OECD), to 4.5 percent, which is the average of the 3 to 6 percent increase which the government's economic experts expect. These figures reflect uncertainties about business investment intentions, and about consumer spending — consumers are, in fact, currently saving an unusually high 16 percent of their incomes. The forecast of economic growth is based on an expectation that the West German recovery will be mainly in exports.

Cologne.

Prices and money supply
Inflation has been running at lower levels here than in most other OECD countries. For last year, an increase of 6 percent was expected to show. The Consumer Price Index in September was 6.1 percent above its September 1974 level, but the rate of increase dropped to 5.8 percent in October, and then to 5.4 percent in November. For 1976, the experts are forecasting an inflation rate of 5 percent.

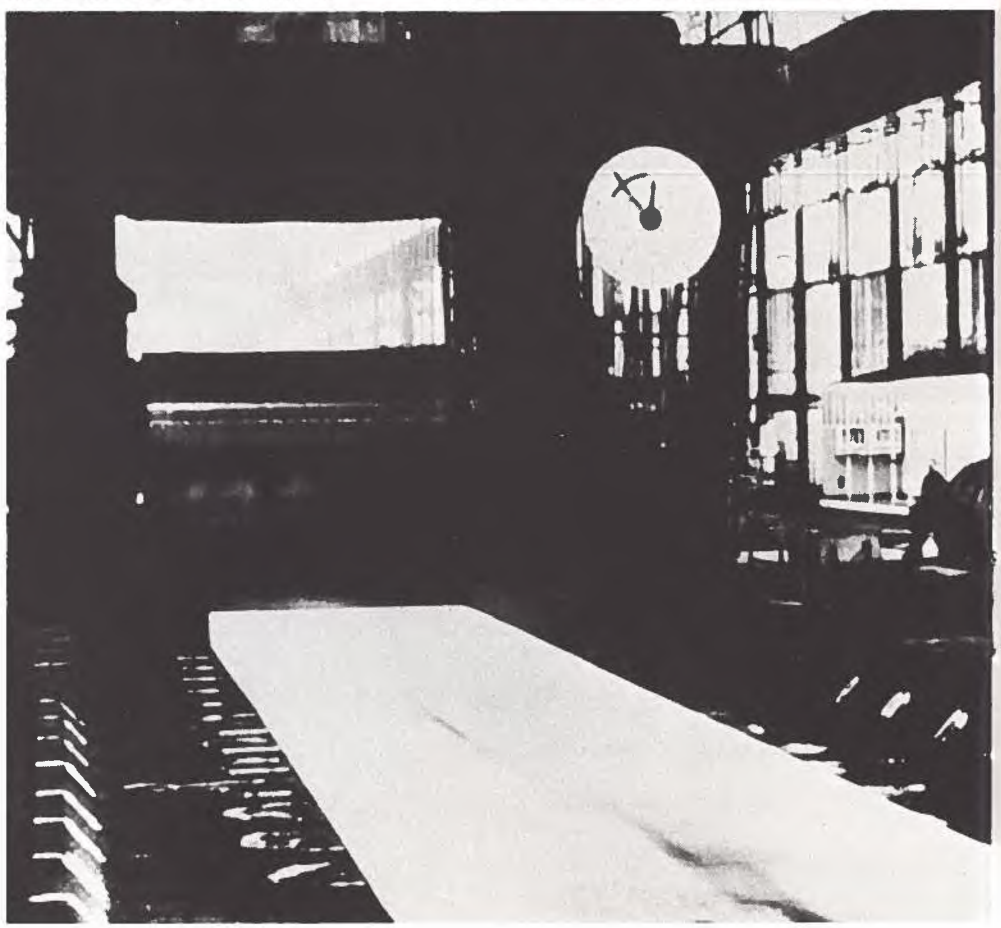
Money supply increased rapidly during the first three quarters of 1975, with currency in circulation plus demand deposits growing at an annual rate of 13.9 percent. Germany's central bank, the Bundesbank, has announced that during 1976 it will seek to limit the increase in money supply to a rate which will be adequate to finance the expected recovery from recession.





Unemployment and wages
Unemployment stands at levels that are unprecendented in the history of the Federal Republic. In December, 5.3 percent (1.22 million) of the labour force was unemployed, up from 4.9 percent in November, 4.6 percent in October and 4.4 percent in September. (these figures are not seasonally adjusted).

Unemployment is expected to continue to rise throughout the winter to perhaps 1.3 million. Some observers expect to see unemployment go as high as 1.5 million, but Ministry of Economics officials doubt that the jobless figure will reach that level, unless the winter happens to be particularly severe. Although some improvement is expected during this spring, the widespread existence of under-utilized capacity probably will prevent that improvement from keeping pace with the increase in production.



Salaries and wages are rising at rates considerably lower than in most other industrialized countries. Labour-management negotiations, which are carried out annually on a sector basis in West Germany, are being conducted as this is written. But one contract, covering the

220,000 workers in the steel industry in North Rhineland-Westphalia, has been concluded. It provides for a 6 percent increase, which includes improvements in non-wage and salary benefits. The Bundesbank has warned that moderate wage settlements are essential to a sustained recovery from the recession.

Balance of payments and foreign trade

The world recession has cut into West Germany's traditionally substantial trade and current account surpluses. For the January-October 1975 period, the current account surplus amounted to DM 6.6 billion, compared to a surplus of DM 18 billion for the same period in 1974. Exports during the first 10 months of 1975 were down by 4.5 percent from levels of a year before, while imports were up 1.5 percent. As the year-end approached, the country's export performance improved, reflecting a recovery of demand.

Canada — West German trade

Canada's 1975 exports to the Federal Republic held up strikingly well, particularly when the minimal increase in Germany's overall imports is taken into account. During the first 11 months of 1975, Canadian exports were worth a total of $528.5 million, which was an increase of 10.7 percent over the same period in 1974. At the commodity level, there were gratifying increases during the first nine months in Canada's exports of frozen herring fillets (201 percent), barley (11.3 percent), asbestos (69 percent), wood pulp (41 percent) and fur garments (23 percent).

Against that good news must be recorded the bad news that Canada's exports of what Statistics Canada describes as "end products" continue to be disappointing. Indeed, end products as a percentage of total exports to Germany dropped to 11.3 percent for the January/September 1975 period, from 13.6 percent during the same months of 1974. These percentages do not reflect accurately the overall structure of West Germany's import trade. The country's main suppliers are highly industrialized countries: the Netherlands, France, Belgium, Luxemburg, Italy and the United States. The explanation for the Canadian performance does not lie in any proposition that West Germany imports only raw materials and exports only finished goods.

The many Canadian manufacturers who have been prepared to make a serious initial effort to establish themselves in the West German market, and to sustain that effort, can attest that their efforts have been worthwhile. The representatives of the Department of Industry, Trade and Commerce at the Canadian Embassy in Bonn and at the Consulates General in Hamburg and Düsseldorf would like to hear from other Canadian manufacturers and exporters interested in testing out their possibilities in this market. With appropriate descriptive literature and prices, preferably c.i.f. European port, we can do an initial canvass. We can also advise you whether your products lend themselves to exhibition in one of the many first class trade fairs held in the Federal Republic.

How the average West German family spends spends its money

Rents are taking a steadily increasing share of West German family budgets. For statistical purposes, German officials have established three types of family:

1) Two-person-household of old-age pensioners or persons on welfare — income about DM 850 a month;

2) Four-person-household in middle-income bracket — income between DM 1,450 and DM 2,250 a month;

3) Four-person-household of higher-income civil servants or persons employed in industry — income between DM 2,900 and DM 3,800 a month.

The lower-income households are now spending 21 percent of their budget on rent — an increase of 6 percent since 1964. Middle-income households were spending 15 percent of income on rents — an increase of 5 percent in the past decade. Higher-income families had to contend with an increase of only 2 percent — from 13 percent in 1974.

All three groups had income increases of about 10 percent over the 10-year period. Almost all households in each group own a TV, radio, refrigerator and vacuum cleaner. But only the higher-income families were able to afford other amenities such as cars, bicycles, cameras, freezers and dishwashers.

The lower-income people spend about 40 percent of their budgets on food while the upper-income group spends only 25 percent this way. The difference is more striking in the case of expenditures on personal care items. The lowest group spends 40 percent on these, while the upper group spends only 6.3 percent — *D. Alberts, Marketing Officer, Hamburg.*

Trade Fairs 76 / 77

As part of its effort to assist Canadians in opening new markets, IT&C sponsors and organizes participation in many international trade fairs, through its Promotional Projects Program. Part 1 of the following list shows fairs in which the department will be involved. Part 2 shows fairs in which the department is NOT involved but which may be useful to some firms. The department will also be manning information booths at several shows not listed here. Dates and places are subject to change, and there may be other changes; write or call your IT&C Regional Office for more information.

Event	Location	Date
Offshore Technology Conference	Houston, Texas	May 2-6
International Petroleum Exhibition	Tulsa, Oklahoma	May 16-22
International Household Electronics and Domestic Appliances Exhibition	Birmingham, England	May 23—31
American Booksellers' Assn. Exhibition	Chicago, Illinois	June 6-9
International Shipping Exhibition	Athens, Greece	June 7-12
Poznan International Trade Fair	Poznan, Poland	June 13-22
Los Angeles Solo Apparel Show	Los Angeles, California	June 14-17
Tokyo Auto Services Show	Tokyo, Japan	June
American Library Assoc. Exhibition	Chicago, Illinois	July 18-21
Izmir International Trade Fair	Izmir, Turkey	Aug. 20 — Sept. 20
National Fancy Food and Confection Show	New York City	August
Algiers International Trade Fair	Algiers, Algeria	Aug. / Sept.
International Livestock Fair	Porto Alegre, Brazil	Aug. / Sept.
La Semaine du Cuir	Paris, France	Sept. 11-14
Frankfurt Book Fair	Frankfurt, West Germany	Sept. 16-21
International Woodworking Machinery Show	Louisville, Kentucky	Sept. 18-22
Offshore Technology, North Sea	Stavanger, Norway	Sept. 21-24
AUTOMECHANIKA	Frankfurt, West Germany	Sept. 25-29
Marine Trades Exhibit and Conference	Chicago, Illinois	Sept. 30 — Oct. 3
Tehran International Trade Fair	Tehran, Iran	September
Baghdad International Trade Fair	Baghdad, Iraq	Oct. 1-21
EQUIPHOTEL	Paris, France	Oct. 14-25
Automotive Parts & Accessories Association Exhibition	Las Vegas, Nevada	Oct. 19-21
Southern Furniture Mart	High Point, North Carolina	October
Women's Solo Apparel Show	New York City	October
C&A In-Store Promotion	Europe and Britain	October
ELECTRONICA	Munich, West Germany	Nov. 25 — Dec. 1
Tokyo Motor Show	Tokyo, Japan	November
American Vocational Association	Houston, Texas	Dec. 3-8

1977		
HEIMTEX Textiles Fair	Frankfurt, West Germany	January
Salon International du Batiment	Brussels, Belgium	February
International Watches, Jewellery, Silverware Trade Fair	Munich, West Germany	February
International Sports Equipment Fair	Munich, West Germany	February
Food Sales Meetings	Boston, Minneapolis, Cleveland	Feb./Mar.
Construction and Building Materials Exhibition	Utrecht, Holland	March
International Book Fair	Brussels, Belgium	March
International Automotive Services Industries Show	Chicago, Illinois	March

PART 2
IT&C is not involved in these fairs but they may be of interest; consult your Regional Office.

Event	**Loction**	**Date**
TRANSPO '76	Washington, DC	May 76
LIGNA	Hannover, West Germany	May 76
South Jewellry Show	Atlanta, Georgia	July 76
National Food Distributors' Show	Miami Beach, Florida	July 76
Housing Materials Show	Tokyo, Japan	Sept. 76
International Trade Fair of Levant	Bari, Italy	Sept. 76
Ship, Machinery and Marine Technology Exhibition	Hamburg, West Germany	Sept. 76
SPOGA	Cologne, West Germany	Sept. 76
Junior Fashion Fair	London, England	Oct. 76
Motor Show	London, England	Oct. 76
Pollution Abatement Show	Milan, Italy	Oct. 76
HOUT '76	Rotterdam, The Netherlands	Oct. 76
Japanese Aerospace Show	Tokyo, Japan	Oct. 76
Poznan Fall Fair	Poznan, Poland	Fall
Hickory Furniture Mart (2/yr)	Hickory, North Carolina	Oct. 76
SIAL	Paris, France	Nov. 76
MIDEM	Cannes, France	Jan. 77
International Boat Show	Duesseldorf, West Germany	Jan. 77
HOTELYMPIA	London, England	Jan. 77
Contract Marketplace	New York City	Feb. 77
IMBEX	London, England	Feb. 77

HEIMTEX Results Double Last Year's

The nine Canadian exhibitors at the 1976 home furnishings fair in Frankfurt, West Germany, made on-site sales of $616,000 and it is estimated that participation in this show will result in sales over the rest of the year of about $3.8 million. These results are double those of last year.

Officers of IT&C's Textiles Division report that carpeting continued to be the most popular item but there appeared to be some market for textile-covered window blinds, non-woven bed coverings, and skins for area rugs and seat covers. Firms participating were: Harding Carpet Limited, Caravelle Carpets Limited, National Carpet Mills, Peerless Rug Limited, Esmond Mills Limited, Roman Shades, Inc., and Kenwood Mills, Uniroyal Limited and Prescott Hide and Skin Co. Ltd. in a "consortium-type" booth. It appears at least six of these firms will take part in the next HEIMTEX show.

Your friend the project manager

One of the joys of being project manager for a trade fair exhibit is to see a mess such as the one in the left-hand photograph become an attractive display and business meeting area such as the one in the photograph on the right — in less than 24 hours.

These photos of the Canadian national stand at Europort '75 were taken only hours before the big trade fair opened in Amsterdam, the Netherlands. As you might expect, setting up one of these stands involves rather more than banging together a few partitions, slapping on a little paint and moving in some sample equipment. For a start, there is the sometimes miserable task of just getting all the bits and pieces to the fair site.

The Fairs and Missions Branch of IT&C has a group of hardy individuals who act as project managers for all fairs in which the department becomes involved. They are the people who make sure the bits and pieces get put together, and stay together. It is only a rumour that project managers all have suitcases growing out of their right hands but it is a fact that they spend a lot of time travelling. And while you may be watching a weekend ball game on TV, they may very well be standing knee-deep in a litter of electric cables, two-by-fours (or their metric equivalent) and used coffee cups, wondering why that bloody crew of workmen won't follow simple instructions.

But there is no need to feel too sorry for these project managers. They all love their jobs — at least they say they do. And in the course of planning and overseeing their various projects, they get to meet a lot of people; which is something of an understatement.

More than anything, the project manager's job is dealing with people: Exhibition Commission designers, executives of exhibiting companies, IT&C publicity officers, customs officials, caterers, diplomats, electricians, even firemen. At Europort '75, for example, one Canadian exhibitor required 400 kilograms of liquid CO^2 for refrigeration. But fair regulations forbade gas under pressure on-site. However, the project manager was able to sit down with fair authorities and fire department officials to work out an agreement that enabled the exhibitor to have his CO^2. Next, all the project manager had to figure out were the logistics of getting the gas to the exhibitor's display area.

The thing to remember, then, if you plan to be a trade fair exhibitor, is that the project manager is the person to see if you have a problem. But do not be offended if that person seems a bit distracted when you ask where the washrooms are; it could be that somebody else's equipment is stuck at customs 300 miles away. And guess who gets to un-stick it? (for more on trade fairs, see *Canada Commerce*, September 1975).

Something To Think About: Two successful approaches to exporting

There are many exciting opportunities for Canadian companies wishing to sell their goods overseas. These opportunities can prove rewarding, both as market guides assisting product development in Canada and as a means of generating additional profits.

Two Canadian companies that have succeeded in the export market are G.H. Wood & Company Limited Toronto, specialists in sanitation and hygiene products, and Arcan Eastern Limited, Hamilton, designers, manufacturers and marketers of material handling storage equipment.

Derek Edwards, Managing Director, G.H. Wood, International Division, explains how the company, which three years ago exported virtually nothing to Europe and the rest of the world, now has approximately 65 percent of its International Division's turnover in exports and re-exports from Britain. He gives simple, practical advice to all budding exporters. Mr. Edwards' article is based on an address given to an Anglo-Canadian Trade Seminar on business and marketing opportunities held by the Canadian High Commission in London, England, in conjunction with the Canada/UK Chamber of Commerce.

J.L. Eckebrecht, President of Arcan Eastern Limited, describes in his article the approach taken by his company in cracking the export market. Arcan designs and manufactures material handling storage equipment for the Canadian market and licenses its products on a royalty basis in foreign markets. The company started with one licensee in Britain and now has designs patented in 30 countries around the world.

THE G.H. WOOD STORY

When Canadian companies export throughout the world, they are selling Canada — their own country — as well as their products. Take the word CANADA, and use each initial letter to cover a particular aspect of exporting:

Can we export?
Are sales outlets available?
Need a warehouse?
Advantages for branch or company?
Decision to operate from Britain or Europe?
Ability to grow?

Can we export?

The answer is 'yes'. Most Canadian manufacturers can export their products, somewhere in the world, if they have a sufficiently dynamic outlook, and are prepared to get out and visit the markets and find out for themselves whether their products can be used as they are used at home. There may be difficulties and modifications may be required, but basically, if a product is made and sold in Canada, there should be some way of selling the same product in other countries.

The more competition the better, because it means that the field is a remunerative one, and that there are good prospects for plenty of orders if you can break into the market. Many companies are deterred from looking at a particular market, thinking there is no room there for their products. This is almost never the case, so long as there is a dynamic approach from the management of the company concerned. To export there must be real drive and keenness on the part of management. The executives entrusted with the job of selling into overseas markets should have a positive approach and should never feel that the answer is 'no' almost before they have started to investigate. Self confidence, complete product knowledge, and, most important of all, enthusiasm are all essential. The enthusiastic salesman can almost always get an order, and certainly never returns to base empty handed. Everyone knows this applies in Canada; what people do not know is that it also applies in the export market.

The first task for an exporting company is to research the market to discover where the best sales outlets are located and what countries should receive priority.

Are sales outlets available?

Market research can be carried out by a firm of consultants, by the local Canadian government representatives, or, at small cost, by one or more of the company's own personnel. This is not easy work because considerable time and persistence have to be spent looking into every possibility to provide accurate and reliable information.

It is in this area where the Canadian Trade Commissioners in various countries can be of immense help. The Trade Commissioners tend to be as good as we business people make them. This means that the Trade Commissioners can give you much more help if you give them a complete run-down on yourselves, your company, and your products. Whenever G.H. Wood & Company visit Trade Commissioners, the first thing we do is to treat them as customers and sell our products to them. And we sell them in just as hard and tough a manner as we would to any genuine customer. We soon find that our enthusiasm for our products is captured by the Trade Commissioners or their representatives. This makes sales outlets easier to find and quicker to penetrate.

But a word of warning: do not go to a Canadian Trade Commissioner and give him the bald facts that you make radioactive isotopes (or whatever) and you want to sell them in Germany (or wherever) and expect him instantly to give you the right kind of outlets. He will turn to trade directories and give you a few names, and that's all. Don't blame him, because if that sort of sketchy information is all you provide, then you have no right to expect him to give you much in return. Remember: sell your products to him.

Sales outlets are often difficult to find. They are hardly ever obvious. It may be that a company is used to selling its product range through jobbers, or through retail outlets in Canada, and there may be no way that the same thing can be done in some countries overseas. This should be a challenge to find other outlets for the same products; i.e. can they complement another range of products handled by another manufacturer in a different field? Can they be sold to industry, or to commerce direct. Can they be used in the hotel trade, or in any other specific industry which at first sight might be far from obvious? It is the companies that answer these sorts of questions directly, and do not immediately give up trying, but look for outlets in different areas and in different fields, that succeed in building up good export business.

It should be obvious that companies seeking overseas sales outlets should be prepared to make modifications, where necessary, to some of their products. What is right for the Canadian market may not be right for Denmark or West Germany, but a very small modification might make the product right for all three. The answer is to have a flexible approach — be enthusiastic, and refuse to take "no" for an answer until every possible way around the problem has been tried. And it can be a lot of fun just trying.

Need a warehouse?

Whether warehousing is needed outside Canada depends on the type of products that the company manufactures. If they are consumer products, either for individual customers through retail outlets, or for industrial, commercial, or institutional customers, then it may be that a warehouse is necessary at an early stage in the operations.

There are two main reasons for establishing a warehouse outside Canada. First, it is uneconomical to ship small lots to groups of customers in different parts of Europe, or elsewhere in the world, and to expect the customers to pay the charges necessary, or to get involved in the various customs clearance formalities, shipping documentation, taxes, duties and so on required. This applies whether the importer acts through a firm of forwarding agents or shippers, or whether he handles the documentation himself. In practice, a newcomer to the export market should be prepared to export small quantities to many different customers in the early stages of the operation and not go solely for large volume orders. Second, many customers order more frequently if they can get the goods "off the shelf".

If the exporting company has faith in its ability to penetrate a market, or series of markets, then a local warehouse is of great advantage. The company is only transferring a portion of its stock inventory from its Canadian warehouse into, say, a European warehouse. The difference in selling prospects when you can offer supplies from a local warehouse, and the buyers can just pick up a telephone and order their requirements, has to be experienced to be really understood.

It should be remembered that for certain kinds of goods, such as heavy industrial machinery, it may not be necessary or advisable to have a warehouse outside Canada, because each individual shipment is of sufficient value to be economically viable. Even with that type of product range, however, sometimes a local warehouse can still be a distinct advantage, because of delays in fulfilling orders when relying solely upon freight services available between Canada and the rest of the world.

Commercial warehouses are available in most countries and storage space can be found fairly easily at normal rates in the country concerned. Most warehouses can supply staff for receiving, handling and delivery, and it is a fairly simple matter to work out the costs involved and adjust the prices accordingly. It should be remembered also that once there is a warehousing operation established locally, the company should register in that country and establish a small staff to arrange for the invoicing of the goods, bookkeeping and accountability for tax purposes to the authorities concerned. It is essential that local regulations regarding invoicing outside Canada are understood, and usually your auditors or federal or provincial Canadian offices will be able to provide a full explanation of the situation very quickly.

Advantages for branch or company?

A matter of considerable importance for the export company when establishing a base outside Canada is whether to become a separate company or to operate as a branch office. There are normally no major difficulties in forming a small company in the country concerned — no more, certainly, than there would be in Canada — and as long as sufficient nominal capital is provided, and the name does not present any problems, it is a fairly easy matter to register a company overseas.

If it is thought likely that the operation will take two to three years to break even, and this is usually normal for this kind of investment, then it is perhaps better to form a company. Under most tax laws it is possible for that company to recover losses in the first two years, offsetting them against tax chargeable in later years, once a profit situation is achieved. If it is likely that the break-even point will be reached in the first or second year, then there is little advantage in forming a company in the early stages, assuming that the plan is to export and sell overseas the parent company's products, made in Canada.

In the case of G.H. Wood & Company, we fortunately achieved break-even point the first year and moved into a profit position in the second year. It was therefore of little benefit to us to form a separate company.

Canadian companies that have a branch in Britain or in parts of Europe are required by the law of the country concerned to pay the taxes levied on industrial concerns and to conform to all other statutory regulations and requirements regarding invoicing and selling. Trading in an overseas country does require that proper books are kept showing accounts and activities of the company in accordance with normal accounting laws and the branch office usually has to be registered under the particular "companies act" operating within the overseas country. There are virtually no major differences between acting and trading as a branch office of the parent company in Canada and acting as a separate company, a subsidiary of the parent in Canada.

It is obvious that every situation is slightly different and there may be instances where it might be advantageous to form a company at once. The company's financial advisers, and certainly the Canadian Trade Commissioners in that country, would be able to indicate the correct and necessary procedure.

Decision to operate from Britain or Europe?

The potential for any Canadian company in the EEC is very large — here are the most advanced countries in the world, with the exception only of North America, all grouped together in easy reach of each other and with good communications throughout. They are sophisticated; they have very high buying potential; and in almost every country they are looking for new goods and different sources of supply.

It is a market which just sits up waiting to be tackled, and we Canadians have a tremendous opportunity here — far bigger than is generally realized. A decision will have to be made as to whether to set up a base, (i.e. a warehouse and a small office for invoicing purposes) in Britain or elsewhere in Europe. Generally, we feel that Britain is the best country to choose; if only because Canada and Britain have long cultural, language and family ties, which are held as being of great value on both sides of the Atlantic. And London is one of the main trading centres of the world. Finance houses, shipping and forwarding, and business contacts generally, including banking and insurance, are more comprehensive and more readily available to help an intending exporter here in London than anywhere else in the world.

Another great advantage of London is its export confirming houses. In London alone there are several hundred long-established export confirming houses that place orders with manufacturers throughout the world for products required by their overseas clients. These confirming houses are not quite as strong as they were 30 or 40 years ago, but they are still an excellent source of new business outside Europe and the EEC, and a Canadian company will never find such a large number of possibilities to be explored as in the City of London, England. When we in G.H. Wood & Company began operating out of Britain, we turned our attention not only to Britain, but also to the rest of the world, and at the present time we are exporting G.H. Wood products from our British warehouse to over 30 different countries.

This has involved a great deal of travelling, two days here, three day there, one week somewhere else, because the only way to get new business is to go out and get it yourself, at a person-to-person interview. The buyer must meet the seller and then, with good agressive salesmanship backed up by excellent products, no company ought to fail.

There is one major area of difference between Canada and Europe, and that is in the size of the countries concerned and the ease of communications. In Canada many products must be sold through distributors because of the vast distances involved, but in Britain, in West Germany, in France, Switzerland, Belgium and Holland distances are comparatively short, and a Canadian company must be prepared to re-think its methods of selling and distribution — and even of pricing — to adapt to the different situation.

In the European countries, many manufacturers have their own sales force because the distances are so short and there is consequently considerable competition. Direct selling is the answer. This is not to say that there are not certain areas where distributors and indirect selling through them are preferable, but here again common sense should prevail and will dictate the particular method used by the company concerned. There is a vast area of willingness to buy Canadian goods, or even goods produced to Canadian design, throughout Europe. Canada is well liked and admired, but very little known in Europe generally, and it is a matter of pride and satisfaction to find how receptive to Canadian-produced merchandise buyers can be.

Ability to grow?

There is great potential in the EEC and in the rest of the world, and this includes Australia, New Zealand, the Far and Middle East, and the West Indies, and any Canadian company which establishes itself overseas and successfully begins to sell some of its products has tremendous growth prospects ahead. It is no exaggeration to say that in a few years, with agressive salesmanship, good products, and good quality control in the Canadian factories, turnover can be built up and profits generated equal to or in excess of those made in Canada alone by the parent company. This cannot happen overnight. It requires dedication on the part of the salesmen, good management on the part of the executives appointed to develop the export business and, above all, faith, enthusiasm, and trust, from the parent company back in Canada. The parent company must be willing to adapt itself where necessary, and there are risks which have to be taken, as in every type of business, but there exists an enormous ability to grow for a Canadian company wishing to export and determined to succeed.

G.H. Wood & Company has now begun the second phase of its overseas development, by engaging in joint venture manufacturing in Europe to produce products to Canadian formulations outside Canada. This development is good for Canada, because the earnings are Canadian; good for Britain (or the European country concerned) because it uses labour and services in that country; and good in a more general way, because it brings Canada closer to her European partners. The closer we in Canada come to Europe, the more business we will find exists for us both.

A number of organisations can be of great help to Canadian companies wishing to export overseas, apart from the excellent and widespread Trade Commissioner Service, and equally good facilities in some countries provided by representatives of the governments of the larger Canadian provinces such as Ontario, British Columbia and Quebec. The Canada/UK Chamber of Commerce, with headquarters in London, will assist any intending Canadian exporter, and, in conjunction with the Canadian Chamber of Commerce, has recently prepared a special record of successful Canadian companies that are willing to pass on some of their know-how and experience to aid fellow Canadians.

At G.H. Wood & Company Limited, we have in three years made our slogan 'Sanitation for the Nation' read 'Sanitation for the Nations', and what we have done can be done equally well, or better, by many other Canadian companies, but they must have the drive, the determination, and the will to succeed — *Derek Edwards*.

HOW ARCAN DID IT

Arcan Eastern Limited, Hamilton, Ontario, designs, manufactures and markets material handling storage equipment for the Canadian market and licenses its products on a royalty basis in foreign markets.

Arcan had its beginnings in Hamilton, and started to develop products in the storage field about 25 years ago. When Arcan started designing and manufacturing materials handling storage equipment, one of the products was a bolted pallet rack. Shortly after this was marketed, boltless pallet racks were developed in the international market.

In Arcan, we followed this development through Canadian and American trade shows and trade magazines, and watched their gradual introduction into Canada. Eventually, we made the decision to enter this field. But to do so, obviously, we had to become fully conversant with this new product and its uses. We decided that a complete study of all competitive designs and foreign markets was necessary for background. Also about this time, we determined that the storage equipment field was in a state of change. It was important that we keep up-to-date on world activities in this field because many of the developments we had observed were not necessarily coming from North America.

There was, aside from access to this changing technology, another important consideration — foreign income. We felt that this additional income would be important to the company in its growth and development in Canada.

The question was how to become international, how to gain access to developments as they occurred and how to gain foreign income with a product line that cannot be exported. Sixteen years ago there appeared to be only one answer: develop products that could be patented and licensed. Through the Canadian trade offices around the world, we requested catalogues on our foreign competition and detailed information on markets. Using this we were able to make several important decisions that have benefited the company ever since and which have made us truly international for a modest investment.

We were able to determine those countries where we should apply for patents. We were able to determine where we could expect to licence. From our analysis, we were able to develop our beamlock boltless pallet racking, which eliminated the weak points of competitive products. We then applied for patents in 16 countries. Five years later we were able to apply for patents on an improved design in 30 countries. And a year-and-a-half ago we applied for patents on a new design — Mastorak — which will be sold to existing beamlock licensees in more than 20 areas of the world.

From our world market analysis and our own experience in Canada, we established markets in total, as well as minimum target markets for licensees and, from our manufacturing and selling experience, set a royalty figure that would not affect the competitive position of the licensee, nor make him feel badly about sending us payments.

Having reached this plateau in our plans, we again approached the Trade Commissioners, to help us develop global interest in our company. We concentrated first where we initially received the best response. This happened to be Britain and Europe.

About this time, the Ontario Government began its Trade missions program and we were fortunate to be on the first one to Britain. But prior to that first visit we spent five to six months in preparation. The result was that we came back with one licensee in Britain, and several prospects in France, West Germany and Italy.

We chose to appoint the British licensee as a Master Licensee for the Common Market and while we turned up the prospects, in most cases they did the negotiating, the translations, turned technical information into metric equivalents and also collected royalties — of which they received a share. This system has worked out extremely well.

We have learned a lot about locating suitable prospective licensees, and we now use not only the Trade Commissioners but also the Province of

Ontario offices, our chartered banks, and their foreign associates and branches, as well as local and national Chambers of Commerce in foreign countries, foreign national manufacturing associations and foreign trade associations.

We visit and keep all Canadian trade offices abroad, both federal and provincial, informed of our progress, even after we establish licensees. We try to obtain, prior to our visits, as much information as possible on the foreign countries, their business and social customs and government regulations. We also like to line up at least three to five interested prospects before a visit.

Before setting out, we correspond with the prospects several times so that we know something about them, such as their position within their own country, their facilities, equipment, product lines, technical strength, marketing, and financial position. We also make sure that they are aware of our products, our position in the Canadian market, our licensing position world-wide, the equipment required, and basic information on material requirements, labour costs and the local market as we see it.

When visiting prospects we go prepared to help them do a feasibility study on our products, for their markets. We have production drawings, labour breakdowns and costs (in minutes) material costs (specifications and weights), tooling costs (in Canada), tooling descriptions, photographs of installations (product in use), literature from other licensees, worldwide lists of important customers and a sample agreement. We also advise in advance, by letter, our basic licensing terms.

Why licence? There are several reasons: to get foreign income for additional new product research; to keep up to date on new technology internationally; to provide new products for Canadian markets (by licence from licensees); to get up a network of potential licensees for new product licensing and/or export; to expand and make product improvements in Canada.

We introduce licensees to one another; they exchange manufacturing, management, market information, and cross-licence each other. We are in a position to monitor this information from licensees and ensure that it is passed on to all the others, to the benefit of all of us.

We use the patent as a vehicle to obtain a licensee but he must want to manufacture and sell the product in his country. We provide sufficient information for him to evaluate his position and profitability in his market but he must make up his own mind. In other words, we "soft sell".

Our original agreement stressed the patent, but now we stress technology, know-how, registered trade names and the rights to new products. The patents are an appendix to our agreement.

It is not necessary to have patents to licence. Good solid technology and know-how, or products with information that can be kept secret can be licensed, using two agreements: a disclosure, or secret, agreement and a licensing agreement.

It is interesting to note that a few months ago, I spent several hours while in Ottawa trying to determine the royalty income received by Canada and found that in 1970 it was approximately $7 million (outgoing royalty payments were $250 million). By comparison, in 1974 the United States received $2.78 billion in royalty income.

Arcan now has licensees in Britain, France, Holland, Germany, Italy, South Africa, New Zealand, Australia, Japan, India, Argentina, Colombia, Mexico, the New England States, Georgia, Florida, Texas, British Columbia and agreements signed waiting government approval in Spain, Chile and Venezuela. We are currently negotiating in Pennsylvania, California, Ohio, Sweden, Poland, Brazil, Peru and the Maritime Provinces.

Our licensees are both large and small. Some have 15 to 30 employees while others, such as those in Japan, France and Italy, have hundreds of employees.

Arcan has been able to establish itself internationally, for an expenditure of about $90 million for patents and renewals plus travelling expenses over 15 years. With a return in the seven figures, using a product that I was told could not be licensed and was not worth patenting in foreign countries, the effort has proven to be most worthwhile.

For Arcan this has been a good experience both financially and technically. At the start, I knew nothing of licensing, but after 15 years of visiting some 45 countries, studying their markets, their local business policies and customs — and finding many friends, I have gained much practical experience. As a result, through a separate company, Lomar Trading Company Limited, I have assisted other Canadian companies in licensing their products in foreign countries.

Some unusual experiences have occurred during my travels. While having dinner in a small hotel in Paris, a gentleman at the adjoining table was having difficulty ordering his dinner. My French is sufficient to get over this hurdle, so I joined him and assisted in ordering. He was from South Africa and looking for products to manufacture. The upshot of the evening was that he became an Arcan licensee. On another occasion, on a flight from Hong Kong to New Delhi, I invited a gentleman to sit with me. It turned out he was looking for products in Japan to manufacture in India. He too became a licensee.

Not all licensees are this easy to obtain, nor does it happen often by accident. The same procedure does not always work in each country. In two or three areas we are still working hard to create interest, but we are making progress — *J.L. Eckebrecht.*

Trading House Liaison Office

The Department of Industry, Trade and Commerce has established a Trading House Liaison Office in its Capital Projects Branch. The purpose of the office is to provide a point of contact between manufacturers or producers and trading houses that may be able to assist one another, to act as a clearing house for export inquiries that may be handled by trading houses and to review possible changes in IT&C assistance programs, keeping in mind the needs of the trading houses.

What is a trading house?
The term "trading house" is used here to cover a wide variety of organizations — from one man acting as the export manager for several separate companies (an off-shore manufacturer's agent), to companies buying for their own account for export, or a manufacturer's export department "piggy-backing" tne goods of other manufacturers or producers. Some houses also act as catalysts and organizers of project consortia which provide lucrative outlets for a wide variety of goods.

You may be surprised to learn that there are nearly 200 such organizations in Canada and that they handle some 20 percent of Canada's exports. Since about half of our total exports are from goods-producing companies to their foreign parents or affiliates, this means that independent, private houses handle some 40 percent of the remaining exports. Most of these are primary agricultural and forest products handled by a few large companies, including agents of the Canadian Wheat Board, but this leaves a large number of smaller houses exporting a substantial volume of primary products, secondary manufactures and capital goods.

Why use a trading house?
The manufacturer saves the cost and effort of sales promotion and servicing if the function is turned over to an outside specialist. A good trading house representative knows his foreign markets well and visits them often. This specialist, who must live or die with exports, can give his full attention to seeking, exploiting and servicing foreign markets, and to documentation and shipping — leaving the manufacturer free to concentrate on what he does best in-house, i.e. building a better product and marketing it domestically. The cost to the manufacturer is probably fixed as a percentage of sales.

Normally, the representative of a small to medium-sized manufacturer carrying only one line in his briefcase cannot spend the time or funds to give proper attention to all his potential markets, whereas a trading house representative can spread the costs over all the lines that he carries.

Pricing
Considering that foreign markets are very competitive and that the manufacturer is saving selling overhead, he should consider seeking only manufacturing profits when quoting to a trading house. Additional profits result directly from the additional sales and indirectly from any resulting economies of scale.

Manufacturers and trading houses work out a variety of financial relationships including straight commissions, advances against commissions, outright sales, contractual fixed fees or combinations of these and other forms, depending on the needs of both parties and the roles to be filled.

Other roles of trading houses
As well as export management, trading houses can and do put together ad hoc consortia of manufacturers for particular projects or continuing consortia to seek and exploit project opportunities. They compile complex bids to meet the purchasing requirements of foreign governments and act as sourcing agents for foreign companies. They can also entertain proposals of barter or compensation deals.

Directory of trading houses
The Canadian Export Association, through its Trading House Committee, has put together a directory of private Canadian-based export trading houses. Questionnaires were sent to about 1,000 organizations. Some 300 responded, of which nearly 200 are included in the directory. It has been distributed to several thousand manufacturers, to every Industry Sector Branch Officer within IT&C, to our Trade Commissioner posts, to selected buyers abroad and to provincial trade officials. A copy of the directory may be obtained from the CEA.

When you think of trading houses you may think first of the integrated trading houses of Japan, which include banking and manufacturing interests, or perhaps the trading houses of Europe, which have a long history of overseas business. However, a Canadian style of trading house is evolving as an important member of the export fraternity. For more information: Trading House Programs and Operations, Special Projects Branch, Office of International Special Projects, Department of Industry, Trade and Commerce, Ottawa, Ontario K1A 0H5.

Sweden's auto market strong

W.D. HUTTON, Commercial Secretary, Stockholm

In Sweden, several Canadian auto parts manufacturers enjoy a reputation for quality and reliability as original equipment suppliers. Canadian exports of parts, accessories and bearings for automotive vehicles amounted to about $6 million in 1974 and constituted Canada's third largest single export item to Sweden. We believe this amount could be increased.

Despite a domestic market of only 8.1 million people, the Swedish economy supports two automotive manufacturing companies. In 1974, a crisis year for the world automotive industry, the Swedish car manufacturers expanded their market shares in a number of countries and increased their production. Volvo produced 237,657 automobiles in 1974 and Saab-Scania produced 92,600. Both companies' operations remained profitable.

The Swedish economy is free-trade-oriented and the automobile industry faces stiff international competition. In spite of this competition, Swedish producers hold approximately 43 percent of the domestic passenger car market and Sweden enjoys a substantial positive trade balance in the automotive sector (exports $1,125 million vs. imports $575 million = surplus $550 million).

AB Volvo

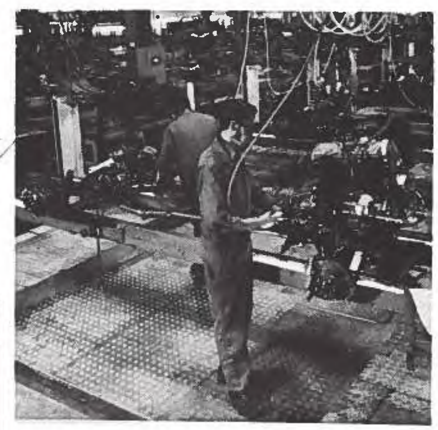
The Volvo group of companies is the largest industrial undertaking in Scandinavia. It has a turnover of approximately $2,225 million and is directly responsible for the employment of 51,400 people. Volvo's product line includes marine, industrial and aeroplane engines, forest and agricultural equipment, and leisure industry products, as well as automobiles, trucks and buses.

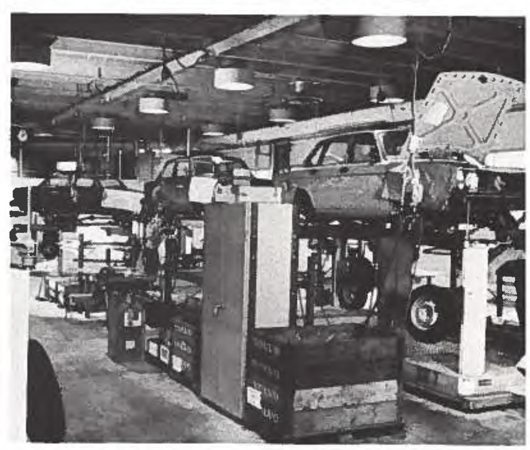
Volvo assembles cars in Gothenburg and Malmö, while parts production is dispersed around Sweden. Foreign car-assembly operations are in Belgium, and Canada (Halifax) and the company is constructing an assembly plant in Chesapeake, Virginia to supply the United States market. It also holds a major share of DAF, the small car manufacturer in the Netherlands.

Volvo has developed a sophisticated purchasing policy and its sourcing network is extensive. Generally, it seeks a minimum of two parts suppliers for each part sourced outside its organization. The company conducts "capacity studies" on potential suppliers, as well as extensive product testing, and it maintains purchasing offices in a number of locations around the world.

Sourcing of all Canadian components is done from a Detroit office which has responsibility for North American purchasing, traffic and payment. This office has primary responsibility for investigating prospective suppliers and vets submitted proposals before forwarding them to Gothenburg for technical inspection. The Detroit office should be the initial point of contact for Canadian firms.

When Volvo established an assembly operation in Halifax, the Canadian government and Volvo entered into an agreement regarding Canadian content. This agreement, known as the Motor Vehicle Tariff Order 1965, results in a strong incentive for Volvo to source parts in Canada. Therefore, Volvo actively seeks Canadian suppliers and has conducted a number of thorough investigations of Canadian firms through its Detroit office.

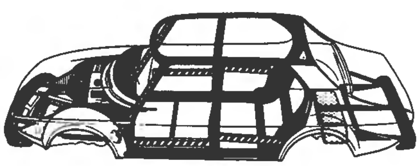




AB Volvo

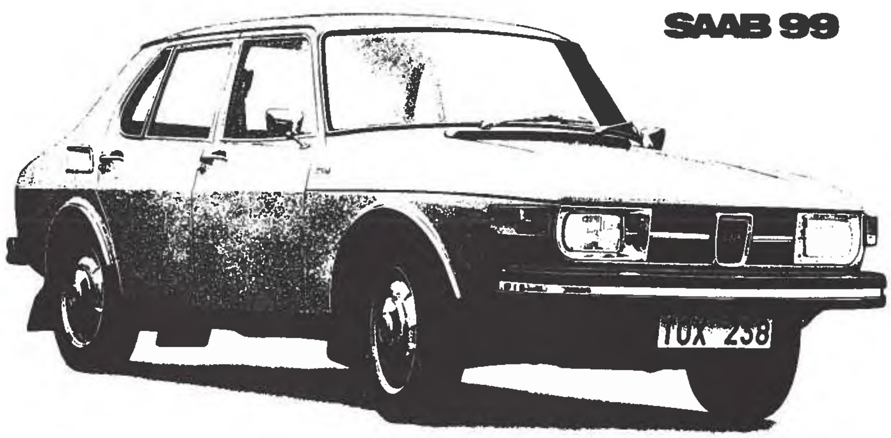
Saab-Scania

Saab-Scania, the smaller of Sweden's automotive manufacturers, is also a widely diversified manufacturing company. The company has a turnover of $750 million a year and has more than 28,000 employees. As well as manufacturing cars, trucks and buses, Saab-Scania produces military aircraft, computer systems and specialized industrial valves.



Saab assembles vehicles in a number of locations in Sweden and has foreign assembly operations in Finland and Belgium. In 1974, Saab-Scania introduced its Model 99 to the central Canadian market. This creates an incentive to increase sourcing in Canada, but this, to date, has not been as extensive as Volvo's.

Saab does not maintain a foreign purchasing office network but its purchasing philosophy is similar to Volvo's. The company has done some sourcing in Canada and has conducted some supplier investigations. Contact with Saab-Scania should be established through the Director of Purchasing Policy and Planning, Saab-Scania, Troolhättan, Sweden.



After-market

After-market auto parts production in Sweden is done on a limited scale and imports hold a large share of the market. Volvo and Saab manufacture some spares for their car lines and several independent Swedish manufacturers produce such products as mufflers, exhaust pipes, tires and batteries for the after market.

The largest source of after-market parts is West Germany, followed by Britain. Sweden is a member of EFTA and has negotiated a free trade agreement with the EEC. Therefore, it enjoys free trade in engineered products, including automotive parts, with almost all of Western Europe. For suppliers outside this area, Sweden maintains tariff barriers ranging between 5 and 10 percent.

Distribution in Sweden for independent foreign parts suppliers is generally through stocking agents or country-wide wholesalers who maintain stocks for retailing outlets. Mark-ups average between 30—40 percent at each stage in the distribution chain. Sweden has a value-added or sales tax of 17.65 percent and import duty is calculated on an ad valorem basis.

It should be noted that although Sweden is not a major world parts and accessories market, Swedish consumers are extremely well-informed. Products are available from worldwide sources and the market is unusually sensitive to both price and quality considerations. Sharp pencils and good products are important for Canadian manufacturers entering this market.

We have prepared a report on the automotive parts market in Sweden. We will be happy to forward a copy of this report if further information is of interest: Commercial Counsellor, Canadian Embassy, PO Box 16129, S-103 23 Stockholm 16, Sweden.

Austerity in Portugal

L.A. CAMPEAU, Commercial Counsellor, Lisbon

It is almost a year since the Portuguese government began drawing the people's attention to the deteriorating economic situation and the grim economic realities they must face. They have now come to realize that the relatively peaceful revolution of April 25 was paid for out of the country's large foreign exchange reserves, which were a legacy of the former regime.

As a first step, a three-year program of economic and social policy was announced with a warning to expect a period of austerity, with cuts in imported luxuries. The events of March 11, 1975, however, brought about drastic changes in the program and it was never implemented. Meanwhile, the balance of trade deficit had plummeted to $2 billion and the balance of payments deficit for 1975 is estimated at over $1 billion, double that of 1974.

The draining away of foreign exchange reserves has come from: (a) a tourist industry that showed a decline of close to 50 percent, (b) falling remittances from Portuguese emigrants abroad, and (c) declining exports due to world recession. In addition, prices were higher for such foreign exchange earners as pulp and paper, tomato paste, wines and cork, and Portugal is pressing for wider trading agreements with the EEC. Furthermore, several large corporations pulled out of the country and there was an almost total loss of fresh foreign investment.

The two main problems facing the government are: feeding the country and keeping up export earnings. Portugal has never been able to feed itself and half of its import dollar is spent on food. Agricultural production presents grim prospects — adding to the drain (estimated at $4 million a day) of foreign exchange reserves which, it is said, barely cover a few months of imports. Fortunately, the country can still fall back on its gold reserves which are estimated now at $12 billion.

To reduce the trade deficit in 1976, to increase investment and raise the GNP by 5 percent, the government has estimated that consumption must drop by $1.17 billion, or approximately 10 percent of the estimated 1975 GNP. For this reason, the authorities felt that restrictions must be imposed on (1) disposable income, through increased taxes or forced savings, tighter income policy and greater austerity in public spending; and on (2) consumption, through decreased availability of consumer goods, rationing and price increases.

In his year-end message, the Prime Minister emphasized the serious state of the economy and confirmed that austerity measures had been approved by the Cabinet. He said the country was entering a period of austerity which will hit all Portuguese.

Shortly after that, the government ordered an extension of the wage freeze which had been in effect since November 25. It also moved to reduce, and limit, public consumption and expenditures, in addition to restricting imports by extending the life of the import surtax already in effect. Government involvement in importing will be more extensive.

As the New Year came in, the price of gasoline was increased by 40 percent, bringing it close to $3 per imperial gallon. In addition, increased rates for public transportation, postage, water and telephone calls were approved. A new sales tax increased the price of whisky by 80 percent, and the price of other consumer products such as cigarettes, automobiles and imported luxury goods from between 20 to 80 percent. Television taxes were increased between 30 and 50 percent, and a series of energy-saving measures was approved. The hours of work of the public service, banks and shops in general are being revised, and new measures will control hours of entertainment and public lighting.

Food products such as meat, milk and butter are becoming scarce in some parts of the country, and this prompted one Portuguese importer to comment that the restrictions on food imports may cause the people to change their "bourgeois" eating habits. The public has been urged to accept willingly the reductions and sacrifices, and they have been told that if they do not, it could mean disaster for Portugal. The government emphasizes that these problems are also the result of transition to a new type of society.

CANAC in EAC

A team of eight Canadian National officers is in Nairobi, Kenya, to make studies and recommendations for the decentralization of the 3,680-mile East African Railway system.

J.W.G. Macdougall, president of CANAC Consultants Ltd — CN's international consulting subsidiary — said the men will spend eight months in the East African Community, which is made up of Kenya, Tanzania and Uganda.

The East African Railway Corporation's railway serves the three independent nations and links inland areas with the Indian Ocean ports of Mombasa, Dar-es-Sallam and Tanga. In addition, the corporation operates road, marine and hotel services.

"The invitation to provide our services came about as a result of the reputation we have established in Africa through our work with the railways in Zambia, Guinea, and Nigeria and during a previous assignment in East Africa," said Mr. Macdougall.

W.R. Corner, CN's vice-president of accounting, heads the teams of Canadians. The objective is to increase the efficiency of the East African Railway system. All aspects of the administrative and operating elements of the EARC will be reviewed. The project is funded by a World Bank loan to the East African Railway Corporation. Since its incorporation four years ago, CANAC has undertaken more than 30 projects in Africa, Asia, the Caribbean and North and South America.

R & D Management Bibliography

The Innovation Management Institute of Canada has recently published a bibliography containing more than 1400 references on R&D management and related areas. It is designed to assist academics and R&D managers wanting information about the considerably body of literature available. The *R&D Management Bibliography* covers the period from 1954 to 1975 and is indexed by 24 subject areas including motivation of R&D personnel, organization and individual productivity, accounting and budgeting, technology assessment, and planning and scheduling. The price is $12.00 plus postage and the bibliography may be ordered from the Innovation Management Institute of Canada, PO Box 9291, Stn. J, Ottawa, Ontario K2A 1T4.

Hydrogen-as-fuel R & D needed

Hydrogen is a prime candidate to satisfy many long-term national (and international) fuel requirements. It is no longer necessary to justify hydrogen fuel research because hydrogen is a clear contender for the synthetic fuel market of the future — only the time scale for implementation of this fuel is uncertain. Economical production of hydrogen, from coal or water, could easily occur within the next decade and initiate major transitions in current modes of distributing marketable energy — Preface to National Bureau of Standards Special Publication 419, *Selected Topics on Hydrogen Fuel.*

Skate leasing

Two Toronto firms reckon they're ready to skate onto the national scene — all because of development of a molded plastic hockey skate boot.

The two — Sports Lease Inc. and Skate Lease International — launched pilot programs in skate leasing just in time for the start of the minor hockey season. So far, both have been so satisfied with the results they're falling over each other to go national in 1976.

And that plastic boot — produced by such manufacturers as Lange, Penta, and Bauer — has been the door-opener. It consists of an almost damage-proof plastic shell and a replaceable inner liner, which permits the skate to be fitted exactly to the user's foot — or rather, the users' feet, since the leasing companies expect to get up to six years of use out of a pair of boots. Only a replaceable liner inside the boot needs to be changed to provide a perfect fit for each subsequent wearer. (Previously, leather boots eventually conformed to the shape of the wearer's foot, making them a poor fit for a second wearer.

With this long-use breakthrough, the companies will be able to offer skates at a charge less than the cost of a brand-new pair — and allow them to write off the investment in the first two years, making the remaining four years of a six-year span clear profit-makers — *Financial Post*.

Phone change

Since February 1, the telephone numbers of the IT&C Regional Office in St. John's, Newfoundland, have been 737-5511 and 737-5512 (area 709).

The Catalytic Influence of Industrial Design

H.T. TRAYNOR, Office of Information and Public Relations, IT&C Ottawa

Harry Traynor's career as a journalist goes back to 1938. During the Second World War he served in the RAF, joining the *Scottish Daily Record* when he was demobilized. Later, he worked on the *London Daily Mail* and then moved into industrial public relations, including a stint as consultant to British Ford. He joined the Canadian Government in 1967 and in 1971 conceived and was an organizer of the London-to-Victoria Air Race for the British Columbia Centennial celebrations. He became quite wrapped up in the writing of this article and his research included visiting the Braun organization in Germany at his own expense.

A recital of the trading problems which beset Canadian resource and manufacturing industries would hardly evoke sympathy in developing countries. Political leaders of the third world tend to measure the economic strength of Canada in terms of its mineral wealth, exports of raw materials and grain, and a general affluence which is reflected in domestic sales of automobiles, deep freezers and colour television sets.

Canadian protests about escalating prices might be countered by a reminder that our per capita expenditure on holiday travel exceeds the average annual income of most families in Latin America, Africa or South East Asia. While far-off fields beckon hordes of Canadian tourists, and the inhabitants of less fortunate countries may get the impression that our vegetation blossoms into green dollar bills, our view of our economy is coloured by an accelerating depletion of non-renewable resources and an alarming monetary drain through purchasing finished products of foreign manufacture.

Because extraction and shipping of minerals are not labour-intensive operations, some Canadian economists insist that our future prosperity depends upon processing oil and ores for export customers. The proponents of this policy would establish Canadian manufacturers close to the world's richest nickel deposits. They also see Canada as a primary supplier of, for example, copper wire or, better still, insulated wire.

Stepping up the production of insulating materials would give a boost to the Canadian petrochemical industry. New plants in oil-yielding regions would provide employment for the local labour force and arrest the population drift from the wide-open spaces to the big-city sidewalks.

Yet another school of financial experts believes that our economic survival lies in increasing exports of consumer products. These people point to the astonishing success of West Germany and Japan, two countries which have popularized their trademarks across the world and even operate profitably in the United States, the champion of low-cost, mass-production techniques.

Canada is restricted in its efforts to sell consumer products in international markets. Many Canadian-based companies in this field are subsidiaries of American corporations which either export directly from the United States or have satellites in overseas countries. The competitive edge of Canadian manufacturers is also blunted by the fact that the domestic market is small and so widely scattered that unit costs are almost invariably higher than foreign equivalents. Thus, a Canadian consumer product stands little chance in international markets — unless it has qualities which draw the potential customer's eye away from the price tag.

Attracting the discriminating

Superior workmanship, exclusive technical features or excellence of design are the hallmarks which attract discriminating buyers. In this category are Britain's Rolls Royce automobile, the Swedish Hasselblad camera, Jaeger Le Coultre watches from Switzerland and Japanese tape recorders bearing the name Nakamichi. It could be argued that many Rolls Royces are purchased solely for their snob appeal, to satisfy the egoism of film stars and rock music idols, but motor moguls in readily acknowledge the superb engineering design of the Rolls.

Good design, technical efficiency and superior workmanship is the trinity which, if embodied in a single product, guarantees sales success for the manufacturer who is equally sound in marketing and promotion. It is certainly not enough to be a brilliant and meticulous innovator; industrial museums are crowded with the brainchildren of men whose genius did not extend to the commercial side of manufacturing.

Design engineer Frederick Henry Royce — a staid, stiff-upper-lip Englishman — might have faded into oblivion but for the fact that his horseless carriage attracted the attention of Charles Stewart Rolls, a wealthy entrepreneur with an astute business brain. Unlike Henry Ford, Charles Rolls saw the mechanical horse, not as a beast of burden to serve the masses, but as an exclusive thoroughbred for customers with big bank accounts.

Yet another design engineer aimed his sights at the sporting fraternity. W.O. Bentley produced a car that was good enough to chalk up four successive victories in the annual 24-hour road race at Le Mans, France. Victor's laurels brought world fame to the designer, but his technical brilliance was no match for the marketing expertise of rival automakers and he succumbed eventually to the overtures of Rolls Royce, a company which shies away from all forms of competition motoring and has steadfastly refused to divulge the ultimate power or speed of its limousines.

Canada had its share of pioneer automobile builders, but one by one they fell victim to the concerted might of Detroit. Today, Canadian factories produce replicas of models conceived and designed by parent companies in the United States, and the general prosperity in certain areas of Ontario and Quebec is dependent mainly upon the impact of American automobile designs upon American customers.

In other sectors of industry, some foreign-owned corporations encourage Canadian subsidiaries to recruit Canadian design teams. An outstanding example is Picker X-Ray, manufacturer of scientific and electronic products used in the medical field. Picker's Canadian designers received the Governor General's 1975 Design Engineering Award of Excellence for their Tomolex X-ray table. The Picker equipment earned a second design award in the United States and the Ontario company is confident that these honours will act as a catalyst on Tomolex sales, which already top two million dollars in foreign markets.

Such recognition rarely comes to Canadian industrial designers and some sceptics might question the promotional value of awards. But manufacturers on the other side of the Atlantic set great store by the panels of independent experts who weigh the merits of products in specialized fields and proclaim that this or that entry represents the best of its kind in the marketplace.

BRAUN

four decades of design excellence

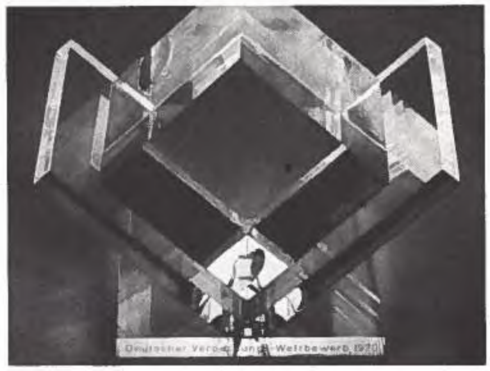
The most prolific winner of design awards in Europe, if not the world, is a German manufacturer of hi-fi and photo equipment, domestic appliances and electric shavers. The company in question — Braun of Frankfurt — has an array of trophies, medals and citations which puts to shame the sum total of accolades won by Canadian designers.

Although Braun's first international award dates back to 1937 — a gold medal for phonograph design at the Paris World Fair — two decades would pass before the company climbed to the pinnacle of the industrial design field by winning Grand Prix honours for its entire product range at the 1957 Triannale Exhibition in Milan, Italy.

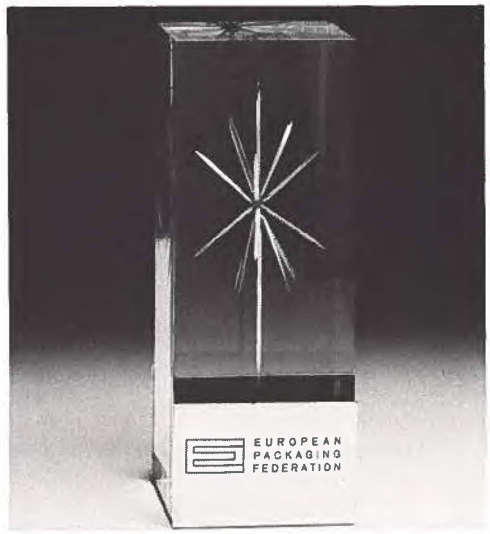
Complementing Braun's list of awards is a graph of cash earnings. The base year is 1954 — twelve months before the company established its own design department.

zooming sales

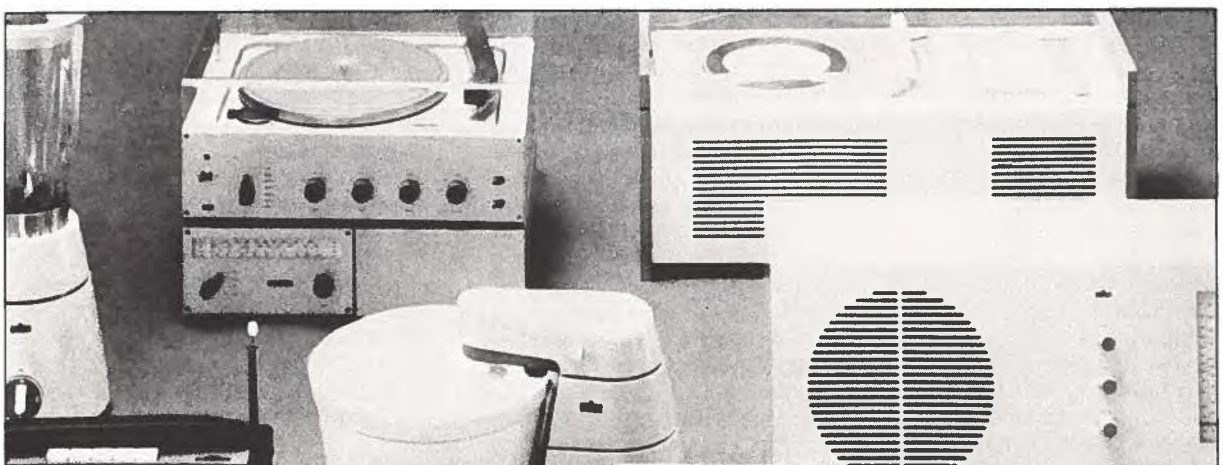
In 1954, Braun turnover was short of $20 million but sales figures had climbed to $30 million by 1957, the year which brought Grand Prix laurels in Italy. There were more design honours in 1960, by which time the annual turnover was zooming towards $50 million. There was no levelling off during the Sixties, a decade which brought new products and fresh design triumphs.



Not content with world acclaim for product design, Braun collect honours for packaging and their explicit, no-gimmick approach to advertising.



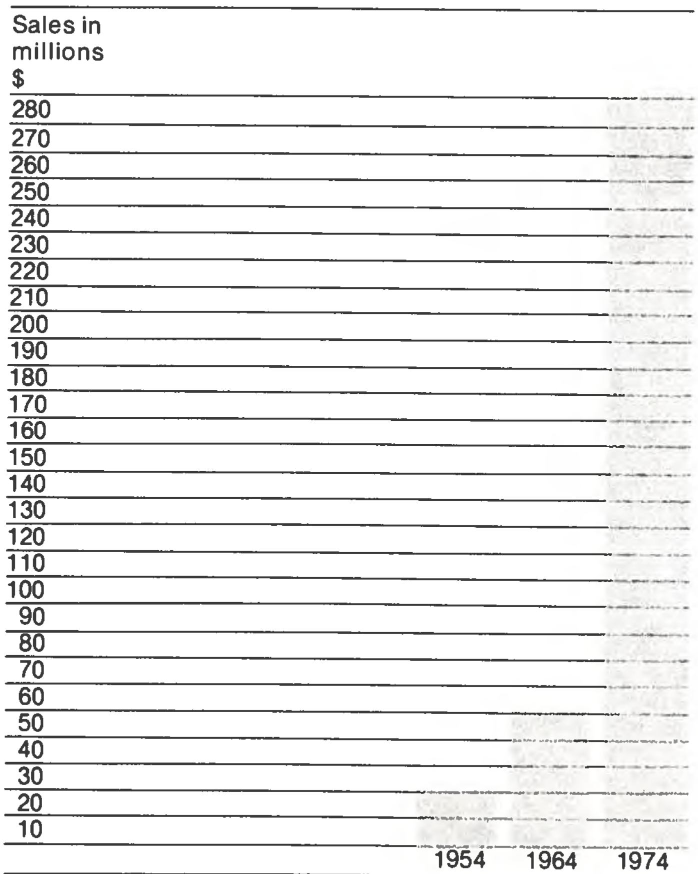
The first international trophy dates back to 1937. Except for the war years, design awards have continued to establish successive Braun products among the best obtainable.



1957, 1958 were vintage years for the German company. The entire range collected the Grand Prix award at the 11th Triennale, Milan, and 16 products were chosen for display at the Brussels World Fair.

The 1970 balance sheet showed sales of $136 million. During the next 12 months sales exceeded $155 million. By 1974, The New York Museum of Modern Art had added a ventilation heater to its permanent collection of Braun merchandise; Brazilian museums had acclaimed Braun design, and in Italy music maestros and the people who listen to them independently heaped honours on Braun hi-fi equipment. The company balance sheet produced its own brand of sweet music, with sales running at $250 million.

The office party marking the twentieth birthday of Braun's design department was a small affair. Even with two secretaries present, the attendance was only 16. But this small group had much to celebrate. Displayed in the head office wall cabinets were 11 unique product ranges, most of them with offspring — for example, five different models of the Braun thin foil shaver, 13 electronic flash units, 12 types of hi-fi speakers. Including all the product themes and design variations, they made a grand total of 73 items. Together, they amassed sales of $271 million during 1975.



Sixteen design staff, 73 retail items, sales bringing in 20 times the 1954 revenue — and the design award cabinet brimming with honours won on four continents. Who could study those numbers and question the importance of design in the quest for profit and prestige?

government incentives

The importance which the Canadian government attaches to industrial design is reflected in the Industrial Design Assistance Program (IDAP) launched in 1971. Administered by the Department of Industry, Trade and Commerce, the IDAP program finances up to 50 per cent of any approved design project initiated by a Canadian company (see *Canada Commerce*, November 1975). One quarter of the government grant must be absorbed by industrial design services, which can be provided by the company's staff designers or by outside consultants.

More than 100 manufacturers have received IDAP cash grants ranging from $4,000 to $26,547 and making a grand total of nearly $1,800,000.

Other federal grants encourage design education at university and college level. Provincial governments collaborate with IT&C in sponsoring the design projects of small manufacturers across the country. Such activities are co-ordinated by the department's Office of Design, which also joins with provincial governments and private companies in organizing annual design seminars, the highlight of which is an address by a designer of international renown.

seminar speakers

Guest speaker at the first seminar in 1973 was Professor L. Bruce Archer, head of the Design Research Department at the Royal College of Art in London, England. Bruce Archer abandoned his career as an engineering designer to pursue research in design methods and management. His published works have been translated into Russian, Chinese and Japanese, and the Office of Design publication based upon his Canadian lectures is hailed as a classic in its field. The British Design Council describes *Design Awareness* as a book "essential for designers, marketing people, manufacturers and senior management." But Canadian sales of the Archer treatise on design have been disappointingly slow, which may, in part, be due to the fact that the Englishman is virtually unknown in this country and was heard only by small groups composed mainly of impecunious university students.

american architect

Bruce Archer was followed in 1974 by George Nelson, an American who was awarded the Rome Prize for architecture as long ago as 1932, but whose triumphs as an industrial design consultant are as fresh as the latest editions of large department store catalogues. Glance through the sections devoted to furniture, kitchen appliances and do-it-yourself household products and the Nelson touch is easily discernible.

The deceptively simple wisdom of George Nelson was directed mainly at Canadians who were practising or aspiring designers. But for the 1975 series of lectures, the seminar organizers set out to attract the decision makers of Canadian companies which have, or should have, product design departments.

To follow in the wakes of the English theoretician and the American consultant, Robbins Elliott, general director of the Office of Design, chose a man whose creative talents are geared to one of the world's most successful manufacturing and marketing organizations. Professor Archer, the 1973 lecturer, is not called upon to personally apply his design theories to the everyday routine of an industrial plant. Nor does consultant George Nelson have to live and work on a permanent basis with the factory engineers, production technicians, marketing teams or promotion experts who transform his blueprints into commodities which compete for public favour in retail stores.

german director

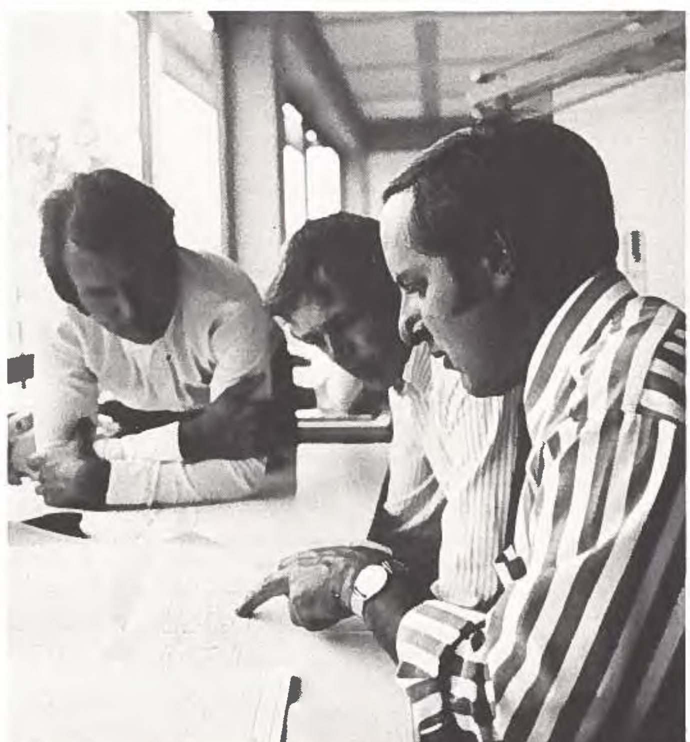
Dieter Rams, the man chosen for the 1975 lecture series, is head of the Braun of Germany design team. And as company director, he is one of the links in a chain of command which stretches from the president of the company right through to the salesmen who ply Braun wares in 103 countries north and south of the Equator.

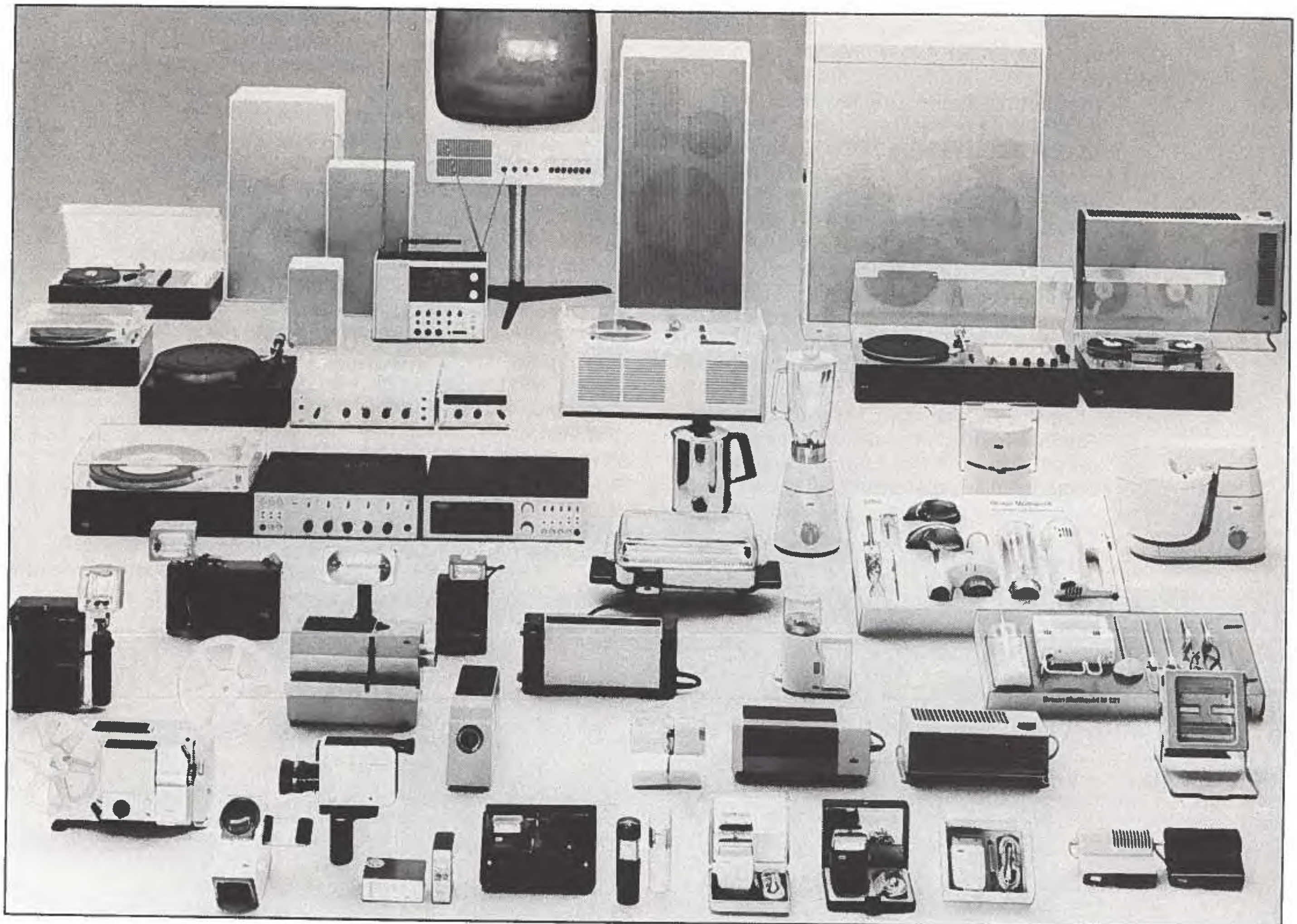
The design director of seven plants churning out 73 different items, most of them technically complex, must be sensitive to the problems of material suppliers, to the whims of production chiefs, to the national idiosyncrasies of customers and to the criticism of disgruntled end-users in the department store 10 blocks from his office or on the other side of the world.

Like the embryo projector on the workbench, the decor of the design department is matte white. Dieter Rams influence extends to the design of office desks and furniture.

In the quest for what the publicity boys call aesthetic appeal, the designer of hi-fi equipment must complement the engineer's efforts to ensure superb performance, smooth production flow, easy maintenance.

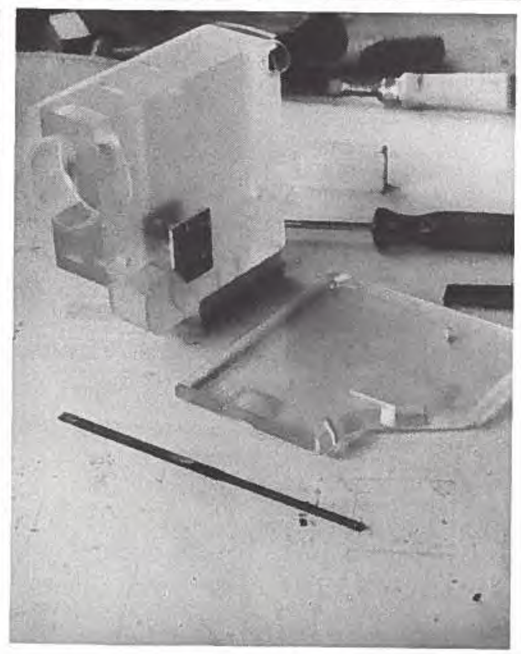
Including secretaries, the Kronberg design staff totals 16. They handle over 70 different items, ranging from $1,700 reel-to-reel tape decks to pocket lighters that operate minus flint, wick or battery.





Designed for a myriad of purposes, and each product devoid of unnecessary embellishments. Every switch, knob and control positioned for maximum user convenience and minimum risk of malfunction.

Braun blueprints and sketches are immediately transformed into three-dimensional models — to be handled, mishandled, dropped — and their shape exposed to the critical eyes of technologists who put function before form.

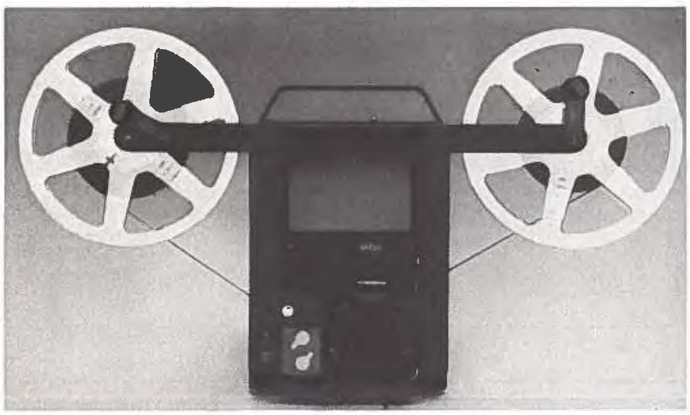


The final shape of this Nizo movie camera may be dictated by some as yet unannounced development in lenses, shutter controls or sound synch systems. Six models make up the current ($400 — $1100) range. Braun acquired the Niezoldi and Kramer company in 1962.

Only the silver hair suggests that 43-year old Dieter Rams has been exposed to the high-technology, mass-production, big-business grinder for two decades. The features below the grey thatch are alert, composed, vital. At the wheel of his potent Porsche Carrera he displays youthful impetousity, burning black tire prints into the road when traffic lights flash green and sending $15,000 worth of precision engineering hurtling towards the best food and wine served by Frankfurt restaurateurs, or perilously close to the hedge-rows on the spiralling evening climb towards his home in the hills above Kronberg.

At the Calgary and Toronto seminars, Rams wrestled not with a steering wheel, but with the English language, holding his audience for 90 minutes, or three times longer than he had previously conversed in a foreign tongue.

The first Braun film viewer was launched in 1968, by which time the company had been catering to the camera trade for 16 years.



In deference to his Canadian hosts, some of them rivals at the retail level, he further handicapped himself by studiously avoiding detailed reference to brand products with which he is associated. Nor did he make more than a passing reference to personal achievements. Fortunately, the seminar's printed program fleshed out his background. Dieter Rams: architect by profession and founder member in 1955 of the Braun design department; received individual design awards in three countries; and appointed honorary Royal designer by the Royal College of Arts, London. And there was more.

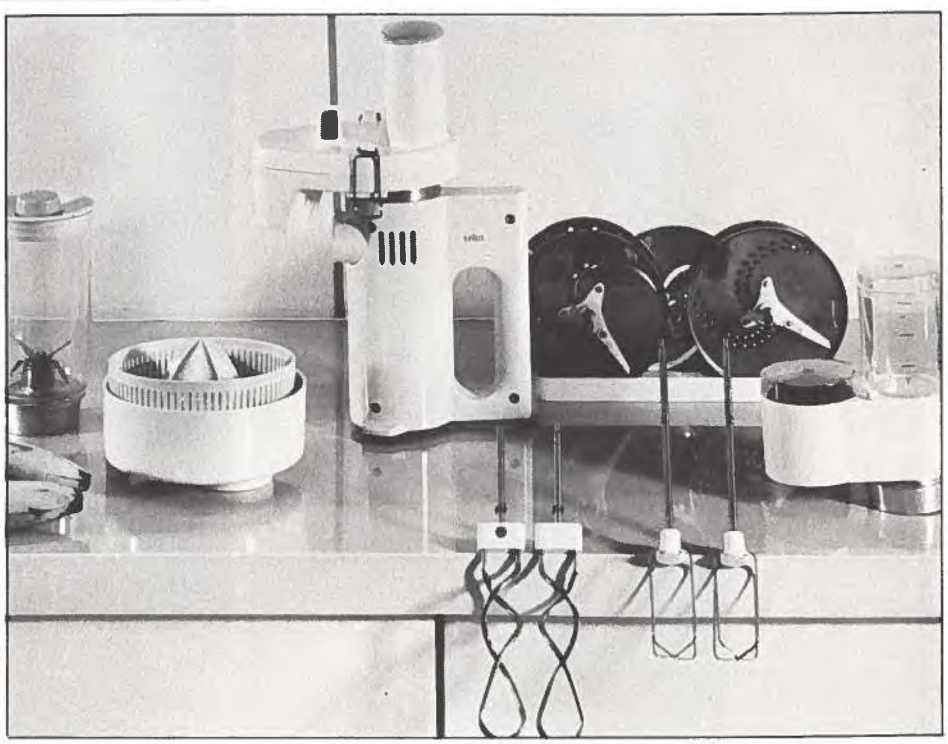
What came as a complete surprise to the Canadian audience was the revelation that this designer of award-winning hi-fi equipment, top-of-the-line movie cameras, and sophisticated kitchen and personal aids is equally famous in Europe as the creator of office and domestic furniture. Vitsoe of Denmark was established expressly to make and market furniture designed by Dieter Rams.

danish furniture

That last nugget of information offers a vital clue to Dieter Rams' philosophy. Designer of phonographs, radio receivers and television sets, he is utterly opposed to the idea of making the family hi-fi system look like a piece of furniture. A radio, he argues, performs the same basic function as a telephone; it relays sound and must be conceived as an efficient, simple-to-operate, unobtrusive piece of equipment. The key word is unobtrusive.

Braun lays down explicit guidelines for retailer advertisements: "Photos should be informative, credible and clear. The product is the 'message' — its appearance, its advantages, its quality".

Like all Braun product pictures, this shot — devoid of smiling, curvacious sex symbol — confirms the company policy: "spectacular sales promotion would hardly be satisfactory for us".

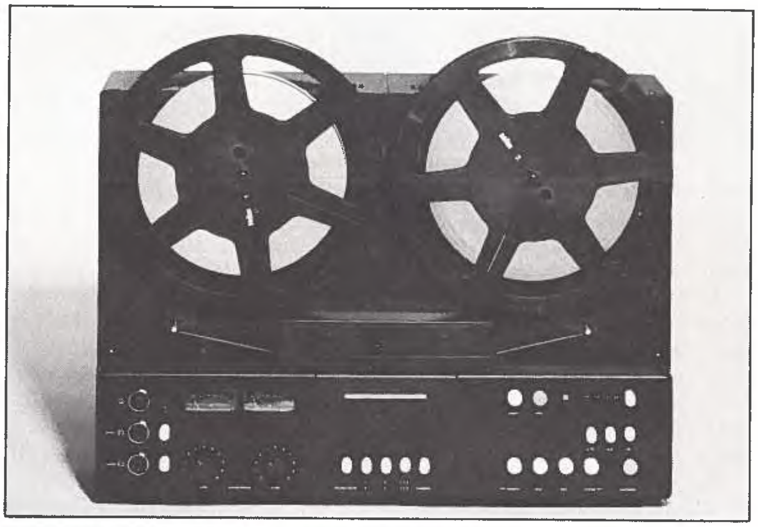


Remembering that Rams also enjoys an enviable reputation as a designer of furniture, it is interesting to note that, since the earliest days of the phonograph, manufacturers of sound reproduction systems have made great efforts to design products that resemble and rival the best item of furniture in the room. The most dominant feature of the original gramophone (so called by Emile Berliner, the German-American inventor of the flat-disc record) was, of course, the enormous horn — but to satisfy those who wanted to outdo the Joneses, manufacturers provided wooden cabinets, and started a trend which survived the era of the multi-tube superhet radio and has its modern counterpart in the television console.

low profile

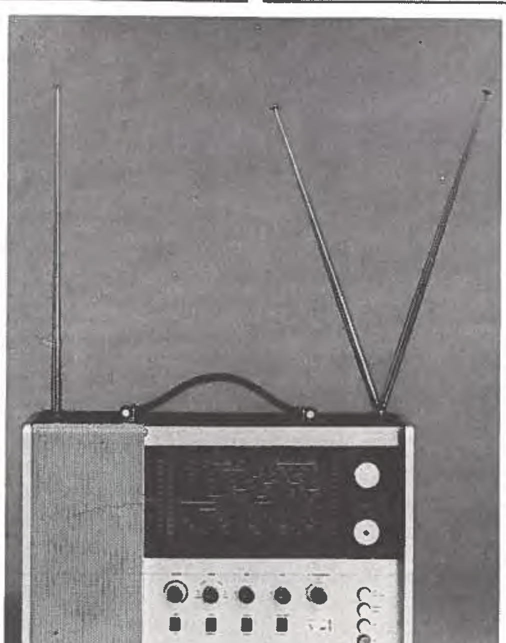
Rams rejects wood for hi-fi equipment and scorns the idea of offering Braun customers plastic exteriors with a simulated wood grain finish. He favors matte white and grey. To emphasize his conviction that radios and phonographs should be heard, but not visually obvious, he reduces the vertical area to the absolute minimum consistent with maximum performance and user convenience. The low, flat profile is a Rams' hallmark which has been copied by many European hi-fi manufacturers and is becoming increasingly familiar in similar Japanese products.

The inevitable knob twiddlers. In 1962 Braun opened a product information centre in Frankfurt. Results justified establishing a second showroom in Hamburg. Product demonstrators are employed in stores throughout North America.

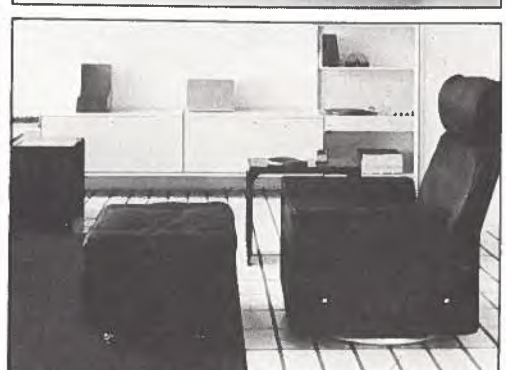


Fewer than six rivals can match the performance of this stereo tape deck, but Braun electronic engineers continue the quest for better circuitry, improved recording heads, perfection in tape movement.

For Canadians resident in a foreign country, design excellence means having a radio that pulls in English language stations half a world away. Some second hand multi-band receivers by Braun command prices above the original retail figure.



Unfamiliar to Canadian audiophiles and certainly less imposing than the traditional radio-phonograph. According to Braun, sound reproduction equipment should not be disguised as furniture. Company profits support the wisdom of that theory.



Industrial designer Dieter Rams also creates furniture — for a company not related to Braun. His modular systems accommodate low-profile hi-fi components that occupy shelf rather than floor space.

elements of design

Is a low-profile radio receiver an example of good design or simply a styling gimmick? Dieter Rams gives the answer: "Three general rules govern every Braun design — a rule of order, a rule of harmony and a rule of economy. It is in these terms that designs can best be analysed.

"The elements of a well-designed product — housings and handles, buttons and knobs, grille and ventilation slots, seams, inserts, switches, dials, surfaces and edges — must be methodically disposed according to a system of alignments and parallels.

order

"The order in good design is neither accidental nor occasional: it is calculated and regular. The product must challenge the viewer to find a single part — something as insignificant as a screw head — which does not make a positive contribution to the order conceived for the product. Order prepares the way for harmony.

harmony

"Harmony in design is the special kind of order in which all parts are made to agree, creating a unity. Harmony is, as it were, the ordering of order. It is a much harder thing to achieve. It is rarely seen in products for everyday use.

"A designer's sense of harmony depends upon his concept of balance — the balance of masses and volumes which are made up of ordered elements. He must strive for symmetry, or subtly struck balances which suggest symmetry.

economy

"Economy — the last of the three design rules — is the creation of harmony by the fewest and simplest means. Economy is not a question of restraint but of temperament. The designer in search of economy does not expressly avoid using ornaments or emblems, embossed and recessed effects, gratuitous overhangs and undercuts, unnecessary doors or frames, fake veneers and so on. All he does is to make the essential elements, both fundamental and decorative, do all the work. Which is not to say that design economy should be carried to the point of inconveniencing the user of the product. On the contrary, austerity in design should give the consumer something extra, a plus quality which will be recognized and appreciated by the discriminating buyer."

That statement on design, couched in concise terms, is devoid of all the mumbo-jumbo and pseudo-technical jargon which lesser members of the design profession employ to baffle audiences and, in so doing, camouflage their own professional inadequacies.

During the lunch break at the Toronto seminar, one Canadian manufacturer reminded his table campanion that *Time* had referred to Dieter Rams as one of the very best practitioners of the art, that Rams' creations almost automatically win design awards in competitions round the world, and the Braun toaster and radio are on permanent display in New York City's Museum of Modern Art.

Another manufacturer who attended the seminars likened Rams to an ice hockey star. "We're looking at someone," he said, "who towers above most designers in the same way that a Bobby Orr or a Gordie Howe dwarfs 90 per cent of all other professional hockey players. So where do we find a Canadian Dieter Rams?"

It would be interesting to speculate on the number of Canadian manufacturing organizations which could and would accommodate an international designer of Rams calibre. There is, of course, the North American predilection for luring talent with fat contracts: but Dieter Rams would readily admit that the best designed products in department stores owe their existence to the combined efforts of a team. What's more, the individual brilliance of a designer or engineer is seldom allowed to shine in the boardroom. The blueprints of Frank Whittle's jet engine, for example, accumulated dust over a period of years and were rescued from Air Ministry files only when Britain became a beleagured island fighting for survival.

A good industrial designer will succeed only if he commands the support of an employer who has the financial, technical, production and marketing resources necessary to launch a new design concept. Sales success will be dependent also upon public reaction — timing is vital. In the late Forties, a British manufacturer introduced a clock radio, examples of which are currently selling by the million. But in 1948, the British people, still trading ration coupons for the essentials of every-day living, rejected the idea of buying a clock radio. So the manufacturer went out of business. Other products bearing the same brand name were in demand, yet their sales could not offset the losses incurred by a premature brainchild.

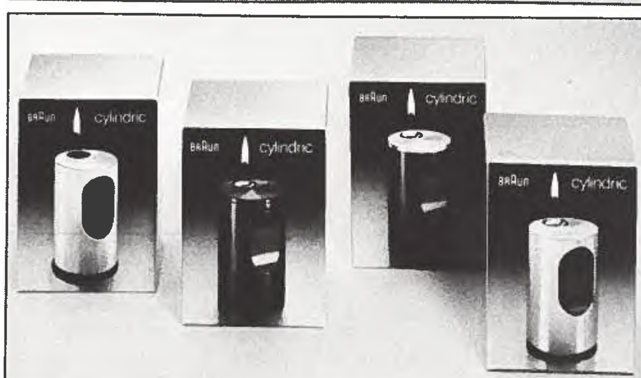
Braun preoccupation with design standards extends from product conception right through to consumer advertising, packaging and counter display units.

"The function of sales promotion is to simplify and intensify the encounter between the product and the potential buyer".

"Models should behave neturally, genuinely, without steged poses or false glemour".

"Advertisements should avoid loudness, declamatory gestures, pomp, ostentation, formalism — anything that would be inappropriate in a personal conversation with the consumer".

"Visuelization should emphesize the cherecteristic form and speciel qualities of the product. Photography permits the most authentic, most vivid and most modern presentetion of a product".



This whole-page advertisement in a Swedish newspaper scored a record 61% in public awareness — higher than two automobile eds, which normally command most attention.

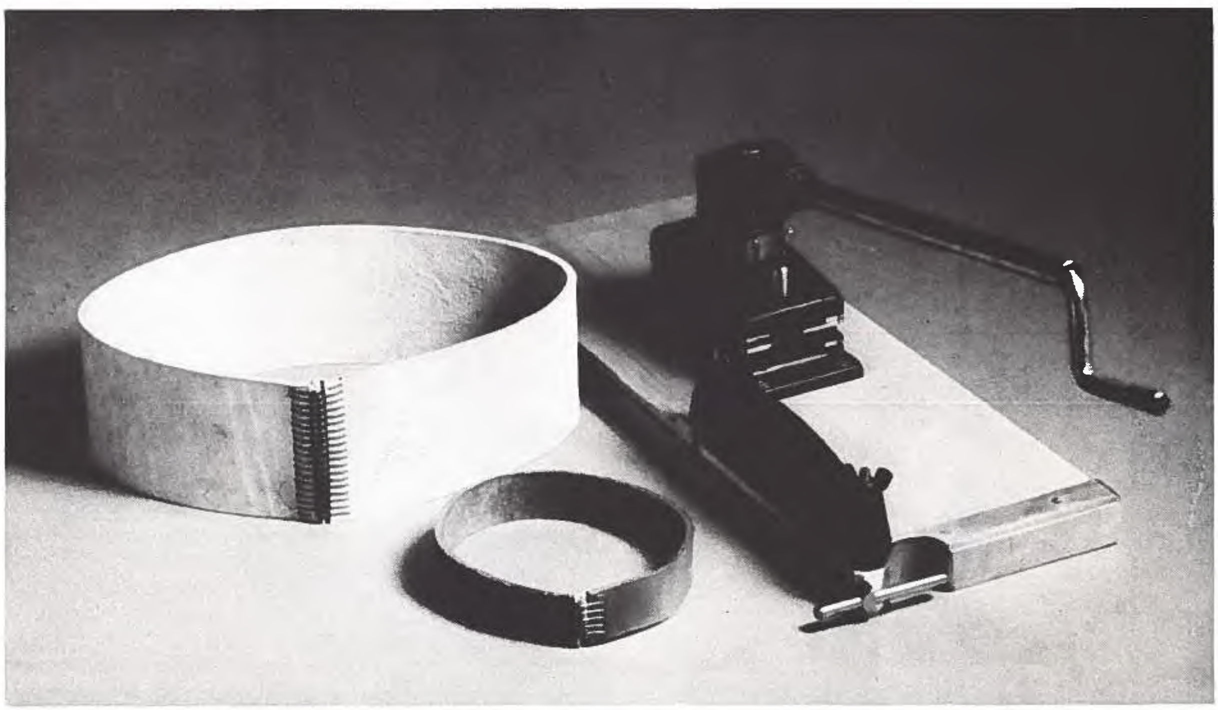
what can canadians do?

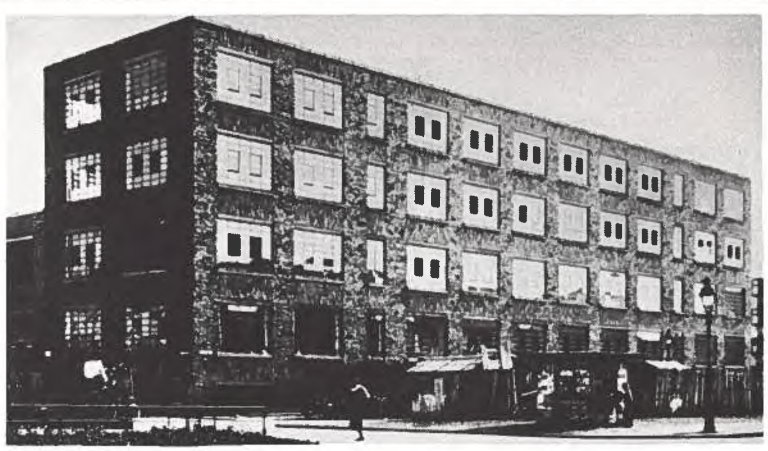
Since the whole purpose of the Canadian design seminars was to stimulate the interest of Canadian manufacturers, we must look beyond the motherhood utterances of Dieter Rams and investigate the working environment which nurtured and encouraged his inherent talents. History, they say, repeats itself. If there is truth in that proverb, then a study of the Rams-Braun relationship may point the way for a Canadian company president who aspires to the sales success of the German giant.

As an original member of Braun's design department, Dieter Rams must be recognized as a major contributor to company turn-over figures which in two decades climbed so spectacularly. However, those remarkable statistics must be weighed against the fact that Rams was only 23 years of age when he joined the organization in 1955.

What impact does a young architect have in the boardroom of a long-established manufacturing company? How does he acquit himself in the presence of veteran engineering and production directors? Those who met the German in Calgary and Toronto would describe him as being a quiet, intellectual introvert. There was no evidence of the ebulient flamboyance which characterizes many industrial tycoons. Unlike administrators and accountants who survive boardroom crises through self-effacement, a designer is creative, an innovator who constantly seeks to improve his products and must therefore overcome the prejudice of those co-directors who resist product changes because such changes disturb the entire manufacturing and marketing system of the organization.

Simple, obvious and long overdue: Max Braun's 1921 invention, a stapler which allowed almost any operator on the factory production line to repair a broken transmission belt with minimum loss of output.





When opened in 1928 this factory was considered avant-garde and put 400 Braun workers among the industrial élite of Frankfurt.

free rein

That the talents of Dieter Rams were given free rein is evident from the fact that new lines — including Europe's first *automatic* slide projector — appeared within 12 months of his arrival in Frankfurt. A year later the entire Braun program won the Grand Prix Award at Milan's Triennale exhibition and the world's leading architects installed Braun radio equipment in the buildings used for an international architectural exhibition.

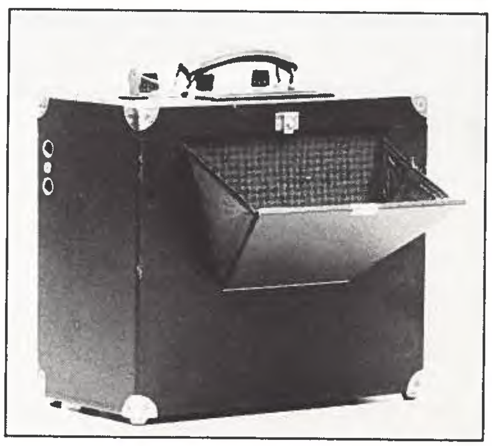
At the Brussels World Fair in 1958, no fewer than 16 Braun products were selected as outstanding examples of German industrial design. But some of the accolades showered upon young Dieter Rams had also been won by Max Braun, founder of the company. A phonograph designed under his aegis earned a gold medal at the Paris World Fair in 1938.

gold medal

Max Braun formed his own company in 1921 because it seemed the obvious way to market a simple hand tool which he had designed for stapling broker transmission belts. Among his customers were pioneers of the domestic radio industry, which gave Max the idea of setting up as a manufacturer of components, some employing new plastic materials developed during the war-time blockade of Germany's normal supply routes.

By 1932 Braun was a recognized design leader in the radio business, but continued to supply other manufacturers with chassis, motors and pick-ups. Serving others instilled the economic logic of not sacrificing quality for quantity: there's no profit in rejected components.

The design will not excite young eyes, yet this 1935 Braun revolutionized radio listening. It housed its own (dry battery) power source and did not need a housetop aerial for good reception.



Rampant inflation, massive unemployment and widespread social unrest were Germany's lot during the early Twenties. In a market so depressed that even the cheapest products were beyond reach of the average household, Max Braun sought his customes among those who demanded, and could afford, high-quality merchandise. He continued to supply radio and phonograph parts, but the first all-in-one radio, with receiver, amplifier and speaker located in a single cabinet, bore the Braun label. Other firsts included the radio-phonograph combination and a battery-operated portable radio.

battery portable

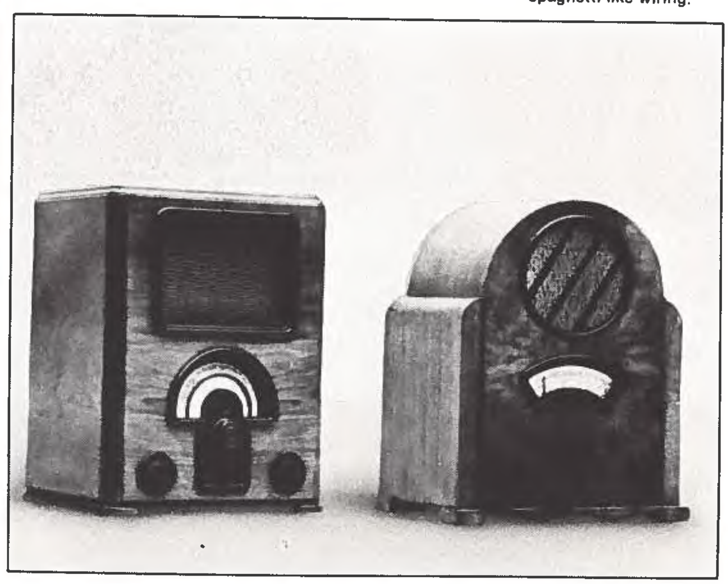
All these innovations prove that Max Braun had the courage of his design convictions. He established the working environment in which Dieter Rams would blossom as one of the world's most prolific industrial designers.

innovations

With a payroll of 1,000, Max Braun in 1938 took advantage of that perogative which allows company chairmen to satisfy personal whims. Amidst all the preparations for war, he found time to develop his new toy, an electric shaver. Guns before butter was a national slogan, yet here was a man who concerned himself with beards — and in a part of the world where relatively few houses were wired for electrical appliances. The average German and British bathroom of the period had a solitary light cord issuing from a high ceiling, and still lurking in many wall cabinets was an open-blade, cut-throat razor.

new toy

Museum pieces, but exciting design concepts in 1929. Receiver, amplifier and speaker as a single unit — and out of sight a mass of spaghetti-like wiring.



But for the war, the Braun electric shaver might have been the victim of premature birth. In fact, it did not appear in the marketplace until 1950, by which time Max Braun had rebuilt two factories devastated by Allied bombers, and the work force — reduced to 150 when peace came in 1945 — already stood at 600.

To the man who asked at the Toronto design seminar, "so where do we find a Canadian Dieter Rams?" there would seem to be an obvious reply: "Wherever there's a Max Braun."

What kind of economic or political climate encourages successful industrial design? During nearly six years of world conflict, no bombs rained down on North American cities. Production plants expanded and multiplied. Canadian factory output was prodigious; judged on a per capita basis, greater than any of her allies. Two great North American countries, victors in war, their manufacturing facilities unscathed by enemy action, had time to prepare themselves for floodtides of German and Japanese consumer products. In the post-war period, Canada would welcome almost 650,000 immigrants. How many of the newcomers were industrial designers? Which Canadian companies offered director status to men with a proven record as product innovators?

We know that the United States imported design and engineering genius from Germany, that post-war advances in rocket propulsion owed much to men with European accents. But the first landing on the moon was a great American achievement. An accomplished chef relies upon his own culinary skills, but a master chef is he who concentrates upon the main dish and closely supervises the preparation of foreign delicacies by indigenous experts.

American designers of racing cars ridiculed the first entry of a pint-sized, rear-engined, space-frame Grand Prix machine in the 1961 Indianapolis event. Everything else on the starting line was a front-engined monster with nearly twice the horsepower. At the wheel of this absurd midget was Australian Jack Brabham. Because the small team of Cooper mechanics could not get Jack in and out of the pits with the slickness of American crews, he decided to minimize tire wear by keeping the speed down to 140 mph, which proved high enough to outstrip the Americans in the corners.

Brabham's ninth place confounded the experts, but within 24 hours of the race finish, a member of the British design group was signed up to produce an American rear-engined space-frame challenger for 1962 honours at Indianapolis.

The British returned to the "Indy" in 1963 with a monocoque design, finished second and followed up with wins in 1965 and 1966. The 1975 crop of Grand Prix and Indianpolis cars, every single thoroughbred, was a direct descendant of the Lotus designed by Colin Chapman and driven into second place by Jim Clark in the 1963 Indianapolis event. That car, like the 1961 Cooper, was designed in a garage no larger than the average roadside service station.

Designers Cooper and Chapman stormed the American citadel of automobile engineering. In the case of electric shavers, the mountain sought out Mohammed. In 1954 the Ronson Corporation concluded with Braun what was at the time the largest consumer goods transaction between Germany and the United States. The signature of Max Braun, founder of the company, did not appear on the Braun-Ronson contract. He had died three years earlier and control of the German organization was now vested in his two sons.

largest transaction

Recognizing they lacked the inventive genius of their father, Erwin and Artur Braun concentrated upon the commercial and financial logistics of running a family business which, in their opinion, could never hope to corner more than 5 percent of markets dominated by giant corporations. Some elements of the situation were peculiar to the Braun company, but comparable problems are familiar to Canadian manufacturers.

The industrial history of Canada is studded with example of sound businesses which arrived at a crossroad where signposts indicated separate routes to commercial stagnation, quick extinction, amalgamation, take-over and the Great Unknown. The choice of road for many Canadian organizations has been influenced too often by the welcoming gestures of foreign entrepreneurs, gentlemen who held in one hand a chequebook and in the other a sheaf of abdication papers.

Although the 1954 range of Braun products included radios and phonographs, food mixers and photo flash equipment, Ronson's interest was confined to the electric shaver. Design purists delight in the theory that Braun design excellence was best exemplified in the 1954 shaver model, hence the Ronson trade agreement which laid a more solid foundation for the German company's financial structure and subsequent design triumphs. But those who are familiar with the cut-and-thrust of boardroom politics will suspect, and with justification, that elements other than product design determined the fate of Braun. First of all, in 1954, European males were not queuing up to buy electric shavers. This new-fangled contraption cost 400 times as much as a razor blade, which gave a closer shave. Publicity extolled the virtues of electric shaver convenience — no need to stir up a messy lather with soap and hot water. But few Continental bathrooms of that era had handy wall sockets. In Britain, a solitary manufacturer of electric shaver sockets reaped no profit from his attempts to convert large hotels to the idea of installing this amenity in guest rooms.

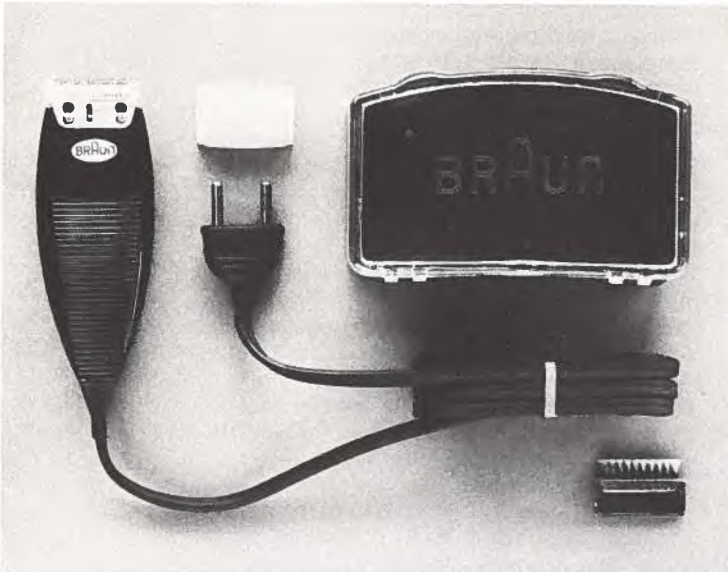
One shaver with the European market all to itself might have earned enough to support an R&D team. In fact, Braun had to take on several corporate Goliaths. Not many miles from Frankfurt, the Philips of Holland conglomerate was pushing its rotary blade system. And the Americans were active; Remington of typewriter fame was especially prominent, taking full advantage of a long-established international sales network. The American invaders could afford to trade for small returns in Europe — for the simple reason that their domestic market boasted the world's largest concentration of gadget lovers. Ronson sales analysts had surveyed the North American market, decided to grab a slice of the shaver business, but resisted the temptation to develop their own product. They turned to Braun, which had a competitive shaver but lacked the financial resources to establish a strong marketing force on the other side of the Atlantic.

The Braun-Ronson deal was a master stroke, the equal of which is rarely seen in Canadian company records. In a nutshell, Braun agreed to manufacture electric shavers bearing the Ronson trademark. They would be sold in the US and in Commonwealth countries. This left the Germans free to trade under their own name in Europe, selling Braun shavers to stores which could also take Braun kitchen appliances, photoflash equipment, radio receivers or phonographs.

wider market

The Braun brothers surrendered nothing except potential shaver markets they could not have exploited on their own. Ronson, on the other hand, spared themselves the trials and tribulations of designing something to beat the existing best. Overnight they became electric shaver specialists. Technical refinements guaranteed improved performance and enhanced the prestige of all Ronson products.

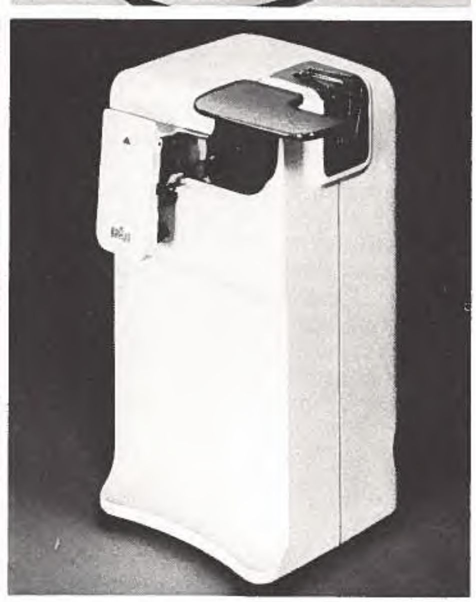
Industrial designers and marketing experts offer conflicting accounts of the sales war waged by shaver manufacturers right through the Fifties and Sixites.



Designed for absent-minded globetrotters who forget about voltage changes. The Intercontinental automatically adjusts to the prevailing current. Remote from electricity, it relies upon its rechargeable battery.

In 1950, the year preceding his death, Max Braun introduced the first commercial version of his pre-war invention, the foil electric shaver, rival to the simple, keener-edged and infinitely cheaper safety razor.

Braun innovative design scored its greatest triumphs in the kitchen, relieving the housewife of monotonous, time-consuming chores. These items are 1950 vintage.



One of the basic principles of Braun design philosophy is that no kitchen utensil should take longer to clean than it does to perform its chosen task.

More objective observers maintain that competing shaver companies were, in fact, partners in a common cause; the real enemy of the $25 shaver was (and still is) the five-cent razor blade.

Although the basic mechanism of the shaver is simple (the Braun motor has been reduced to one moving part), technological advances come expensive. In one year, Braun poured $2,500,000 into the development of a paper-thin, platinum-coated version of the foil pioneered by Max Braun — all this, and millions more, to pull ahead of shaver rivals and bring closer the day when electric shavers would remove facial hair with the efficiency of the humble razor blade.

trade rivalry

Ironically, it was the sheer simplicity of the safety razor which sparked European interest in the electric shaver. Millions of men had endured the wartime ritual of working up a cold-water lather in front of cracked mirrors in badly-lit military washrooms. For them the ideal birthday or Christmas present was a beautifully packed mechanical toy. Electric shavers created an illusion of grandeur, an aura of sophistication, a sense of being avant garde. The electric shaver was one of the fruits of Europe's industrial renaissance. Cities were erasing their bomb scars. Forests of television aerials sprouted on housetops. The English Joneses rushed to get a refrigerator ahead of next-door neighbours. Frau Schmidt invested in her first-ever food mixer and young Michel Richard was the proud owner of his very own phonograph. It was a decade which inspired British Prime Minister Harold McMillan's election slogan: "We've never had it so good".

The new European affluence was reflected in Braun sales. True, Ronson activities in North America contributed to the enormous improvement in shaver turnover; but corresponding statistics for Germany also indicated a growing enthusiasm for soapless shaving. Quite obviously, price was not the main consideration if a product was well-made, had unique design features and was backed by a comprehensive guarantee.

The Braun brothers decided to apply the shaver marketing formula to all their merchandise. Henceforth, they would concentrate upon design, performance and quality and let each product find its own price level, regardless of the norms set by big manufacturers. Far from being a policy formulated solely on the strength of sales analyses, the Braun decision was made in the light of reports issuing from electronic engineering laboratories on both sides of the Atlantic. Major revolutions were imminent in the home entertainment industry.

First of all, there was the transistor. Developed initially for military hardware, it was more efficient than the traditional tube in terms of performance, heat generation (or lack of it), endurance and overall dimensions — and transistors paved the way for a second great advance — printed circuits.

Chemists were equally productive in the early Fifties. They developed the mercury cell battery, which packs more power than its carbon equivalent and gives a constant output for most of its life.

Although these inventions would transform the size, weight and shape of domestic radio receivers, European manufacturers were convinced that television would decimate listening-only audiences and reduced their teams of radio technologists and designers. The Japanese, on the other hand, did not have at that time a large domestic market for television, so their electronic engineers concentrated upon transistor radio development.

break with tradition

Braun technicians alerted the board to yet another innovation which would affect the fortunes of the company. Experiments in stereo sound reproduction could not be ignored by the pioneers of radio-phonograph combinations, more so because Braun had plans to introduce a new console model in 1955. In the eye of the beholder, it would be first and foremost a nice piece of furniture, with radio and phonograph occupying the top section of the cabinet and the speaker housed behind a fabric screen.

stereo conception

Erwin and Artur Braun listened to demonstration stereo discs which featured passing trains, soaring planes and ping pong duels. Other manufacturers heard the same records and ridiculed the idea of the public falling for such gimmicks. Most of the sceptics made the mistake of listening to stereo demonstrations on hastily modified consoles which did not permit adequate speaker separation. At that time, designers refused to believe that customers could be persuaded to reject dual-purpose furniture in favour of purely functional sound reproduction systems made up of three or more separate components.

separate components

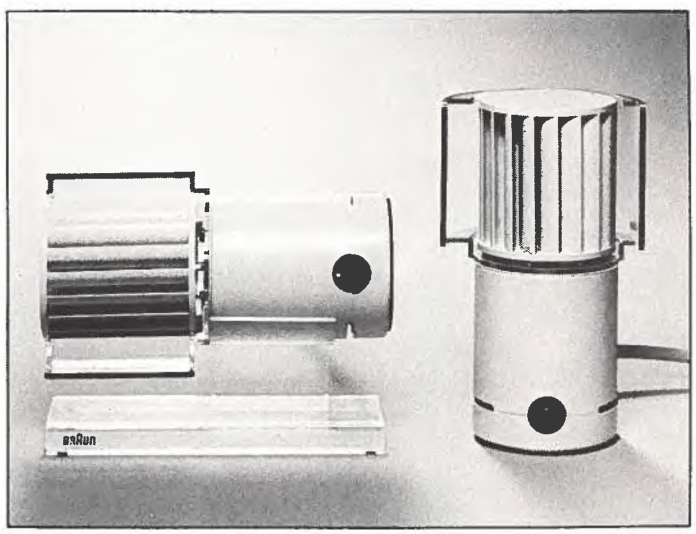
No such prejudice stifled Braun initiative. After all, they had converted Germans to the idea of buying a radio which could be carried from room to room or transported to weekend vacation sites. And hadn't the electric shaver, the kitchen blender and the coffee grinder banished the tedium of domestic chores that dated back to antiquity?

While the company's electronic engineers concerned themselves with purely technological details, Erwin and Arthur Braun worried about the physical form and aesthetic appeal of the next generation of radios and phonographs. There would be two contradictory styling trends, they decided. Whereas radio receivers were destined to get smaller and more compact, sophisticated stereo equipment must inevitably break free of the restricting console and give up all pretensions of being decorative furniture. Looking back, it all sounds simple, but almost the entire industry rejected the idea of producing what were called multi-unit eyesores.

Braun's second break with tradition was in seeking a designer from outside the radio field. They wanted someone who would not be inhibited by the early trials and tribulations of radio reception or sound reproduction. On the face of it, such an experiment threatened commercial disaster. Other industrial designers had dabbled in this area, placing controls here, putting the dial there and positioning the speaker so that the completed unit had aesthetic appeal. But so critical was the location of radio innards in those days that almost every confrontation between industrial designer and electronic engineers affected the efficiency of the product.

One internationally-acclaimed brand disappeared from the market in the wake of a splendid-looking radio that gave totally inadequate reception in hilly country remote from transmitters. An investigation revealed that the consulting designer had ignored the advice of company engineers. The conflict between designer and electronic technologists was so protracted that the final prototypes — conceived, produced and tested close to powerful radio stations — won board approval virtually on the eve of their radio debut. By the time the first trickle of complaints came from dissatisfied customers, the frustrated engineers had resigned in disgust and the designer was the proud (and successful) creator of an entire collection of exotic millinery.

Don't look for Braun merchandise in the bargain basement: almost invariably the price tag is higher than its Canadian equivalent. With a design staff of 16 members, the German company averages three new models per year — and 91% win international acclaim as the best in their respective fields.



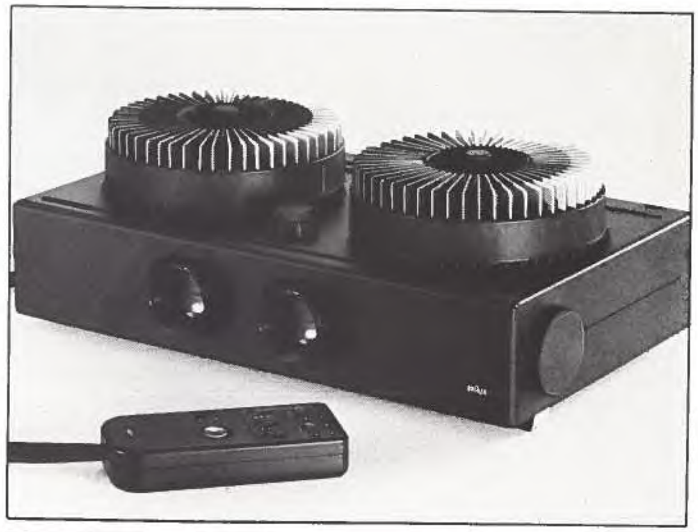
mentor and pupil

A disillusioned film director - turned - designer solved Braun's design problems. Dr. Fritz Eichler and Erwin Braun had first met during the Second World War. Fritz Eichler was a product of the famous Bauhaus art centre which attracted architects, painters and model makers in the pre-Nazi era. Hitler disbanded the Bauhaus group, but some of the survivors were reunited after the war at the Hochschule für Gestaltung, in Ulm. It was via Ulm that Erwin Braun found Eichler and invited him to establish a Braun design department. Eichler's first recruit was architect Dieter Rams. That professional association would survive until 1974, when the mentor retired and saw the Braun design directorship pass to his protégé.

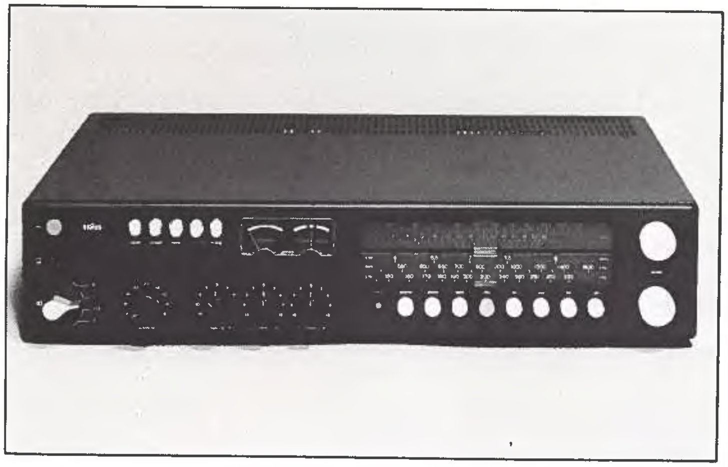
Brilliant as it was, the Eichler-Rams partnership did not initiate every new Braun design. Eichler challenged his former colleagues at the Hochschule to design compact radio cabinets and radio-phonograph combinations. He encouraged the use of metals and plastics, believing that sound equipment should be as functional as a telephone receiver and not an eye-catching rival to household furniture.

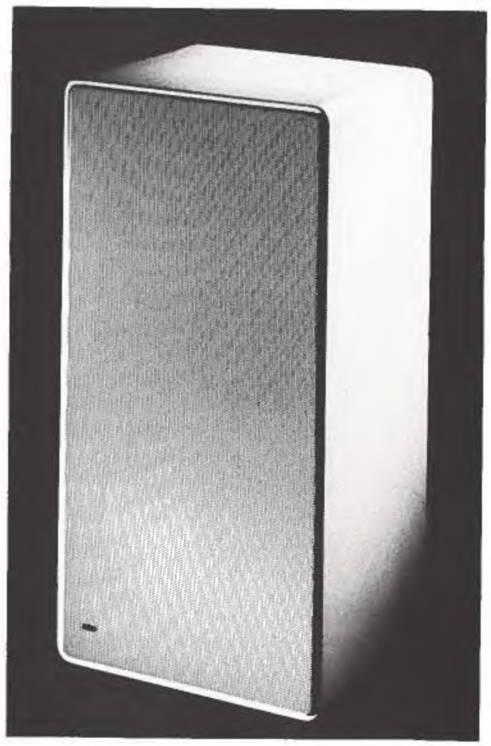
Braun's success at the 11th Triannale in Milan in 1957 (the company's entire product range won the Grand Prix award) created something of a sensation in the industrial design world and ever since, product designers in Europe and North America have at some time or another entertained the hope that one of their designs would attract the interest of the Frankfurt company and lead to a design contract.

Load onto one tray slides depicting Braun progress since 1921. Fill the second tray with a composite story of Canadian rivals. The viewer might well conclude that product design is the catalyst which ensures sales supremacy. Of necessity, the double projector would be of Braun design.



Braun prestige rubs off on component suppliers. Their "bits and pieces" are stamped out on the newest presses, by the best operators, to the finest tolerances, through the most rigid quality inspections. Small wonder that this stereo receiver is one of the most expensive on the North American market.





Not visually exciting, perhaps, but the sensitivity of this tri-amplied speaker proved to be more delicate than the measuring instruments in a trade journal laboratory. It was secretly shipped to a famous Japanese manufacturer, who reported in sorrow: "performance beyond our production capabilities".

For those who value the capability of taking 36 flash shots in 45 seconds with an exposure of only 1/20,000th of a second, the obvious equipment is the Braun 2000 Variocomputer. Photo journalists described it as being "an important breakthrough", "a whole new ball game".

design has no nationality

No doubt such dreams from time to time inspire Canadian industrial designers, who complain that most Canadian manufacturers are content to churn out copies of products designed in other countries. Canadian industrialists could counter that argument by asking where all the great Canadian designers are hiding their talents. The simple truth is that industrial design is not confined by national frontiers. Science and technology are developing so fast, in so many fields, and spawning such a myriad of specialist sub-divisions that an enterprising manufacturer must seek creative skills beyond his own company.

General Motors, whose US design staff totals more than the manpower strength of most Canadian corporations, went to Germany and England for the design of their recently-introduced Chevette. And Rolls Royce, symbolic of all that's best in British engineering, installed in their $78,000 limousine an automatic gearbox developed in Detroit. Germany and Volkswagen are synonymous, but Guigiaro stylists in Italy had a hand in designing the latest Rabbit and Scirocco models. Porsche designers were recruited by Yashica for a new camera creation which embodies Zeiss-designed lenses manufactured in Okaya, Japan. Another Japanese company, Yamaha, sent for Mario Bellini, designer of Olivetti office calculators. His name appears on a new wedge-shaped stereo tape deck.

England

U.S.

Italy

Japan

Germany

BASF of Germany, bent upon perfecting the recording tape which they pioneered, found themselves in possession of a method of mixing alcohol and water which produces a fuel with properties superior in some respects to gasoline. BASF is not a corporate giant with the resources necessary to develop this godsend, but Volkswagen showed immediate interest, modified a batch of cars, and already the project shows great promise.

Yet another sprat in the industrial ocean is Spectra-Physics Inc., of California, manufacturer of laser equipment. Thanks to the excellent design of Spectra-Physics products, the company attracted the attention of the Philips organization, which employs hundreds of industrial designers. Philips is getting ready to launch what may prove to be the greatest stride in home entertainment since the invention of television. Briefly, it's a record player which, linked to an ordinary television receiver, reproduces sound and moving pictures from a video disc with the same dimensions as the conventional LP. RCA of America is working to the same ends using an entirely different principle (which is exactly what happened with television — the original Logie-Baird mechanical system lost out to the cathode ray tube).

California

Holland

Philips has entrusted to the small California firm the job of developing a helium-neon laser scanner which will interpret video signals from a 12-inch aluminum-coated disc spinning at 1,800 rpm. According to some experts, the video-disc business will eventually net half-a-billion dollars a year, and right there in the thick of it will be Spectra-Physics Inc.

Contrary to popular legend, small organizations can prosper alongside, but independent of, the giants. The strength of such liaisons is dictated by the technological and design content of the small company's products and services. So how do the Davids and Goliaths get together? Philips, of course, has tentacles which spread right across the industrial world, but small Canadian companies don't have to wait for opportunity to knock on the door. The ally and emissary of Canadian manufacturers who seek foreign business is the federal Department of Industry, Trade and Commerce. Why not check it out?

Canadian horizon

Update

Wanted Manufacturers

This information is intended to promote additional manufacturing in Canada and is re-printed from the New Products Bulletin, **published by the Industrial and Trade Enquiries Division of the Department. Further material on items listed is for Canadian manufacturers only and no responsibility is assumed for claims or statements made. Address enquiries, quoting item numbers, to: Industrial and Trade Enquiries Division, Department of Industry, Trade and Commerce, Ottawa, Ontario K1A 0H5. Do NOT write to** Canada Commerce. **Its staff does not have this information.**

Building panels
British firm offers under licence the Canadian manufacturing rights to a new process for the production of load bearing and non-load bearing building panels. These panels can be clad with a variety of materials such as brick, slate, tile, stone, etc., to provide a traditional finish. They are constructed of a combination of materials such as timber or steel framework with reinforcing mesh infilled with isocyanurate foam. The foam is claimed to ensure complete waterproofing, fireproofing and adhesion and to provide an extremely high degree of thermal insulation. The system is also suitable for producing parts of buildings or complete buildings which are completely clad in the factory. Advantages listed include speed of erection, manufacture under controlled conditions, good thermal insulation, and lower cost. Literature available. **Item 3294**

Partitioning system
German firm seeks to licence a Canadian company to manufacture its modular partitioning system. The system features sandwich-type wall panels with joints sealed with PVC. The panels are constructed primarily of wood and are available in a variety of outer wall finished. The panels are easy to assemble and to dissassemble, and are claimed to provide a high degree of sound protection and resistance to fire. These prefabricated panels have been successfully used in university buildings, hospitals, schools, and office buildings. The company also provides floor and wall mounted cabinets, room divider cabinets, shelves and laboratory furnishings. Literature available. **Item 3295**

Instant lettering
British firm is seeking a licensing agreement with a Canadian company to manufacture dry graphic transfers, i.e. instant lettering used by the advertising, architectural and art industries and in schools and other areas where presentation work is required. These dry graphic transfers are manufactured from styrene sheets with typefaces or symbols which are rubbed onto various surfaces assuring permanent and professional layouts. Duplication after application is possible on most systems. Literature available. **Item 3296**

Bottle testing machines
German firm is offering the Canadian manufacturing rights to its combined bottle testing machines for detecting impurities and damage in both the base and mouth areas. In the beverage industry this machine is located between the marking machine and the filler. The test is effected within an are of 180° in which the bottle is turned on its axis and is tested optoelectronically by simutaneously rotating heads. The testing heads, each of which has its own independent testing system, can be used for different shapes of bottles or flasks. Defective bottles are positioned on a reject belt for disposal. Several models are available with capacities of up to 30,000 bottles / h. Literature available. **Item 3297**

Rubber recycling process
German firm offers under licence the Canadian manufacturing rights to its continuous process for reclaiming scrap rubber. By this process, scrap rubber passes through rolling crushers and is then ground in a mill. The crushed and ground material is fed into a continuous mixer where it is moistened with a softener and a reclaiming fluid. The prepared material then goes into the actual reclaiming procedure where it is subjected to high temperatures in a hollow screw heat regenerator. After about 15 minutes the reclaimed material passes through a cooling system and then is treated on a refiner as is usual with all methods of reclaiming. This process is claimed to provide a quality and product at low cost. Literature available. **Item 3298**

Detachable lift
Swedish firm seeks to licence a Canadian company to manufacture its detachable lift which can operate from several kinds of vehicles. In a few minutes, the lift can be attached to a trailer, a loader, a tractor or a truck and transported onto the work site, even in roadless areas. Available in four different models, the largest has a maximum working height of 16.5 m and a lifting speed of 0.5 m / sec. The lift's platform can move sideways within a sector of 90°. Claimed advantages of the lift include its low cost, its detachability which releases the supporting vehicle for other uses when the lift is not in use, and its elimination of the need for expensive scaffolding. Literature available. **Item 3299**

Fish farming system
German firm seeks a Canadian partner for the manufacture in Canada of its warm water fish farming system which permits the production in the consumer's area of all kinds of fish. This new system of intensive fish production, based on drain biology and its techniques, takes place in basins of plastic or concrete where the fish's normal environment is duplicated. The water flows through a fish production basis, an oxydation basin and a separation basin. The main features of this method of fish farming are controlled temperature, regulated feeding and recycling of the same water with minimum evaporation. The system is claimed to offer better feed conversion ratios, quicker growth, and a reduction in the possibility of water contamination and consequent disease. Literature available. **Item 3300**

INVENTIONS

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

Cardiac output calculator
British inventor offers under licence the Canadian manufacturing rights for his instrument for measuring Central Venous Pressure through

non invasive physiological parameters. These parameters include: heart rate per minute, haemoglobin gm/100 cm^3, patient's weight kg, predicted oxygen capacity, central venous pressure cm^3/H_2O, and the patient's index number which is a ratio of POC/Kg. Claimed advantages of this system are its simplicity, portability, time saving, safety and low cost. Inventor indicates that his method has been tried against the Fich and Stewart-Hamilton catheler procedures with good results. Literature available. **item 3301**

Solar and wind power energy system
American company is offering the Canadian manufacturing rights to its solar and wind power energy system. Wind power is captured by a newly developed horizontal wind turbine, and solar heat by concentrating collectors. The energy collected is converted into electrical power by a generator powered by an orbital Freon engine. The engines together with the two week storage capacity of the system assure that a complete electrical power and heat supply are continuously available. This system is claimed to have special application in the building industry. Literature available. **item 3302**

Binary-decimal converter
European Communities Commission agency is offering the rights for manufacturing in Canada a binary-decimal converter capable of effecting two-way conversions by use of iterative circuits, i.e. circuits consisting of a network of identical cells connected in a regular way. The individual cells of such a network are designed to realize combinational functions only. Advantages over existing converters are claimed as follows: conversion of both the integral parts and fractional parts of numbers, all binary codes may be used, the system is expandable, the matrix may be realized with read only memories, and the conversion is fast. Literature available. **item 3303**

Trailer hitch mirror
Canadian inventor seeks a licensing arrangement with a Canadian company for the manufacture of his trailer hitch mirror. The device is used for guiding a car when backing up to hitch to a trailer. It consists of a combination of mirrors attached to the front jack of the trailer directly behind the hitch to provide a clear view of the hitch components of both the trailer and the car. It is claimed that by only looking through the rear window, a driver can complete the hitching operation rapidly and easily. Literature available. **item 3304**

Combined pen and notebook
German inventor is offering the rights to manufacture under licence in Canada his combined pen and notebook. The pen incorporates a small flat notebook for jotting information such as telephone numbers, addresses, etc. It is possible to use one side of the notebook, as well as the pen barrel, to carry advertisements. Literature available. **item 3305**

Export Opportunities

The inquiries listed come from several sources, including various Branches of IT&C and the Trade Commissioner Service. However, the Department cannot assume any responsibility for trade negotiations that any firm may enter into on the basis of information obtained from these inquiries. Please send copies of correspondence to the Trade Commissioner in the area concerned for followup.

Apparel
BAHRAIN — Brushed denim men's jeans, various types and latest styles: Murad Enterprises, PO Box 233, Manama Bahrain.

Business Equipment
SINGAPORE — Firm seeking suppliers of automatic addresses, folding and inserting machines, bond copying machines, shredders, mail opening machines, sorters, electric and electronic typewriters, paper for data processing machines, cheque writers, franking machines, and computer parts and software: Commercial Secretary, Canadian High Commission, PO Box 845, Faber house, 7 & 8 Floors, 230/236 Orchard Road, Singapore 9.

Electrical and Electronic
UNITED STATES — Firm interested in representing Canadian manufacturers of electrical components used in steel and shipbuilding industries: Consul and Senior Trade Commissioner, Canadian Consulate, 3 Parkway Bldg., Suite 1310, Philadelphia, Pennsylvania 19102.

Equipment and Machinery
CZECHOSLOVAKIA — Road-building equipment, with greatest interest at present in highway surfaces cleaning equipment. Offers, with prices including agency commission, should be sent to: INTERAL, Prazska 7, 883 45 Bratislava; with copy to Commercial Counsellor, Canadian Embassy, Mickiewiczova 6, 125 33 Prague 6.

Foodstuffs
GREECE — Crude corn oil: Alexandre N. Zullas, Manager, BESO Oil Co. Ltd., 11, Eolou Street, Athens; copy of Commercial Counsellor, Canadian Embassy, 4 Ioannou Street, Athens 140.

Hardware
KUWAIT — Trading firm interested in all types of tools and equipment (electrical and hand-operated) for carpenters, electricians, blacksmiths, goldsmiths, tinmakers, plumbers, motor mechanics, fishermen and gardeners. Also interested in wheel barrows, steel wire rope, nylon rope, shovels, scaffolding, wire netting, wire rope and iron rod cutters, paints, decorative materials, water/oxygen/acetylene hoses, aluminum ladders, gloves, tarpaulins and winter garments: Saffar Trading Establishment, PO Box 43186 Hawalli.

Foreign Tariffs and Trade Regulations

Argentina
On December 29, 1975 the peso was devalued by 4.6 percent for both rates. The financial rate went to 60.80 from 58.00 pesos to the US dollar and the special financial rate fell to 86.40 from 82.45 to the US dollar.

Bolivia
The government announced the following import restrictions in October: All imports by the private sector with the exception of items imported under the petroleum and mining laws, cement, wheat, wheat flour, edible oils, fats, dairy products and pharmaceuticals require a deposit of 25 percent of the value of the goods 120 days prior to customs clearance. In addition, the importation of 32 items including oatmeal, macaroni, spaghetti and similar products; pastry; wines; soap; detergents for domestic use; toilet paper; clothing and furniture is prohibited for a period of two years.

Brazil
In view of continuing balance of payments problems the Brazilian Government announced the following additional import restrictions on December 2, 1975:

1) The compulsory prior deposit equal to the full f.o.b. value of the imported goods which the importer must make to the Central Bank to obtain an import licence has been extended from 180 to 360 days. There are no provisions for payment of interest or for monetary correction;
2) Exemptions from customs duties and industrialised product tax will only be granted to enterprises or undertakings of national interest and any exemptions will have to be approved by the President of the Rupublic;
3) Federal Government Departments must reduce imports by 25 percent as compared with 1975;
4) All Government imports must be approved by the rspective minister who is not allowed to delegate authority over imports;
5) Imports of non-ferrous minerals must receive prior approval from CONSIDER (Iron, Steel and Non-Ferrous Metals Council);
6) Imports of computers and related equipment must be approved be CAPRE (Brazilian computer authority);
7) Exemptions from customs duty and industrialised product tax granted on imports of raw materials for the petrochemical industry have been suspended until December 31, 1976.

• The Customs Policy Council has announced the following tariff changes.

Resolution 2579 of October 20, 1975 exempts from duty for six months of quota of 19,700 tons of unwrought zinc refined "Special High Grade" type (99.99%). The quota will be distributed by CACEX to companies which can prove need for this type of zinc (tariff heading 79.01.02.00).

Resolution 2580 exempts from duty Phosalone, minimum concentration 97% (tariff heading 29.21.99.00), Ruelene, minimum concentration 92% (tariff heading 29.30.99.00), technical Coyden, minimum concentration 98% (tariff heading 29.35.99.00), concentrate of granulated Tylosin (tylosin phosphate) minimum concentration 90% (tariff heading 29.44.99.00) and Oxadiazon, minimum concentration 97% (tariff heading 29.45.99.00) when for exclusive use of the agricultural sector.

Resolution 2587 of October 23, 1975 reduces the duty from 30% to 15% for one year on liquid caustic soda (soda lye). Resolution 2482 establishes a reference price of U.S. $190.00 c.i.f. per metric ton for this product (Tariff heading 28.17.01.01).

Resolution 2588 reduces the duty from 15% to 5% for one year on solid sodium hydroxide (caustic soda). Resolution 2581 establishes a reference price of U.S. $235.00 c.i.f. per metric ton (tariff heading 28.17.01.02).

Resolution 2489 reduces the duty from 20% to 10% for one year on sodium hydroxide (Caustic soda) in the form of scales or crushed. Resolution 2583 establishes a reference price of U.S. $270.00 per metric ton (tariff heading 28.17.01.03).

Resolution 2593 of November 13, 1975 exempts from duty for one year catalyser when for use exclusively in the production of gas from the cracking of naphtha subject to confirmation of use (tariff heading 38.19.15.99).

Resolution 2596 of November 13, 1975 exempts from duty for one year a quota of 30 tons of silver nitrate with 99.99.99% degree of purity for exclusive use in the production of radiographic films (tariff heading 28.49.03.32).

Resolution 2598 increases the duty from 15% to 35% on METAMPIRONA (tariff heading 29.35.44.00).

Resolution 2601 of November 3, 1973 exempts from duty for six months (1) sulphuric acid (tariff heading 28.08.00.00) (2) orthophosphoric acid (tariff heading 28.10.02.03) (3) liquified ammonia (tariff heading 28.16.04.00) and (4) potassium nitrate with a content of 98% or less of KNO^3 (tariff heading 28.39.19.01).

Haiti
The Department of Commerce announced that effective December 1, 1975 importers must obtain special authorization for the importation of the following goods: milk, cooking oil, margarine, eggs, macaroni, spaghetti and similar products, toilet soaps, detergent, oats, tomato paste, flour, dentifrices, dried and salted herring, cod, (mantegue) butter, cotton fabrics, agricultural implements, tires and tubes, wrapping paper, newsprint, toilet paper, thread, various spices, yeast, sodium bicarbonate, nails for shoes.

ARGENTINE PIPE MILL EXPANSION

The International Finance Corporation (IFC) is lending $14 million to Dalmine Siderca SA of Argentina for a 133.6 million dollar expansion project.

The project involves the construction, at the company's existing Campana plant site, of an iron ore direct reduction plant and the installation of a fourth electric-arc steel furnace, a continuous mandrel type pipe mill and auxilliary facilities. It will increase the company's seamless steel pipe-making capacity from 150,000 to 275,000 metric tons a year, increase steel production capacity, permit it to substitute high-grade Brazilian iron ore for steel scrap and reduce operating costs.

BANGLADESH GAS DISTRIBUTION

Bangladesh's efforts to expand gas distribution facilities in the Greater Dacca area will be assisted by a concessional loan of $12.2 million and a technical assistance grant of $200,000 from the Asian Development Bank. Since natural gas is the only known major energy resource in the country, the Government of Bangladesh accords high priority to schemes aimed at maximizing the use of natural gas in lieu of petroleum products which are wholly imported. The Greater Dacca Gas Distribution Project to be financed by the Bank will provide gas distribution facilities to serve a total of 37,550 new customers comprising 35,000 domestic, 2,300 commercial and 250 industrial units. The project will also provide customers in-house connections and in the case of industrial consumers, the conversion equipment to shift from use of petroleum products to natural gas. Also included in the project is the rehabilitation of a production well at the Titas gas field.

Implementing organizations: (i) For the expansion of gas distribution facilities — Titas Gas Transmission and Distribution Company Limited Dilkhusa Court, 7 Motijheel Commercial Area, Dacca-2, Bangladesh
Cable address: TITASGAS
Cable address: DACCA
(ii) For the repair of a production well at the Titas gas field — Bangladesh Gas Fields Company Limited, P.O. Box 88, Chittagong, Bangladesh
Cable address: BANGLAGAS
Cable address: CHITTAGONG

Procurement: (1) Procurement will consist of: (a) about 2,000 tons of steel pipes of diameters over 3 inches to 12 inches; (b) about 3,000 tons of steel strips for local manufacture of pipes of diameter 3 inches and below; (c) about 2,500 gas meters; (d) miscellaneous equipment such as hot tapping meters, P.V.C. tapes, welding machines and rods; tubing, spare parts and motor vehicles. (2) Procurement will be made in accordance with the Bank's *Guidelines for Procurement*. (3) Materials and equipment will be grouped into appropriate packages and procured on the basis of international competitive bidding from eligible source countries. Procurement of materials and equipment involving less than $100,000 will be made on the basis of international shopping.

Consultants: (1) Under the Bank's technical assistance grant, an organization and management expert will be recruited for the Titas Gas Transmission and Distribution Co. Ltd. (2) Consultants will be engaged in accordance with the Bank's *Guidelines on Uses of Consultants*.

BRAZILIAN POWER TRANSMISSION

The Inter-American Bank has approved a $35 million loan to help construct a 234-mile transmission line between the Paulo Afonso hydro-electric station on the Saõ Francisco River and the area of Salvador in northeast Brazil. The loan was made to the Companhia Hidro Eléctrica do Saõ Francisco (CHESF), a government corporation developing the power potential of the river, which is the largest source of electric power in the region.

CHESF will use the loan to construct a single circuit 500-kilovolt transmission line between the Paulo Afonso station and the Camaçari substation situated in the vicinity of the city of Salvador in order to meet the projected demand for electric power in that area.

The total cost of the project is estimated at $67.9 million, of which the Bank loan will cover 51.5 percent and CHESF the remaining 48.5 percent.

Implementing organization: Companhia Hidro Eléctrica do São Francisco (CHESF), Rua Visconde de Inhauma 134, 15 Andar, Rio de Janeiro, R.J.

Procurement: International public bidding on goods and services imported with resources of the Bank loan. National public bidding on domestic purchases.

COSTA RICA'S FOURTH HIGHWAY PROJECT

The World Bank has approved a $39 million loan for a fourth highway project in Costa Rica.

The 96 km San Jose-Rio Sucio-Siquirres highway project, together with the 29 km Rio Sucio-Puerto Viejo connection, will be part of the basic trunk road system of Costa Rica. The project will complete the first all-weather road from the capital city to the Caribbean, bringing also previously isolated areas into the mainstream of Costa Rica's economic life, reducing operating costs for road users and facilitating access to new agricultural and forested areas.

Implementing organization: Ministerio de Obras Publicas y Transportes San Jose, Costa Rica

Procurement: Contracts for civil works will be procured by international competitive bidding.

Consultants: Will be retained for supervision and technical assistance.

INDONESIAN PROJECT TO MEET DEMAND FOR ENGINEERS

Indonesia's urgent demand for more qualified engineers in implementing its economic development programs is expected to be partially met by a $14.5 million Asian Development Bank loan for the Surabaya Institute of Technology (ITS) project.

The loan will finance the foreign exchange costs of a project designed to produce at least 250 well-trained ITS engineering graduates a year, fulfilling about 25 percent of the country's projected requirements.

The project provides for the construction of an entirely new integrated campus which will include student and faculty housing, modern classrooms, laboratories and workshops; and includes provision for consultant services for soil testing, design of the new campus, preparation of material specifications and tender documents, and supervision of construction.

The project also includes provision for an academic link between ITS and a recognized foreign university to provide expert assistance in curricula development, improving academic standards, and faculty improvement through an overseas fellowship program, and basic institutional management.

There is also provision for laboratory and workshop equipment and teaching aids, including reference material, textbooks and journals for a fully-equipped library and a small computer if the latter is not otherwise available. To support the development of teaching materials, the Project has also provided for an off-set press and associated reproduction equipment.

Implementing organization: Directorate General of Higher Education of the Ministry of Education and Culture (DGHE).

Procurement: Goods to be procured under proposed loan financing include construction materials, laboratory and workshop equipment and machines, teaching aids, library equipment and office machines, reference books, textbooks and technical journals and periodicals, reproduction equipment and office and accounting equipment. A computer may also be procured if not otherwise available. (2) Procurement will be effected by DGHE through the Project Office in accordance with the Bank's *Guidelines for Procurement.* (3) Construction of major civil works will be limited to prequalified local contractors. (4) Supply contracts under the Bank loan estimated to cost $100,000 or more will be awarded on the basis of international competitive bidding; supply contracts for less than $100,000 will be awarded on the basis of bids or quotations obtained from a reasonable number of contractors or suppliers from more than one eligible country of the Bank.

Consultants: (1) Two teams of Consultants will be selected in conformity with the Bank's *Guidelines on the Uses of Consultants by Asian Development Bank and its Borrowers.* (2) One team of Consultants will assist in the preparation of preliminary and final designs for an integrated campus, execution of soil studies, preparation of detailed engineering designs, tender documents for the proposed construction contracts, specifications for imported materials and goods and supervision of construction. (3) The other team of Consultants will be from a foreign, "linkage" university to provide expert assistance to ITS in curricula development, faculty improvement through overseas fellowship programs, establish academic standards, basic institutional management, and to assist ITS in preparing procurement lists for teaching aids, laboratory and workshop equipment, library and related items.

MEXICAN WATER AND SEWERAGE PROJECT

The World Bank has approved a loan of $40 million to a Mexican federal development bank to help finance a project that will improve water supply and sewerage facilities in eight medium-sized cities. The loan will go to the Banco Nacional de Obras y Servicios Publicos, S.A., and will be re-lent through a recently established investment fund to local water and sewerage administrations.

The project, with a total cost of $100 million, is associated with the establishment of a new organization unit within the Ministry of Hydraulic Resources (SRH) designed to strengthen project preparation, design, construction, and operation activities. The project also aims at supporting new financial mechanisms to channel funds into this sector, and the setting up of guidelines for project preparation, design and appraisal of water supply and sewerage systems in urban centres.

Mexico is a country with special limitations on its water resources. Competing claims for electric energy, irrigation or water supply for urban use pose growing problems. Technical studies and training plans will be prepared at the same time as the project to help improve the economic use of water in Mexico. The project, which will provide water supply and sewerage facilities in several urban communities, at minimum costs, also could be duplicated in other parts of the country.

Implementing organization: Ministry of Hydraulic Resources (SRH), Paseo de la Reforma 69, Mexico, D.F.

Procurement: Contracts for civil works (to be grouped insofar as possible to cost $1.6 million or more) and procurement of materials and equipment (estimated to cost $150,000 or more) on basis of international competitive bidding in accordance with Bank guidelines. Invitations to bid for civil works estimated to cost less than the equivalent of $1.6 million and more than the equivalent of $80,000, and for materials and equipment estimated to cost less than the equivalent of $150,000 and more than the equivalent of $50,000, shall be advertised locally in accordance with the normal practices of the Government, which do not preclude bidding by foreign contractors or suppliers. Civil works estimated to cost the equivalent of $80,000 or less may be procured (1) in accordance with the Government's ordinary procurement procedures; and (2) through force account in special cases, up to an aggregate cost of $1.2 million.

Consultants: To be selected by SRH and Government. Bank loan will cover expenditures on consultants for training only.

PERUVIAN TRANSPORT CORRIDOR

The World Bank has approved a $76.5 million loan to help finance a transport corridor linking Peru's Pacific coast and its hinterland. The project includes the completion of an all-weather road across the Andean range and improvement of other roads, and the construction or expansion of important river ports in the Amazon River system. Through better access the project will benefit existing and potentially rich forest, cattle and agricultural areas, and foster further growth of the incipient industry of the region. It will serve the area of Peru's northeast, in which oil fields are being explored.

Implementing organization: Direccion General de Transporte Terrestre, Ministerio de Transportes y Communicaciones, Av. Wilson y 28 de Julio, Lima, Peru, and Direccion General de Transporte Acuatico, Ministerio de Transportes y Comunicaciones, Av. Wilson y 28 de Julio, Lima, Peru.

Procurement: International competitive bidding for all civil works, except for expansion of Iquitos port, and possibly for feeder roads. International competitive bidding for equipment, with local manufacturers having a margin of preference of 15 percent or the level customs duties, whichever is less.

Consultants: Consultant services for supervision of civil works, procurement and utilization of equipment, for feasibility studies of priority sections of roads and a number of regional airports, and for the establishment of a regional development plan for the Selva Central area.

THAI FISHERIES DEVELOPMENT

The Asian Development Bank has approved a $20 million loan to Thailand for a fisheries development project. The loan will help finance the exploitation of fish resources near the surface of the sea (pelagic species) off the coasts of Thailand.

The project consists of two components: parts A and B. Part A is for the modernization of the pelagic fishing fleet through the provision of 583 vessels to be locally constructed and installed with imported engines and equipment. Part B is for the provision of onshore facilities, through the construction of five refrigeration and ice-making complexes and the provision of 32 refrigerated trucks.

Both project components will utilize consultant services. For a part A of the Project, they include; a naval architect, a purse seine master fisherman, a fisheries specialist, an institutional expert and a financial expert. For Part B, consultant services are required of a refrigeration expert, a marketing expert and a financial-cum-institutional expert. The Thai Government accords high priority to the development of the fisheries sector. The Project will facilitate the acquisition of new skills by fishermen and the introduction of improved technology, in particular through use of modern purse seiners.

Implementing organizations: *Part A* — The Fish Marketing Organization — Charoen Krung Road, Yannawa, Bangkok 12, Thailand; *Part B* — The Cold Storage Organization — Charoen Krung Road, Yannawa, Bangkok 12, Thailand.

Procurement: 1) Equipment and materials for Part A and Part B of the Project consist of:

Part A — Foreign sources: (1) marine diesel engines and spares, (ii) ancillary generating units, (iii) navigational equipment and fish detectors, (iv) deck equipment, (v) chilling equipment. Part A — local sources: hull construction materials.

Part B — Foreign sources: (i) cold storage and ice-making equipment and spares, (ii) 32 refrigerated trucks and spares, (iii) radiophones.

Part B — Local sources: building materials for the construction of the ice-making and refrigeration complexes.

2) Procurement will be carried out in accordance with the Bank's *Guidelines for Procurement*. Each supply contract for equipment and materials estimated to cost the equivalent of US $100,000 or more will be awarded on the basis of international competitive bidding from among suppliers from eligible source countries specified by the Bank. Supply contracts for equipment and materials estimated to cost less than $100,000 will be awarded on the basis of bids or quotations obtained from a reasonable number of suppliers from more than one eligible country. The construction of fishing vessels under Part A of the project and civil works under Part B of the project will be undertaken by local boat-building yards and construction contractors, respectively, selected on the basis of competitive bidding in accordance with procedures and specifications satisfactory to the Bank.

Consultants: (1) The consultants' services for Part A and Part B of the project consist of: *Part A* — one naval architect, one purse seiner master fisherman, one fisheries specialist, one financial expert and one institutional expert; *Part B* — one refrigeration expert, one marketing expert and one financial-cum-institutional expert. (2) Consultants will be selected in accordance with the Bank's *Guidelines for Uses of Consultants* and will be engaged by the respective executive agencies. (i) Selection of some consultants to be undertaken immediately.

Program de-centralization continues

You may know that IT&C has been handing over administration of some parts of its assistance programs to the Regional Offices. PAIT has been handled by the Regional Offices for some time and now the same thing is being done with PEP and IDAP. They were handed over to all Regional Offices, except those in Ontario and Quebec, effective January 1, 1976. For Ontario and Quebec the de-centralization date is April 1, 1976.

However, only companies with sales of not more than $2,000,000 in the latest fiscal year may apply for program assistance through the Regional Offices. In addition, projects must not involve a crown contribution of more than $200,000 ($50,000 for PEP). Applications for larger companies and projects will continue to be processed at IT&C headquarters in Ottawa. For more information, get in touch with your Regional Office.

The clout of the multi-national

Of the world's 100 largest economic entities, 59 are nation states and 41 are multi-national corporations. The 22 largest units are all nation states. But General Motors Corp., which ranks 23rd in size, has gross annual sales larger than the gross national product of Switzerland, which ranks 24th. Standard Oil of New Jersey is larger than Denmark, and Ford Motor Co. ranks before Austria, Yugoslavia and Norway — *Globe and Mail.*

Market Facts for Decision Makers

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

Report No.	Class No.	Subject	Period
75-75	403-95) 403-99) 404-01) 404-06)	Phosphates	Jan. to March 1975
76-75	511-99	Conveyor idlers and rollers	Jan. to March 1975
77-75	621-05	Passenger car tires	January 1975
78-75	621-09	Truck and bus tires	Jan. to March 1975
79-75	423-49	Vinyl resins	April to June 1975
80-75	798-95	Golf shoes	Feb. to April 1975
81-75	655-06) 655-19)	Air conditioning units	Oct. to Dec. 1974
82-75	881-20	Sutures and suture needles	Jan. to March 1975
83-75	407-61) 429-11)	Automotive antifreezing compounds	Jan. to July 1975
84-75	625-29	Tire tubes	January 1975
85-75	522-47	Compactors, rollers and vibrators	July to Dec. 1974
86-75	375-39) 375-45) 375-51) 375-99) 961-55)	Sails and sail fabrics of synthetic materials	Jan. to March 1975
87-75	514-12) 514-15) 514-39)	Materials handling equipment	April to June 1975
88-75	651-) 652-) 653-) 654-)	Heating equipment and parts	Jan. to March 1975

CALA in Caracas

Caracas, the Venezuelan capital that is emerging as a financial and business centre of both Latin American and international importance, played host at the end of January to CALA V, the Canadian Association for Latin America conference.

More than 175 Canadian business leaders and government representatives from all across Canada journeyed to Caracas, joining 85 prominant Latin American business and government people at the conference. CALA V "Canada and Latin America — The Implementation of the Partnership" was the fifth in a series of conferences put on by the Canadian Association for Latin America (CALA) and was the first such conference ever held in Latin America.

In his remarks to the opening plenary session, the Chairman of CALA's Board of Governors, Thomas J. Bata, noted that CALA's basic aim was to develop the partnership outlined in previous conferences "in all aspects but with particular emphasis on business relationships. The fact that we are conferring in this country at a time when our Prime Minister is paying state visits to three Latin American nations should strengthen . . . ties even more in both political as well as economic aspects.

"We are essentially a private association to promote private business in both directions," continued Mr. Bata. "Although we have much to gain from you . . . we believe that Canada has a special contribution to offer to the development of the Latin American economies. We have undergone a similar experience in our development, in mining, forestry, fisheries, hydroelectric power, long distance communications, and the problem of relatively short runs in manufacturing operations due to a limited domestic market. We claim, I hope not immodestly, to have dealt with these sectors of development with considerable success and to have learned lessons that should be of use to others.

Mr. Bata outlined several avenues for co-operation: "The most traditional one is direct trade between individual countries of Latin America and Canada. There is undoubtedly potential for growth here . . . Since it is the desire of Latin American countries to industrialize and also make use of their natural resources as well as create important infra-structures, new and significant opportunities develop for engineering and consultancy activities . . . Seeing the need for increasing capital inflow as well as the importance of continued development of individual enterprises . . . the area of greatest scope continues to move in the direction of direct investment, which under modern circumstances, is most likely to be in the form of partnerships or joint ventures.

"I believe," added Mr. Bata, "that if a significantly increased flow of capital and technology is to be developed in the future, more serious attention should be paid to attracting investment by medium-sized and even small private companies. It is often the smaller enterprises created by entrepreneurial pioneers which have developed valuable new technologies, particularly suitable for less-developed countries."

Dr. Rodrigo Llorente, President of the Interamerican Council for Commerce and Production (CICYP) also addressed the opening plenary session. Dr. Llorente pointed out that the commercial exchange figures showed exports from Canada to Latin America doubled between 1973 and 1974 and trebled during the last seven years (but our exports to Latin America declined in both volume and value terms in 1975). Imports to Canada from Latin America showed similar overall increases, "but it is necessary to bear in mind the great part played in this by Venezuelan oil. There is a huge potential for commercial interchange . . . especially in the natural resource-related products, while current trade reaches only 3 per cent of the total value of the commercial trade of these two regions with the rest of the world."

Dr. Llorente also pointed out that "the Interamerican Development Bank (BID) estimates that in order to keep the Latin American GNP growth rate at 6 per cent, it will be necessary, during the next five years, to double current efforts to increase the foreign resources flow in long-term loans and direct investment up to $10 billions by 1980; these figures indicate the existing possibilities for Canadian companies to invest in these countries.

"It is essential," warned Dr. Llorente, "for Latin American leaders to clearly understand that host countries for foreign investments are in open competition with the industrialized countries of the European Economic Community, the socialist bloc and the third world countries of Asia and Africa. The existing capital resources are scarce . . . It is for this reason that private Latin American entrepreneurs wish to encourage new opportunities for mutual co-operation in the use of technology and capital with Canadian businessmen."

Following the plenary session on Friday the delegates broke up into seven working groups with their respective chairman: *mining,* Dr. W.J. Wolfe, Senior Geologist, Exploration, Cominco Ltd.; *forestry,* H.C. Joergensen, Executive Vice President, MacMillan Bloedel Ltd.; *power,* A. Houghton, President, C.I. Power Services Ltd.; *transportation,* Lorne Main, Vice President, Urban Transportation Development Corporation; *agribusiness,* Dr. R.S. Jickling, Vice President Cambrian Engineering Ltd., *fisheries,* W.C. Lee, President, Canplan Consultants Ltd.; and *fabrication of industrial materials,* Z. Mesrobian, General Manager, International, The Steel Company of Canada Ltd.

The working groups resumed their discussions on Saturday morning. A reception and lunch followed with Prime Minister Trudeau as the guest of honour. Mr. Trudeau paid tribute to the work that CALA had done both in the past and in putting on the latest conference in Latin America. He told the delegates that his government fully supported the aims and objectives of the Canadian Association for Latin America.

The conference closed with a reception sponsored by Industry, Trade and Commerce at which T.J. Bata and C.T. Charland, ADM Export Development, thanked Michael R. Lubbock, Executive Director of CALA since its inception in 1969, for his efforts on behalf of Canadian-Latin American relations. Mr. Lubbock recently announced his retirement and the Caracas conference was widely regarded as a testimonial to his years of work on behalf of Canadian-Latin American relations.

Prime Minister Trudeau with CALA's Michael Lubbock.

Seminars on Marketing in Western Europe

This month and early in April, IT&C is holding seminars on the markets of Western Europe, including those in the EEC countries. The seminars are taking place in Vancouver, Edmonton, Regina, Winnipeg, Halifax, St. John's, Toronto and Montreal, and have been organized by the Trade Commissioner Service, IT&C's Regional Offices and the European Bureau at department headquarters.

Featured speakers are the Canadian Trade Commissioners from the countries under discussion.

This could very well prove to be Canada's "Year of Europe", in light of the opening of negotiations which are expected to lead to a contractual link between Canada and the Community. In addition to the public sessions, private get-togethers between business people and the Trade Commissioners have been arranged in each city. For follow-up information on the seminars, get in touch with your Regional Office.

New book from CLA

The first extensive bibliography in the field of Canadian Business and Economics has been published by the Canadian Library Association. *Canadian Business and Economics: A Guide to Sources of Information/Sources d'informations économiques et commerciales canadiennes* provides a list of publications and services in the fields of business and economics mainly published since 1960. Entries in the *Guide* are arranged first by province, and under each province by subject. A list of subject headings used along with some references will be found at the beginning of the volume and there is an index which includes entries for author, title, former title, publisher (if not a trade publisher) and some series entries. Both English and French titles will be found and the listing and the annotations are in the language of the publication.

All Statistics Canada publications of general interest to business and all recent statistics and industrial surveys from other sources can be found in CLA's new publication. The *Guide* includes directories and reviews of specific industries.

Canadian Business and Economics: A Guide to Sources of Information/Sources d'informations économiques et commerciales canadiennes is the only publication of its kind and is a most valuable reference tool for those involved in business, economics and related areas. Hardcover (640 pages), $35.00.

To order a copy: Canadian Library Association, 151 Sparks Street, Ottawa, Ontario K1P 5E3, enclosing cheque or money order.

Special defence market publication

Operating from the Hanscom Air Force Base Electronic Systems Division, IT&C officers attached to the Boston Consulate General have a unique opportunity of keeping their fingers on the pulse of the New England defence and defence-related high technology industries. These officers visit regularly the purchasing agents and engineers of companies such as United Technologies, General Dynamics and Raytheon, as well as less-known firms.

These IT&C officers assist Canadian system and subsystem manufacturers in establishing contacts with federal and state government procurement agencies in New England. Each of these agencies has vendor and sub-contract requirements ranging from minute electronics to ships' castings, as well as prime system procurement responsibilities. The results of the officers' visits and interviews, in addition to news of contract awards and new programs, are summarized in a *News Bulletin* published approximately every six weeks and distributed to about 250 Canadian companies.

If you believe your company is able to meet the tight quality control standards of the defence and high technology community, the Boston officers would like to add your name to their mailing list. For more information about the *News Bulletin* and other types of assistance you may receive, write: J.J. Ganderton, Canadian Industrial Liaison, Hansom AFB, ESD/ESKZ, MS27, Reford, Massachusetts 01731; telephone 617-274-9096.

Corrections

Our last Trade Commissioner Directory listed one of the Zaire post's territories as the Central African Relic. This should have been Republique Centrafricaine.

- Telex users should not communicate with our Baghdad post via Beirut but rather should cable DOMCAN BAGHDAD.
- The address of our Embassy in Tel Aviv is 220 Hayarkon Street and telephone and Telex numbers are 03-228122 and 341293 respectively.

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