

Canada Commerce

November/December 1976

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Retrospect '76
Prospect '77



Canada Commerce

Vol. 140 No. 9 November/ December 1976

Published by the Department of Industry, Trade and Commerce
Established 1904

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Publié aussi en français

Mention Christmas to an exiled Australian and he seems to take a masochistic delight in reciting December 25 heat figures for the sun-baked sand on Darwin beach and the temperature of beer in Alice Springs when over-worked icemakers give up the ghost.

The listener could be excused for thinking that Australians feel guilty about acquiring December suntans and, because of their ethnic origin, long for traditional realities like snow and mistletoe.

The Englishman festoons his home with Christmas decorations, decks the tree with coloured lights, prefers greeting cards with old world snow scenes — but shudders at the prospect of a two-inch fall which can snarl up road traffic, immobilize the country's rail system and cancel the local soccer derby.

For centuries Canada has been the butt of American jokes about vast wastes of eternal



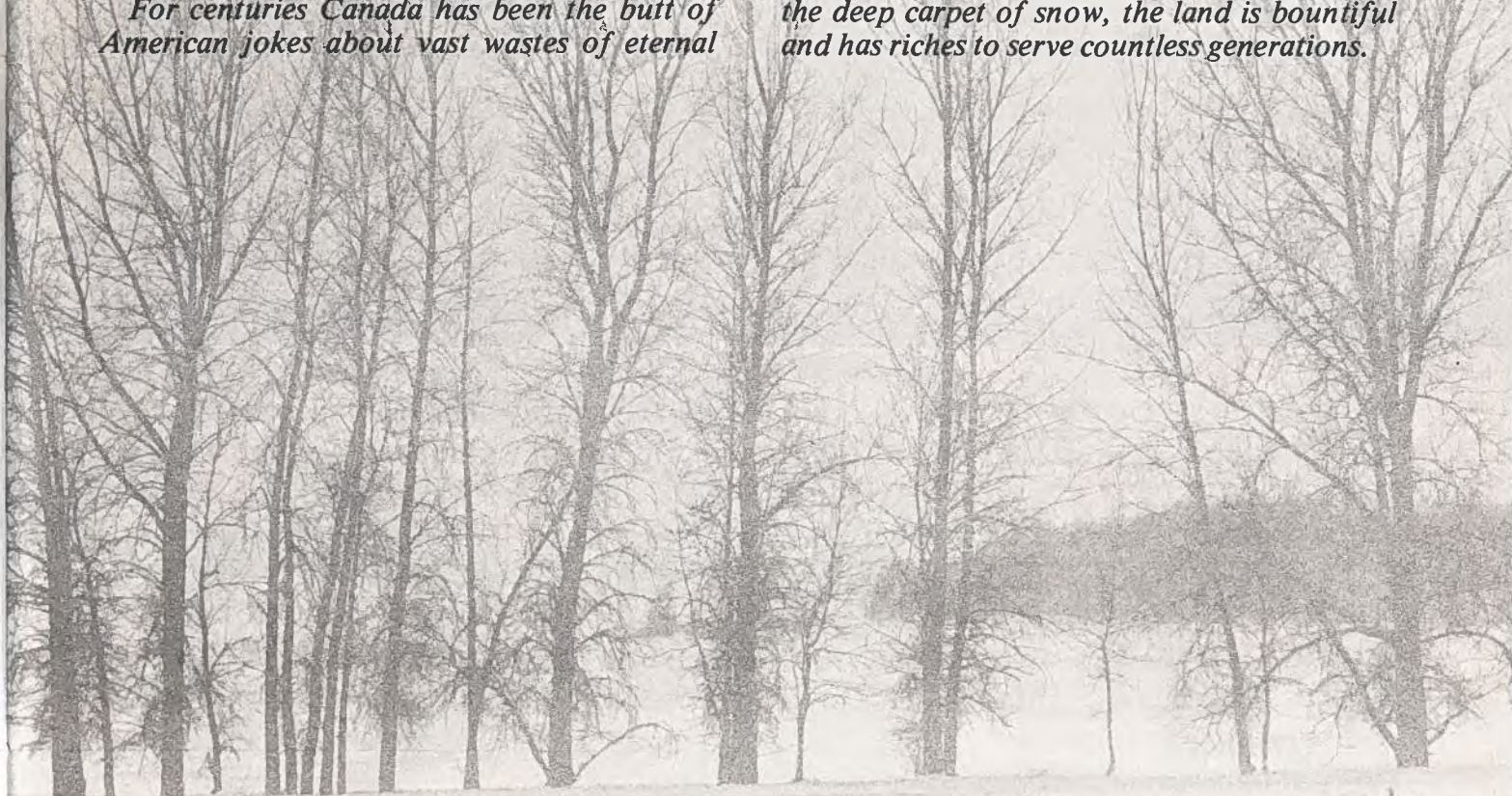
Winter Wonderland

of triumph. This country keeps moving right through the winter. Construction teams maintain a productivity level which puts to shame European summer outputs. Trains observe schedules and airliners roar along snow banked runways with clockwork precision. Canadian motorists defy the elements and span great distances to be with their families in warm, superbly insulated homes.

When glasses are raised for a New Year toast, rejoice in the knowledge that, beneath the deep carpet of snow, the land is bountiful and has riches to serve countless generations.

snow and Arctic winds that swirl south of the border to chill the marrows of humans who don't patronize specialized Canadian garment makers.

Canadians neither protest nor joke about their surplus of Christmas weather. The persistence of American humour has stilled what should be a Canadian shout





ESE vs. ESE: Canada is industrially and technologically well-developed and has the ability to become a major exporter of know-how.

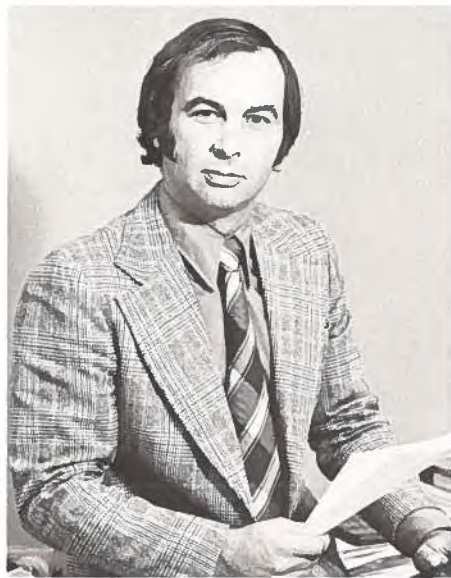
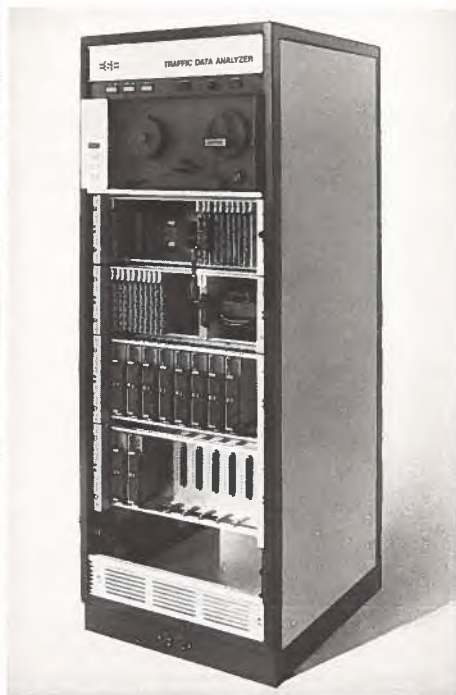
THIS COMPANY

COMPETES WITH Canada, a developing country, would be foolish to compete with nations that have superior technological capability. It should stick to growing wheat and extracting natural resources.

ITSELF

*OLI COSGROVE,
Office of Information and Public Relations,
IT&C Ottawa*

If the TDA looks a little like a book case, it speaks volumes. Since its introduction four years ago, this Canadian invention's analysis of telephone usage has saved companies and government departments hundreds of thousands of dollars in telephone bills. Even telephone companies use it.



E.M. (Ted) Strain, ESE's Chief Engineer



While Canada's destiny is debated in the halls of power and academia, and in the boardrooms of foreign competitors, a small Canadian company is quietly going ahead doing what it does best — developing new technology and helping multinational corporations and governments to do their best. After all, not every Canadian knows how to grow wheat.

ESE Limited of Rexdale, Ontario, was founded when the U.K.-based Ferranti-Packard Ltd. in Toronto backed out of the computer field in the mid-sixties, just when one of the models designed and developed at the plant, the FP6000, promised earnings of millions of dollars in foreign currency for Canada. Donald Ritchie, ESE president and former manager of the Ferranti-Packard subsidiary's computer systems department, says the medium-size, general-purpose, time-sharing computer system was way ahead of its time and could have made Canada a contender for leadership in computer technology. The system had been installed at the Toronto Stock Exchange, the Saskatchewan Power Corp. and the Naval Research Establishment at Dartmouth when production in Canada was stopped.



The FP6000 became the ICL 1900 and was marketed with great success by Britain's International Computers Ltd.

Ritchie and three colleagues — Fred Longstaff, the subsidiary's chief systems engineer; Edward Strain, senior logic designer; and Gordon Lang, head of communications research and professor of electrical engineering at the University of Toronto — the same university from which the other three men had graduated, decided to use the experience they had gained, which included work on other successful projects such as Datar, a naval operations-control system, and ReserVec, Air Canada's nationwide reservation system, to form their own company.

They started up ESE in January, 1965, and less than a year later scored their first coup. They beat out established multinational corporations to supply CN-CP with a device to improve the speed and clarity of messages transmitted on their electronic communications system, in which machines "converse" with each other over long distances just as people do on telephones. In electronic communications, however, many unrelated messages are transmitted simultaneously on the same channel, and filters at the receiving end separate the messages. Both the filters and environmental factors contribute to distortion which limits transmission speed. Further, no two communications systems have identical distortion characteristics.

In designing a phase-delay equalizer to negate CN-CP's distortion problems, ESE also devised a system which enabled it to find quickly the most effective solution to any system's distortion problem. It added up to a breakthrough in data transmission, and resulted in ESE replacing another big U.S. company as supplier of equalizers to International Telephone and Telegraph.

Other technical firsts, most of them pinned to contracts wrested in competition with international giants, followed in quick succession:

- a digital logic trainer for technical schools and institutes
- a special-purpose digital control system designed to Atomic Energy of Canada Ltd. (AECL) specifications for its cobalt therapy unit
- a radio-frequency heart pacemaker developed to specifications set by the Toronto Hospital for Sick Children
- a special-purpose digital device for assessing learning ability produced for Sherbrooke University
- a high-speed contact scanner to monitor stages and points in atomic power stations, commissioned by AECL and now also used by Gulf Atomic in the U.S.
- a monitoring system to control communications on the world's largest on-line banking network, designed and developed to the specifications of a large Canadian chartered bank
- a remote access unit designed and developed for Bell Canada which locates telephone circuit malfunctions with a computer terminal, ending the need for repairmen to go out into the field to find them
- a high-speed 4,800 bits/sec. modem required as a standard unit by Trans-Canada Telephone System and CN-CP Telecommunications, and now used also on the British Post Office's Britain-Canada circuits and on Mexico's government-owned telephone system. Designed to carry 32 simultaneous transmissions on a worst case line when used with a time division multiplexer, ESE's unit out-performs any similar product on the market.

Six weeks ago, the company unveiled an upgraded version of the modem — it operates at 9,600 bits/sec. — which meets the specifications of Europe's Consultative Committee for International Telephone and Telegraph (C.C.I.T.T.). It also meets the company's policy to "stay up to our ears in the research and development business," as Ritchie puts it. "Uniqueness is a quality which traditionally lacks staying power unless it is garnished with

new ideas," he says. "That's why, if anything comes up to compete with anything we make, we want it to be another of our products."

Overtaking their own expertise is becoming a habit at ESE. In November, 1972, they introduced the Traffic Data Analyzer (TDA) system, a method of collecting facts about telephone usage, and a potential \$10 million a year earner. Approximately a dozen companies, most of them in the U.S., have copied the idea but ESE, which has more than 60 corporate and government customers in Canada, the U.S., Britain and Mexico plugged into the system, intends to stay ahead in the race. It has already improved on the original concept of TDA.

The TDA electronically records information about telephone usage on magnetic tape which is fed into a computer which produces a print-out. Analysis and application of the information — date of call, time of day it was made, from which extension to which number in which city, duration of the call and its estimated cost — enables companies not only to increase the quality of their services but also to practise precise accounting procedures and to reduce costs. What people say on the telephone is irrelevant to the system. It does not monitor conversation.

Dominion Securities Harris, an investment house with an extensive communications system linking 20 branches to head office in Toronto, and offices in New York, London, Paris and Hong Kong, installed the system in 1974, and Office Services and Communications Manager Richard Wotherspoon says it provides "every single piece of information about your telephone system which you could possibly need to know", including eye-openers — information which no one realized they needed to know.

The company found that longtime employees who should have known better were ignoring its private intercity lines and were placing long-distance calls through the public telephone network. Some calls, which could have been effec-

tively completed in 30 minutes, lasted two hours. Cost of calls made on behalf of clients, previously absorbed by the company, could be billed to clients, and each department of the company could be accurately billed for its share of the total bill — a development that horrified some departments and delighted others. Employees making personal long-distance calls at company expense could be ferreted out and billed accordingly.

In direct costs, TDA enabled the company to reduce its telephone bill in Toronto alone by \$10,000 to \$15,000 a month, at a time when telephone use actually increased, which introduces another advantage of the system. It alerts clients to "traffic load", which may need to be redistributed to achieve more efficient use of existing facilities, and can save a company the expense of adding equipment unnecessarily. It can also tell a company a lot about its own business: What are the peak and slow periods for telephone usage? Why can a top salesman not get a line out during his busiest periods — is it because too many other employees are making non-essential calls? Does one department make better use of the telephone than another and so on.

Its inventors call the TDA a new profit tool for management which can be programmed to any pattern and produce savings of 15% to 30%. One U.S. conglomerate with 7,500 employees in 150 locations, FMC Corporation, installed three TDAs at a cost of \$70,000, and estimates it saved \$400,000 within the first year. It also made a drastic reduction in projections for new equipment.

Marketing the TDA, developed over an 18-month period at a cost of \$500,000, was not an easy job. Its installation requires the co-operation of telephone companies and, upholding the Canadian show-me attitude, telephone companies here were not interested in co-operating. Telephone companies in the U.S. enthusiastically provided ESE with the necessary inter-connection devices, and an American company —

Phoenix Mutual Insurance in Boston — was the first TDA customer. Income from ESE's American business financed marketing efforts in Canada. The first Canadian customer, signed up a year after TDA's introduction to the U.S., was a telephone company.

During TDA's first four years, customers bought the system and required a computer or access to one, plus monthly telephone bills of at least \$15,000 to derive real benefit from it. The company's TDA tapes were collected and delivered manually to a computer, perhaps off-premises, for processing and transcription into print-outs, and the information supplied was interpreted by company management.

A year ago, ESE came up with a package leasing plan which extends cost savings to companies with monthly telephone bills of \$7,500 and eliminates need for capital investment. The plan includes the cost of the TDA, computer, computer service and software, and around-the-clock service. The TDA receiver, called a "remote", is installed in a client's premises and connected to all telephone extensions. The remote is connected to a "mother" TDA at ESE headquarters, which functions as a trouble-shooting station, and which in turn is connected to a computer at Canada Systems Group offices in Mississauga, Ontario. At any point during 24 hours a day, seven days a week, a client can get a "reading" on the characteristics of its telephone usage. The information is also transcribed daily into printed form which is supplied to the customer on a regular basis. Programs are tailored to a customer's needs, and the information obtained can be interpreted by the customer, or turned over to consultants who will advise the client how employees can make more efficient use of telephone facilities.

When Ritchie, Longstaff, Strain and Lang formed ESE Limited, they intended to operate primarily as consultants in digital electronic systems, and designing and manufacturing data communications

equipment was a long-term goal. Their plans were quickly overtaken by their own developments, and now designing and manufacturing is a long-term proposition. The company has 105 employees, a 20,000 sq. ft. plant in Rexdale where all its products are manufactured, a sales subsidiary in Boston, Massachusetts — sales in Canada are handled by the Rexdale office — a growing network of agents in Europe who market ESE products under their own names, and more innovations shaping up on the drawing boards.

A small company holding its own in competition with the giants in an exceptionally competitive field ... coming up with ten technological innovations of major impact in 12 years ... creating jobs at home for an increasing number of highly-skilled Canadians, and jobs abroad with the international distribution of its products ... and earning coveted foreign currency for Canada through international sales of its products. Not a bad start for a group of people who don't know the difference between a field of Selkirk wheat and Thatcher.

You're a competitor — so go for the gold

HARRY TRAYNOR, Editor

There was no escaping the 1976 Olympic Games. Although Canadians referred to them as the Montreal Olympics, other countries scattered across the globe followed the events with as much interest as on-the-spot spectators. Those of us who elected to put thousands of miles between ourselves and the international sports arena were confronted by hotel television screens that framed the Montreal kaleidoscope of colour and excitement. But although the televised pictures were almost identical in Ankara, Barcelona, Cairo and Denver, the language of each commentator and the inflection of his voice reflected the fortunes of that country in international competition.

In regions of the world where household budgets did not permit the luxury of a TV receiver, the proprietors of village and backstreet cafes threw open their doors and did a roaring trade while patrons — many in multi-patched garments and most of them unable to read or write — applauded the prowess of track and field victors. Television viewers balancing barefooted on the lower rungs of the social ladder were able to follow the progress of each race as intelligently as industrial tycoons sipping iced daiquiris in front of their mammoth colour sets.

The Olympic television cameras focused sharply on the finishing line, froze the action and then replayed the climactic seconds. There were, too, the rostrum ceremonies, with the supreme champion poised on a higher level, and the sun glinting more splendidly on gold than it did on silver or bronze medallions.

The Olympics are over; but another international contest is perpetual. It's the struggle for foreign trade, a see-saw action that tips national scales towards economic solvency or into industrial stagnation and critical unemployment.



Photos courtesy of Dave Patterson,
Department of Health and Welfare, Ottawa



Unlike an Olympic stadium, the international market place does not offer observers a sharply defined picture of the leading contestants. Because it's a marathon event, there are no electrifying bursts of speed to thrill the onlooker, no finishing line, no guarantee of clear-cut victory. It's a race in which we are all participants.

All of us? The small business man selling hot dogs and French fries in a remote corner of Saskatchewan or New Brunswick may challenge that claim. The backbone of his business — bread, meat and potatoes — may well be products of local industries, and his customers the very people who harvest crops and fatten cattle for slaughter. But what about the sources of the coffee and tea that wash down the hot dogs? And the spices in the ketchup? And from what part of the world the inevitable cigarette, the "canned" music issuing from the jukebox, the fuel that powers customers' cars, or their bargain basement clothes?

There is no dodging the international trade race. We are all in it. And don't try to get out by seeking oblivion with a bottle of Scotch. They're imported, paid for with hard currency, and they're Canadian exports.

Those who watched the 1976 Olympics were impressed by the dedication of competing athletes. Behind every victory were months, years even, of personal sacrifice, physical endurance and self-discipline. The only tangible rewards were medals, three per event.

In international trade, the stakes are high, the returns virtually guaranteed to anyone who applies himself to winning. Success is measured in dollars, in long-term economic security for the individual, for his company, for his country. There is, too, the prospect of nonchalantly signing cheques for airline tickets to Moscow, to attend the 1980 Olympics.

The following pages offer valuable clues as to where Canada stands in world markets. The reports for 1976 tell of opportunities grasped, chances allowed to slip away. But the contest continues: 1977 holds promise of new business in faraway places. If you hesitate, think of the enterprise and pioneering spirit which brought earlier generations to this country and helped to make it one of the most affluent societies of the world.



Rules of the Game

As more and more countries become industrialized and increase their productive capacities, the greater is the need for international rules which govern world trade.

Such rules must recognize the export aspirations of countries that show leadership and initiative in the natural resources and/or manufacturing fields. But the regulatory world body must frame international trade rules for the benefit of member nations which are not richly endowed with natural resources or simply do not compete in the same markets as nations like West Germany and

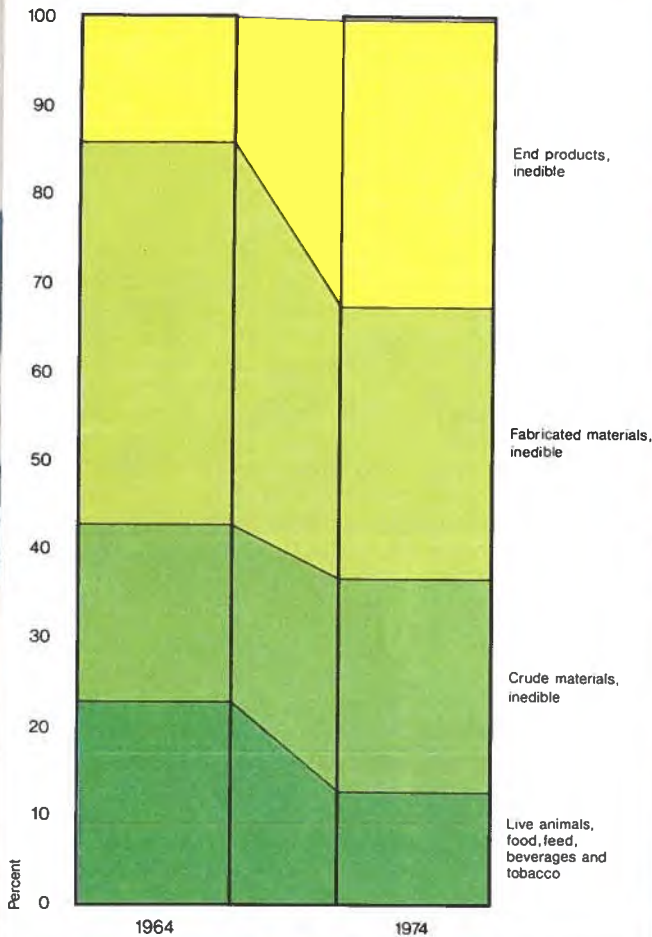
World markets were less crowded when Sir John A. Macdonald first espoused the cause of Confederation. He argued that a united Canada could shelter behind import barriers which would allow Canadians to develop their own industries. The Macdonald principle was accepted by other countries, but the industrial revolution had only started to gain momentum. It was an era of self-protection, with each sovereign state the jealous guardian of its fragile industrial economy.

The World War II demand for military hardware boosted factory output in every continent. Canada emerged as an industrial power — doubly blessed because of its rich deposits of iron, copper and other ores. But manufacturing technology, production plants and an abundance of raw materials do not guarantee national prosperity: there must be customers, millions of them, in order to get unit costs down to the point where they can compete in world markets.

With a 1947 population of less than 13 million, Canada was not a strong challenger in the international marketplace. But 1947 saw the establishment of the General Agreement on Tariffs and Trade (GATT), an organization which draws its membership from all major trading powers (the U.S.S.R. and the People's Republic of China are notable exceptions). The objective of GATT is to liberalize international trade. Without detracting in any way from the enterprise of individual Canadian exporters, it would be true to say that the Federal Government representation in Geneva (where GATT meets), has been a major factor in expediting Canada's export evolution during the period 1964-74. Twelve years ago manufactured products represented less than 14% of our total exports. By 1974 that percentage had more than doubled — to 32.65%.



**Comparative Mix of Canadian Exports
by level of processing**



Canada has, in fact, the world's biggest per capita exports. Alas, we are also, in terms of population, the best customer of foreign traders. Canadians are big spenders. We must have Japanese cameras, British woollens, European wines, Swiss watches and American cigarettes. Sure, they can be paid for with raw materials. But we're now wise to the fact that reserves of mineral wealth are not inexhaustible. It is also a sobering thought that whereas one machine operator can scoop tons of copper ore per working day, processing a ton of copper gives employment to several Canadians: higher still is the labour content of manufactured copper products — electric cable, wire plating.

We cannot manufacture everything. The absolute leaders in industrial output have large domestic markets. Canada is the only member of the Western manufacturing league which does not have duty-free access to 100 million potential customers. Which means that our export drive has to be dynamic, imaginative and sustained.

H.T. Traynor

Export Evolution

During the period 1964-74, Canadian industry stepped up the processing of our natural resources, thereby adding to their dollar value in world markets. Canadian manufacturers also increased their sales abroad. But like the individual who adopts expensive living standards in anticipation of a new pay award, Canada's per capita purchases of foreign goods remain the highest of any industrial nation.

Argentina

Economic troubles, political turmoil

Argentina is now showing signs of economic recovery. Recently, a consortium of countries and private banks agreed to lend Argentina \$1.2 billion in credits for up to five years. Several Canadian banks participated, making available \$66 million. The Inter American Development Bank has lent \$87 million for construction of a natural gas pipeline between Tierra del Fuego and the mainland. The World Bank has agreed to a \$115 million loan to the Argentina Electric Power Company. This is the first World Bank loan to Argentina since 1970. It is expected that other credits will be forthcoming.

Following a period in which the country experienced several months of runaway inflation, an external payments crisis, and subsequent recession, the government of Isabel Peron was replaced by a military junta headed by Army General Jorge Videla. Instead of populist programs to redistribute

income and expand state controlled enterprise, the new government returned to a free enterprise and market oriented economy. It has also introduced greater monetary and fiscal discipline, made moves towards rationalization of the public sector and introduced measures to encourage domestic and foreign investment. To improve the balance of payments, the government has maintained a variety of import restrictions, permitting only essential items to be purchased from abroad. This, combined with the increased agricultural exports, which account for the majority of Argentina's foreign earnings, will probably result in a marked improvement in the trade account by the end of this year.

*J. Kepper,
Commercial Counsellor,
Buenos Aires*

Australia

Firm grip on soft market

Australia was sailing along on a buoyant economy until early 1975, when worldwide trends finally dragged the country into the stagflation whirlpool. It is only now, at the end of 1976, that some tentative signs of recovery are making themselves felt. To a significant degree, prosperity based on exports of primary products and raw materials will continue; but increasingly, emphasis is being placed on higher labour productivity and greater application of advanced technology to achieve a sustained rate of economic growth.

Canada did well to maintain its total exports to Australia in 1976 at near the \$300

million mark. The trade preferences Canada enjoys may have buffered the impact of this softening market, but more important has been Canada's established supplier position in the often less sensitive finished products and consumer end of the Australian market (approximately 50% total Canadian exports). Also, the diversity in the composition of our exports has made us less exposed to weakness in any specific market sector.

*W.G. Pybus,
Consul General,
Sydney*

Nearly everyone dreams of travelling around the world, but for this ship it's reality several times each year. The crew of the Australian "Endeavour" will have Christmas 1976 memories of Saint John, New Brunswick. Late in February 1977 this Sydney skyline will be on the starboard side once again. To Canada go meat, canned fruit, wool. Saint John is the pick-up point for auto parts, aluminum ingots, newsprint.





Belgium/Luxembourg

Upward trend in Canadian exports

A marked recovery in the Belgian economy in 1976 has been based essentially on strong consumer spending, rebuilding of stocks and foreign demand. Estimates are for a real growth of 3.5% in GNP, as opposed to a decline of 1.4% in 1975.

Although overall industrial activity climbed to about the same level as the second quarter of 1974, from the qualitative point of view the recovery has been less successful. There has been little improvement in the level of unemployment, currently 8.4%, one of the highest in Western Europe. The rise in the cost of living index is about 10% on a year-to-year basis. Although exports for the first seven months of the year were up 16.7% over the corresponding period in 1975, Belgian industry is reported to be experiencing increasing difficulty in maintaining its competitive position in export markets. Exports account for 50% of the GNP and are vital to the Belgian economy.

In the case of Luxembourg, there are signs that industrial production is beginning to recover, including the dominant steel sector. Inflation is easing, although it is still running at more than 10%.

As expected during the restocking phase of the economic recovery, Belgium/Luxembourg imports increased by 20.4% during the first seven months of 1976. There was a satisfactory growth in Canadian exports to this market. From the record level of \$375 million in 1975, Canadian exports continued the upward trend in the first six months of 1976, amounting to \$214 million. Canadian imports from Belgium/Luxembourg amounted to \$142.4 million in 1975 and are running at the same level this year.

N.W. Boyd,
Commercial Counsellor,
Brussels



The liberation of Belgium and Luxembourg is written into the history of Canada's World War II effort. Today, Antwerp is one of the world's busiest ports and also the principal diamond centre. Tiny Luxembourg — population, 350,000 — is rich in ore and has some of Europe's most sophisticated steel mills.

Photos: Belgium Embassy, Ottawa.

Brazil

Tough conditions, but rewarding contracts

Brazil's economic planners have not had an easy year. It has been characterized by an increasingly troublesome inflation rate and a persistent deficit in the balance of payments. However, the economic growth rate rebounded to the 7-10% level which prevailed during the period 1967-74. The government reacted to the difficult economic situation with vigorous measures to reduce inflation and the trade deficit, and at the same time maintain the excellent growth rate. Government endeavours included a compulsory prior-deposit scheme for imports, punitive tariff rates, a ban on imports of superfluous goods and a variety of legislation aimed at delaying imports. It has also attempted to reduce expenditures in the public sector, a measure which, if fully implemented, should not only cut back imports but dampen inflationary pressures.

Despite this difficult environment, Brazil continues its large import substitution and industrialization programs and has maintained — in some cases stretched out — its infrastructure programs. Given the fact that

a heavy percentage of Canadian exports fall within Brazil's priority sectors, good sales opportunities have continued for many Canadian capital and resource products, including coal, wheat, newsprint, fertilizers, non-ferrous metals and equipment for the railway, electric power, petroleum, forestry, aerospace and mining sectors.

Canadian exports — following a record year in 1974 — declined to U.S. \$195 million in 1975. However, due primarily to a rebound in wheat sales, 1976 should end with exports worth approximately U.S. \$300 million.

The difficult import position, favourable investment climate and increasing Canadian interests and capabilities in those sectors having priority in Brazil, have combined to create a number of favourable opportunities for Canadian joint ventures, licensing and direct investment in the country.

*C. W. Ross,
Commercial Counsellor,
Brasilia*

People's Republic of China

Momentous days

Future historians will point to 1976 as a watershed year in modern Chinese history. In January, Premier Chou En-Lai died. By April his hand-picked successor, Teng Hsiao-Ping, was no longer in office and the late Premier's plans for the industrial development of China seemed to be in jeopardy.

The political struggle between revolutionary zeal and economic pragmatism was suspended temporarily, following the earthquake on July 28, when massive rebuilding projects had first priority. This reconstruction of the industrial and coal mining area of Tangshan drew off labour and resources which would have been used for new capital projects.

Most of us would willingly scrimp and save for a glimpse of the Great Wall of China. But visit the Republic of China on business and the main pre-occupation is surmounting formidable trade barriers. Bill Johnston of IT&C found time to visit Kwangchow (formerly Canton) zoo — and elected to focus the camera on people rather than animals.





According to ancient Chinese proverb, "mother earth is the great provider." To help tap her natural wealth, Chinese geophysicists invited an ITC-sponsored team which included two instrument manufacturers. Between them they collected initial contracts worth \$490,000. Next year, Canadian geophysical equipment will be used in De Havilland twin Otter aircraft cruising through Chinese air space.

Canadians who sew seeds abroad reap rich harvest at home.

Photo by J.A. Kiely, IT&C



Czechoslovakia

New business for Quebec manufacturers



As is customary during the first year of a new 5-year Plan in Czechoslovakia, foreign trade negotiations were relatively slow. Nevertheless, Canadian companies scored successes in this market. Sales of traditional commodities — cattle, hides, asbestos and oilseeds — were maintained, and a plane load of breeding bulls (Holstein-Freisians and Herefords) went to Czechoslovakia. There was also a demand for Canadian wheat and cattle fodder to offset the exceptionally dry weather experienced in Czechoslovakia.

It is worth mentioning that if Canada could supply the required grade of asbestos, sales of that product would increase.

Canadian jeans are becoming popular in Czechoslovakia and sales of other consumer goods show promise of better things (Tuzex, the foreign currency store, is a good prospect for Canadian exporters).

Perhaps the most satisfying results during 1976 were achieved by the Canadian Ingersoll-Rand Co. Limited of Montreal and Farinon Electric of Canada Ltd., Dorval, P.Q.

Farinon microwave communications systems are boosting Canada's dollar earnings abroad. The Dorval, Quebec, firm does not wait for foreign customers to knock on the door.

The death of Chairman Mao on September 9 was the signal for political eruptions of unprecedented intensity, as radicals and moderates manoeuvred to gain control of the party and the country. The arrest of Madame Mao and the radical group by Chairman Hua Kuo-Feng and his military allies has consolidated the position of the moderates. The indications are that China is entering a new era in which pragmatic economic development will be emphasized at the expense of revolutionary zeal.

These events have had a great influence on the Chinese economy in 1976. According to estimates, there has been an overall growth of approximately 7% (7.5% in 1975). The Gross National Product is expected to reach U.S. \$257 billion.

Industrial growth continued at about 10%, while the agricultural sector maintained its long-term average growth rate of approximately 2%. The year end should see a further reduction in China's balance of payments deficit, which was estimated variously between U.S. \$200 and \$500 million for 1975 (one billion dollar deficit in 1974). This improvement in the balance of payments position stems from increased sales of Chinese products and greater restraint in purchases abroad.

*F.M. Galbraith,
Commercial Secretary,
Peking*

Farinon obtained a second contract to supply commercial telecommunications equipment. The success of the Dorval company owes much to regular personal contact between supplier and customer, plus the excellent service offered to Czechoslovak foreign trade companies.

The Canadian Ingersoll-Rand bid for business in Czechoslovakia was spearheaded by Bill Mallory. His two visits to the country paved the way for symposiums and on-site demonstrations of Ingersoll-Rand rock drills and compactors. To back up orders for rock drills and construction machinery, the Montreal company established a consignment stock of spare parts and contracted to service their equipment in Czechoslovakia.

*W.A. Cross,
Commercial Counsellor,
Prague*

Germany (FRG)

Olympics sales boost Canadian export figures



The Federal Republic of Germany (FRG) has led the recovery of Europe from the worst recession of the post war period. Despite continued upward revaluation pressure on the mark, export demand for German products continues to grow. The overall increase for 1976 should reach 6%, with growth for 1977 estimated at 5-6%. This recovery has also been marked by an exceptionally low rate of inflation (approximately 4.5%). While partly a reflection of a substantial appreciation in the value of the DM, this does indicate the strength of the economy.

Germany is a strong international trading nation and has for many years enjoyed a trade surplus with Canada. For example, her exports to Canada in 1975 were \$767.2 million, against imports of \$536.5 million. German exports have been composed largely of finished goods — particularly passenger vehicles and parts. Every effort has been and is being made to improve the composition of Canadian exports, and some progress has been recorded.

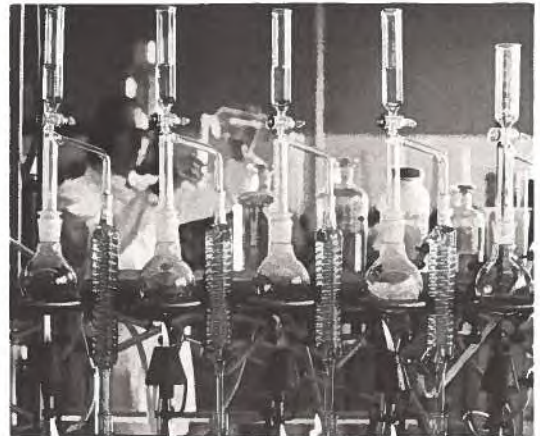
At first glance, Canadian exports of manufactured goods during the first six months of 1976 show an impressive increase over the same period of 1975. But although it reached about 49%, in absolute terms the proportion of manufactured goods remains small (\$55 million in a total of \$286 million). However, closer examination of the statistics suggest that the improvement was largely a one-shot event caused by sales of coins and other collectors' items connected with the Olympics. Without the increase in this category of exports, our performance would actually show a decrease from 1975.

The worldwide business slump was at its worst in mid-1975 and business orders were correspondingly low. Since orders take some time to show up as deliveries



The smallest picture in view (of outerwear) has been scaled down to show the relative position of Canadian manufactured products in the West German import list.

Much more impressive is the range of goods we buy from West Germany, which may explain that legendary sign in a German hotel. The message in German reads: "Breakfast not served before 0600 hrs." In English the words are: "No breakfast after 1000 hrs."

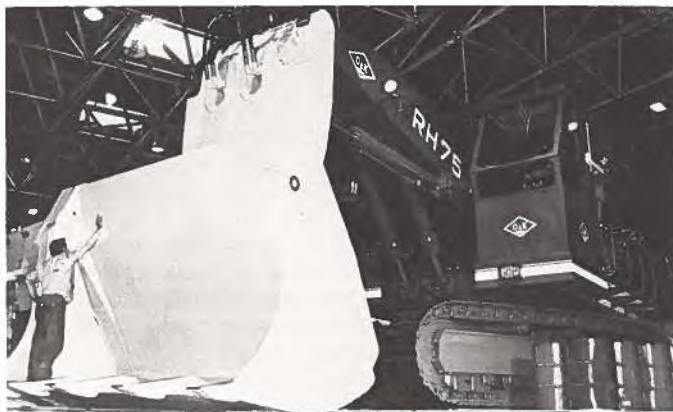


(and consequently statistics), we should have expected a similar pattern in sales levels. Global statistics for FRG imports support the observation that Canada's performance followed the general trend. However, total German imports during the first six months of 1976 were in fact less than in the same period of 1975. Since then there has been a steady recovery, but the overall figures may well indicate that Canada is not enjoying as much success in this market as other industrial countries.

But even if we are seeing a temporary lull in export expansion, there is a lot of interest in some sectors. Canadian fur coats and jackets are well known and Canadian sportswear and leisure wear are well received. A major promotion by C&A, one of Europe's leading department store chains, has provided thrust to the growing popularity of Canadian apparel with German consumers. Canadian manufacturers of automotive after-market parts and maintenance equipment achieved good results, as have many producers of electronic components and equipment. Obviously, those companies that have succeeded did so in a strongly competitive atmosphere; but that need not discourage other aggressive companies with good products or services.

On the investment side, Canada continues to be one of the most popular countries for German investors. There was some apprehension over the Foreign Investment Review Agency (FIRA), but potential investors have now been able to observe that FIRA does not represent an obstacle to good investment proposals. In fact, Canada now ranks seventh among recipients of FRG capital investment.

*D.S. Baker,
Commercial Counsellor,
Bonn*



Photos: West German Embassy, Ottawa

India

Record low trade gap

The year 1976 may prove to be one of the most progressive ever for the Indian economy. While this country still has massive poverty (40% of the 600 million population are below the poverty line), the current position of the economy is brighter than in earlier years.

The combination in 1974-75 of drought, world recession, high oil prices, rampant inflation and labour unrest brought the country almost to a standstill. This situation was reversed during the 1975-76 period, when favourable monsoons resulted in an unprecedented increase in food grain production to 118 million tons. Improvement in labour management relations brought about a significant decline in man days lost. In the first half of 1976, man days lost because of industrial disputes (2.34 million) represented a drop of 83% compared with the comparable period in 1975.

Photo: India Tourist Development Corporation, New Delhi



This top scene is reminiscent of Biblical times, when oxen were the farmer's best friend and any stout pole would serve as a plough. Far from being a re-enactment of some bygone age, the foot-weary men and beasts are 1976 vintage. Canadian agricultural equipment is a luxury beyond reach of many Indian farmers, yet there are 613 million mouths to feed. In order to pay for foreign food imports, Indian mining engineers — assisted by Canadian consultants — are sinking shafts to get at iron ore deposits. Oil-rich Iran is financing the project, adding weight to the argument that no single nation is completely self-reliant.



Industrial production rose by 5.7% during 1975-76, as against an increase of 2.5% in 1974-75 and a decline of 0.2% in 1973-74. It is expected that 1976-77 will record an industrial growth rate of 10%. Inflation is now almost negligible.

Foreign trade statistics are also buoyant. India had a favourable trade balance for the first five months of 1976 and the year should end with one of the lowest trade gaps in India's history.

The country's foreign exchange reserves have been going up, due primarily to large remittance flows from Indians abroad and from overseas industrial ventures. At the end of August reserves reached an all-time high of over \$2 billion.

With a stepped-up coal substitution program and expanded production of oil, the petroleum import bill should be marginally lower. The World Bank estimates that by 1980 India will save just over a billion dollars per annum in foreign exchange as a result of new reserves of crude. Oil exploration both on and offshore has been accelerated and there is optimism that the oil import bill can be further reduced.

In 1975, Canadian exports to India reached a record high of \$200 million. Commercial purchases of Canadian wheat to supplement Canada's food aid program contributed to this high export figure. The returns for 1976 will not match the previous year, but first half statistics indicate that in most traditional commodity areas Canada is maintaining its market share. Indian imports of Canadian goods for the six month period were \$68 million in 1976 (\$103 million in 1975). India is finding receptive Canadian customers. Exports to Canada for the first six months of 1976 amounted to \$36.2 million compared with \$21.5 million for the same period in 1975.

The outstanding Canadian success story in India in 1976 was the appointment of Canadian Met-Chem Consultants Ltd. as mining associate and engineer-constructor for the Kudremukh Iron Ore Company Ltd. (KIOCL). The \$630 million Kudremukh project, which is being financed by Iran, calls for the first shipment of iron ore concentrates to Iran in September 1980. KIOCL presents immediate opportunities for sales of Canadian mining equipment.

*V.G. Lotto, Counsellor
(Development and Commercial),
New Delhi*

Israel

Return to peacetime trading pattern

This year has seen a return to more normal patterns in Canadian sales to Israel. Purchases of barley, around five million cwt., the largest single Canadian export to the Israeli market, remain substantially the same as in 1975. However, declining prices will cause a monetary decrease from the 1975 high of \$31.6 million. Sales of other agricultural and food products also dipped from the level of 1975, when abnormal purchases of sugar boosted the total.

Supply problems, which had seriously reduced exports of aluminum to Israel, were corrected this year and sales are expected to reach approximately \$8 million. Economic restraints continued to hold sales of copper bar and rod at moderate levels.

Canadian manufactured end products continued the strong performance of recent years. While deliveries of boiler components will be somewhat less than in 1975 because of the procurement cycle, exports of aircraft engines are substantially ahead and may exceed \$5 million.

Special industry machinery from Canada has recently begun to be well received in Israel. Sales for the year should reach \$1 million.

*Brian E. Baker,
Commercial Secretary,
Tel Aviv*

Jerusalem, birthplace of Christianity and present-day location of a government that favours Canadian aluminum, aero engines, boiler components and barley.

The sun-parched, infertile soil of the ancient city is common to most of Israel, but nearer the Mediterranean coast there are orange groves which provide Canadians with delectable Jaffa juice.



Italy

Slow progress in troubled waters

Italy's economic problems become more complex with each passing month. Few foreign observers would attempt to analyze 1976 trading figures and forecast marketing trends for next year. But before the Italian Government imposed severe restrictions on imports, Canada was showing a 10% increase over 1975. Those products that have been the backbone of our trade in Italy — grains, lumber and wood pulp, minerals — continued to enjoy a significant part of the market. Italy's lack of raw materials, and the necessity to import substantial quantities of foodstuffs should mean assured markets for Canadian producers.

In the category of fully finished goods, there was a slight slow-down in the first half of 1976 (1975 figures were 30% above 1974). Canadian exports totalled \$17.8 million for the January-June period. In monetary terms this equalled our trade during the corre-

sponding period of 1975; but if we discount inflation, the net results are less favourable.

Technologically advanced goods with clear market superiority are gaining for Canada a solid reputation. During 1976 such products as mini-computers, industrial cleaning equipment, security systems, navigation instruments and knitting machinery are examples of products that have successfully competed against tough and experienced Common Market manufacturers.

*D.A. Rosenthal,
Assistant Commercial Secretary,
Rome*

Jamaica

Tourism pulling out of doldrums

The Jamaican economy has gone through a difficult period. Demand for its major commodity, bauxite/alumina, has been slow throughout the year. The price of sugar, the second-ranking export, has fallen dramatically. Tourism, a growth industry in the early Seventies, has declined, leaving many hotels struggling to achieve a viable occupancy rate.

Notwithstanding the above difficulties, Canadian sales to Jamaica have held up quite well in 1976. Total exports are expected to approach the 1975 figure of \$50 million. The main reason is that our biggest sales items are essential foodstuffs and basic commodities such as newsprint, aluminum and steel, rather than consumer and luxury goods, which have been hard hit by import controls.

The Bahamian economy, which is overwhelmingly tied to the tourist industry, is improving. Some Canadian items which are

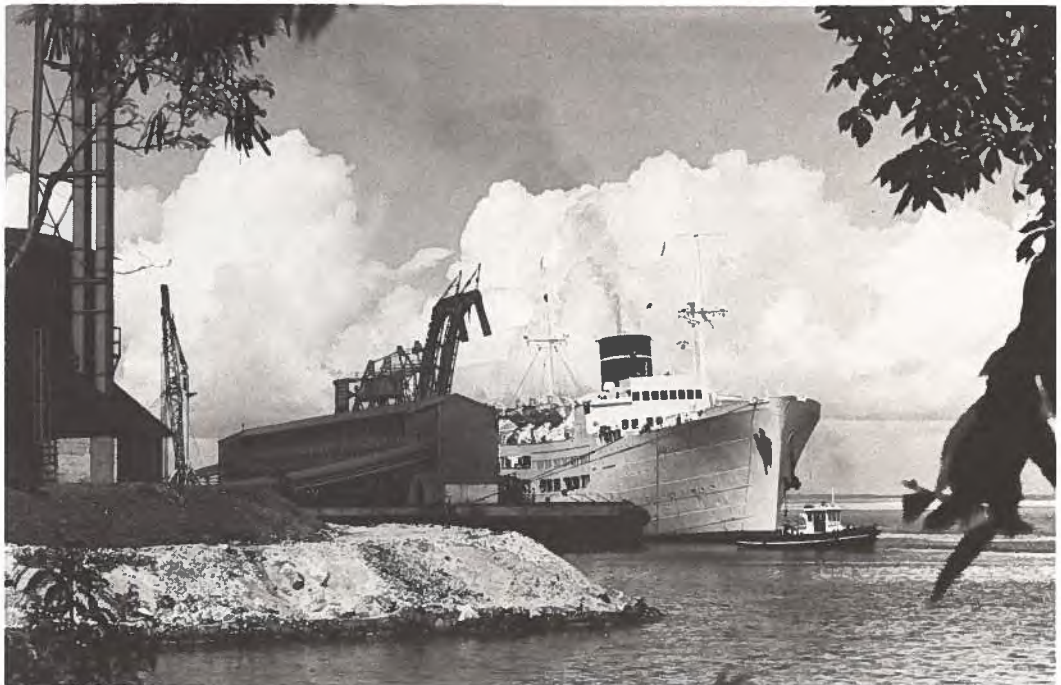
profiting by the pick-up in tourist expenditures are hotel food, clothing, jewellery, whisky and cigarettes. Whereas our exports in these categories amounted to \$14 million in 1975, the 1976 total should level out at \$20 million.

The economy of Belize is largely based upon the export of sugar and citrus. Recent diversification has increased the importance of garment manufacturing and a wider selection of cash crops (rice, corn and soya). Belizean exports of \$65 million in 1975 contrasted with imports of \$93 million. The trade imbalance will likely be greater this year, due mainly to the drop in the price of sugar. Canadian sales should show an improvement on the 1975 level of \$2.4 million.

*C.D. Miller,
Commercial Counsellor,
Kingston*

Canadians who rush sunwards to escape the winter are no longer crowding Jamaican beaches. The island's tourist traffic has thinned, as have the bank balances of hoteliers and shopkeepers who sell merchandise of Canadian manufacture. Coincidentally, sales of Jamaican bauxite have dropped. To add to the island's economic problems, sugar prices are below the record levels of 1973-75.

Photos: Jamaica Tourist Board



Republic of Korea

Best-ever sales, and demand growing

The Republic of Korea, with a population of some 34.7 million and a GNP of \$18.7 billion (1975), offers Canadian exporters a rewarding, if often difficult market. Korea's economy is based primarily on the importation of raw and semi-processed materials for re-export as finished products using a skilled, low-cost labour force. The economy has been expanding rapidly since 1970. It successfully weathered the international oil crisis and recession and experienced a real growth in GNP of 8.3% in 1975 and 17.3% in the first half of 1976. Exports have been running at an all-time high and are expected to reach \$7,350 million by year end (up 35.6% from 1975). As a result, imports of raw and semi-processed materials for the manufacturing industries have been growing. Equipment is being selectively imported to further develop the country's infrastructure and to expand and further diversify the industrial base. It is important to note, however, that Korea is not yet a market for consumer products and that the government maintains

strict control over imports of all "non-essential" commodities.

This has been a successful year for Canada-Korea trade and economic relations. Indications are that Canadian exports could reach \$130 million (a 38.4% increase over 1975), with fully or mainly manufactured items accounting for over one-third of the dollar value. Major developments in 1976 include the arrival of the first of 1.3 million tons of coking coal from Canada for Pohang Iron and Steel Co. under a long-term supply agreement, and a contract between Korea Electric Company and Atomic Energy of Canada for the sale of a 600 MW CANDU nuclear power reactor. In addition, Canada is supplying such raw materials as potash, pulp, asbestos, sulphur, ferrous and non-ferrous scrap and aluminum ingots. Sales of hides to Korea have increased rapidly and could double last year's total of \$8,159,600. Canadian dairy cattle suppliers have contracts for some 25% of the cattle to be imported under the 1976 quota of 4,500 head and are actively pursuing further opportunities. Canadian consultants have also been active in Korea and have won several major contracts in face of strong international competition and increasing Korean capabilities.

*Robert C. Lee,
Commercial Secretary,
Seoul*

Millions of shirts, blouses and jackets worn by Canadians have tags that name South Korea as the country of manufacture. To balance the economic equation, we are shipping 1.3 million tons of coking coal for the smelters of Pohang Iron and Steel Company (POSCO). The Pohang mill is gradually stepping up production, which should reach 8.5 million tons per annum by 1982. The moustached gentleman in the lower right photograph is Robert C. Lee, Commercial Secretary, Seoul.



Middle East

Contracts for those who venture

Although politically and militarily a dominant force in the Arab world, Egypt has a fragile economy. Its progress in the past has been hindered by heavy military spending and a rapidly increasing population (approximately 40 million). In the past year, however, President Sadat's "open door" policy of encouraging the private sector, inviting foreign capital and relying on Western technology and equipment has begun to bear fruit. Financial support from the oil rich states, as well as multilateral organizations such as UNDP, and easier access to bilateral financing, including Canada, has enabled the planning of many projects. During 1976, Canadian firms sold diesel locomotives, lumber and other products, and provided engineering and management services. Canadian planners and designers will help to build a new residential and tourist complex near the Pyramids, and Canadian technology is available in the government-sponsored search for oil. Egypt will continue to have a perilous financial situation for some years, but international and regional support will assist this ancient country to establish a stronger base.



The buildings on the far side of the Nile give Cairo a cosmopolitan air, but the intriguing city of stately mosques, gleaming minarets and shadowy mouski (bazaar) is on the right, beyond camera range — as is the huge rail station, terminal for Canadian-built diesel locomotives.

The inscrutable Sphinx overlooks a new residential and tourist complex which Canadian planners and engineers are helping to build.

Photos: Egyptian Ministry of Tourism, Cairo



Libya continues to be a mysterious region for most Canadian firms. However, Libya is one of the few countries able to follow its national plan almost to the letter, ticking off projects one by one — aided, of course, by huge oil revenues. Canadians have managed to sell wooden poles, pre-fabricated buildings and cattle, and have investigated opportunities in oil exploration, steelworks development, land and air transport vehicles. Unlike Egypt, long-term financing is not a prerequisite in Libya but, as in the other parts of the Middle East, a calm and persistent sales campaign is vital.

The Sudan, one of the poorest Arab countries, is another unknown frontier for most Canadians. However, the country has the agricultural potential to be the breadbasket for the whole region. As a result, some of the oil rich states have expressed strong interest in supporting the development of this potential. The most immediate needs are in the fields of road and air transportation, and agricultural design and equipment — all of which have attracted Canadian interest and some sales. External financing continues to be a must for any project.

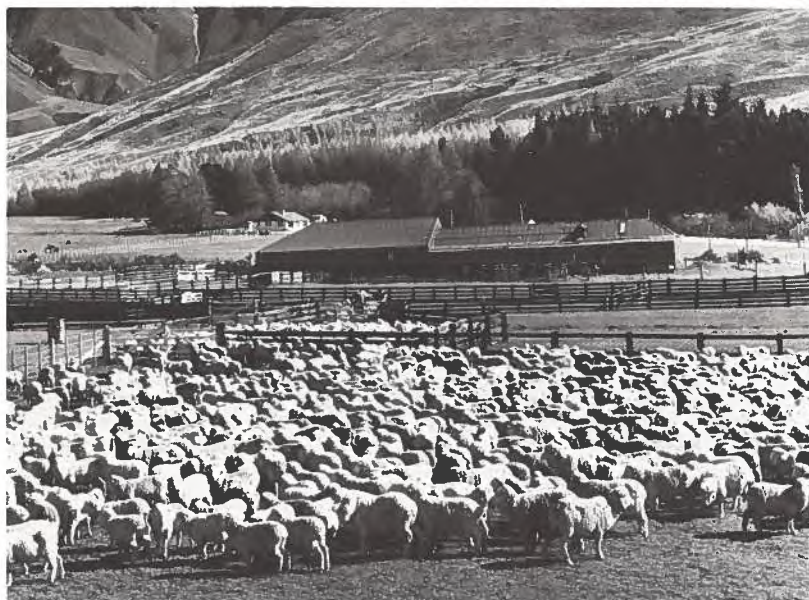
Jordan has had few dealings with Canada in the past. Recently, however, Canadian engineering and planning consultants have become deeply involved in large Jordanian tourism and educational projects.

As a result of political and military activities in the past year, some of Syria's broad development plans have been deferred. Nevertheless, the long term potential in this country is good, based as it is on increasing oil production. In Syria, agricultural projects, oil and gas pipelines, and exploration activity have attracted Canadian interest.

Commercial activity in Lebanon has been almost completely halted in 1976, due to the internal conflicts. Little can be done until the fighting ends and communications are restored.

*C.R. Mann,
Commercial Secretary,
Cairo*

Although New Zealand lamb is not a prime favourite with the Canadian housewife, she keeps winter at bay with New Zealand and Australian wool. The ships that bring these products to Saint John, New Brunswick, load up with Canadian fish, potash and asbestos.



New Zealand

Serious economic difficulties

This past year has seen New Zealand with the worst unemployment rate since 1948, a heavy balance of payments deficit and the third highest inflation rate among OECD countries. The Government, elected in November 1975, opted to place primary emphasis on the severe balance of trade problem.

The economic strategy was to restrain imports by maintaining the value of licenses (which cover approximately one-third of the country's imports) at the previous year's level. This measure was designed to reduce the import volume by roughly 30%. However, despite increased sales taxes, mandatory wage controls, curbs on state spending and an import-deposit scheme, imports continued at approximately \$263 million per month through late 1976. While New Zealand's major agricultural exports were receiving near record world prices, the merchandise imports and high invisible payments for shipping and debt servicing continued to push the balance of trade into the red.

Canadian dollar trade with New Zealand for 1976 (to the time of writing) shows some increase over 1975. Solid improvements were noted for sales of bulk minerals (potash, sulphur and asbestos), heavy and stationary vehicles, as well as good continuing markets for machinery, textiles, pork and canned fish.

*Garry A.D. Scott,
Assistant Commercial Secretary,
Wellington*

Portugal

General decline in imports

This year, Portugal has seen its trade situation deteriorate, unemployment increase and inflation go higher. There has been a serious drop in industrial production, fewer foreign tourists, extremely low foreign exchange reserves and a growing balance of payments deficit.

Since the 1974 Revolution, the GNP has been declining and no real growth is expected to show for 1976. The entry of refugees from the former colonies — 600,000 according to the latest estimate — has brought unemployment up to 15%. Furthermore, disruptions in agriculture and a serious decline in food production has necessitated a higher level of food imports, which now account for over 50% of total imports.

In an effort to reduce the country's balance of payments deficit, the Portuguese Government recently announced new austerity measures. The import surcharge on consumer products has been raised from 20% to 30%. This covers such items as

household products, automotive parts, etc., but does not include raw materials. An import surcharge of 60% has also been levied on luxury goods, such as tobacco, jewellery, clothing, etc. Importers of consumer and luxury products will in future have to deposit 50% of their value six months before being allowed to bring them into the country. These measures, it is hoped, will help to solve the continuing decline in Portugal's trading position, a deficit which this year is expected to reach over \$1 billion. The country's foreign exchange reserves are now at an all time low and more austerity measures are expected to be announced by the government.

Canadian export figures for Portugal for this year will show a decline. For the period January-July 1976, Canadian sales amounted to only \$10.4 million, as compared to \$13.4 million for the same period last year. In 1974, Canadian exports to Portugal totalled \$28.3 million, an increase of 45% over 1973.

This 2,000 h.p. locomotive is one of 20 built by MLW of Quebec for Companhia dos Caminhos de Ferro Portugueses. The Canadian manufacturer also supplied trucks and is negotiating a contract for 13 Model MXS627 locomotives.



But following the 25th of April, 1974, Revolution, Canadian sales decreased to \$17.7 million.

Our main sales to Portugal in 1976 were: codfish, newsprint, hides and skins, potatoes, asbestos, copper, lead, iron ore, building equipment, aircraft engines and parts, railway rolling stock and parts, medicinals and pharmaceuticals. During the year, an Ontario manufacturer of tobacco harvesters was successful in introducing one unit in the Azores. Canadian table and seed potatoes were temporarily authorized to enter the country. The Royal Canadian Mint was successful in a bid to supply the Portuguese Mint with cupro/nickel blanks worth close to one million dollars. A Montreal manufacturer won a tender to supply 13 diesel locomotives to the Portuguese Railways. On the other hand, we were unsuccessful in our efforts to sell a mapping system to the Portuguese Armed Forces.

*L. A. Campeau,
Commercial Counsellor,
Lisbon*

Spain

A volatile market

Canada's trade and industrial development programs in Spain cannot be divorced from the economic recession and the social unrest which pervaded the country in 1976. Surprisingly, our exports to Spain not only held up well but will likely reach a new record level of \$120 million for the year. In the first six months of 1976, they were valued at \$65.5 million.

Industrial materials — \$85 million — represented approximately 70% of our exports to Spain in 1976. The market for these items is very volatile, with wide swings in sales reflecting conditions in the Spanish industrial sector and stock levels. In the first half of the year we substantially increased exports of iron ore, steel scrap, nickel oxide, asbestos and lead. The demand for these

will likely drop off during the second semester, but the total volume should exceed 1975 figures. On the other hand, 1976 will show substantial declines in Spanish purchases of Canadian newsprint, wood pulp, pig iron and aluminum.

Becoming increasingly important are sales to Spain of agricultural, fisheries and food products. Our promotional efforts are starting to show results, with improved figures this year for purebred cattle, semen and flaxseed. Our total 1976 exports in this sector amounted to \$15 million.

Machinery to Spain this year amounted to approximately \$6 million. Main items included road graders, power boilers, business machines, drilling equipment and parts for motor vehicles. Exports of electrical and electronic equipment (principally telephone apparatus, telecommunication equipment and medical instruments) and of transportation equipment (specialized vehicles and aircraft assemblies) were worth respectively \$3 million for the year. Exports of grains and chemicals to Spain amounted in each case to \$2 million.

An interesting feature of the Spanish market is the opportunity that occurs now and then for spot sales. This year, for example, we obtained a single order for \$6 million worth of skim milk powder, but were not able to repeat the spot sales we made last year for fuel oil and coke.

*L. D. Burke,
Commercial Counsellor,
Madrid*

Canadian uranium powers this nuclear plant in the Spanish province of Guadalajara. Nearby vineyards supply grapes for a rather mediocre wine. The rich red Rioja favoured by Canadians comes from the region west of Saragossa.



Sweden

Improved business in sluggish market

The Organization for Economic Co-operation and Development credited Sweden with a superior economic performance during the worldwide recession of 1975. The Swedish economy registered a modest overall growth, unemployment remained below 2% and inflation was under 10%. The Swedish economy obtained a GDP of \$68,300 million, which provided the 8.2 million population with one of the highest per capita incomes in the world.

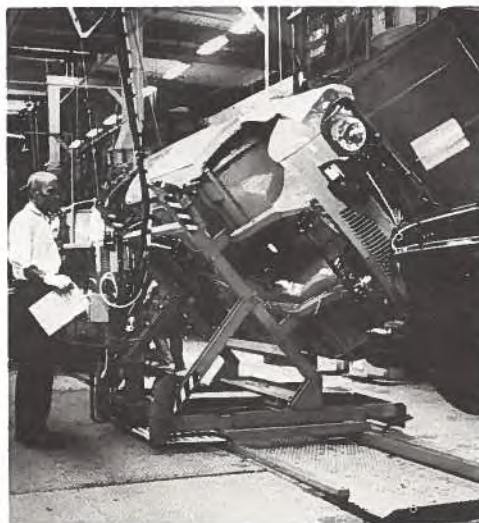
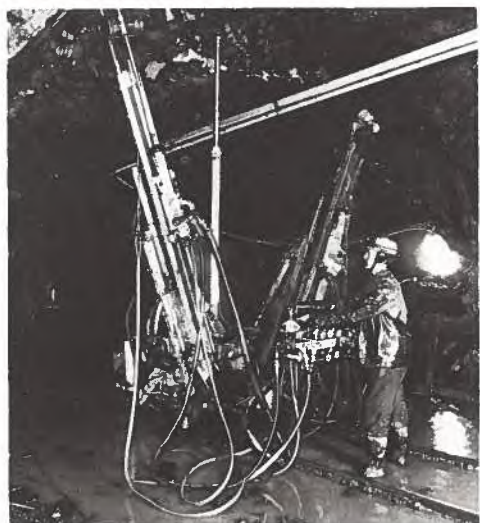
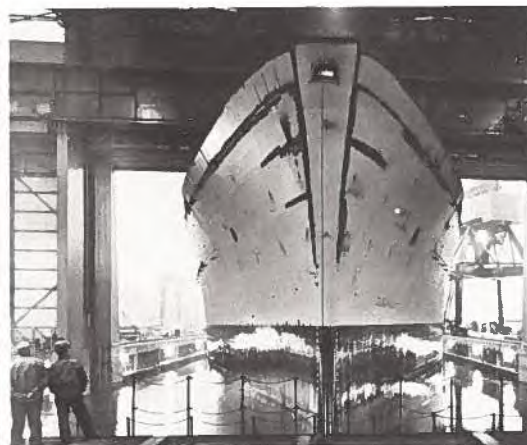
However, during 1976, the Swedish economy did not participate fully in the general economic upturn experienced by her major trading partners. Swedish economic planners registered concern over the sluggish performances of exports and the persistent inflation. The economy actually registered an overall decline in GDP during the first six months and inflation continued at more than 10%.

Swedish industry faced a weakening competitive position in many foreign markets. The automobile, shipbuilding, iron and steel, and forest products industries all experienced higher production costs and inadequate sales.

During 1975, Canada's exports to Sweden were \$94 million. This figure is expected to increase during 1976, in part due to several substantial new sales contracts. Canada sold a large hydroelectric generating plant to the Swedish power utility. A medium-term contract for Canadian uranium, valued at over \$60 million, was negotiated and a five-year contract for Canadian coking coal was signed with the largest Swedish steel producer. In addition, a Canadian manufacturer successfully licensed its telephone switching system to a Swedish company. This particular sale illustrates the growing ability of Canadian industry to compete in the backyard of international Swedish firms.

Some experts argue that a more determined effort by Canadian companies could boost our \$94 million exports to Sweden — a country less than half the size of Ontario but with approximately the same number of consumers. To pay for those Volvo and Saab cars, we sell the Swedes uranium and coking coal.

*W.D. Hutton,
Commercial Secretary,
Stockholm*



Photos: Swedish Embassy, Ottawa

Switzerland

Slow uphill climb

The severe recession of 1975 (GNP decreased by 7%, the worst for OECD countries), finally bottomed out during the summer of 1976. However, recovery is slow and the Gross National Product is expected to show an increase of only 0.5% for the year. Although the Swiss franc has continued very strong in international money markets, the economic recovery is attributable mainly to Switzerland's strong export performance. During the first nine months of 1976, Swiss exports were 9.6% better than figures for the corresponding period of 1975. This reflected the general improvement among major trading nations. Imports for the first nine months of 1976 increased by 3.4% over those of the preceding year.

Unemployment figures published on September 30 indicated only 12,991 persons, or 0.4% of the labour force. Although this was half the total at the beginning of the year, total employment is 12% below the 1974 level.

Whereas in 1975 industrial production decreased by an average of 17% compared with 1974, a 5% increase is indicated for this year. However, there are great differences between the various sectors. Chemicals, leather, rubber and synthetic materials are performing well, due to increased demand abroad. The paper, machinery and watch industries show modest improvements, but construction companies are depressed.

Although Canadian sales to Switzerland in 1975 were disappointing, we expect the 1976 figures to show a 15-20% increase. In reasonably good times, the sophisticated, highly competitive Swiss market of 6,300,000 inhabitants can be counted upon as a \$100 million market for Canada.

*L.D. Lederman,
Commercial Secretary,
Berne*

Thanks to post-war immigration, the Canadian mosaic has the combination of ethnic ingredients which make Swiss products famous — (German) precision, (French) flair and (Italian) artistry. Canadian sales to this tiny country will top \$100 million for 1976.



Photos: Swiss Embassy, Ottawa

Thailand

Record \$30 million sales

There is every indication that Canadian exports to Thailand in 1976 will exceed \$30 million, an all-time record. Trade returns for the first seven months totalled \$18 million, a 50% increase over the corresponding figure for 1975. Traditional sales of newsprint, wood pulp and aluminum were augmented by initial shipments of a major power boiler order.

The Thailand import market remains a large, relatively robust competitive area. Overall imports in 1976 are estimated at over \$3.5 billion. Having a strong agricultural economy and a modest industrial base, Thailand represents a market potential of \$1 billion for capital machinery and equipment. There are substantial foreign exchange reserves, no restrictive system of import controls and the ability to borrow funds from such agencies as the Asian Development

Bank, World Bank and international commercial banks.

This year was characterized not only by rising trade figures but also by a considerably broadened range of contacts between businessmen and government officials of the two countries. Mr. Don Jamieson set the pattern in March when he led a group of thirty senior Canadian executives to Thailand and other Southeast Asian countries. This was followed by visits to Canada of Thai officials interested in mining, fisheries development, ports and materials handling equipment.

*J.M. Hill,
Commercial Secretary and Consul,
Bangkok*

Turkey

Bonanza for road graders, chain saws and consultants

Despite Turkey's balance of payments problems, 1976 was a good year for Canada's export trade with this Mediterranean country. Our sales will reach and may even exceed \$50 million, a level surpassed only in 1974.

Canadians continued to supply road graders (some 600 maintain Turkey's rural roads), telephone apparatus, forestry, pulp and paper machinery, water drilling rigs and other equipment needed for Turkey's industrial development. Incidentally, Canadian chain saws now have a commanding market position in this country.

The export figures do not include the significant dollar amounts earned by Canadian consulting engineering firms employed on IBRD and other multilaterally-financed enterprises. Canadian consulting engineering firms have continued to work on projects in the pulp and paper, forestry and infrastructure sectors. For example, a Canadian firm is a member of a consortium recently commissioned to conduct a feasibility study of a second Bosphorus crossing. The Export Development Corporation has supported offers from Canadian equipment suppliers, several of whom were subsequently successful against stiff international competition. Other bids are still under evaluation. In 1976, twenty Canadian firms participated successfully at the Izmir International Fair, resulting in additional import licenses valued at \$800,000.

*H.J. Himmelsbach,
Assistant Commercial Secretary,
Ankara*

The road to Turkey is familiar to many Canadian companies. Canadian consulting engineers are busy with plans to construct an alternative to this bridge across the Bosphorus. The annual Izmir International Fair is a profitable marketplace for Canadian manufacturers.



Yugoslavia

Inflation curbed, economy stable

Although 1976 has been a year of mixed results for the Yugoslav economy, a number of positive signs emerged which point to better days ahead.

Industrial production stagnated in the early part of the year, but the tempo picked up during the latter half in response to increased exports and improved domestic demand. Favourable growing and harvest conditions boosted overall agricultural production by some 10%. The key crops — maize, sunflower and sugar-beet — had slightly better than average yields, but wheat was up by 30%. The ban on meat imports imposed by the EEC presented problems for Yugoslav livestock breeders, but these are slowly being overcome and both meat production and exports showed strong growth.

Prices became more stable in 1976, with inflation down to the target rate of 12%. While earnings kept pace with inflation, they were up little in real terms; but the trend towards price stability undoubtedly boosted consumption over the latter part of the year. The number of employed increased in keeping with the 1976-80 Plan. Nevertheless, unemployment remains relatively high, at some 11% of the work force.

During 1976, many of the principles of the new 1974 Constitution were to be made ef-

fective through specific legislation; for example, new laws on banking, the planning system, foreign investment, price formation, and income policy. Awaited are details of new measures to introduce a closer link between import entitlements and export performance of enterprises, and a revised tariff structure.

Yugoslavia was particularly successful in 1976 in curbing balance of payments deficits which threatened to get out of hand in 1974 and 1975. Yugoslavia realizes that if a satisfactory long-term rate of economic growth is to be sustained, substantial inflows of long-term capital will be necessary to finance the persisting foreign exchange gap.

The turn-around in the country's balance of payments situation in 1976 was so dramatic that a Yugoslav bank was moved to comment: "The development of the domestic economic situation . . . gives ground to expect convertibility to be achieved in the not too distant future".

*Donald P. McLennan,
Commercial Secretary,
Belgrade*

Yugoslav holiday resorts are delightful. Some road surfaces are hard on springs, but don't curse the diesel-electric mining trucks that produce mini dust storms: they're Canadian-built, as are the locomotives that pause interminably at the dictate of Yugoslav signalmen.



The Caribbean Area

Limited purchasing power

The Caribbean islands plus Bermuda, Guyana and Surinam have provided Canada with a market which has expanded from \$249 million in 1971 to \$471 million in 1975. Because of their size and underdeveloped nature, the various economies of the area have limited sources of foreign revenue and this in turn imposes restraints on imports.

Commonwealth Caribbean

As of January 1976, Canadian goods ceased to enjoy British Preferential (BP) tariffs in the Commonwealth Caribbean. Nevertheless, there has been little evidence of any disruption in the flow of Canadian exports and this market will continue to attract Canadian businessmen.

But the Caribbean market is changing. Although such traditional items as flour, fish, textiles, newsprint, lumber, and iron and steel products will remain important, their significance will likely decline in relative terms. On the other hand, rising personal incomes and capital investment will stimulate the demand for more sophisticated goods.

Bahamas

The tourist-dependent Bahamian economy improved during 1976. As a result, Canadian exports of hotel food, clothing, jewellery, whisky and cigarettes have benefited.

This trend should keep pace with tourist industry growth. In addition, construction projects (convention centre, water and sewerage) and higher consumer demand, and expected increases in Bahamian exports of cement, steel products and oil will provide further market opportunities.

Barbados

Barbados has been a steady market, providing Canadian exporters with small but regular increases in their annual sales. No disruption in the nature of this trade is anticipated for the coming year.

There are a few infrastructure projects (e.g. cement plant, a sewer system and a health services project) which would be of interest to Canadian firms.

Guyana

Import licensing makes access to this market troublesome. However, the economy has remained stable over the past three years and, until 1976, Canadian exports had steadily increased. Statistics for the first eight months of 1976 indicate that the value of Canadian exports will be less than the high of the preceding year.

Sectors which appear to be the most promising for Canadian exporters comprise forestry and fish processing equipment, mineral exploration and consulting engineering services.

Leeward-Windward Islands

The islands will continue to be good markets for Canadian food products up to the end of 1977. By that time, the completion of two flour mills in the area will replace our currently significant flour exports. This, plus the recurring budgetary problems of the islands, will hold sales opportunities to a modest level.

Trinidad and Tobago

Trinidad, because of its petroleum resources, is by far the strongest economy in the Commonwealth Caribbean. The government is actively pursuing industrialization and, for at least the short term, should continue to have the financial means to support such a program. Development projects, estimated at about \$1 billion, include such ventures as a steel mill, fertilizer plant, water development scheme and petrochemical plants.

Canadian exports should continue to do well in the food sector. Opportunities also look promising for consulting engineering services, construction contracts and equipment supply to the medical and educational sectors.

Bermuda

Bermuda's revenues from tourism are expected to increase during 1977. This development, plus the establishment of a second shipping service between Canada and Bermuda, should improve market conditions. Food products will continue to offer some of the most attractive sales opportunities.

Non-Commonwealth Caribbean

For the past five years sales to this area have exceeded those to the Commonwealth Caribbean. By 1975, they were more than double. This has been due primarily to the success Canadian exporters have enjoyed in the Cuban market. Prospects for 1977 are more modest: the markets of Cuba and the Dominican Republic are expected to soften.

Cuba

Cuba has been one of Canada's most dynamic markets in the Western Hemisphere. From a level of \$146 million in 1974, Canadian exports rose dramatically to \$220 million in 1975. Figures for the first eight months of 1976 exceeded \$191 million.

The low level of world sugar prices has drastically reduced Cuba's foreign exchange earnings, which may effect our exports in 1977. A new austerity program will restrict purchases from hard-currency countries, such as Canada, to food, spare parts and other essential products. Exchange will also be made available for development projects which provide import substitution or export earnings.



Dominican Republic

Falling world sugar prices have reduced seriously the Dominican Republic's capacity to buy, inducing authorities to expand the list of imports for which Dominican buyers must provide their own foreign exchange. Nevertheless, the country remains an interesting market for Canada's traditional export commodities. Also, Canadian loans to the Dominican telephone and electricity utilities have assisted sales of electrical and electronic products. The availability of similar financing will likely determine future sales in these sectors during 1977. Marketing in the finished goods sector is expected to become more difficult.

Haiti

Trade opportunities will continue to be limited, primarily to purchases of food (principally wheat) and equipment resulting from multilateral and CIDA-financed programs. As a result of these programs, opportunities will also exist for Canadian consulting expertise.

Outside of aid projects, commercial opportunities are rare. The country has little foreign exchange.

Netherlands Antilles

Trade in this market and prospects for future growth will remain small.

Puerto Rico

During 1974-1975, the island's economy suffered serious dislocation as a result of the economic recession. Preliminary statistics for 1975-76 indicate moderate improvement, much of it resulting from very large United States federal spending. The prospects for improvement in 1977 will depend, in large part, on the continuation of U.S. spending programs.

As a result of Puerto Rico's free trade association with the United States, two-thirds of her imports are American. Canadian success depends almost entirely on being price competitive.

Surinam

This is a very small market and is not expected to show any growth over the 1976 sales.

Independent of Holland since November, 1975, the country has been granted access to Dutch aid funds, some of which are not tied to Dutch procurement. Planned forestry and hydro-electric projects, as well as some large construction projects, will offer opportunities to Canadian exporters.

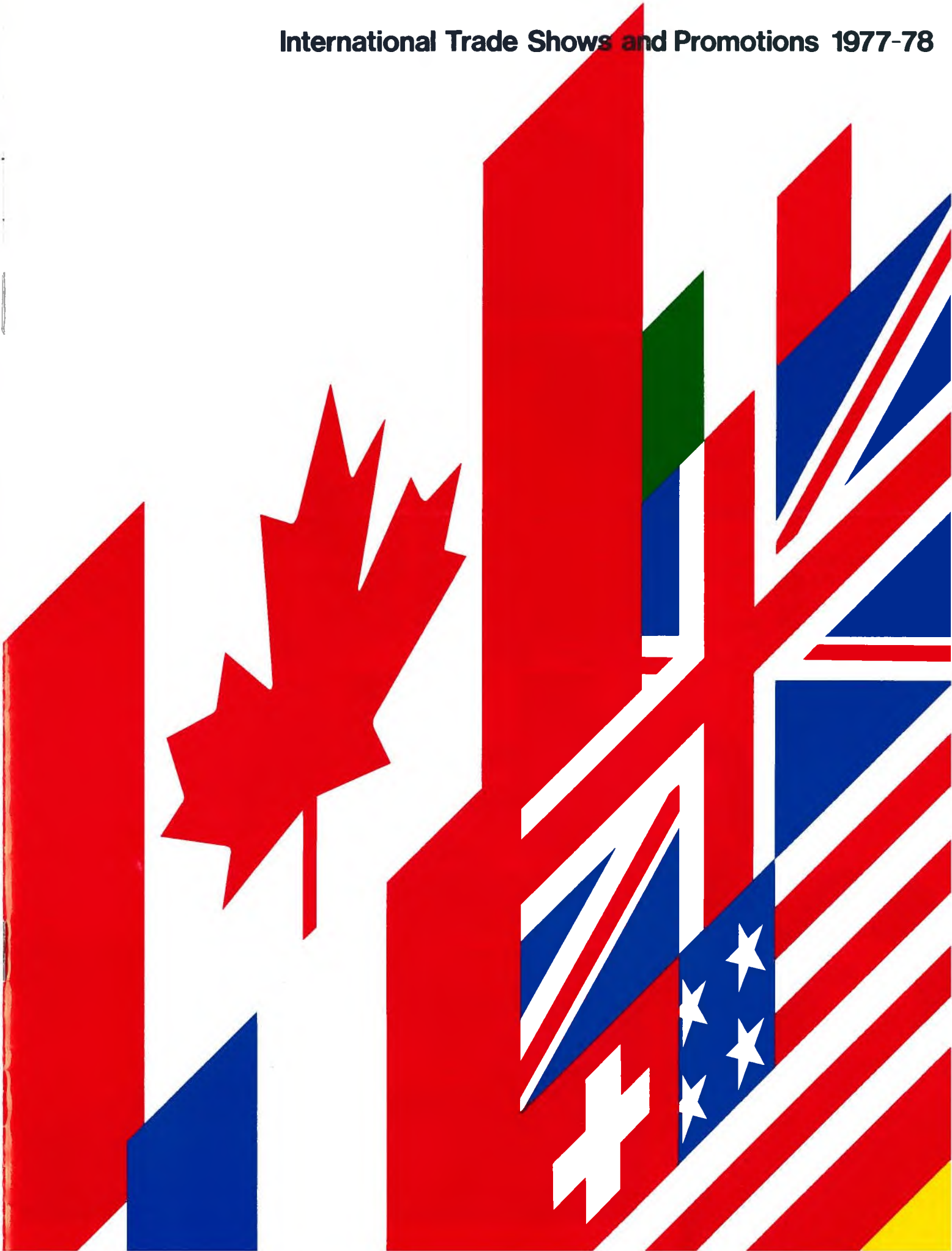
*Caribbean Division,
Western Hemisphere Bureau,
IT&C, Ottawa.*

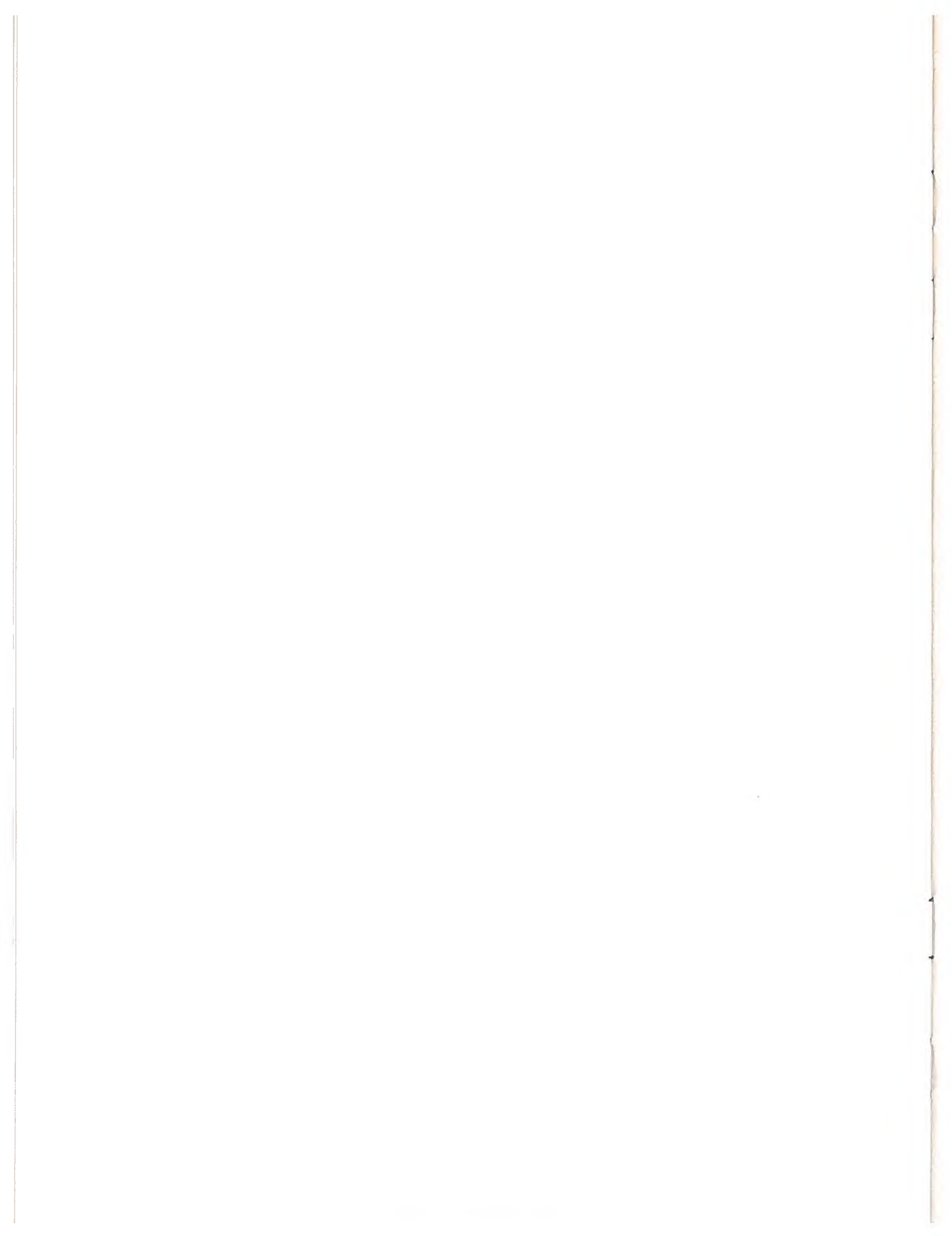


There's profit in faraway places. Even as you read these words, cargo ships from Saint John are discharging in sunlit Caribbean ports New Brunswick lumber, wood pulp, newsprint, potatoes, herring and sardines.

Tall ships with space in their holds for more Canadian products. Markets that can absorb a greater proportion of Canadian merchandise. Set course for the Caribbean. Pack swim trunks — and an order book.

International Trade Shows and Promotions 1977-78





You Were Asking . . .

Who can exhibit in a national stand or as an independent?

Any company established and operating in Canada which is willing to export, can sustain export activity, produces products that are competitive in foreign markets and has satisfactory financial and management strength.

How much does space in a national exhibit cost?

Three dollars for every square foot of space with a minimum charge of \$300, except for fairs held in the U.S.A., where the rate is \$4 a square foot with a minimum \$400 charge. The Department, through its Promotional Projects Program, negotiates and pays for exhibit space, arranges for the design, construction and erection of exhibits and provides project management, a co-ordinated publicity program and market and trade commission counselling. The Department also reimburses the full cost of shipping back to Canada by sea/land only (except from U.S.A.), unsold products or equipment used for display. Limited return air fare assistance may be provided, except for travel between Canada and the U.S.A.

What assistance is available for independent exhibitors?

The Department's Program for Export Market Development normally provides an eligible company with \$70 for each day spent on the project by eligible company personnel, 50% of transportation costs and 50% of special costs which include design, construction, erection and dismantling of exhibits, and fees for legal, publicity, translation and consultant services. If the company gains export business as a result of participation in the fair, the Department's contribution becomes repayable, depending on the amount of business gained.

How long before a fair should manufacturers declare interest in participating?

Participation in National Exhibits is normally conducted on a first-come, first-served basis. Interested companies should declare their interest as soon as possible. Companies who wish to exhibit independently at fairs where there will be no National Exhibit should apply for financial assistance at least six weeks before they are required to start work on the project.

Where can I obtain further information about trade fair participation?

Write to: Office of Export Programs and Services
Department of Industry, Trade and
Commerce
112 Kent Street,
Ottawa, Ontario K1A 0H5

Or telephone: (613) 995-6221



Export: Make it a New Year Resolution

During the next fiscal year which begins in April, the Department of Industry, Trade and Commerce will sponsor participation by more than 450 manufacturers in National Exhibits at 38 international trade fairs, and will extend financial assistance to companies that wish to promote their products and services independently at other fairs abroad where there is no official Canadian presence.

The value of trade fairs as pathfinders to international markets has been recognized by leading trading nations ever since Britain staged the Great Exhibition of London in 1851, which was not only the world's first international commercial fair but also set standards which influence fair organizers and exhibitors to this day.

For the London fair, an architect by the name of Joseph Paxton designed an extraordinary building with a vaulted transept 66 feet in height centering two enormous, flat-roofed exhibition halls. The entire structure, including the roof, was made of 300,000 handblown panes of glass supported by an iron frame. After the exhibition the Crystal Palace, as it was called, was dismantled and re-erected outside London and remained a tourist attraction until destroyed by fire in 1936.

The building was the precursor of the modern skyscraper, but it was also the first for which structural units were prefabricated and shipped to site for assembly, a technique which has stood exhibit designers in good stead for 125 years.

More than 13,000 exhibitors, including a contingent of pre-Confederation Canadians showing farming and forestry products, shared 800,000 square feet of display space, and more than 6 million visitors flocked to see their products.

Today, trade fairs range in scope from shows that feature products manufactured by one industry or branch of industrial production to expositions which promote a variety of goods and merchandise. In the early 1970s it was estimated that 820 general and 800 specialized commercial fairs were held annually in 76 countries. Deciding for which of these fairs IT&C should organize a National Exhibit is a yearly challenge tackled by the Industry Sector Branches, International Bureaux, Trade Posts, Regional Offices and the Office of Export Programs and Services. The decision is ultimately determined by a show's potential for developing new or bigger markets for Canadian products, plus budgetary considerations. In an average year, the decision-makers are required to select from a list of more than 200 recommended fairs. Manufacturers who participate in National Exhibits must display samples of their products or equipment, and staff their stands with knowledgeable representatives.

Sometimes, in place of a National Exhibit, IT&C will erect an Information Booth at a trade fair to handle general enquiries about Canadian manufacturing capabilities, and to serve as a focal point for Canadian companies who have entered the show independently or who are represented there by a local agent.

In the two lists of trade shows which follow, List I identifies those in which IT&C will enter a National Exhibit or an Information Booth*. Recruiting of participants, particularly for earlier shows, is underway and companies which are interested in participation, or require further information on any project, should telephone the number given at the head of each geographical area. The List also includes activities other than trade show events and the normal conditions of recruiting and participation may vary. Details can also be provided on request.

List II enumerates trade fairs for which IT&C does not anticipate Government participation, but for which financial assistance is available through the Program for Export Market Development to companies who wish to enter them on their own. Eligible companies receive assistance for only their initial entry into any one fair.

Both fair calendars and conditions of participation are subject to change, and companies should check with IT&C before making plans to participate in fairs.

LIST I

AREA	TITLE	LOCATION	DATE 1977
Western & Eastern Europe Tel. (613) 992-8069	TRANSPORTEXPO, International Exhibition of Advanced Transportation	Paris, France	April 19-24
	Children's Book Fair	Bologna, Italy	April
	*International Trade Fair	Milan, Italy	April 14-23
	International Fur Fair	Frankfurt, W. Germany	April
	*Hanover Fair (International Treffpunkt)	Hanover, Germany	April 20-28
	*International Shipping Exhibition (NOR-SHIPPING)	Oslo, Norway	May 9-14
	*Industrial Maintenance and Cleaning Equipment Exhibition (INTERCLEAN)	Amsterdam, Netherlands	May 10-13
	I.D.E.A. International Domestic Electrical Appliances Show	Birmingham, England	May 24-27
	Agricultural International Fair	Novi Sad, Yugoslavia	May 13-22
	LIGNA, Sawmill and Woodworking Machinery	Hanover, Germany	May 18-24
	DRUPA, Printing and Papermaking Machinery	Duesseldorf, Germany	June 3-16
	Paris Air Show	Paris, France	June 2-12
	*Royal Highland and Agricultural Show	Igliston, Edinburgh, Scotland	June 22-25
	International Trade Fair	Poznan, Poland	June 12-19
	International Airport Construction Exhibition	Vienna, Austria	Sept. 7-10
	Offshore Europe Exhibition and Conference	Aberdeen, Scotland	Sept. 13-16
	International Rubber and Plastics Exhibition (INTERPLAS)	Birmingham, England	Sept. 15-23
	*International Engineering Fair	Brno, Czechoslovakia	Sept. 15-23
	*International Trade Fair	Plovdiv, Bulgaria	Sept.
	SPOGA, International Trade Fair of Sports Goods, Camping Equipment	Cologne, Germany	Sept. 25-27
	EUROPORT, International Maritime Exhibition	Amsterdam, Netherlands	Nov. 9-13
	BATIMAT, Building Materials Exhibition	Paris, France	Nov. 24- Dec. 4
	IGEHO, International Catering and Hotel Exhibition	Basel, Switzerland	Nov. 17-23
			1978
	*HORECAVA, Hotel and Restaurant Industry Fair	Amsterdam, Netherlands	Jan. 9-12

AREA	TITLE	LOCATION	DATE 1978
Western & Eastern Europe Tel. (613) 992-8069	Mini-Solo Fisheries Products Shows	Brussels, Belgium Berne, Switzerland Hamburg, Germany	Jan. / Feb.
	*BATIBOUW, Building Exhibition	Brussels, Belgium	Feb. 10-19
	HEIMTEX, Home Furnishing Fair	Frankfurt, Germany	Jan. 11-15
	IMBEX, International Men's & Boys' Wear Exhibition	London, England	Feb. 27- Mar. 3
	ISPO, Winter Sports Exhibition	Munich, Germany	Feb. 23-26
	Oceanology Exhibition	Brighton, England	March
1977			
Western Hemisphere Including Latin America and Caribbean Tel. (613) 992-8855	Southern Furniture Mart	High Point, North Carolina, U.S.A.	April
	3 I Farm Equipment Show	Garden City, Kansas, U.S.A.	April
	Women's Apparel Solo Show	Los Angeles, U.S.A.	April
	Offshore Technology Conference and Exhibition	Houston, Texas, U.S.A.	May 2-5
	American Library Association Exhibition	Detroit, Michigan, U.S.A.	June
	American Society of Interior Designers Show	Los Angeles, U.S.A.	July
	SACLANT Symposium & Exhibition (SEALINK '77)	Annapolis, Md., U.S.A.	July
	Marine Trades Exhibition	Chicago, U.S.A.	Sept.
	Food Sales Meeting	Chicago, U.S.A.	Sept.
	*International Maritime Exhibition (RIO MAR)	Rio de Janeiro, Brazil	Oct. 10-15
	*INTERFER, International Trade Fair	Guatemala	Oct. 31- Nov. 13

AREA	TITLE	LOCATION	DATE 1977
Western Hemisphere Including Latin America and Caribbean Tel. (613) 992-8855	Southern Furniture Mart	High Point, North Carolina, U.S.A.	Oct.
	FISA, International Trade Fair	Santiago, Chile	Nov.
	A.P.A.A. Automotive Parts Accessories Association Show	Chicago, U.S.A.	Nov. 15-17
	IDEX, Interior Design Exhibition	St. Louis, U.S.A.	Nov.
			1978
	Food Sales Meeting	Seattle, U.S.A.	January
	Solo Textile Show	Port of Spain, Trinidad	January
	Food Sales Meeting	Philadelphia, U.S.A.	Jan. / Feb.
	Food Sales Meeting	Buffalo, U.S.A.	February
	National Men's Apparel Show	San Diego, U.S.A.	March 2-6
	A.I.S.A., Automotive Services Industry Association Show	Chicago, U.S.A.	March
	Food Sales Meeting	Detroit, U.S.A.	March
	Mini-Solo Fisheries Products Shows	Philadelphia and Detroit, U.S.A.	—
	In-Store Promotion — Grocery Products	Cleveland, U.S.A.	—
	Children's Outerwear Mini-Solo Show	San Francisco, U.S.A.	—
			1977
Pacific, Asia & Africa Tel. (613) 992-5764	* Auto Service Equipment Show	Tokyo, Japan	May
	* Damascus International Trade Fair	Damascus, Syria	July 25- Aug. 30
	Tehran International Trade Fair	Tehran, Iran	October
	* Algiers International Trade Fair	Algiers, Algeria	October
	Tokyo Motor Show	Tokyo, Japan	November
	Baghdad International Trade Fair	Baghdad, Iraq	Oct. 2-21
			1978
	* Gulf International Trade Fair	Dubai	January
	Solo Textiles Sample Show — Australia, New Zealand	Sydney, Australia	Jan. / Feb.
	In-Store Food & Beverage Promotion	Japan	All Year

LIST II

	TITLE/ LOCATION/ DATE	CONTACT
Agriculture		
World Trade Fairs Tel. (613) 995-7481	International Agricultural Exhibition, Porte de Versailles, Paris, France March 6-13, 1977	95 rue St. Lazare, 75441 Paris Cedex B9, France
	Royal Smithfield, Earls Court, London, England December 6-10, 1977	Smithfield Show, Joint Committee, S.M.M.T. Ltd., 21/24 Grosvenor Pl., London, SW1X7JF, England
Apparel, Fashion, Textiles & Cosmetics		
	Clothing, Textiles Trade Fair, (INTERSTOFF) Fairgrounds, Frankfurt, W. Germany May 10-13, 1977	Messe- und Ausstellungs GmbH, Postfach 970 126, D6 Frankfurt, W. Germany
	International Men's Fashion Week, Cologne, W. Germany Feb. 27 - March 1, 1977	Cologne Fairs & Exhibitions Co. Ltd., D-5000 Cologne 21, Postfach 210 760, W. Germany
	Hair and Beauty Fair, Birmingham, England April 16-18, 1977	Trade Promotion Services Ltd., Exhibition House, Warren Lane, London SE18 6BW, England
Automotive		
	International Motor Exhibition, Porte de Versailles, Paris, France October 6-16, 1977	3 ave du Pres.-Wilson, Paris, France
	International Motorcycle & Cycle Show, Brussels, Belgium Jan. 12-23, 1977	Salon de l'Automobile et du Cycle, 22 rue du Luzenbourg, Brussels, Belgium
	International Motor Show Geneva 4, Switzerland March 17-27, 1977	18 Quai Ernest-Ansermet, Case Postale 65, 1211 Geneva 4, Switzerland Tel. (022) 21.95.33.
Boats		
	International Boat Show, Duesseldorf, W. Germany Jan. 22-30, 1977	Nower d - 4000 Duesseldorf 30, Postfach 320303, Germany
	London International Boat Show, Earls Court, London S.W. 5, England Jan. 5-16, 1977	National Boat Shows Ltd., 31 Great Queen St., London WC2B 5AD, England
Books		
	International Book Fair, Frankfurt, W. Germany Oct. 13-18, 1977	Frankfurt Book Fair, 6 Frankfurt, a.M. 1 Postfach, 2404 Kleiner, Hirschgra Ben 10-12, W. Germany
Brewing		
	International Brewing Machinery, Munich, W. Germany Sept. 9-16, 1977	Munchener Messe- u. Ausstellungsgesellschaft mbH, Munchen 12 Postfach 121009, Messengelände, W. Germany
Building/ Construction		
	International Building Construction Exhibition, Birmingham, England Nov. 16-25, 1977	Interbuild Exhibitions Ltd., 11 Manchester Square, London W1M 5AB, England
	International Building Exhibition, Utrecht, Netherlands March 25 - April 2, 1977	ECL (Exhibition Agencies) Ltd. 11 Manchester Square, London W1M 5AB, England

TITLE/ LOCATION/ DATE	CONTACT
Business/ Office Equipment	
International Business Show, Birmingham, England, Oct. 11-20, 1977	Business Equipment Trade Association, 109 Kingsway, London WC2B 6PU, England
International Business Machines & Office Equipment (SICOB) Paris, France, Sept. 22-30, 1977	International Business Machines & Office Equipment, 6 Place de Valdis, Paris 75001, France
Cleaning, Dyeing & Laundry	
International Laundry, Dyeing and Machinery Exhibition, Paris, France, Sept. 1977	21, rue Dauntancourt- 75017 Paris, M. de Champ, France
Education	
European Educational Materials Exhibition (DIDACTA), Hanover, W. Germany, March 7-11, 1977	Deutsche Mess- und Ausstellungs- AG. Messegelände. D3000 Hanover, W. Germany
Electrical & Electronic	
Domotechnica — International Fair for Large Household Apparatus & Electrical Appliances, Cologne, W. Germany, Feb. 10-17, 1977	Cologne Fairs & Exhibitions Co. Ltd., D-5000 Cologne 21, Postfach 210 760, W. Germany
International Lighting Exhibition, Porte de Versailles, Paris, France Jan. 19-24, 1977	22 ave Franklin Roosevelt, Paris, France
International Electrical Exhibition, ELECTREX, Birmingham, National Exhibition Centre, March 13-17, 1978	Electrical Engineers (A.S.E.E.) Exhibition House, Warren Lane, London SE18 6BW, England
International Electronic Components Exhibition, Porte de Versailles, Paris, France, March 31 - April 6, 1977	International Electronics Components Exhibition, 14 rue de Presies, 75740 Paris, CEDEX 15, France
The 2nd International Exhibition "Electrotechnical Equipment and Power Transmission Lines", Moscow, U.S.S.R. June 9-23, 1977	Dept. of International & Foreign Exhibitions, 1-a, Sokolnichesky, Val. Moscow 107232, U.S.S.R.
Engineering	
International Exhibition of Civil Engineering and Construction Site Equipment, Brussels, Belgium June 4-12, 1977	Foire Internationale de Brussels, Palais du Centenaire, B-1020, Brussels, Belgium
International Engineering Fair, Fairgrounds, Brno, Czechoslovakia Sept. 1977	Vystaviste 1, Brno, Czechoslovakia
Food & Food Processing	
International Exhibition of Fine Foods & Provisions (Anuga), Cologne, W. Germany Sept. 10-15, 1977	Cologne Fairs & Exhibitions Co. Ltd., D-5000 Cologne 21, Postfach 210 760, W. Germany
2nd International Fair of Foods, Beverages and Machines, Salonika, Greece, April, 1977	Foire Internationale de Thessaliniki, Thessaliniki 36, Greece

TITLE/LOCATION/DATE	CONTACT
Food & Food Processing	
International Food Fair, Copenhagen, Denmark March 29 - April 3, 1977	Bella Center, Boulevard, DK-2300, Copenhagen S., Denmark
International Exhibition of Confectionery, Chocolate and Biscuits (Intersuc)- Paris, France, April, 1977	French Trade Exhibitions, 196 Sloane Street, London S.W. 1, England
Furniture	
9th International Furniture Exhibition, Porte de Versailles, Paris, France Jan. 8-12, 1977	22 ave Franklin Roosevelt, Paris, France
13th International Furniture Show, London, England Feb. 6-13, 1977	B.F.M. Exhibitions Ltd., 17 Berners Street, London W1P 4DY, England
International Accessory, Mach & Mat. Fair for Furn. Prodn., Interior Decoration & Furnishings, Cologne, W. Germany May 14-17, 1977	International Trade Fair Agencies Ltd. 10 Old Bond Street, London W1X 3DB, England
Gifts & Jewellery	
5th European Watch Clock & Jewellery Fair, Basel, Switzerland April 16-25, 1977	Postfach CH. 4021, Basel, Switzerland
International Watch & Jewellery Trade Fair, Wembley, London, England Sept. 4-8, 1977	Iliffe Promotions Ltd., Dorset House, Stamford Street, London SE1 9LU, England
International Trade Fair for Watches, Clocks & Jewellery, Munich, W. Germany Feb. 12-15, 1977	INHORGENTA, P.O.B. 12 10 09 Messegelände, D-8000 Munich 12, W. Germany
Hardware	
International Hardware Exhibition, Porte de Versailles, Paris, France Sept. 1977	QUOJEM, 42 rue de Louvre, 75001 Paris, France
International Hardware Fair, Cologne, W. Germany Feb. 13-15, 1977	Cologne Fairs & Exhibitions Co. Ltd., D-5000 Cologne 21, Postfach 210 760, W. Germany
International Household Goods & Hardware Exhibition, Milan, Italy Sept. 1977	MACEF, Via Solerino 25, 1 20121, Milan, Italy
Health	
International Trade Fair for Hospital and Medical Equipment, Zurich, Switzerland May, 1977	Arbeitsgemeinschaft fur Fashmassen, Sekretariat, Hofackerstrasse 36, 8032 Zurich, Switzerland
International Trade Fair for Optometry, Duesseldorf, W. Germany May 14-17, 1977	J. Naylor, International Trade Fair Agencies Ltd., 10 Old Bond Street, London W1X 3DB England
International Dental Show, Duesseldorf, W. Germany March 29 - April 3, 1977	International Trade Fair Agencies, 10 Old Bond Street, London W1X 3DB, England

TITLE/LOCATION/ DATE	CONTACT
Hobbies, Toys & Games	
27th International Nuremberg Toy Fair, Nurnberg, W. Germany Feb. 5-11, 1977	Spielwarenmesse Ges., D-5800 Nurnberg, Messzentrum, W. Germany
Hotel, Motel & Restaurant	
International Hotel & Catering Exhibition, Olympia, London, England January 1978	Industrial & Trade Fairs Holdings Ltd., 9 Argyll St., London W1V 2HA, England
International Trade Fair for Hotel & Catering Industries, Amsterdam, Netherlands Jan. 10-13, 1978	HORECAVA, R.A.I. Gebouw Europaplein 8, Amsterdam, Netherlands
9th International Exhibition of Hotel & Catering Trades, Munich Fair Grounds, W. Germany, Nov. 4-10, 1977	8000 Munchen, 12 Theresienhohe, 13 Munich, W. Germany
Machinery & Metalworking	
International Engineering Fair, Brno, Czechoslovakia Sept. 1977	Vystaviste 1, 60Z00 Brno, Czechoslovakia
International Exhibition of Textile Machinery, Osaka, Japan March 5-12, 1977	Nihon Seni-1 Shimbun Co. Ltd., 27, Honmaehi 3-chome Higashi-ka, Osaka, Japan
International Trade & Industry Fair, Jeddah, Saudi Arabia March 15-29, 1977	Saudi International Trade & Industry Fair Organization, King Abdul Aziz Street, P.O. Box 4571, Jeddah, Saudi Arabia
South East Asia Production Machinery & Industrial Development Show, Singapore November 7-11, 1977	Machine Asia, 11 Manchester Square, London W1M 5AB, England
Exhibition for Machinery Manufacturers, Machine Tool Makers METALL, Stuttgart, W. Germany, May 12-16, 1977	CES (Overseas) Ltd., Bridge House, 181 Queen Street Victoria, London EC4, England
International Machine Tool & Production Engineering Exhibition, Johannesburg, South Africa Oct. 17-21, 1977	Norman F. Keenan & Associates, Crown House, Morden, Surrey, SM4 5EB, England
26th International Mechanical Handling Exhibition, Birmingham, England May 16-21, 1977	Industrial Trade Fairs Ltd., Radcliffe House, Blenheim Court, Solihull B91 2BG, England
Marine	
European Marine Trade Exhibition, Hamburg, W. Germany Oct. 13-14, 1977	Hamburg Exhibition — Congress Centre, 13 College Place, Southampton SO1 ZFE, England
International Shipping Exhibition, Oslo, Norway May 9-14, 1977	Norwegian Fair Organization, P.O. Box 130, Syoyen, Oslo, Norway
International Maritime Exhibition, Rio de Janeiro, Brazil 1977	'Seatrade' Fairfax House, Colchester, Essex C01 1RJ, England

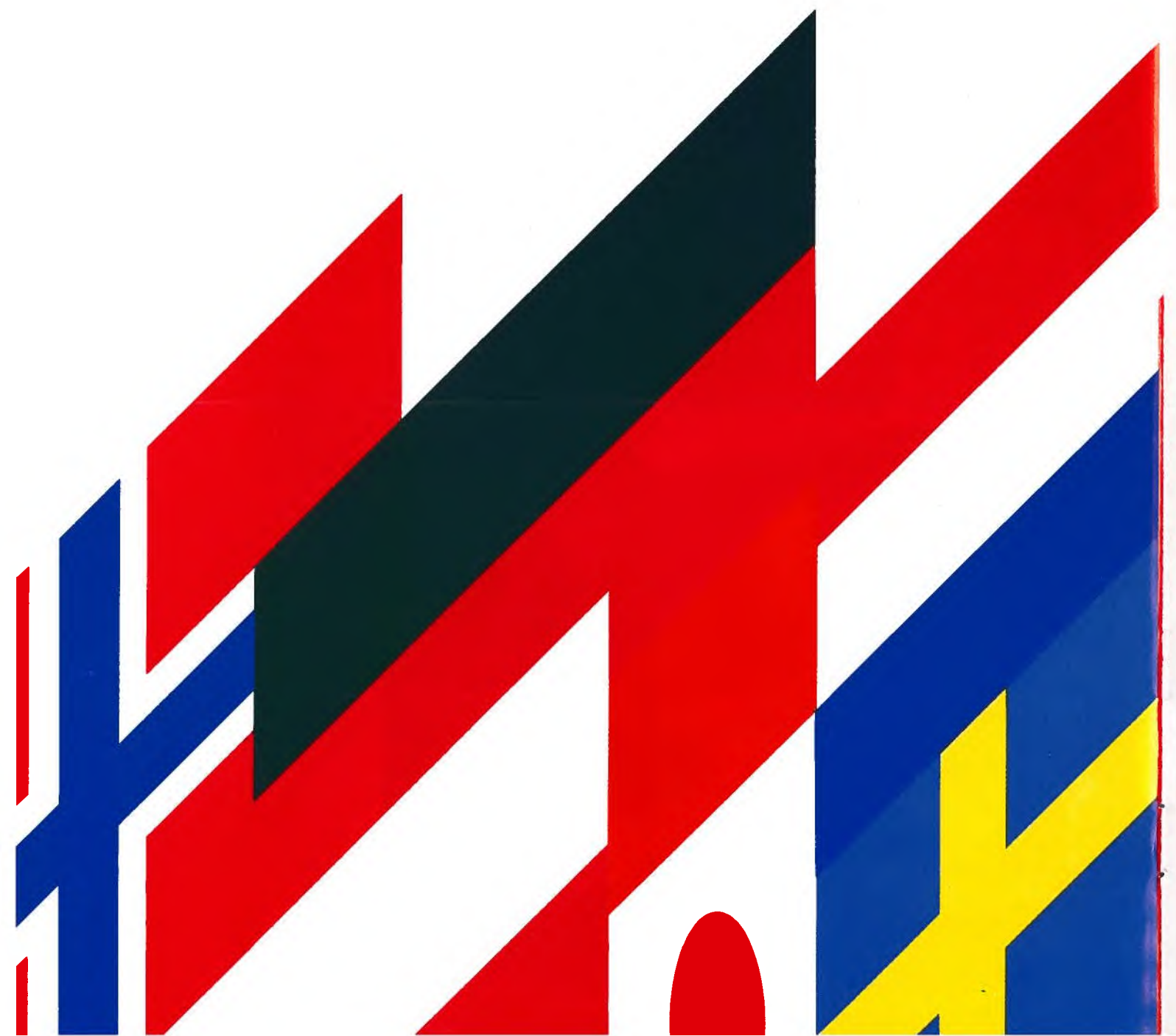
TITLE/ LOCATION/ DATE	CONTACT
Mining	
Public Works Exhibition, Zagreb, Yugoslavia June 6-10, 1977	Zagreber Messe, Aleja Borisa Kidrica 2, Y-41021 Zagreb, Yugoslavia
International Mining Exhibition, Birmingham, England Oct. 10-15, 1977	Brintex Exhibitions Ltd. 178-202 Great Portland Street, London W1N 6NA, England
Packaging	
International Packaging Exhibition, Birmingham, England March 14-18, 1977	Industrial Trade Fairs Ltd., Radcliffe House, Blenheim Court, Solihull B91 2BG England
International Packaging Materials Exhibition, Basel, Switzerland, May 24-27, 1977	Messesekretariat CH-4000 Basel 21, Switzerland
International Packaging Fair, Brussels, Belgium Feb. 27 - March 7, 1977	Palais du Centenaire, B 1020 Brussels, Belgium
Photography	
International Photo Cinema Optique Exhibition, Paris, France Nov., 1977	M. Rondeau, Gen. Mgr., 5 bis rue Jacquemont, Paris, France
Photo World 77, Birmingham, England June 2-7, 1977	Fairs & Exhibitions Ltd., 21 Park Square East, Regents Park, London, NW1 4LH, England
International Exhibition of Photographic, Film, Sound & TV Equipment & Materials, Prague, Czechoslovakia March 24-31, 1977	Made in (Publicity) Agency, Opletalova 5, 111 44 Prague 1, Czechoslovakia
Plastics	
International Show of Plastics, Budapest, Hungary April 15-20, 1977	Hungarian Foreign Trade Office for Fairs & Publicity, P.O. Box 44, H 1441 Budapest, Hungary
International Plastics Fair, Gothenburg, Sweden March 9-13, 1977	Svenska Box 5222, S-402 24, Gothenburg, Sweden
Scientific	
International Reclamation & Disposal Exhibition, Birmingham, England Sept. 12-15, 1977	Maclaren Publishers Ltd., P.O. Box 109, Davis House, 69-77 High Street, Croydon CR9 1QH, England
International Trade Fair for Optometry, Duesseldorf, W. Germany May 14-17, 1977	International Trade Fair Agencies Ltd., 10 Old Bond Street, London W1X 3DB, England
World Congress & Exhibition of Neurology, Amsterdam, Netherlands Sept. 11-16, 1977	Holland Organizing Centre, B.V., Lange Voorhout 16, The Hague, Netherlands
International Industrial & Measuring Instruments Exhibition, Budapest, Hungary Oct. 19-23, 1977	Hungarian Foreign Trade Office for Fairs & Publicity, P.O. Box 44 H-1441 Budapest, Hungary

TITLE/ LOCATION/ DATE	CONTACT
Scientific	
Measuring Equipment & Precision Instruments Exhibition, Moscow, U.S.S.R. March 29 - April 8, 1977	Directorate International Exhibitions, Sokolnicheski val 1-a, Moscow 107232, U.S.S.R.
Drug Production & Testing Equipment & Apparatus Exhibition, Moscow, U.S.S.R. July 20-31, 1977	Directorate International Exhibitions, Sokolnicheski val 1-a, Moscow 107232, U.S.S.R.
Foundry Materials & Testing Equipment Exhibition, Moscow, U.S.S.R. July 22 - August 1, 1977	Directorate International Exhibitions, Sokolnicheski val 1-a, Moscow 107232, U.S.S.R.
Optics in Science, Industry & Everyday Life Exhibition, OPTIKA, Moscow, U.S.S.R. October 13-23, 1977	Directorate International Exhibitions, Sokolnicheski val 1-a, Moscow 107232, U.S.S.R.
Sports & Recreation	
Caravan RAI 75, RAI-Amsterdam, Netherlands Dec. 11-19, 1977	RAI-Section Caravans, Europaplein 2, Amsterdam, Netherlands
International Sail Boat Show, RAI-Amsterdam, Netherlands March 4-13, 1977	RAI Gebouw B.V., Europaplein 8, Amsterdam, Netherlands
Boats, Sports & Recreation Exhibition, Berlin, W. Germany March 5-13, 1977	AMK Berlin GmbH Mossedamm 22 Berlin, W. Germany
International Pet Trade Exhibition, Paris, France May 7-10, 1977	Annimark 1977 Ltd., 835 Harrow Road, London NW10 SN3, England
Daily Mail Ideal Home Exhibition, London, England March 8 - April 2, 1977	Angex House, Temple Ave., London EC4 0JA, England
International Exhibition of Sports Facilities & Swimming Pools, Cologne, W. Germany Oct. 12-15, 1977	International Trade Fair Agencies Ltd., 10 Old Bond Street, London W1X 3DB, England
International Collectors Fair Stuttgart, W. Germany May 18-22, 1977	C.E.S. (Overseas) Ltd., Bridge House, 181 Queen Victoria Street, London EC4, England
Philatelic World Exhibition, Amsterdam, Netherlands May 26 - June 5, 1977	RAI Gebouw B.V., Europaplein 8, Amsterdam, Netherlands
International Boat and Leisure Time Exhibition, Geneva, Switzerland Feb. 4-13, 1977	Salon Internationale de l'Automobile, 18 quai de Ernest Ansermet, Case Postale 65, 1211 Geneva 4, Switzerland
Transport/ Technology	
International Motor, Motor Cycle & Cycle Exhibition, Brussels, Belgium January 12-23, 1977	Salon de l'Automobile du Motorcycle et de Cycle, Boulevard de la Woluwe 46, 1200 Brussels, Belgium

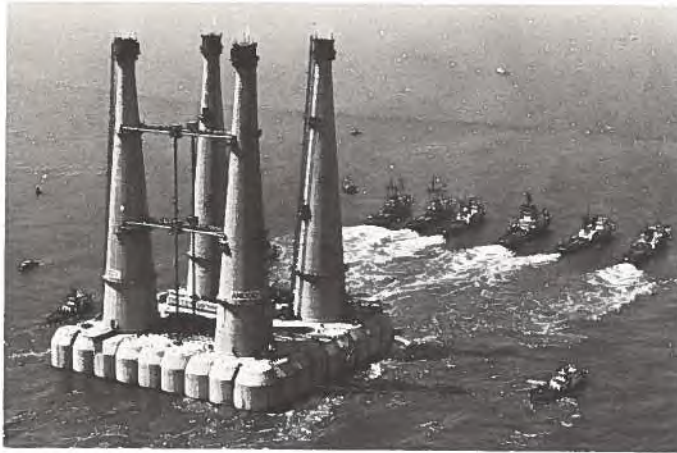
TITLE/LOCATION/DATE	CONTACT
Transport/Technology	
International Motor Show, Frankfurt, W. Germany Sept. 15-25, 1977	Collins & Endres, 36 Sackville Street, London W1X 1DB, England
International Trade Fair for Garage Equipment, Amsterdam, Netherlands March 30 - April 5, 1977	RAI Gebouw B.V., Europaplein 8, Amsterdam, Netherlands
International Motor Show, Amsterdam, Netherlands Feb. 10-20, 1977	RAI Gebouw B.V., Europaplein 8, Amsterdam, Netherlands
International Vehicle Maintenance & Garage Industries Exhibition, Budapest, Hungary April 15-20, 1977	Hungarian Foreign Trade Office for Fairs and Publicity, P.O. Box 44, H-1441 Budapest, Hungary
Modern Technology Exhibition, Tehran, Iran May 20-27, 1977	Norman F. Keenan & Associates, Crown House, Morden, Surrey SM4 5EB, England
International Exhibition for the Supplies of the Vehicle Industry, Geneva, Switzerland May 10-13, 1977	SOTRANEX SA. Nyon, Switzerland

A Canada Commerce supplement, December 1976
Published by the Department of Industry, Trade and
Commerce





The Netherlands — Outlook fair to bright



Observant and objective businessmen become instant, if superficial, experts on the economies of their holiday haunts. Consider, then, the value of the market intelligence acquired by IT&C Trade Commissioners during a 2-3 year stint in a foreign capital. And weigh carefully the opinion of J.E.G. Gibson, our Commercial Counsellor in The Hague. He tips the Netherlands as a potentially lucrative market for Canadian exporters.

Photos: Dutch Embassy, Ottawa



On the economic front very little real growth was recorded in 1976. Industry-government relations have been strained, with the result that domestic and foreign investor confidence is at a relatively low point.

Real GNP growth is estimated at 3%, while the rate of domestic inflation remains at 10%. Coincidentally, the new investments have dropped by 10% during the year. However, the Dutch trade balance situation remains favourable — due to continuing North Sea gas exports and relatively low internal demand affecting the import situation. This favourable balance should continue through 1977.

Along with other European currencies, the guilder came under pressure in mid-1976. Progressive increases in the interest rate, from 3% to 15%, shut off the crisis and it is generally felt that the guilder is today one of the strong currencies of Europe.

Industrial output has been relatively stagnant during 1976 and order books are generally short at the present time, although a 5% increase is forecast for 1977. Increased public works activities are being planned by the government. The great European drought caused some production shortfalls, but the Netherlands, with its high water table, suffered less than other countries. In the meantime, the unemployment rate has risen to approximately 7%, a figure unacceptable to the government. The unemployment problem in the Netherlands is not seasonal, but rather of a structural nature, and the government is actively examining ways to turn this around.

Against this background, it should be remembered that the Dutch enjoy a high level of income (and high

taxes), substantial social benefits and a very comfortable standard of living.

In summary, while 1976 has not been a landmark year in terms of economic performance, the Dutch economy remains strong, particularly in comparison with the economies of many neighbouring countries.

The 1977 budget brought down recently by the Netherlands Government forecasts expenditures of fls. 86.6 billion and a deficit financing requirement of fls. 14 billion. The latter figure has raised eyebrows in the financial community, but the government's response has been that much of the increased budget will be used to stimulate private sector investments and generate additional revenue in future years. Canada's exports in 1976 are expected to equal those of last year, but some growth is to be expected in 1977.

The government hopes to shortly introduce an excess profits sharing scheme to be funded by the private sector and administered by labour. This has raised considerable opposition from industry and commerce and is the major factor affecting industry-government relations. If the government's measures are enacted and the predictions of the private sector prove to be accurate, we can expect modest investment activity by Dutch or overseas companies. Nevertheless, we feel that this country remains a good one in which to do business and suggest that Canadian exporters should examine physical location here as one of the options in their foreign marketing program.

*J.E.G. Gibson,
Commercial Counsellor,
The Hague.*



Regardless of economic woes, 56 million Britons buy food, much of it imported, read newspapers that have their beginning in Canadian forests and delight in welcoming Canadian tourists. Along every British street are the ancestral homes of men and women who helped to huld Canada. Canadian prosperity depends upon forging new trade lnks, but the old, famillar ties are still strong, flexible, ready to take a new trade twist.

There are those who Inslst that the Britilsh dream of an Utoplan welfare state has become a self-induced economic nightmare. If that be the case, the nation that has endured for a thousand years will survive another cold dawn of reality. The future of Britain — and of Canada — depends, not so much upon deposits of coal or oil, or technologi-cal skills but upon the sprlit of the people. Thirty five years ago Churchlll was there to sound the clarion call: "Give us the tools

A Canadian perspective on U.K. economic trends

The United Kingdom is slowly coming out of the world recession which began in 1974 and reached its greatest depth during 1975, with the U.K. suffering more than most major industrialized economies. Nonetheless, its economy is still in serious and continuing difficulties. British industry remains troubled by a series of problems such as over-manning in some sectors, inflexibility and lack of mobility in labour, low productivity and unofficial strikes in key industries. There is also the problem of a lack of new investment and an under-utilization of existing capital equipment. Finally, the economy suffers from a balance of payments deficit, a high (although moderating) level of inflation in the order of 15% per year, combined with a continuing high level of government expenditure and a weakened currency.

The agricultural sector experienced increased difficulties in 1975-76 as a result of a year of drought affecting crops in 1976-77. This further compounded some of the problems already inherent in the economy. Further, fears of impending crop shortages in Europe have generally pushed international commodity prices higher.

The outlook for 1977 is for a modest general acceleration in economic recovery, but even this will depend upon a change in attitudes and performance across a broad section of the population. Until this

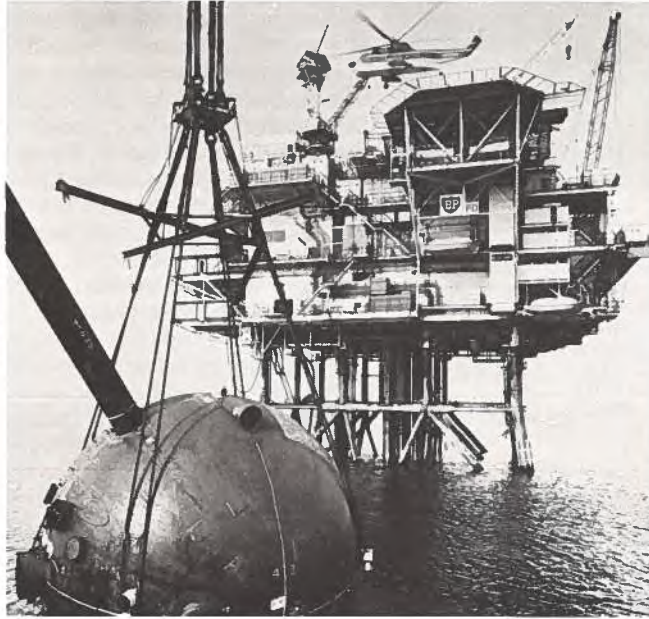
change occurs, it is thought unlikely that investment will rise significantly for new plant and equipment or that the pound sterling will improve in value, or that labour productivity will increase. Consequently, potential economic improvement is significantly affected by political factors and, by extension, Canadian participation in this economy will be constrained by elements beyond our control.

Of direct concern to Canada is the fact that these depressed economic circumstances are having an effect on real personal disposable income.

There is at least one bright spot in the picture: North Sea oil began to flow late in 1975 and the build-up is expected to continue at an accelerated pace which will bring oil self-sufficiency to the U.K. by 1980. In the interim, it will be increasingly helpful in offsetting the U.K.'s continuing balance of payments deficits and, as a consequence, will contribute to the development of the economy.

In this setting, Canadian exports have suffered. For the first six months of 1976 exports dropped by \$70 million in current dollar values and additional difficulties are foreseen. However, a few indicators will illustrate:

In the short term, there may be possibilities for the export of feed grains, protein ingredients for animal feeds, etc. The long term outlook points to a reduction,



and we will finish the job." Roosevelt had the tools, Churchill the rallying cry, but the spirit was that intangible human quality that turns the tide of war — and gives impetus to industry, trade and commerce.

Photos: British High Commission, Ottawa

possibly marginal for Canadian agricultural exports to the United Kingdom. Nonetheless, in finished and semi-processed foods, prospects remain good for processed potato products, mainly in bulk, as well as for root crops and corn products. Apples may find a market here: cheese, under the special arrangement with the EEC, will probably show slow and steady growth. These are, as mentioned, the short term prospects: the overall outlook remains doubtful.

In the forest industries sector, the prospects are for marginal increases in 1977, but the truth of this observation will be dependent upon U.K. Government policies, particularly in respect to housing and public works, as well as upon domestic industrial expansion which would absorb additional supplies of wood in its various forms as export packaging. Whatever the case, Britain still must import about 92% of its total requirements and Canada will continue to supply large quantities of newsprint, pulp and lumber.

It is expected that Canadian minerals and metals will continue to represent about 40% of total Canadian exports to Britain in terms of value. With a possible strengthening of the U.K. economy, as a result primarily of world economic recovery, Canadian minerals and metals exports to the U.K. should resume their larger volumes of previous years, aside from the shifts which U.K. membership in the EEC may bring. The attainment

of larger absolute volume is, however, very much dependent on U.K. industry being able to mount and sustain the higher levels of output and increased productivity demanded of improved but increasingly competitive, world markets.

In respect to Canadian exports of high technology products, the indications are more favourable. However, each case will have to succeed on its own peculiar merits, such as being technologically ahead of competing systems, or being of superior design.

The consumer goods sector is not generally promising. Canadian prices are now frequently too high and the competition, both domestic and foreign, is severe. Such items as winter clothing and children's outerwear will continue to sell here because of certain natural advantages accruing to the Canadian producer. The same is true of high-fashion and high-quality fur garments. Nonetheless, the outlook is not bright for clothing in general nor, in fact, for mass-produced consumer goods generally.

*G.F.G. Hughes
Minister (Commercial),
London*

Scots prosperity on and under the sea

The decline in the Scottish economy can be attributed in part to a falling off in the North Sea oil-related activity, which is estimated to have created some 50,000 new jobs. Another factor has been the decreasing orders for traditional industries like shipbuilding and heavy engineering.

The forecast for 1977 is not all gloom and doom. The depressed pound has caught the attention of overseas buyers, who are now finalizing contracts worth millions of pounds. Middle East countries — Saudi Arabia, Abu Dhabi, Dubai and Iran in particular — have seized the initiative to place orders in Scotland at very competitive prices. John Brown Engineering of Clydebank, pre-war builders of the Queen Mary and Queen Elizabeth, has 1976 orders on hand for almost £100 million covering gas turbines and other equipment for Dubai, Algeria, Saudi Arabia, Abu Dhabi and China. Weir Construction Ltd. of Coatbridge are currently negotiating for a £3 million contract for hot climate housing in Saudi Arabia. This latter business results from a visit of H.E. Sheikh Mohammed Farisi, Mayor of Jeddah, to Weir's factory-built-housing plant at Coatbridge, near Glasgow.

There is now real optimism in the UK sector of the North Sea. Five fields are already in production — Argyll, Auk, Montrose, Beryl and Forties. It is expected that the Piper and Brent fields will be operational by January 1977, and Claymore in the early summer. The output forecast for 1977 has been estimated at close to one million barrels per day, representing a much needed saving of £2 billion in foreign exchange. Already, the benefit in foreign exchange from the oil off Scotland in 1976 will reach £1 billion (some 15 million tons). New blocks and part blocks — some 71 — will be offered in the fifth round and will have, as a pre-condition, a 51% share by British National Oil Corporation (the newly formed Government Oil Company — BNO). The BNO, in the granting of all new exploration licences, may possibly take into account the record of oil companies when placing contracts with British suppliers.



Top left: not ten miles from this Edinburgh street, Thomas Bell (of telephone fame) was born.

Quebec mines supply the ore for Scottish steel mills.

Canadian oil technology is helping Britain exploit North Sea reserves. The 1976 production is estimated at 15 million tons, but one source, the Forties Field, should be yielding 22 million tons per year by the end of 1977. Looking ahead to 1980, total British production will exceed 100 million tons, more than enough to meet domestic requirements.

Bottom centre: the container terminal at Greenock, on the River Clyde. The ship is destined for Halifax, Nova Scotia.

James Watt, inventor of the steam engine, was born less than a mile distant from the container quay. John A. Macdonald sailed from Greenock



The most significant area of Canadian investment in recent years continues to be in offshore oil exploration and development. Some three dozen Canadian companies are involved in the licensee consortia, with interests principally offshore Scotland. Given an estimated \$2.5 billion-annum expenditures for related goods and services, and despite a decreasing foreign share of the UK market (48% last year), offshore oil exploration and development clearly present a wide range of opportunities for Canadian investment as well as for our manufacturing and service industries.

Further, local firms that have gained experience in providing supplies and services to North Sea oil developments show a growing determination — backed by the UK government — to penetrate the wider international offshore market. Such firms provide a useful vehicle for Canadian entry to these world markets, especially by way of licensing, joint ventures and other forms of co-operation. Of some interest to Canadian oil-related firms is the proposed gas collection line scheme, which will gather gas surpluses from the North Sea oil wells and identifiable fields of gas condensates which might not normally be exploited commercially. The original cost was estimated at £1,600 million and a study group will now be set up before the end of the year to determine whether it is economically viable.

There will continue to be opportunities for a wide range of Canadian products in Scotland, ranging from raw materials (minerals, grains, timber), to beef and dairy cattle (when the current import ban has been lifted), cheese, apples, canned salmon, canned vegetables, quality textiles and clothing, electronics, machinery, mechanical products, and service industry equipment. The latter group represents areas in which there is a growing interest in licensing, joint ventures or other co-operation.

*A. B. Brodie,
Consul and Trade Commissioner,
Glasgow*



en route to Canada. And to this Scottish port came 68% of all the Canadian troops who saw service in the U.K. during World War II.

Top right: the original stones of Edinburgh Castle were in place before the Norman Conquest in 1066. The most welcome modern invaders have Canadian accents and claim to be descendants of Border cattle thieves. If even half such claims were authentic, 18th Century Scotland must have had millions of cows and sheep.

Bottom: the winter scene is Canadian, but the Angus strain among this herd of Herefords was raised in the land of heather and haggis.

Photos: British High Commission, Ottawa



Signs favourable in our largest market

The United States is by far our largest export market. Sales exceeded \$20 billion in 1975 and all the indicators point to new records for this year.

In assessing the prospects for 1977 and beyond, it is necessary to consider a number of factors:

- (a) state of the U.S. economy;
- (b) the competitiveness of Canadian products, including exchange rate between the Canadian and the U.S. dollar, and;
- (c) trade policy actions by U.S. Administration.

The recovery in the U.S. economy, which first became evident in the fourth quarter of 1975, continued strongly in the first quarter of 1976. However, most economic indicators (including, in particular, consumer spending and housing starts) demonstrated a considerable slowdown in the second and third quarters. Most observers consider that the fourth quarter will see a resumption in the recovery from the 1975

recession. On this basis, it is generally expected that, for 1976 as a whole, real GNP will grow at an average annual rate of about 6%. The inflation rate over the year is expected to be in the neighbourhood of 5%. Less encouragingly, the unemployment level is expected to remain about 7%.

The prospects for 1977 are still somewhat unclear. However, most observers consider that, in the absence of substantive policy changes, the economy will continue to grow without triggering any substantial inflationary pressures. Most estimates of real GNP growth fall between 5% and 6%, with inflation contained in the 5% to 6% range. Growth is expected to be sustained by increased demands on a fairly broad front. Consumer spending should be buoyant, with the expected rapid rise in disposable income. Capital investment expenditures should provide an added impetus, while further strength may be added by a projected pick-up in the construction industry.

At the present time, the fiscal and monetary policies pursued by the new Administration are not expected to vary considerably. However, the Carter Administration



may pay more attention to reducing unemployment levels, even at the price of somewhat higher rates of inflation.

During 1974 and 1975 the U.S. experienced a strong trade surplus as imports slackened off while exports, particularly agricultural products, remained strong. With the turnaround in the U.S. economy preceding recovery in other major Western countries, particularly West Germany and Japan, American imports have in recent months increased at a much faster rate than exports. A trade deficit emerged in the second quarter of 1976 and is likely to persist at least in the first half of 1977. U.S. trade performance in 1977 will be particularly influenced by oil prices (any reduction in the volume of petroleum imports before 1978 seems unlikely) and the strength of agricultural, particularly grain, exports.

The price competitiveness of U.S. exports and manufactured products is likely to be maintained and could be improved if recent increases in productivity continue to be realized. With the installation of a system of floating exchange rates, the U.S. Administration can be expected to ensure that other currencies do not be-

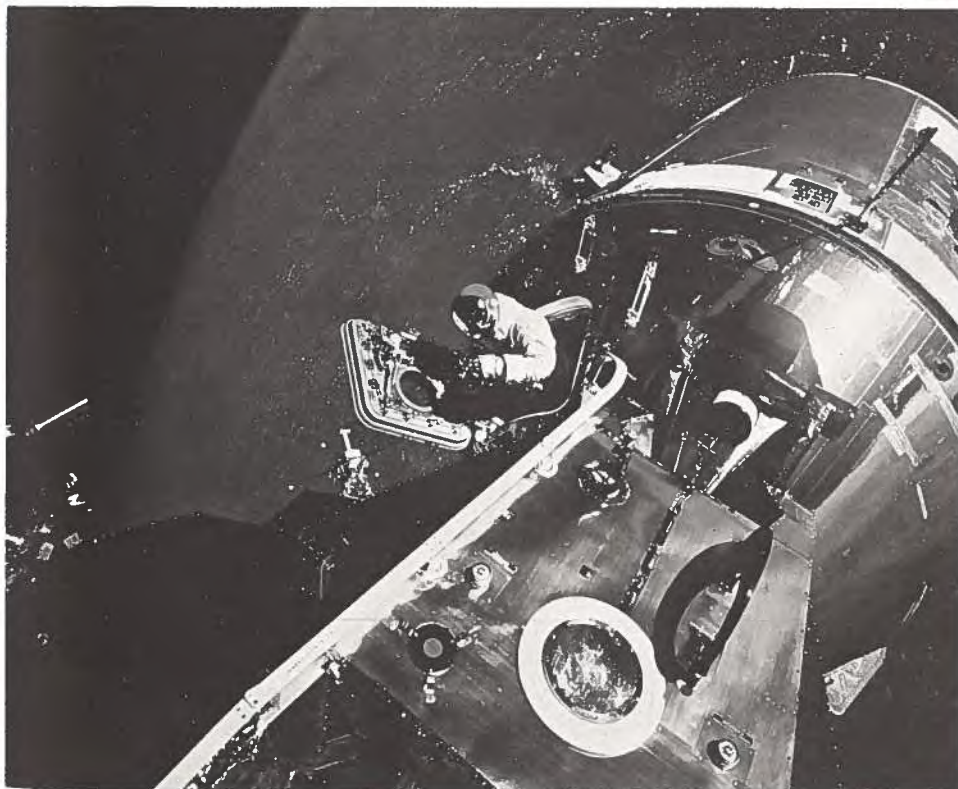
come under-valued in terms of the U.S. dollar.

Given likely developments in the U.S. economy, the prospects for Canadian exports look reasonably bright, provided they can maintain their price competitiveness. The projected growth in consumer and capital investment demand will lead directly to increased imports of manufactured products and, indirectly, through enhanced industrial activity in the U.S., to higher volumes of imports of raw materials. As in the past, Canada is well placed to meet this expected increase in demand: industrial materials exports, in particular, should show improved performance. The success of Canadian manufactured goods in penetrating the U.S. market depends in very large measure on price. Success of the Prices and Incomes Policy in slowing down the rate of increase in production costs in Canada will be helpful. However, another important factor will be the dollar exchange rate.

*M.P. Joyce,
Commercial Secretary,
Washington, D.C.*

The faces and places are familiar to every Canadian exporter. South of the border are our best customers and the brightest prospects for expanding trade. Sure, it's the home of the multinational giants, but American tycoons, technocrats and bureaucrats are individually tremendous guys, and if their golf courses were snowbound for six months of the year, Canadians could meet them on level terms.

Photos: U.S. Information Service, Ottawa



Defence contract spin-off

Canadian sales in the South East area maintained their upward movement in 1976. Local employment continued to recover from the low levels of March-April, 1975, when the unemployment rate was approximately 10%.

Most major industrial sectors have shown significant recovery from the 1975 recession. These include textiles, transportation, electrical equipment and chemicals. The exception is the construction industry. Currently, Atlanta has 6 million square feet of unoccupied office space. The lack of construction activity is also evident in Miami and other metropolitan markets. Housing has suffered too; in particular, there is an over-supply of condominiums. This continued weakness in the construction industry has moderated gains in employment, although retail sales have improved and consumer demand has not been dampened.

The indications are that 1977 will exhibit significant increases in economic activity in the Southeastern market. Food processing, chemicals and electrical machinery sectors will exceed the peak levels they achieved in 1974. Transportation equipment, printing and rubber industries will enter expansion phases during 1977. With economic activity improving on a number of fronts, disposable income will increase, resulting in higher expenditure on consumer durable and

non-durable goods. The furniture, clothing and food and beverage industries will benefit from this consumer spending. Canadian agricultural products will be purchased in increased quantities, and beverage sales will continue to rise.

The Canadian defence industry will benefit, mainly because of work with Lockheed-Georgia on the Aurora aircraft program. In addition, opportunities in the sub-contracting field have increased in 1976 and will continue to do so in 1977. The transportation sector indicates good prospects for Canadian equipment. The Urban Mass Transit Authority will spend some \$5.2 billion in the South East, and 60% of this will be dispersed in Atlanta and Miami.

In summary, 1977 augurs well for Canadian trade prospects in the South East.

*Neil Van Bostelen,
Consul and Trade Commissioner,
Atlanta*

*The South East area comprises
Alabama, Florida, Georgia, Mississippi,
North and South Carolina and Tennessee.*

Cleveland

Brisk business in machinery

Generally speaking, 1976 was an excellent year for Canadian exports to the trade territory of the Cleveland Consulate. Total shipments should exceed \$1.5 billion. They comprised fabricated and finished products, as well as fish, lumber and other basic materials.

Canadian manufacturers who exhibited at two local trade shows during the year booked sales for several million dollars worth of woodworking machinery, hydraulic press brakes, circular presses and belt building tables for the tire industry.

The investment climate improved markedly during 1976. This prompted a Canadian bank to establish a three-man office in Cleveland. A second Canadian bank may open in the city in the near future.

1977 should offer Canadian exporters many opportunities to supply equipment to replace obsolescent machinery in area plants. A significant increase in capital spending for modern production equipment is anticipated now that the recession has ended. At the present time, approximately 60% of Canada's total machinery exports are to the United States; this percentage could increase substantially. Sales of Canadian capital equipment to third countries through the corporate headquarters of multi-nationals in this territory are also foreseen.

*C.S. Collins
Commercial Officer,
Cleveland*

*The Cleveland Consulate takes in
Ohio, Kentucky, West Virginia,
Western Pennsylvania.*



Southern California

Export figures constant

Canada's exports to Southern California for 1976 are estimated at approximately \$300 million, about the same as last year. Unemployment is slightly above the national average, but the fine climate is a magnet and the area — population now 15 million — is one of the fastest growing in the U.S.A. Sales missions which came from Quebec, Ontario and British Columbia did well. The electronics and aerospace industries still dominate the economy and both were more active than in 1975. Ottawa signed a contract with the Lockheed Corporation in Burbank to buy 18 long range patrol planes over the next five years at an estimated cost of \$1 billion, of which a large portion will be spent in Canada for parts and supplies. Orders are now being placed with Canadian companies and the pace will increase in 1977.



Housing starts were up in 1976, with more projected for next year. This augurs well for Canadian lumber in a market where it has a long-established sales tradition. Automobiles and auto parts, sporting goods, whisky, lumber, newsprint, electronic components, frozen meat, office furniture and wearing apparel were among the leading Canadian exports in 1976 and they should continue to do well.

The Southern California economy should show a 4% increase in the GNP and annual inflation less than 7%.

*W.J. Millyard,
Consul and Senior Trade Commissioner,
Los Angeles*

*The Los Angeles Consulate covers
California (10 southern counties),
Arizona, New Mexico and Clark
County in Nevada.*



North West U.S.

Most trade pointers positive

In general terms, the Pacific North West escaped the U.S. recession in 1975. The main reasons for this were the impact of the Alaska Pipeline program, the stability of the agricultural sector and the stimuli of other large construction projects such as the \$1 billion atomic energy plant and the Trident nuclear submarine base being built near Seattle. As a result of these local activities, the North West was in better shape at the beginning of 1976 than the U.S. economy as a whole.

Agricultural and agri-business have remained amongst the most important activities in the territory. Record wheat and fall potato crops offer hope for improved incomes for the farmers, but this depends upon commodity prices firming up within the next few months. The Washington State production of most major foods and vegetable crops is expected to be down anywhere between 5% and 15%, but in Oregon the supply of farm products will be up substantially.

Forestry has snapped back from its low point in the second quarter of 1975. Employment has not reached earlier levels, but the industry is enjoying a very good year in volume and profit. Increases in first-half earnings from 1975 have reached more than 40% for the largest forest products companies. The strength is in

the single family housing market.

The pulp industry is having mixed results. Production for internal use is healthy, but the lack of export demand is holding back what otherwise would be an outstanding year.

Lumber production should be about 13% above last year, with prices at a respectable level and plywood production in the first quarter of 1976 up some 22% from the previous year. In the long term, demand for lumber and plywood is not considered a problem, although industry experts are concerned about the national forest timber policy. In the coming years these policies may add to the already existing disadvantages of harvesting and marketing timber in the rugged mountainous terrain of the North West, in comparison to the advantages of producing on privately owned flatlands closer to major markets.

In 1975, the single weakest element of the manufacturing sector was the aerospace field. Employment was off some 6,000 and nearly 10,000 below the peak in 1974. This was related to poor sales to domestic airlines, which were affected by the decline in passenger traffic in the U.S. This deterioration appears to have been arrested and Boeing has considerably

more aircraft on the order book this year than last. Employment in Washington State has stabilized around 45,000 and may even increase moderately if some pending military contracts are won.

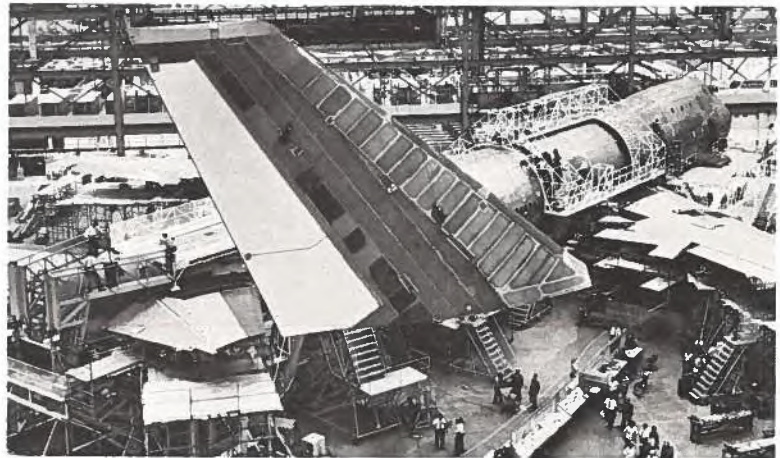
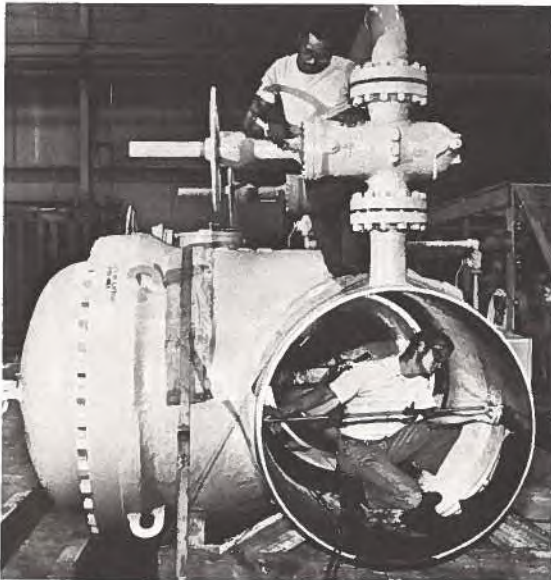
Abstracting from oil and gas exports, we foresee Canadian shipments to this region remaining fairly stable in 1977. However, because of some disturbing price trends within Canada, it is likely to be a difficult year and suppliers will have to work hard. In recent months good export opportunities were lost because of our lack of competitiveness. The North West market is highly price conscious and Canadians must aggressively compete with offshore and other U.S. based suppliers. Despite the foregoing, buyers in this area still retain a healthy interest in doing business with Canada. Prospects are good for diverse machinery products, including agricultural and production machinery, food products and some areas of apparel. We also foresee a potential for increased trade in office and contract furniture.

Canadian companies should be able to win contracts on the major construction projects mentioned in the previous section. Also, those Canadian companies who supply and subcontract to Boeing should benefit from

the healthy aerospace climate which is expected to continue for at least 18 months. In Alaska, we foresee continued development in the mineral, oil and gas fields, with increasing expenditures on exploration and development work in which Canadian companies can participate. The native corporations in Alaska represent very important potential clients for engineering services and development work on their land holdings as they move to exploit their economic base. Canadian exporters of forest harvesting equipment can benefit from the present healthy state of the forest industry in this region. Oil and gas volumes from Canada will probably continue to decline next year. However, if prices rise, the dollar volume of trade could remain near present levels.

*David W. Brown,
Vice Consul and Assistant Trade Commissioner,
Seattle*

*The territory of the Seattle Consulate takes in
Washington State, Oregon, Montana (West of the Divide),
Idaho and Alaska.*



Argentina

Promise of a better tomorrow

The medium-to-long-term economic future looks distinctly brighter than the recent past. In addition to a new law to attract foreign investment, the government has elaborated plans for extensive development of the energy sector, including several large hydro-electric projects, exploration for new sources of petroleum and the exploitation of known reserves of natural gas. The government also intends to develop the forestry and mining sectors and has already indicated an interest in what Canadian equip-

ment suppliers and consultants can offer in these fields. As the Argentine manufacturing industry climbs out of the recession, and as the balance of payments position improves, the demand for imported items such as specialized electrical parts, chemicals and semi-finished metals should pick up.

*J. Kepper,
Commercial Counsellor,
Buenos Aires*

Australia

Prospects encouraging in resource industries

The outlook for 1977 is encouraging. As Australia's economic recovery develops through 1977, there should be an increasing demand for Canadian exports. In particular, an improving climate in the resource industries could lead to new opportunities in Western Australia for mining and other equipment. While the Australian market could be affected by exchange rate movements, government protection of domestic industries and developments in Australian tariffs make the prospects for 1977 and beyond most promising.

*G.W. Green,
Commercial Counsellor,
Canberra*

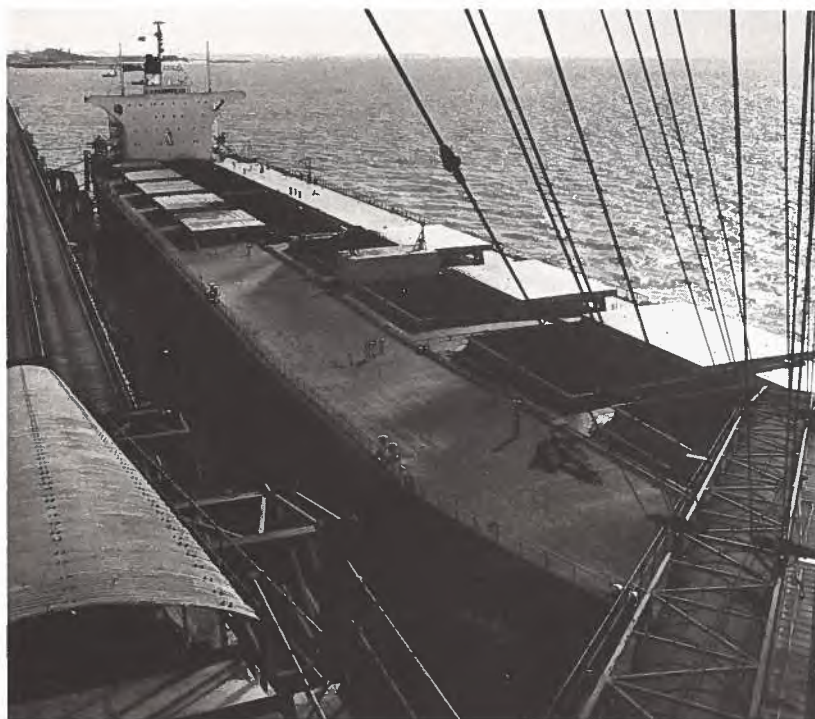
Australia

Demand for aids to greater productivity

Uncertainties still exist when considering prospects for 1977. Canadian exporters should take into account exchange rate movements, government policy on import restraints and possible changes in preferential tariff margins. This being said, the general outlook is encouraging.

Increasing attention is now being given to productivity and improving the competitive efficiency of many Australian primary industries. These measures should present opportunities for advanced mining and forest product machinery and agricultural equipment. Engineering know-how in these industry sectors will also be in demand. A broad range of electronic equipment and components will be imported in a drive to improve manufacturing output. Transportation facilities, both urban and inter-urban, are ripe for new development over the next few years. Construction materials is another promising area: import demand is expected to increase substantially as the economy gains strength. Licensing or joint ventures in Australia is a trade avenue that could offer substantial opportunities of mutual benefit as Australians concentrate on upgrading the quality of production throughout their manufacturing industries. Consumer goods, especially in camping and recreational equipment and selected home furnishings and housewares, maintained their market position in 1976 and could achieve greatly expanded sales in 1977.

*W.G. Pybus,
Consul General,
Sydney*



Belgium/Luxembourg

An important customer in 1977

The Belgian Government has estimated a real growth of 3.4% and an inflation rate of 10.4% for 1977. It would appear that consumer expenditures will continue, along with exports, to be the main force supporting further economic growth. Industrial investment seems set to remain at a relatively low level well into next year. There is a great deal of unused capacity to be reactivated before normal levels of plant utilization are attained. As for the Luxembourg economy in 1977, much will depend on how quickly demand for steel picks up. An overall growth rate similar to that of Belgium can be anticipated.

Since Belgium is basically a fabricator, a transformer and an "adder of value", minerals should continue to account for a sub-

stantial proportion of Canadian exports to this market in 1977. Fabricated and end-products will probably continue to account for about 40% of the Canadian export mix. In the manufactured sector, recent growth items have included chain saws and parts, industrial, construction and agricultural machinery, telecommunication and electronic equipment, apparel, sporting equipment, medical and pharmaceutical products. In short, the Belgian/Luxembourg market should continue to be within the top five in Western Europe in terms of importance for Canadian exporters in 1977.

*N. W. Boyd,
Commercial Counsellor,
Brussels*

Brazil

High stakes for bold exporters

Brazil's economic performance in 1977 will be contingent on the success or failure of the government's aggressive anti-inflation and import policies and the performance of the export trade.

The government's policy of encouraging the domestic production of essential goods and on-going infrastructure programs should continue to offer opportunities for Canadian resource and specialized industry exports as well as potential for licensing, joint ventures and direct investment. Although many of Canada's traditional exports have been in high priority sectors with a minimum of non-essential items, the economic climate will compel many Canadian companies to enter into arrangements in which their products would include a degree of Brazilian content. Sales expansion will depend upon flexibility, persistence and commitment on the part of Canadian busi-

nessmen. There must be a willingness to enter into joint venture or licensing arrangements. They must also concentrate on priority sectors and, of course, export financing must be available.

There are a number of specific resource and industrial sectors in Brazil of particular interest to the Canadian export community. The Second National Development Plan for the period 1975-79 calls for investments of \$100 billion in base industries, energy, transportation, agriculture, communications and scientific and technological development. These large-scale investments, particularly in resource and infrastructure projects, will present many opportunities for Canadian participation.

*C. W. Ross,
Commercial Counsellor,
Brasilia*

People's Republic of China

Peking should be receptive to business overtures

Chinese political leaders have begun to resolve the uncertainties relating to the type of economy China will develop, and the method of implementation. Early in the new year economic planners should be able to put into operation the five-year plan which was originally scheduled for launching in January 1976. Firm direction will be given to the many negotiations for large complete plant purchases which were bogged down while officials waited to see if a new policy would be put into force or if the old policies would be reaffirmed.

Under the late Premier's five-year plan, Chinese agriculture was to be mechanized,

aided by the import of complete plants, and paid for by accelerated petroleum exports. The plan assumed that the labour released from the agricultural sector could be switched to capital projects and that imported technology would result in China attaining by the year 2000 the status of a world industrial power. Although these plans may not now be the precise blueprint which will be followed by the moderates under Chairman Hua, the basic outline will prevail. Foreign Trade Minister Li Chiang has told several foreign delegations recently that foreign trade may be expected to expand once the amended five-year plan comes into

force. This expansion will not be translated into any significant increase in new negotiations for imports until about mid-year. The Chinese say that it will take this long to deal with the problems caused by recent political changes and to overcome the loss of production resulting from the July earthquake.

To conclude, Chinese trade is regrouping. On the basis of the new political climate in Peking, the future for trade looks brighter than it has been for some time. Changes in policy are not expected to manifest them-

selves in new negotiations for several months, by which time companies offering the latest technology (particularly complete plants which provide import substitutes) and equipment required under the five-year plan should find Peking more receptive than it has been for many, many years.

*F.M. Galbraith,
Commercial Secretary,
Peking*

Czechoslovakia

Impressive development programs

The economic situation in Czechoslovakia is good and the prospects for Canadian exports in 1977 are encouraging.

Canadian engineering companies look forward to participating in a dozen or more major projects — in mainly the industries involved with pulp and paper, metallurgy, chemicals, construction, ceramics and food.

Canada will have an information booth at the Brno Engineering Fair in September 1977 (details in supplement to this issue).

The development programs of Czechoslovak industry are impressive and deserve investigation by all export-oriented companies in Canada.

*W.A. Cross,
Commercial Counsellor,
Prague*



Germany (FRG)

Canada favoured by investors

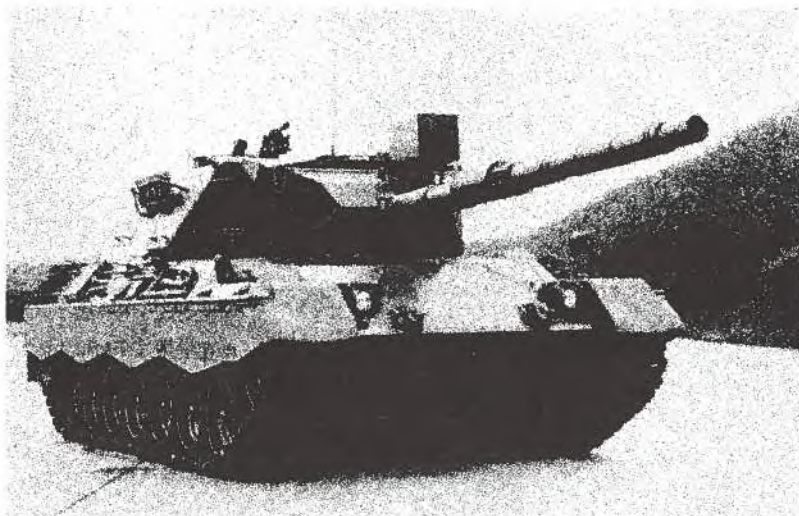
Economic forecasts generally point to conditions that should favour a further increase in Canadian exports. Important factors are the continuing economic recovery of Germany, as well as the growing interest and experience of Canadians in doing business with the FRG. Trade levels may also be enhanced by continuous new investment in both directions. We see no reason to suppose that there will be a deterioration in investment patterns and feel that Canada will continue to be regarded as a favoured location for German direct investment.

Canadian export expansion will probably be led as usual by raw materials, foodstuffs and semi-finished products. In this group, flaxseed, copper (ores, concentrates and refinery shapes), zinc (ores and concentrates), iron ore and wood pulp stand out as major components. Due to dry weather conditions in 1976, we expect there will be a demand for above-normal imports of some grains in 1977. This is expected to contribute to sales expansion, particularly with very good crops in Canada.

We are, as a matter of policy, interested to

see finished goods from a larger proportion of exports. In view of the continued economic recovery, we feel the market for investment goods should favour increased Canadian exports in this sector (for example, process machinery, materials handling equipment, control systems and instruments, and computer hardware and software). At the same time, increased German production levels will create a demand for components that Canada may supply. On the consumer side, Canadian sporting goods, footwear, outerwear and foodstuffs should become a larger trade factor in 1977.

The recent decision by Volkswagen to build vehicles in the United States has brought a surge of interest by Canadian autoparts producers. In addition to eventually supplying some items to the USA plant, these new business contacts could well open up the German market for original equipment parts. Similarly, the purchase by Canada of 128 German tanks has created a favourable climate for commercial sales to those German companies associated with the tank producers. Indeed, the compensa-



tion clauses in the purchase agreement provide a wide variety of opportunities for the sale of competitively priced Canadian manufactured goods.

In summary, we see 1977 as a good year for Canadian trade expansion in the FRG. The climate is favourable, the economy should be healthy, and there is a recognition of the importance of foreign trade. We look forward to a very competitive environment in which aggressive Canadian firms can and will profit.

*D.S. Baker,
Commercial Counsellor,
Bonn*

India

Oil and mining opportunities

In addition to the Kudremukh Iron Ore project (see 1976 Retrospect report), there are other mining ventures that merit close attention. Onshore and offshore oil exploration and production activities also require imported equipment and services. As these sectors are of special significance to the Indian economy, scarce foreign exchange is more easily available for inputs.

Most products destined for the Indian market are subject to stringent import controls. Luxury items and consumer goods are prohibited, as are products equivalent to those already manufactured in the country. The government is now leaning toward some import liberalization in select areas with a view to stepping up production and exports. Essential raw materials and equipment to modernize plants and machinery will enter more freely.

Foreign Aid disbursements have been flowing in at a rate in excess of \$2.5 billion per year. With multilateral institutions such as the World Bank paying special attention to India, the untied financing for large multi-

lateral projects will continue to represent good potential for engineering consultants and exporters engaged in agriculture, communications, power, and transportation equipment.

An area which has not been actively pursued by Canadian firms is collaboration with Indian exporters in third markets. Indian exporters are making substantial progress in Middle East and Southeast Asia markets. Recently, an Indian engineering firm, in partnership with a Japanese architectural company, won a \$259 million contract to build a new town in Kuwait. India recorded its largest-ever export order (\$113 million) to supply a thermal power station to Libya on a turnkey basis. Indian companies are also building international airports in Libya and Kuwait and supplying railway and steel-making equipment to Africa and Russia.

*V.G. Lotto,
Counsellor (Development and
Commercial),
New Delhi*



Israel

Better business for Canada

Prospects for Canadian sales to Israel in 1977 look bright in most sectors.

Barley sales should continue around 5 million cwt. for the year. Israeli interest in Canadian frozen beef, calves and canned fish is expected to boost exports of agricultural and food products generally.

Because of economic restraint in Israel and possible difficulties with supplies of the key commodity, aluminum, exports of fabricated materials are not likely to improve. However, it is anticipated that deliveries of manufactured products will increase sub-

stantially in 1977. Sales of boiler components should reach \$10 million. The need for aircraft engines will continue, while some \$6-7 million worth of Canadian communications equipment can be expected to enter the country. Expansion of Israeli industry to meet export opportunities offered by free access to the EEC should produce a de-

mand for Canadian industrial plant and machinery.

In summary, 1977 should see an improvement in Canadian sales to Israel.

*Brian E. Baker,
Commercial Secretary,
Tel Aviv*

Italy

Fall forecast brighter

At a recent meeting of CONFIDUSTRIA (the Italian association of manufacturers) it was reported that the government program for 1977 envisaged an 8% growth in Italian exports and a 1% decrease in imports.

This attempt to improve the Italian payments situation must be equated with other restrictive measures. For example, the import-deposit scheme will not be phased out before April, 1977. Other factors are the prime rate of over 20%, surtax on foreign exchange purchases and restrictions on the purchase of forward contracts. The effect on demand and the consequences for Canadian exporters need no elaboration.

During the first half of 1977 Canadian exporters of raw materials will find the Italian

market steady but static. There may be requests by importers for assistance in financing purchases, probably through lengthened payment terms. Suppliers of fully finished goods should use this period to make contacts. Sales can be finalized later in the year, when a business upturn is expected. As always, a competitive product combined with patience and persistence will be the keys to success in the Italian market.

*D. A. Rosenthal,
Assistant Commercial Secretary,
Rome*

Jamaica

Major financing package

Canadian exports to Jamaica will almost certainly set a record in 1977 — for two principal reasons. Firstly, the Jamaican economy should reverse its recent setbacks. As the demand for aluminum improves, so will the health of the bauxite/alumina industry. Tourism revenues will also be on the upswing, although probably not until late 1977, as travellers put behind them the exaggerated bad publicity and once again accept Jamaica for the beautiful island it is. The second impetus to improved Canadian exports is of Canadian making, in this case a \$65 million line of credit from the Export Development Corporation. The financing package will greatly increase the opportunities for selling many millions of dollars worth of capital equipment and services in such fields as oil refining, power and communications.

The Bahamian tourist industry should continue to grow through 1977. And since our exports serve this industry, Canadian

sales will grow right along with it. The economy will expand throughout 1977, as construction projects (convention centre, water and sewerage) come on stream. Bahamian exports of cement, steel products and oil should increase, giving rise to increased consumer demands.

The development of the Belizean agricultural sector, combined with a modest increase in industrialization, would indicate a bright future. The Caribbean Food Corporation is expected to clear and plant acres of fertile land, and a major livestock program is to be implemented. Coupled with a multi-million dollar Canadian International Development Agency (CIDA) water and sewerage project, the trade prospects for Canadian firms are improving.

*C. D. Miller,
Commercial Counsellor,
Kingston*

Republic of Korea

Personal contact essential for major contracts

Future trade prospects appear promising. Negotiations are currently underway to supply equipment and services for several major industrial development programs. In addition, sales of raw materials should grow as the Korean program of diversifying import

sources continues. Pricing will be a major factor as to quantities imported from Canada: the Koreans are extremely cost conscious. In keeping with this, it is almost invariably necessary to offer competitive financing for equipment sales to Korea. Sup-

port from the Export Development Corporation and Canadian banks has been vital for a number of Canadian firms which have won such contracts in this market.

Canadians wishing to enter the Korean market must make a firm commitment in terms of market development programs, including survey trips to develop personal contacts with potential customers and end users. They must also be willing to work in close conjunction with local agents who are

conversant with the domestic market. Personal contact is very important, but it does not mean that negotiations can be concluded quickly: some major contracts have taken up to three years to finalize.

*Robert C. Lee,
Commercial Secretary,
Seoul*

Middle East

Golden opportunity is not a mirage

The Middle East countries will continue to need engineering and design services — usually in connection with a local agent — for a wide variety of projects in the tourist, communications, agriculture and transportation fields. Capital equipment for transportation, power generation and communications will be required, as will some varieties of agricultural machinery. In Egypt and Libya, major tenders for lumber and newsprint are issued regularly, but prices must be very competitive and the bidder should be prepared to bargain further, even after the offers have been opened.

Countries in this region are major importers of bulk foodstuffs, such as skimmed milk powder, wheat and flour. Here again, price is normally the determining factor.

When peace finally comes to Lebanon, extensive assistance from the Arab states and international agencies is expected for the massive reconstruction which will be neces-

sary. Great opportunities will present themselves in all fields of engineering and construction and, as always, the early bird will get the worm.

*C.R. Mann,
Commercial Secretary,
Cairo*



New Zealand

Tariff advantage in Canada's favour

Recovery of the New Zealand economy is expected to be slow. The rate of inflation had begun to decline towards the end of 1976 and the massive trade deficit was reduced; but it was estimated that deficits would continue at an uncomfortable level, requiring further government overseas borrowing.

Although there have been strong arguments for greater import restrictions in 1977 to produce trade balance equilibrium, the Prime Minister has indicated that he would resist further import controls as, "New Zealand can still trade its way out of trouble". The import deposit scheme, introduced in 1976, in the face of protest from New Zealand's GATT partners, is expected to be allowed to lapse early in the New Year.

Canadian imports should continue to find a receptive market in New Zealand. With the phasing out of the British Preferential rate by July 1977, some shift will probably occur in the consumer and fully manufactured goods sector. Through an exchange of let-

ters, Canada has a tariff advantage which should produce a margin favourable for Canadian goods.

Export potential for machinery for the fishing, forestry and agricultural industries will remain strong. Forestry has shown an almost unbroken growth rate and the introduction of new fully mechanized techniques should provide some fresh opportunities where Canada has traditionally strong capabilities. The expected announcement of a 200-mile fishing limit after May 1977 was preceded by removal of duties on fishing boats and gear to help the industry expand. Again, Canada with its maritime equipment capabilities should be able to realize some

potential. Announcement of farm expansion subsidies in the 1976 Budget should induce further investment in agricultural machinery, which may present opportunities for sales of short-line equipment and parts.

Thus, although a spectacular growth cannot be anticipated in 1977, if Canadian producers are able to show interest and offer competitive prices, expanded New Zealand markets should be available for their products.

*Garry A.D. Scott,
Assistant Commercial Secretary,
Wellington*

Portugal

Outlook uncertain and sombre

The Portuguese Government is expected to introduce for 1977 a three-year economic plan. The main objectives will be full employment, an increased standard of living and a high degree of independence. Investment in both the public and private sectors will be encouraged. Exchange control measures will be implemented more strictly and the balance of payments deficit is to be financed by long term loans and credits from supplier countries. Every effort is to be made to stimulate production and investment in new import-saving industries. It is expected that the Government will continue to concentrate on import restraints to reduce the trade deficit. According to some re-

ports, the drain on foreign exchange will continue and it may prove difficult to reduce the difference between what the country consumes and what it produces.

Trade with Canada might show some improvement if the demand for base materials and other products revive with better production conditions and implementation of the development plan. The outlook for the Portuguese economy, however, remains sombre.

*L.A. Campeau,
Commercial Counsellor,
Lisbon*

Spain

Trade signs positive

Because of the uncertain business and political climate in Spain, there might be a tendency to adopt a negative attitude regarding sales possibilities for Canada in the coming year. Such thinking would be wrong. The bulk of our exports consist of industrial materials which Spain must bring in from abroad. On a more positive note, Spain is a developing country with important programs underway in many areas. Equally important, there are grounds for the belief that by the latter part of 1977 the economic recovery enjoyed by other parts of Western Europe will also be apparent here.

For 1977 we believe that:

- Canadian sales to Spain can be increased, not substantially perhaps, but certainly in a worthwhile way:

- the composition of our trade will remain basically as it is now, with industrial materials representing the bulk of our exports. Our objective must be not only to maintain these exports but to upgrade them;

- the best opportunities for new Canadian services and equipment items are in the special projects already underway in

this country in the fields of nuclear power, oil exploration, mining, pulp and paper, iron and steel production and telecommunications;

- good possibilities exist for expanding sales of defence equipment and specialized vehicles;

- some prospects exist for "spot" sales of wheat, barley and rapeseed.

*L.D. Burke,
Commercial Counsellor,
Madrid*

Sweden

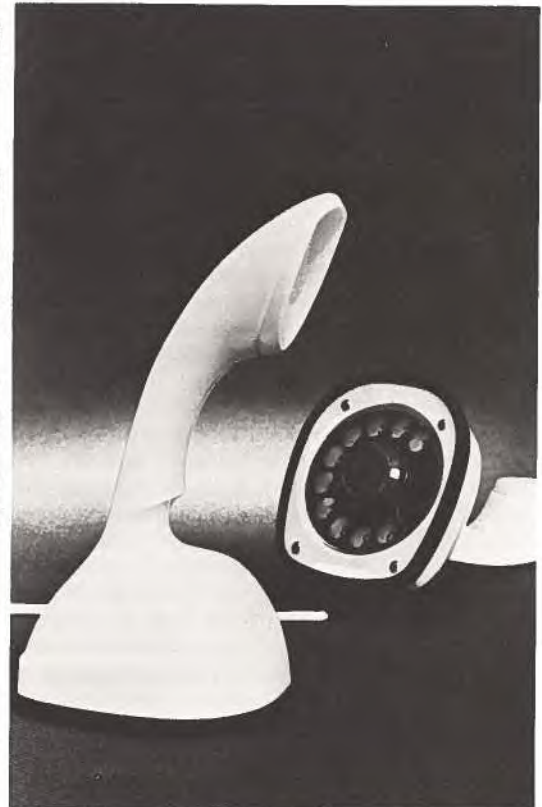
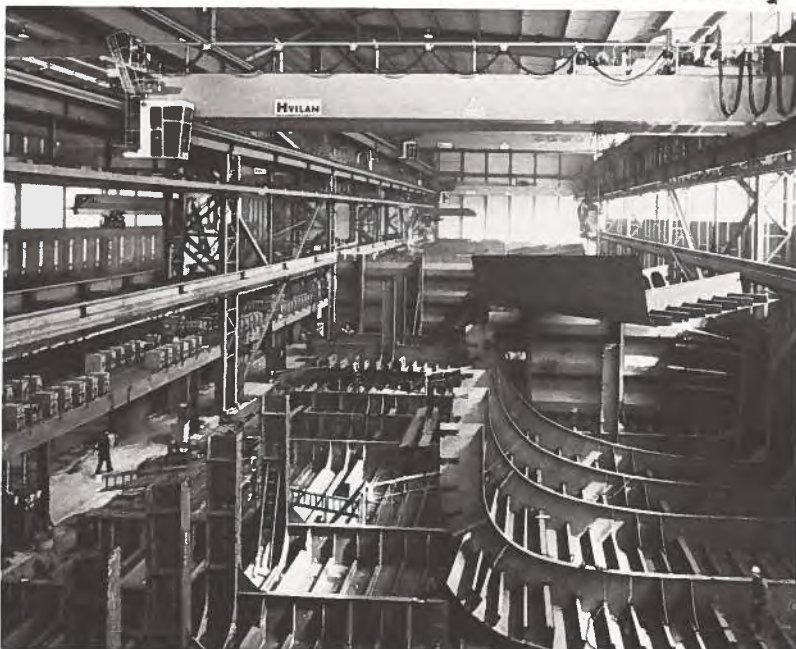
Small but affluent market

An economic forecast for the Swedish economy, covering the period up to 1980, projects that the GNP will increase between 2.3% and 3.2% per year. This is substantially lower than the forecasts for other OECD countries and is below the recent economic performance of this country. In consequence, the incremental growth of both the public and private sector will be curtailed. Also, the population is expected to grow by only 0.2% per year over the next five years, resulting in a rising average age for the country.

Nevertheless, both consumer and investment demands are expected to remain at a relatively high level. Canadian companies have become increasingly competitive in this market and the range of manufactured

products which Canada exports has expanded significantly over the last few years. While our traditional exports such as industrial minerals, fish products, and automobile parts will continue to enjoy excellent market prospect, Canadian manufacturers of textiles and apparel, electrical and electronics equipment and specialized industrial machinery should grasp new opportunities for exports to this small but extremely affluent market. The Swedish economy is free-trade oriented and Canadian products are generally very well received.

*W.D. Hutton,
Commercial Secretary,
Stockholm*



Switzerland

Business may level off

To increase exports, the country's four major banks introduced in August easier terms for export finance. Swiss bankers agreed to refrain from charging minimum interest rates for export credits and also apply a fixed interest rate to export credits which exceed a five-year term. Banks can now refinance export credits as needed without reference to the normal refinancing quotas. As a result of these measures, Swiss exports are expected to increase by about 12% in 1977.

Some experts predict that domestic consumption figures will remain static — due to a declining Swiss population and the departure of over 100,000 foreign workers who lost their jobs during the recession. A further reduction of about 5% in private investment is expected and a decrease in construction of about 12%. Without the increase in exports, the Gross National Product may be lower in 1977. However, a slight increase of 1% is anticipated. Imports are expected to be about 7% higher in 1977.

Raw materials and semi-finished products will account for most of this increase. Assuming that exports increase by 12% and imports improve by 7%, there should be a large balance of payments surplus.

The Swiss franc could increase in value in 1977, but a low rate of inflation (1-1.5% is projected for 1977) would help to keep Swiss products competitive on world markets.

Forecasts indicate total employment will decrease by 2% next year, while unemployment will remain below 1% of the labour force.

The budget of the federal government for 1977 foresees a deficit of just below two billion Swiss francs, an all-time record. To increase revenues, the government is proposing to replace the present turnover tax at the wholesale level by a value added tax based on the EEC model. The proposal will be submitted to a popular vote. To keep expenses down, government subsidies and capital projects will be cut. This would affect the rate of recovery of the Swiss economy.

In summary, although late 1976 saw the beginning of an upswing in the economy and an increase in Canadian sales to Switzerland, we can expect a levelling off on our business in 1977. Products which have innovative features and competitive prices can expect to do well and, of course, traditional sales of cereals and metals will continue.

The composition of Canadian exports to Switzerland is expected to remain at about 65% raw materials, 35% semi- and finished goods.

*L.D. Lederman,
Commercial Secretary,
Berne*



Thailand

Incentive for investment

The coming year will continue to offer opportunities for Canadian suppliers of goods and services. Companies which regularly send representatives to this market are most likely to succeed. Their numbers increased by 30% in 1976 and, in view of the results achieved, the two-way traffic should continue to increase.

Thailand's new government has given high priority to improving the efficiency of government operations and has promised greater economic opportunity for the rural sector. As a result of the more stable domestic political environment, there should be greater incentives for foreign and national investors, especially in projects related to those financed by multinational banks. If opportunities are aggressively pursued, Canadian exports can be expected to reach \$40 million annually by the end of the decade.

*J.M. Hill,
Commercial Secretary and Consul,
Bangkok*



Turkey

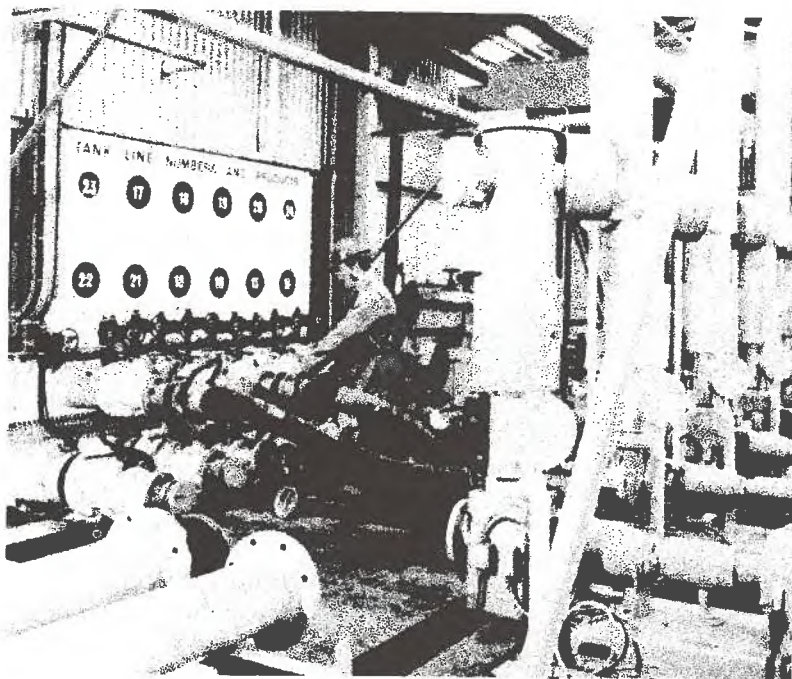
Calling oil and gas equipment manufacturers

If Turkey's harvest is good and makes the country self-supporting in foodstuffs, and providing balance of payments problems do not worsen, 1977 promises to be another successful year for Canadian exporters. The present coalition government is determined to continue on its course of rapid industrial expansion through very high investments in the industrial and infrastructure sectors.

There should be opportunities for Canadian firms to benefit from Turkey's planned electrification and irrigation programs and new investments in the forestry and mining sectors. Canadian oil and gas equipment manufacturers might find opportunities to supply Turkey with equipment needed for exploiting on-and-offshore oil deposits.

Special import quotas for participation at the 1977 Izmir International Fair are envisaged, perhaps surpassing the one million dollar mark for the first time.

*H.J. Himmelsbach,
Assistant Commercial Secretary,
Ankara*



Yugoslavia

Emphasis on joint ventures

Canada's trade surplus with Yugoslavia, while relatively small in comparison with that country's trade deficits with most West European states, continues to influence those Canadian exporters who hope to promote large sales of equipment and services, or offer compensatory trade or, more recently, hope to enter into partial local manufacturing arrangements. Yugoslavia is also attaching greater importance to joint ventures rather than straight commercial sales, particularly in industrial sectors which offer potential for hard currency earnings. By definition, a joint venture is export-oriented, since its convertible currency earnings are the only way for the foreign partner to repatriate both profit and capital. In a related area, Canadian consultants and equipment suppliers are actively encouraged to investigate the possibility of working with Yugoslav engineering contractors in third countries — so-called joint appearances in third markets.

So far as the more classical type of export sales is concerned, projections over 3-5 years are for considerably increased Canadian exports, most of which will be in sophisticated engineering goods and equipment. Potential exists for machinery and

equipment in the metal-working, textile, mining, construction, food processing, woodworking, defence-related and transportation industries. These prospects would be substantially enhanced through the granting of competitive export financing. On the other hand, the outlook for Canadian consumer goods and small industrial products remains relatively poor in the face of active competition from adjacent West European suppliers.

Official priority sectors in the 1976-80 Yugoslav mid-term development plan are:

- exploitation of domestic raw materials and energy sources;
- agricultural self-sufficiency;
- transport and communications infrastructure.

Canadian promotional efforts in Yugoslavia will concentrate on these sectors in the coming years. There will also be, of course, infrastructure and industrial development projects financed internationally by the World Bank and the UNDP.

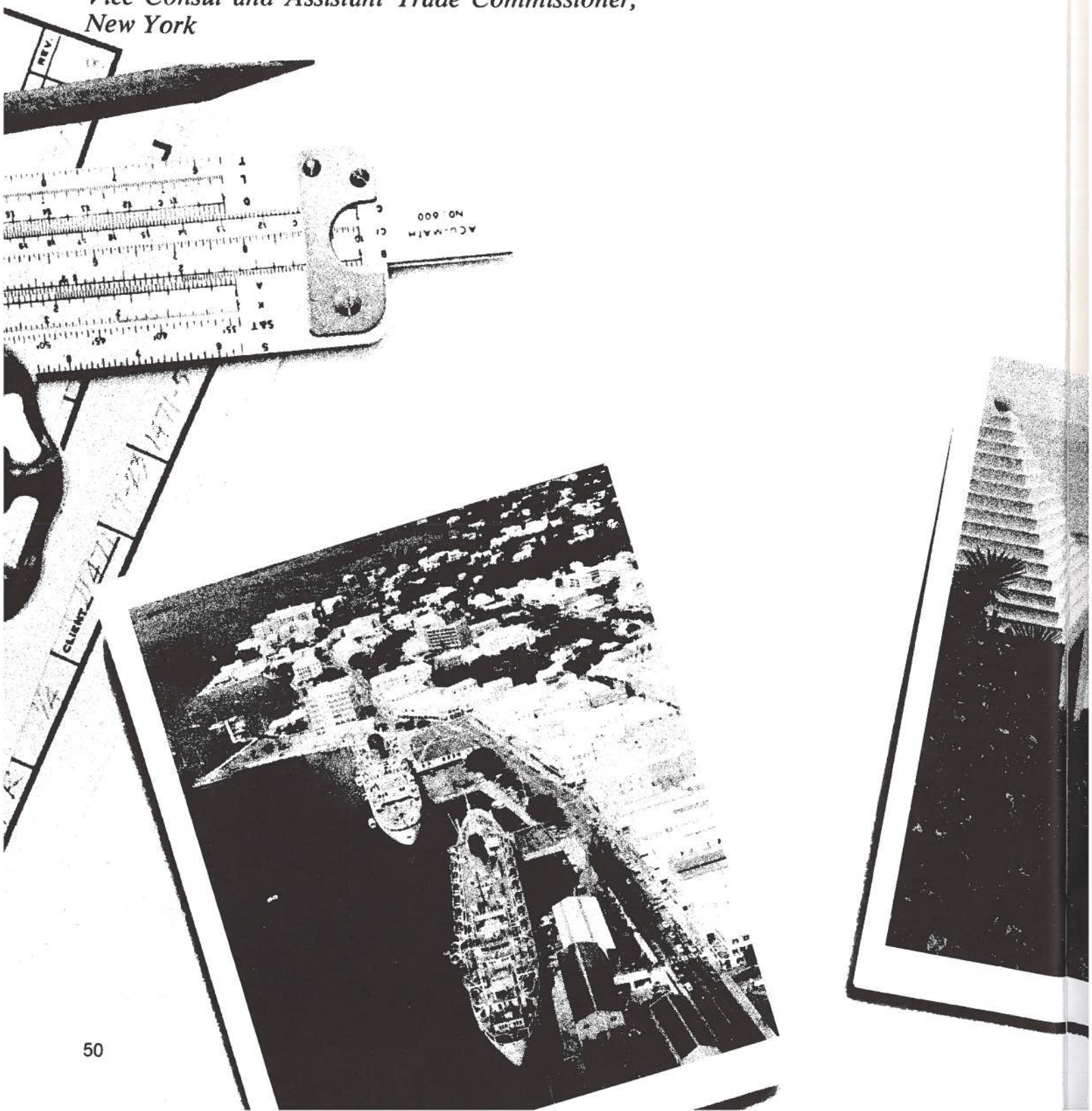
*Donald P. McLennan,
Commercial Secretary,
Belgrade*



TRY THE BERMUDA ANGLE

Several books published recently attempt to document the mysterious, sinister disappearance of hundreds of travellers in a stretch of the Atlantic Ocean known as the Bermuda Triangle. That designation is unfortunate for Bermuda, as 600,000 annual visitors can testify. Bermuda is a serene, hospitable part of the world, where anyone who drops out of sight does so purely by choice.

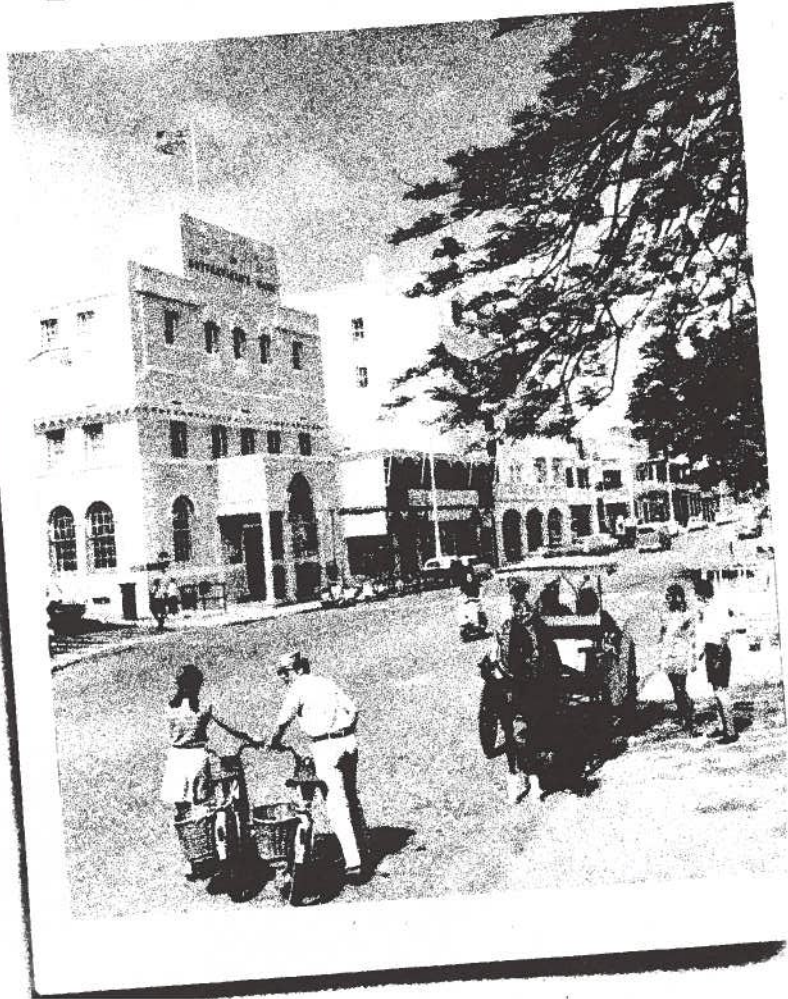
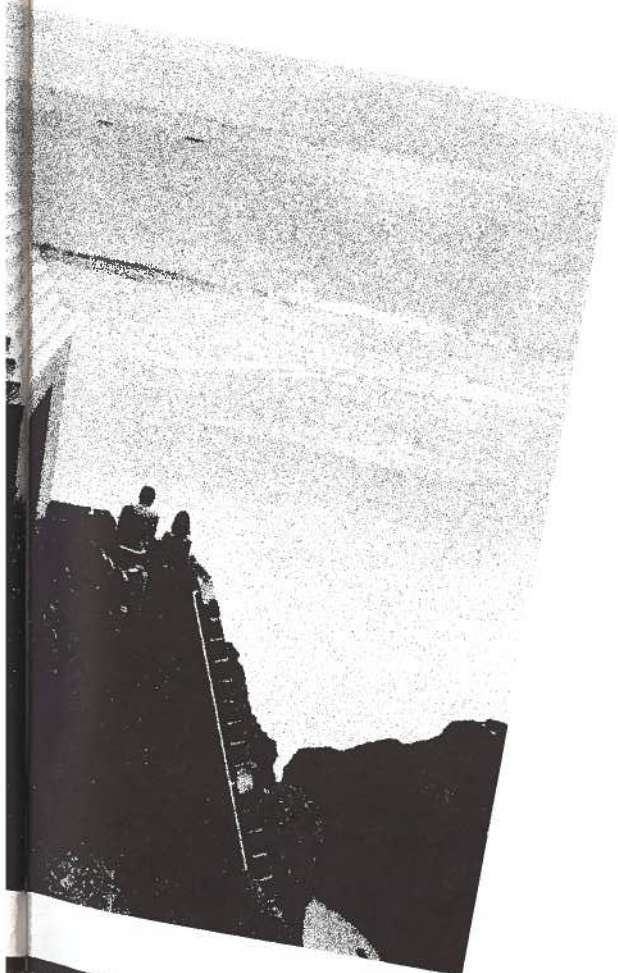
*GREGORY M. KOSTYRSKY,
Vice Consul and Assistant Trade Commissioner,
New York*



Not one island but a group of more than 150 islands, spread out in fish-hook pattern 570 miles east of Cape Hatteras, North Carolina, Bermuda is named for the Spaniard Juan de Bermudez. He discovered the islands in 1503 and then neglected to claim them for his country. A little more than 100 years later, during a voyage which inspired Shakespeare's "The Tempest," the British raised their flag over Bermuda, which is a self-governing British colony. It is also a favourite with Canadian vacationers and an excellent market for Canadian manufacturers. That market deserves better attention than we currently are giving to it.

Because tourism is vital to Bermuda's economy — in 1975, worth \$167 million or 68% of the foreign exchange income — industrial development is confined to activities which do not threaten its rare beauty and pristine character — activities such as the manufacture of perfumes, proprietary pharmaceuticals, shampoo, etc. More than 3,000 tax-exempt companies contribute to the economy in the form of capital investment, balance of payment benefits and upgrading the skills of the local work force. Bermuda is, however, dependent for most of its basic needs on imports.

Besides the 600,000 annual visitors, who spend an average \$180 above travel and accommodation during a 7-day stay, there are 55,000 Bermudians (per capita income exceeds that of Canadians), and 8,500 foreign military. In other words, it is an affluent market, with an excellent reputation for paying import bills. Last year, they amounted to \$163 million. Canada, linked to the area by two shipping lines, accounted for only \$12 million of that figure. Saguenay Shipping sails out of Montreal and Halifax, and Federal Bermuda Line leaves from Halifax.



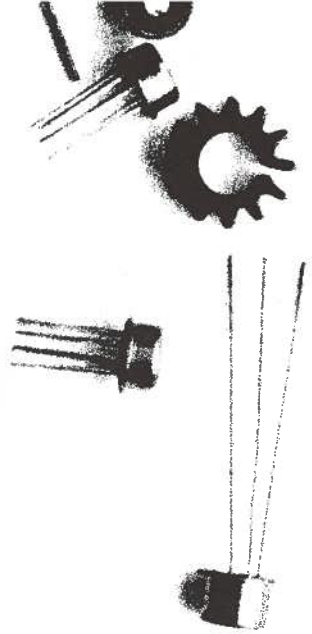
Bermuda's main consumer imports and their Canadian origins for 1975

	Total Imports (\$ millions)	Canadian Origin (\$ millions)
Food Products	40.8	4.6
Medicinal & Pharmaceutical Products	21.6	0.5
Apparel, Textiles & Footwear	17.1	1.1
Petroleum Products	15.4	Negligible
Electrical Goods	10.5	1.0
Miscellaneous Manufactured Articles (tape recorders, phonographs, pianos, books, periodicals, toys and games, jewellery, etc.)	10.0	0.8
Transportation Equipment	7.3	Negligible
Machinery (other than electric)	5.2	0.4
Non-metallic Mineral Manufactured Goods (cement, asbestos, glass bricks, glass, etc.)	4.7	0.1
Paperboard & Manufactures (books, accounting books, printed forms, etc.)	4.2	0.6
Essential Oils & Perfumed Materials (perfumery, toilet water, cosmetics, detergents, etc.)	4.1	0.1
Manufactured Metals (finished structural parts of iron, steel and aluminum, wire cables, etc.)	3.5	0.3
Scientific Instruments (microscopes, lens, cameras, binoculars, etc.)	3.2	0.1
Furniture	2.6	0.6
Miscellaneous Chemical Materials & Products (plastic materials, insecticides, disinfectants, etc.)	2.0	0.1
Tobacco Products	1.3	0.1

Food products are Canada's major export to Bermuda. But Canadian processors should be aware that, despite the difference in climate, tastes are similar and the island market could digest more of their products. Canadian apparel manufacturers also could take more of a tuck in the market. A large percentage of the island's contribution to world fashion, Bermuda shorts, carries made-in-Canada labels, and there is great potential for higher sales in other casual apparel, as well as in uniforms for students and employees of hotels and institutions. The market is, in fact, well suited to Canada's short production runs.

Canada's electrical product manufacturers, assisted by compatible specifications in Bermuda, are successfully meeting stiff competition in the consumer sector, but many more opportunities await them in the institutional area. Jewellery, pleasure craft, carpeting, paper products, draperies, hotel supplies and building materials offer good markets, and four distinct types of furniture — antique reproductions, contemporary pieces, good quality residential furniture at popular prices and institutional furniture — would find ready customers.

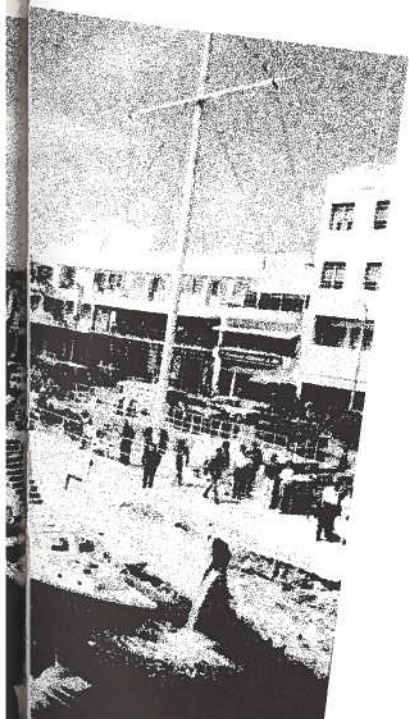
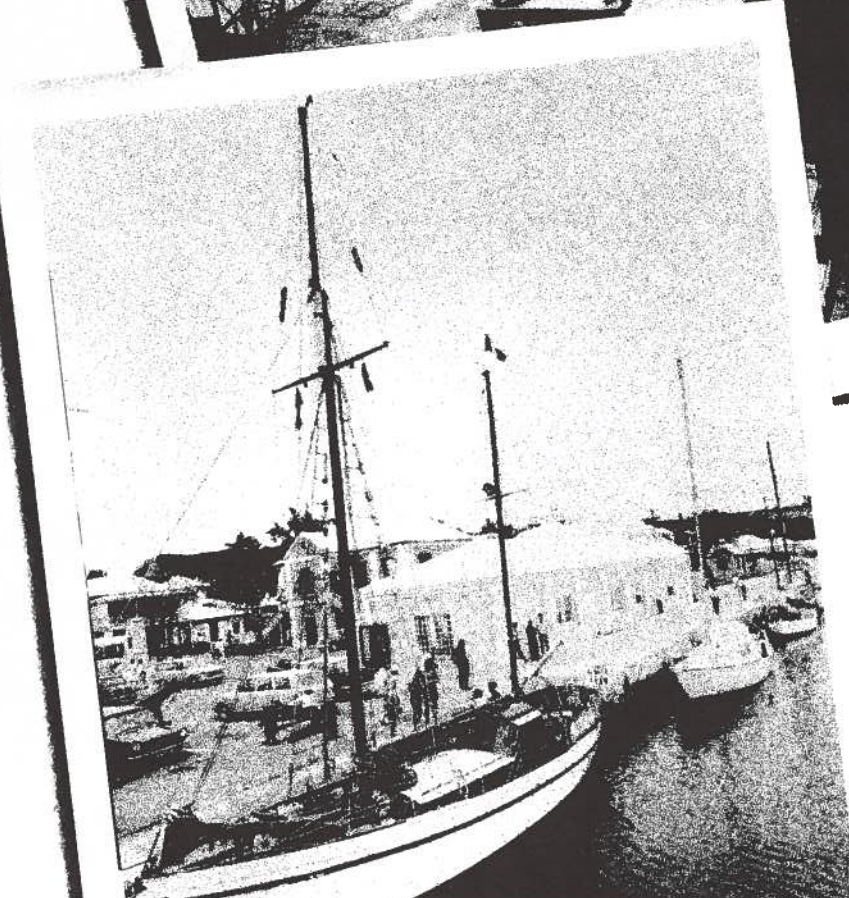
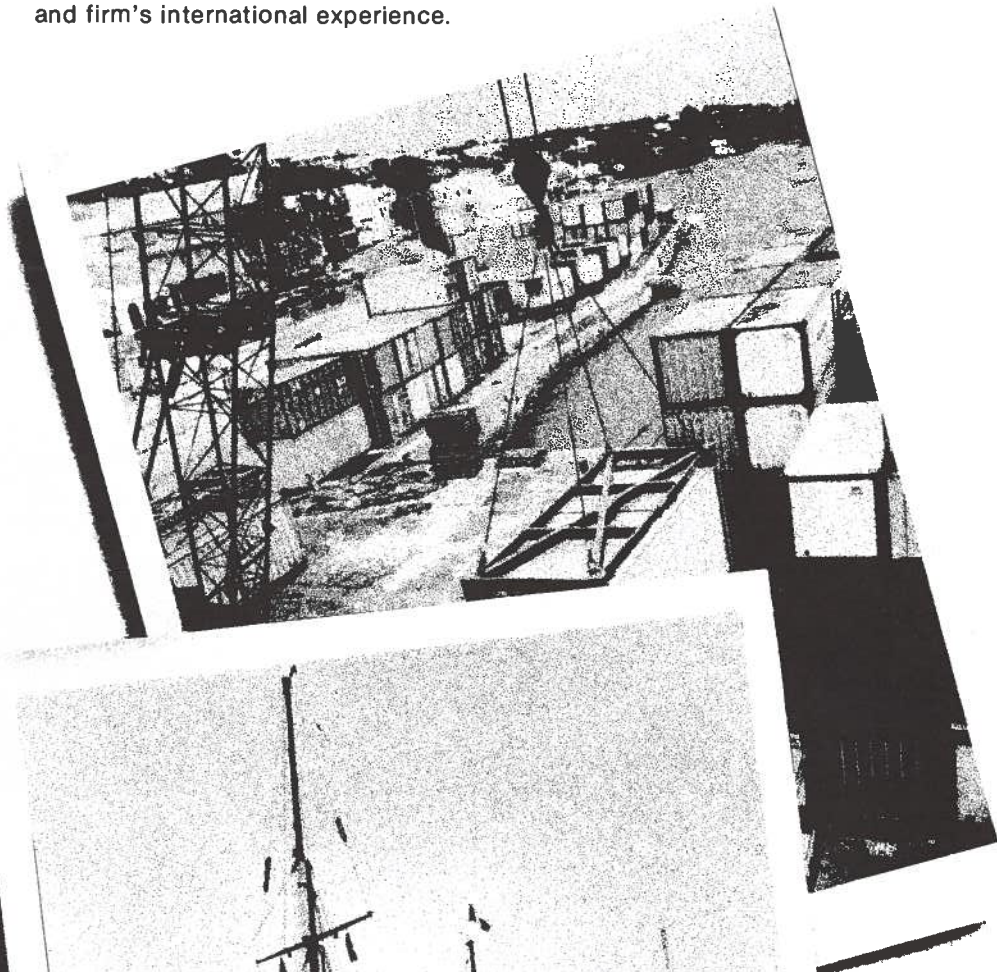




Canadian manufacturers who try the Bermuda angle will find a sophisticated, growing market that requires no special paper work. And its location fits nicely into the itinerary of a business trip to most parts of the eastern U.S., to Central and South America, or to Europe. An initial approach to the market should be channelled through the Canadian Consulate General in New York, and should include detailed descriptions of products and identification of the market segments to which they are directed, brochures, samples, price lists with excise tax deducted (c.i.f. Bermuda or f.o.b. Canadian port nearest your factory) and some history of the product's and firm's international experience.

The Consulate General will evaluate the product's potential in Bermuda, provide a list of business contacts and supply a copy of a "Doing Business in Bermuda" publication. Prospects in Bermuda are sufficiently promising to warrant a well-planned business trip to the area. But should a manufacturer wish to combine a scouting trip with a vacation, the Bermudians will not be offended. They believe that work should be fun. And in Bermuda, it is.

Mr. Kostyrsky now is Vice Consul & Assistant Trade Commissioner in Duesseldorf, West Germany.



Showcase

IT&C's Promotional Projects Program (PPP) and Program for Export Market Development (PEMD) give Canadian companies a continuing opportunity to demonstrate their products, services and expertise to world markets.

The PPP, consisting of trade fairs abroad, incoming and outgoing trade missions and incoming buyers' visits, is initiated by the Department's Office of Export Programs and Services, Industry Sector Branches, International Bureaux and Trade Commissioner Posts in consultation with industry.

The PEMD encourages companies to develop export business on their own initiative and offers them financial and organizational assistance.

Companies that wish to participate in the programs should write for information to the Office of Export Programs and Services, Department of Industry, Trade and Commerce, 112 Kent Street, Ottawa, Ontario, K1A 0H5 or telephone (613) 995-6221.

International Livestock Show, August 22-30: A \$306,000 order for 300 Canadian Holsteins is one concrete result of Canada's participation, under IT&C sponsorship, at the show in Porto Alegre, Brazil. The order is only the first part of an anticipated sale of 2,000 Holsteins worth more than \$2 million. Separate orders for large numbers of Canadian Holsteins and Herefords, for 15 Ayrshires to help stock a government experimental farm in Brazil, and for three Jerseys are also pending. Another sale — \$5,000 worth of beef semen — was completed on site.

Seven dairy and beef cattle breeders' associations and two cattle export organizations represented Canada at South America's premier livestock show which attracts the cream of cattle breeders from Brazil, Argentina, Uruguay, Paraguay and Chile. The Canadians took no cattle to the show but at least 51 animals exhibited by Brazilian breeders were of Canadian origin and had solid Canadian pedigrees. Many of these animals — notably Holsteins, Herefords and one Aberdeen Angus — were adjudged class champions and prize-winners. Canada's image was further enhanced by Robert Shore, a Canadian, whom the Brazilians had asked to judge the Holstein competitions.

So great was Canada's impact at the show that nine leading Brazilian dairy and beef cattle breeders readily accepted our invitation to attend Canada's two largest cattle shows this fall — the Royal Winter Fair in Toronto and the Western Agribition in Regina. Prospects are also bright for establishing all-Canadian auction sales in Brazil, the first of which may take place this year.

Bill Urquart (left) of Hays Farms International, one of nine Canadian organizations in the show, teaches Sr. Gilberto Bulau of the Brazilian firm, Semeq Melhoramento Pecuário, how to crop an animal so as to show it off to best advantage in competition. This practice is relatively unknown in Brazil and Bill's services were much in demand before the show by Brazilian owners wanting to improve the appearance of their animals.

Frankfurt Book Fair, Sept. 16-21: Sixty-four publishers with 700 titles who attracted a steady stream of visitors to the IT&C-organized Canadian exhibit predict sales as a result of the show will reach \$2,040,000 during the next year. Canadian publishers, including another nine firms which exhibited independently, were among more than 4,000 exhibitors from 68 countries who displayed 278,000 titles at Frankfurt's 28th annual edition of the show. The event, attended by 176,000 visitors, is also a marketplace for copyright and translation rights.

International Woodworking Machinery & Furniture Supply Fair, Sept. 18-22: A range of boring machines with simple design and uncluttered construction, built for high production and economical short runs, attracted great interest to the Paul Sicotte & Fils exhibit. The Ste-Thérèse, Quebec, manufacturer was one of 16 companies participating in Canada's third appearance at the Louisville, Kentucky show. The Canadian exhibitors, who anticipate the show will initiate sales of \$7½ million during the next 12 months, appointed 50 agents and another 37 appointments are pending. Products from 13 other countries were displayed at the show.

Robert Shore of Canada takes a good look at the bull he eventually judged to be the Grand Champion male Holstein. The animal — from Uruguay — was sired by a Canadian bull.



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The Last Word

It would be pointless to pretend that CANADA COMMERCE is widely read by the private sector or even within the public service. There is a multitude of government publications, scores of them bearing Federal imprints, as many more coming from Provincial offices, and all of them swamped by a tide of foreign magazines which reflect the policies and programs of other countries. Reading even a fraction of government print could be a lifetime pursuit and, therefore, an unrewarding occupation. So which publications are banished, unread, to the wastepaper basket, and which deserve sixty, twenty or even ten minutes of your time?

It's your time that matters. You are the person who makes a contribution to the national economy. If CANADA COMMERCE serves up editorial garbage, there's nothing worthwhile for you to assimilate, no information of potential value to your business. That simple truth motivates the pens of staff journalists (two well meaning souls), and explains the recent attempts to present fresh perspectives on Canadian industry and commerce.

The September/October issue devoted 40 pages to Canada-Japan economic ties and trade. The editorial decision was taken in May, when the first announcement

was made about the Prime Minister's plan to visit Tokyo in October. Some of the relevant editorial material was received in late September, but thanks to a sympathetic printer who has some of Canada's largest and most sophisticated equipment, the pages came off the press a week in advance of Mr. Trudeau's departure and C.P. Air gave VIP treatment to a special consignment addressed to our Embassy in the Japanese capital.

The Canadian tribute to three Japanese consumer product manufacturers was well received on the far side of the Pacific. Honda purchased 16,000 reprints.

The June/July issue of CANADA COMMERCE was reprinted for the benefit of a Ministerial trade mission to Moscow and for circulation during an across-Canada tour of Trade Commissioner personnel based in East European countries.

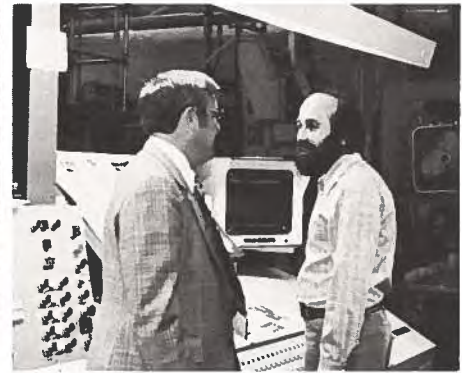
Braun A.G. of Frankfurt, West Germany, reprinted a section of March 1976 issue for circulation to English speaking countries throughout the world.

The January/February 1977 issue will introduce an entirely new series of CANADA COMMERCE "specials". Starting with New Brunswick, we will produce supplements which deal with provincial industries and trade.



The pages of CANADA COMMERCE roll along this press at the rate of 1,000 feet per minute. The Harris M-200, 72 feet long, 11 feet high, one of the largest Webb offset units in Canada, is located in Owen Sound, Ontario.

To ensure that the Japan-Canada issue circulated in Tokyo well in advance of the Prime Minister's visit to Japan, the editor and the layout expert, Stephen Shewchuk, (seen here with Jack Boyle, left, the printer's technical sales manager) kept earnest vigil at the Richardson, Bond and Wright plant.



If you're short of time. . .

Some recipients of this magazine may be too busy to do more than thumb through the pages. Great! The faster the wheels of industry spin, the better it is for Canadian trade and commerce. But what about the colleague next

door, along the corridor or out in the sticks? Maybe he/she would be interested in reading CANADA COMMERCE

. . . pass it on to Sam, Jan, or Ivan.

Visiting Tripoli

To assist Canadian businessmen visiting Tripoli, Trade Commissioners from the Canadian Embassy in Cairo will now be visiting Tripoli, Libya on a regular monthly basis. Contact the Trade Commissioner at the following address on the dates shown.

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	July	1-7	inclusive
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