

canada 1977 commerce



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Arab Republic
of Egypt
Argentina
Australia
Austria
Barbados
Belgium
Bermuda
Bolivia
Brazil
Britain
Bulgaria
Cameroun
Chad
Chile
China,
People's Republic of
Colombia
Congo
Costa Rica
Cuba
Cyprus
Denmark
Dominican Republic
Ecuador
Ethiopia
Fiji
Finland
France
Gabon
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Republic
Germany,
Federal Republic of
Greece
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Iceland
India
Iran
Ireland
Israel
Italy
Ivory Coast
Jamaica
Japan
Jordan
Kenya
Korea
Lebanon
Leeward
and Windward Islands
Libya
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Trinidad
and Tobago
Tunisia
Turkey
Uganda
Union of Soviet
Socialist Republics
United States
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Yugoslavia
Zaire

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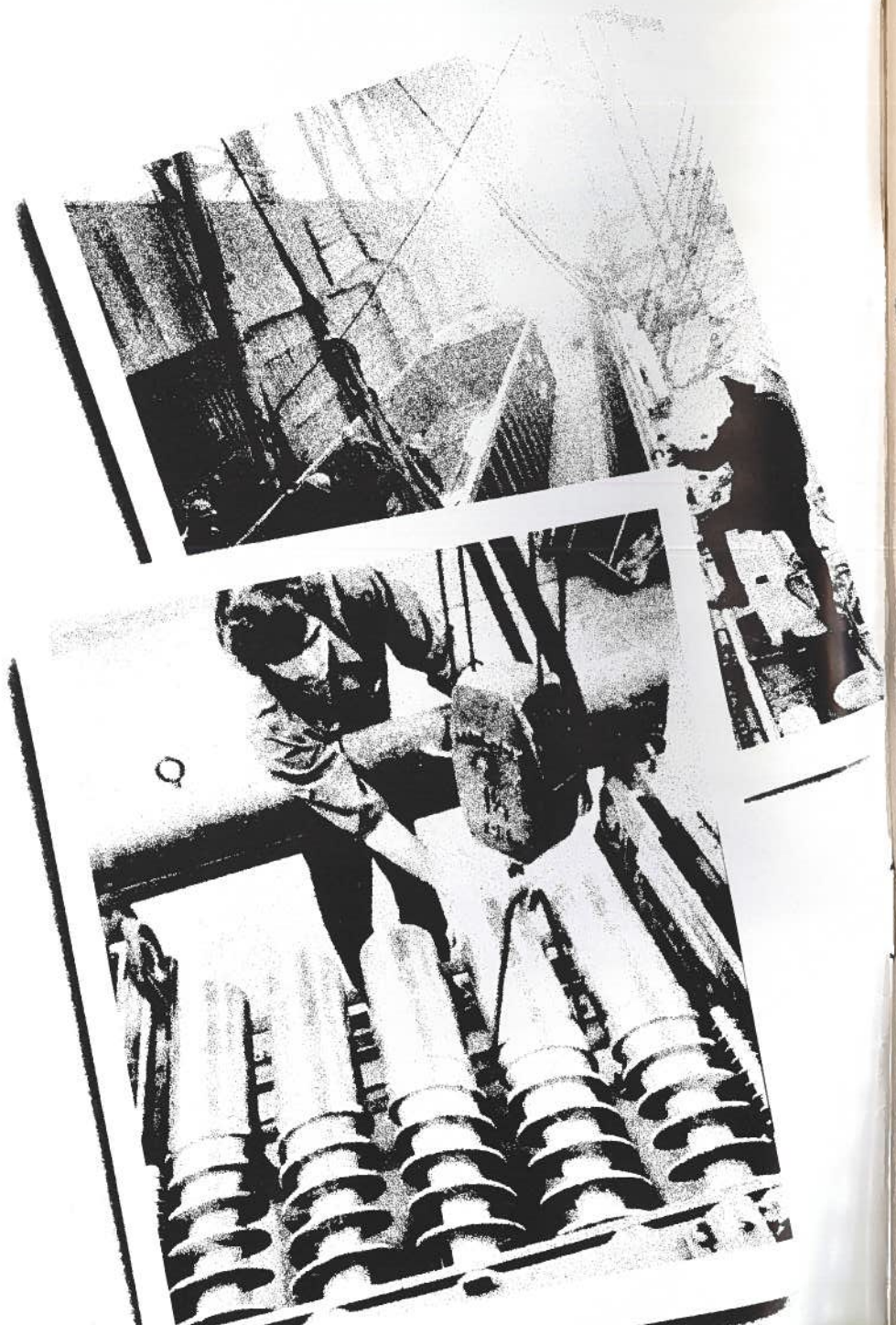
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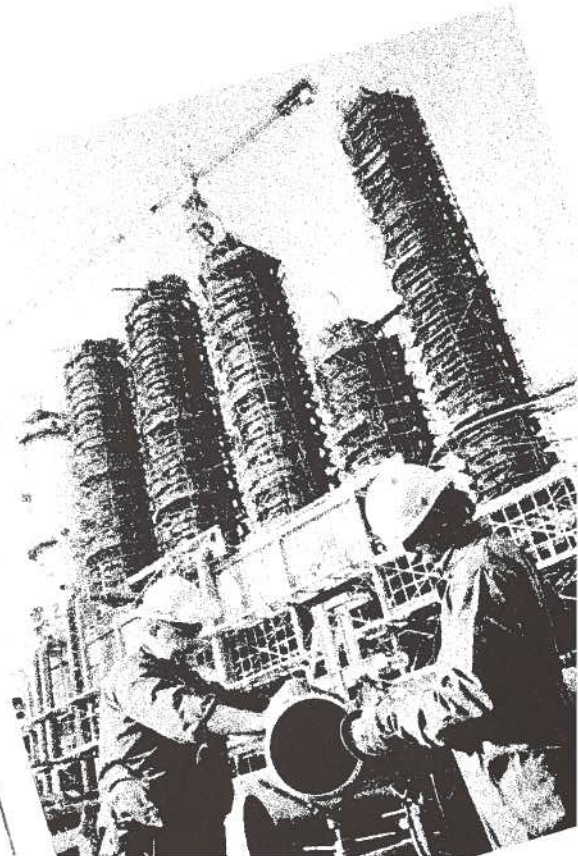
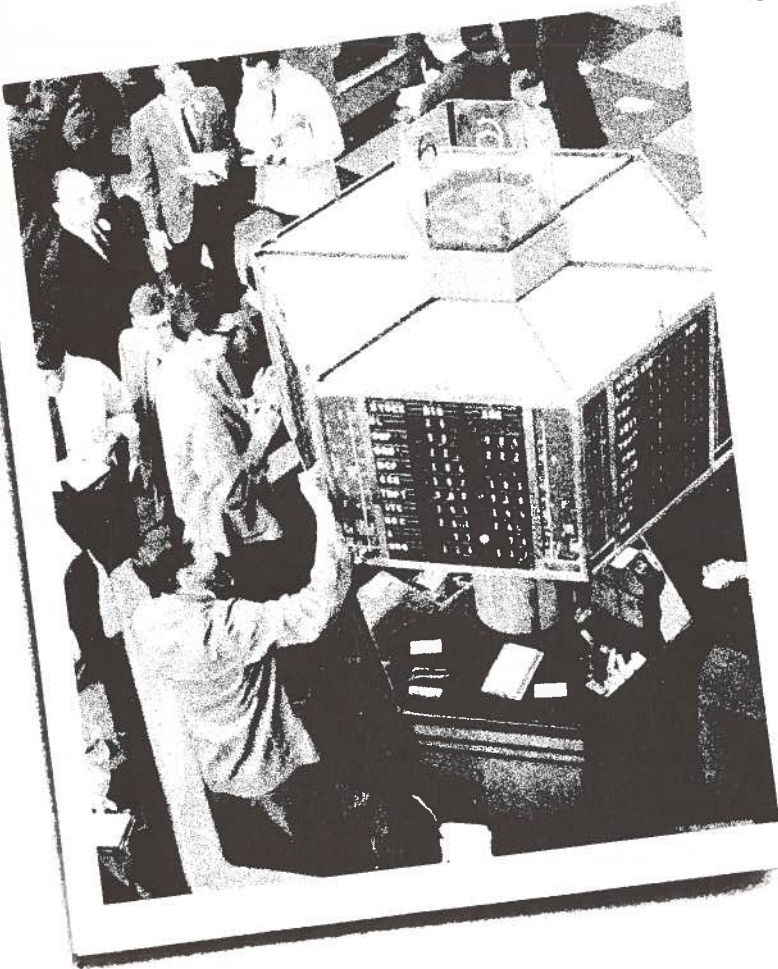
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Window on the World

The countries on the front cover are not listed to satisfy a graphics design whim. This issue of CANADA COMMERCE gives an insight to economic trends and commercial activities in 86 countries during the first three months of 1977.

Reports were supplied by the IT&C Trade Commissioner Service which operates in 88 embassies and consulates abroad. The same sources of information are at the disposal of any Canadian businessman interested in foreign markets — which really means that no matter how small the company might be, it has 88 branch offices abroad, all of them staffed by personnel who know Canada, are acutely aware of freight costs from different parts of this vast country and can quickly assess the sales prospects of any exporter who has his eyes focused on a particular area.

As a news gathering exercise, our international coverage of trading trends establishes a record: cramming reports from 86 countries into a single issue is something new in Canadian journalism. Not that we're trying to emulate the country's financial publications, the editors of which don't have to wrestle with bureaucratic phraseology and jargon (currently, the most overworked term is "infrastructure" and, even after intensive word surgery, it is sprinkled like confetti in the pages that follow). What shines through almost every message from foreign posts is optimism. This magazine — a tiny cog in the machinery of a large federal department — is not in a policy straitjacket, nor is the Trade Commissioner Service encouraged to view the world through rose-coloured spectacles simply to tempt more Canadian companies to venture abroad. Thus, each report is an honest assessment of business potential which might be exploited to benefit companies, their employees, and the Canadian taxpayer.



Central Africa

Busy little projects

Road construction in Gabon, Cameroun, Zaïre and Chad is expanding rapidly and Canadian road equipment manufacturers are making headway against stiff competition from European, Japanese and American rivals.

An Ontario drilling company has contracts with two mines in Central Gabon, while a manufacturer of utensils has received an initial order from the Cameroun Armed Forces.

In the telecommunications field, Canadian companies have been involved in an on-again-off-again affair with certain government agencies. Forest harvesting and sawmilling equipment manufacturers have enjoyed some success in the coastal areas, where access to timber is facilitated by inland waterways.

Pharmaceutical products are making some headway in Zaïre. Sale of spare parts for Canadian aircraft supplied to the armed forces of Zaïre is encouraging.

The export of services and expertise is reflected in a recent contract covering a

feasibility study for a sugar complex in Cameroun. A Canadian airline is transporting supplies and equipment to mining firms in Central and West Africa, thanks to Lockheed C-130 aircraft which can cope with jungle conditions and short landing strips.

Educational equipment, geophysical surveys, electrification products and services, mining equipment, agricultural implements are in demand, as well as engineering for infrastructure projects such as roads, railroads, etc.

Consulting engineering services (forestry, construction, etc.) have been given a boost by CIDA projects which include the CFCO railway (Congo), a forest inventory program (Zaïre), the overseeing of the extension of the Port of Douala (Cameroun) and the construction of the National College in Libreville (Gabon).

*Pierre L. Duchastel,
Commercial Secretary,
Kinshasa, Republic of Zaïre*

East Africa

Kenya economy sound

High coffee prices and a booming tourist industry, together with foreign economic assistance, have given a boost to the Kenyan economy and buoyant conditions should continue, with real growth of more than 5% predicted for 1977.

Perhaps the most significant event in East Africa during the first quarter was the virtual break-up of the East African Community Corporations, the East African Harbours Corporation, East African Airways and East African Railways — with the likelihood of the East African Posts and Telecommunications soon to follow. The formation of Kenya Airways and Kenya Railways and the likely decentralization of Posts and Telecommunications will provide a potential market for aircraft, railway and communications equipment. Canadian firms have been active in these Kenya sectors. A sale of transport aircraft to the Kenyan Air Force was concluded during the quarter.

Multilateral financed projects in the territory continue to attract the interest of Canadians, particularly engineering consultants, and Canadian firms have been active in the fields of transportation, power, water supply, education, pulp and paper, forestry and machinery.

CIDA financed projects in East Africa continue to provide a potential for the sale of equipment and engineering services. Canadian firms are active in CIDA funded projects in such areas as technical education, water supply, rural development and railway equipment.

Representatives of several Canadian banks were here to survey and assess the possibility of extending operations or

Kenya, which has one of the most stable African economies, does business with 48 Canadian companies spread across four provinces.



supplying finance to assist in the Kenya industrial expansion.

There has been increased interest in such items as electrical and electronic equipment, farm and other machinery, consumer goods, leisure items, building materials and steel products. Company representatives have visited the territory, and an increasing number of inquiries have been received from firms seeking information or assistance related to export activities.

Activity in Tanzania is mainly associated with C.I.D.A. or multilateral financed projects (fisheries, pulp and paper, education, forestry, transportation and spares). There has been some interest in Ethiopian education and transportation,

but unstable political conditions have recently mitigated against business in that corner of the world.

There has been virtually no activity in Uganda due to the unsettled conditions. Madagascar has seen some movement by consulting firms and aircraft manufacturers, and the Seychelles has elicited some interest in aircraft, fisheries and tourism.

*O. W. Bennett,
Commercial Counsellor,
Nairobi, Kenya*

West Africa

Diverse adversity

The two Trade Commissioners resident in Abidjan cover a large and varied territory extending from the bright lights of Abidjan, a city as expensive as Tokyo, to the barren deserts of northern Mali and Mauritania. It's an 11-country assignment, with two English-speaking countries (Liberia and the Gambia), two essentially Portuguese-speaking countries (Guinea-Bissau and the Cape Verde Islands, although French is used in business), six exclusively French-speaking countries (the Ivory Coast, Upper Volta, Niger, Mali, Senegal, and Guinea-Conakry), and Mauritania, where both Arabic and French are official languages, although French is more widely used in business. As a general rule, English is simply not understood outside Gambia and Liberia, and initial approaches to local importers should always be made in French until it can be established that they are willing and able to receive correspondence in English. A modest outlay for translation services can result in sales which would not otherwise have been made. Personal contact is also an essential part of doing business in this territory.

The extremely varied socioeconomic structures of the region present widely differing opportunities for Canadian products and services. The territory includes some of the richest non-oil producing black African nations, as well as a number of LLDCs (an acronym which means, in effect, "the very poorest of the poor"). Naturally, the needs of these countries differ, although they all have one thing in common: they are developing nations.

One of the main thrusts of our commercial program is in support of Canadian consultants pursuing projects financed by such multilateral organizations as the World Bank and the Abidjan-based African Development Bank and Fund. We also assist in the sales of heavy equipment in the more commercialized markets of the Ivory Coast, Liberia, and Senegal. Due to the potential market size, the consumer and recreational markets are not considered as priority areas; it is not uncommon to find over 90% of the population of any given West African country living outside the "money economy".

Basically, commercial projects are limited to major development undertakings in agro-industry, resource development (mineral or otherwise), processing, tourism, etc. Opportunities exist for companies willing to undertake turnkey projects and able to provide attractively priced financing. He who can finance, can do business.

*R. Goulet,
Commercial Secretary,
Abidjan*

Algeria

Ambitious development plans

Algeria pursues with vigour an ambitious industrial development plan based on four objectives: (a) up-grading of oil and gas (Algeria ranks fourth in world for gas reserves) to secure foreign exchange; (b) expansion of primary industries with forward linkages to steel, construction materials, petrochemicals, etc.; (c) mass production of consumer goods; (d) development of small and medium sized regional industries.

Sizable industrial investments have been made in the last few years, particularly in resource-based primary industries. During 1975-76, some \$5 billion worth of contracts were signed between Algeria and foreign partners for industrial equipment and services. Most of these transactions were under a "package" or "products-in-hand" arrangement, including engineering, supervision of construction, supply of equipment and start-up operations with training of personnel.

While tribesmen tend their goatherds on the slopes of the Atlas Mountains and silversmiths fashion delicate jewellery in shaded Casbah stalls, Algeria grapples with the economics of getting oil and gas out of the ground quickly enough to pay for better port facilities, more roads, effective transport systems, schools, technical colleges, houses.



In 1976, over 200 industrial projects were under construction. Algeria spends half of its national production on new industrial investments.

It is expected that the country will continue to invest very heavily in large and integrated complexes of an advanced technological stage; secondary recovery of oil, gas separation and liquefaction, petrochemistry, steel plants, mechanical and electrical equipment. Some shift in emphasis is expected, creating even greater opportunities for technical training, management consulting, urban development and construction, transport and telecommunications and the launching of light industries such as agribusinesses, plastic injection, furniture and hardware, construction materials. More details should be known when the government reveals its next economic development plan scheduled to start in 1978.

The Algerian market has great potential for Canadian exporters who are prepared to follow-up initial calls and prospects. Agents and distributors cannot be used and direct contact with the national companies import and manufacturing monopolies is essential. Because industrialization is recent, the replacement market is limited. Most opportunities in industrial equipment and services have to be channelled through global contracts for the construction of industrial units.

Prospects continue bright for products and commodities which are bought by international tender calls; foodstuffs, wire and cable, non-ferrous metals, engineering equipment, construction materials, educational apparatus, etc. Imports of consumer goods are sporadic, but there are at times tender calls for large quantities of specific products.

*C. Courtemanche,
Commercial Secretary,
Algiers*

Argentina

Curbing massive inflation

After a full year of readjustment following two years of severe instability, the economy is beginning to improve and confidence among businessmen and financiers is once more on the rise. In contrast to a trade deficit of \$1 billion in 1975, Argentina managed to realize a surplus of \$1,100 million in 1976. Investment also recovered on a slow but firm basis. The government has introduced a policy of gradual devaluation of the peso to improve the competitive position of Argentine goods in international markets. With sufficient earnings from abroad, new incentives for foreign investors and substantial credits from the I.M.F., World Bank and a number of private financial institutions, Argentina should be in a position to develop a number of key sectors, particularly those of energy, transportation, steel and pulp and paper. These developments are already of interest to a variety of Canadian consultants and suppliers of equipment.

Famous as the home of the gaucho, the tango and superb beef, Argentina has the added and doubtful distinction of wrestling with one of the world's worst inflation problems. But although prices spiralled by 350% last year, a few Canadian companies are doing good business in this vast country — 26 million population — which could encompass Ontario and Quebec.



To boost productivity, the present regime is attempting to reduce the role played by a number of large but relatively inefficient state enterprises. An increasing portion of the nation's productivity will be placed in private hands. To this end, the government recently introduced regulations designed to make investment much more attractive for foreigners.

On the negative side, inflation remains a serious problem. Having attained a level of 350% during 1976, it is expected to run as high as 125% in 1977. The worst is probably over, however. The period of hyper-inflation and the decline in the Gross National Product (GNP) during 1976 should be viewed as only temporary developments. Although economic problems will not be easily or quickly resolved, the shock of the previous two years would appear to have made Argentines more aware of underlying weaknesses in their economy and more fully resolved to take the necessary steps towards a significant improvement in the nation's productive capacity.

The future of the Argentine economy shows distinct promise. The real GNP is expected to show a 4-5% increase in 1977 as against a comparable drop last year. Grain production, the major source of foreign earnings, has reached record levels and, despite marketing problems due to unusually high crop yields throughout the world, should contribute to a significant improvement in foreign currency reserves. Earnings from these exports, plus credits from the Inter-American Development Bank, the World Bank and international commercial banks, should permit the Argentines to embark on major projects in the fields of hydroelectricity, transportation, pulp and paper, forestry and mining. All of these should interest Canadian consultants and equipment suppliers.

Imported consumer goods face a variety of restrictions as the Argentines continue a policy of excluding all but essential items. However, Canada has traditionally supplied parts and semi-finished products necessary for the relatively well developed industrial sector. As the economy improves, we expect demand for these items to increase.

The key for Canadian equipment suppliers and consultants lies with specific projects sponsored by the I.A.D.B. and the World Bank. Argentina is one of the three largest recipients of I.A.D.B. loans in Latin America. Equipment suppliers and consultants with experience in the resource and energy sectors should therefore attempt to monitor the monthly updates of such projects supplied by the Federal Department of Industry, Trade and Commerce.

*K.R. Johnston,
Assistant Commercial Secretary,
Buenos Aires*

Australia

Great start to year

The value of Canadian exports to Australia during 1976 was over \$345 million, up from some \$231 million in 1975. Judging from the bustle during the first quarter, Australia in 1977 will again be one of our largest markets for finished products, despite the devaluation of the Australian dollar late in 1976.

In February, the Melbourne and Sydney offices made arrangements and contacts for an Ontario Trade Mission composed of eight companies, all of whom established representation, or finalized sales. Direct business amounted to well over \$1 million. The manufactured goods ranged from propane torches, tents and camping stoves, to telemetry equipment, jewellery and anaesthetics.

Five Canadian carpet manufacturers exhibited in February at the Australasian Floor Covering Mart in Sydney. A manufacturer of carpet maintenance equipment also participated. The result: \$900,000 in direct sales and the expectation that Canadian carpet and rug exports in 1977 will exceed last year's \$5.4 million.

Negotiations are proceeding between the government of Western Australia and a consortium headed by Shell and B.H.P.

for the exploitation of vast offshore gas fields. Agreement is expected in mid-1977. Canadian exporters of oil and gas equipment and services will participate in this immense development.

Sydney, Canberra and Melbourne were visited by two missions from the Transportation Branch in early March. Meetings were arranged with the New South Wales Public Transportation Commission, the N.S.W. Ministry of Transport, the N.S.W. Planning & Environment Commission, Commonwealth Engineering Pty. Ltd., the federal Department of Transport, the Victorian Ministry of Transport, Victorian Railways, the Melbourne & Metropolitan Tramways Board, the South Australia Department of Transport, Ansett Transportation Industries Inc., and Ekstrom Engineering, a transport consultant.

Even in the face of continuing problems with inflation and unemployment, Australia's business climate may soon become as salubrious as its weather.

*G. V. Tunnoch,
Consul (Commercial),
Melbourne*

With Canadian sales to Australia increasing to \$345 million in 1976 (from \$231 million the previous year), it is obvious that distance is not a barrier to trade. Directors of companies in Central and Eastern provinces should note that Saint John, New Brunswick, is a regular port of call on the trans-global route of Australian container ships. CP air freighters operate a twice-weekly service to Sydney, Australia.

photos: Australian Embassy, Ottawa



Austria

Rising consumer expectations

Faced with falling foreign exchange reserves and continued appreciation of the schilling in financial markets, Austria is feeling the pressure exerted by rising consumer expectations. Prosperity continues, but so do price increases. Tourist receipts, on which the economy heavily relies, were reasonable during the winter, despite its brevity, and fine summer weather should see earnings ahead of last year.

Current talks turn on the possibility of devaluing the schilling in relation to the deutsche mark to reflect more accurately the lower productivity of Austrian industry. But such a move could be difficult for the government and other measures may be employed to achieve similar results.

Inflation ran at little more than 7% in 1976, and forecasts put the figure lower for 1977. Unemployment is virtually non-existent at 2% (in mid-1976, 34,000 jobs chased 32,000 applicants).

Predictions for real growth in the GNP vary from 4% to 4.3%. Foreign trade may improve by 8.5%. Energy remains critical to economic development and efforts are being made to de-emphasize the production of energy intensive goods. Austria provides about 40% of its energy requirements, but another 33% is oil from OPEC sources. The U.S.S.R. supplies natural gas.

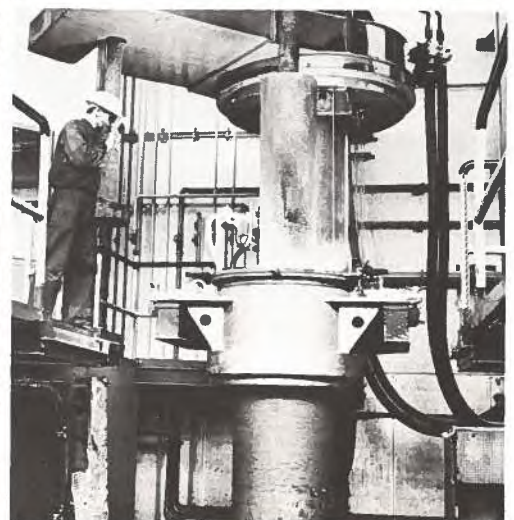
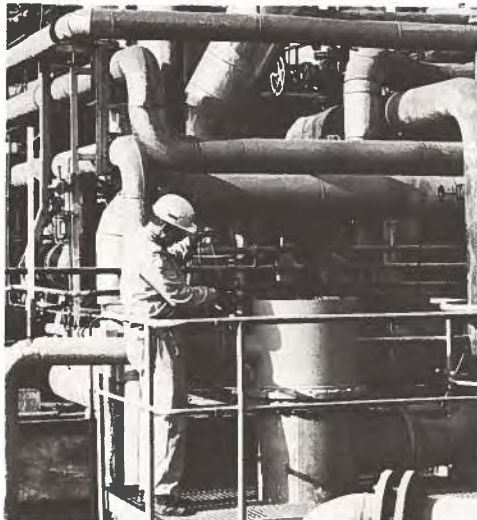
Despite past and predicted improvements in exports, the trade deficit continues to widen, hence the current "Buy Austrian" campaign.

Canadian sales to Austria will likely follow traditional patterns: about half as pulp, asbestos, and ores, and the balance distributed over a variety of manufactured goods. The market is small, sophisticated, and closely tied to German and other EEC sources. Having made that point, Canadian exporters should participate, appointing active and competent agents who know the contacts as well as the ropes.

*Geo. Hazen,
Commercial Counsellor,
Vienna*

Occupying an area only slightly larger than New Brunswick, Austria has 7,703,000 citizens. Although one third of the working population is in industry (iron and steel, textiles, machinery, paper and pulp) and 12% in forestry and agriculture, the main source of foreign earnings is tourism — thanks to the scenic Austrian Tyrol, the Blue Danube and such legendary figures as Haydn, Mozart, Schubert and Johann Strauss. And Vienna is the home of the engine that powers Skidoo snowmobiles and motorcycles.

photos: Austrian Embassy, Ottawa



Belgium/Luxembourg

Record 1976, a better 1977

Although 1976 proved to be a disappointing year for the Belgian and Luxembourg economies, Canadian exports to this market reached a new high of \$477 million, an increase of 26.6% over 1975. Thus, Belgium/Luxembourg has become the fourth most important market for Canadian exporters in the European Community, after the United Kingdom, West Germany and Italy.

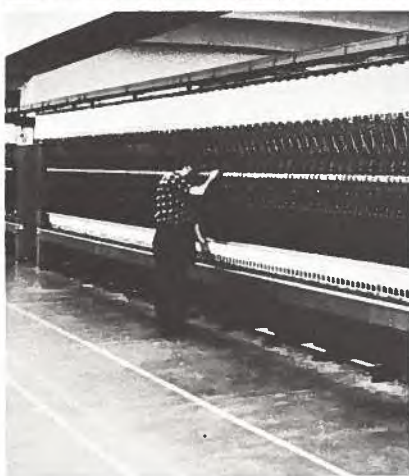
The economic recovery which got underway in 1975 did not live up to expectations and a weakening in business conditions became apparent about mid-1976. After a sharp rise in industrial production in the first half of the year, the index has been on a gradual downward trend. Improved foreign demand (particularly important to the Belgian economy, since exports account for about 50% of GNP) and larger expenditures by the public sector provided the main boosts to the economy. Unemployment continued to rise throughout the year and is now about 7% of the labour force. On the other hand, one of the most positive aspects of the Belgian economy has been the marked deceleration in consumer prices from 11% on a year to year basis in December 1975 to 7.6% in December 1976.

As for 1977, current forecasts indicate an expected real growth of about 3% in GNP, about the same as in 1976. Exports will be the mainstay of the Belgian economy. The tendency for consumer prices to decelerate should continue, although unemployment is unlikely to lessen substantially, at least in early 1977.

Exports and imports both increased by about 20% in 1976, a noteworthy performance compared with other industrialized countries. Canadian statistics indicate that the 26% growth in Canadian exports to Belgium/Luxembourg in 1976 was the best improvement in any of Canada's major markets in Western Europe.

Approximately half of Canadian exports were fabricated materials and end-products. Growth items included fish and shellfish, tobacco, asbestos, lumber (both hardwood and softwood), wood-pulp, linerboard, insecticides, steel sheet and strip, copper refinery shapes, textile machinery, TV transmission equipment and telecommunication equipment, navigational instruments and antibiotics.

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



Canadian exports to Belgium/Luxembourg (combined population less than 10½ million) improved by 21% in 1976. Luxembourg measures 50 miles by 36 miles, has fairytale castles that attract millions of tourists and ranks among the world's top steel producers. The economic health of two main Luxembourg industries — chemicals and textiles — is largely dependent upon the cost of imports.

photos: Belgium Embassy, Ottawa

Bolivia

Fast growing economy

Bolivia, historically known as a land of political turmoil and "golpes de estado", has in the last six years proved to be one of the fastest growing nations in the southern hemisphere.

Since August 1971, when the military Government of General Hugo Banzer Suárez took over, Bolivia — with a population of 4.9 million and an area slightly larger than Ontario — has experienced a significant change. By combining their efforts, the private and public sectors managed to raise the gross domestic product growth rate in 1976 to 6.9%, while keeping inflation at 12%. The Bolivian peso's parity of \$b20 to the U.S. dollar has been maintained since October 1972, and currency transactions are absolutely free of any exchange control.

Due to constantly increasing exports of oil and gas, Bolivia enjoys a favourable trade balance and the ratio of external debt to exports (17.6% in 1976) is kept within IMF limits.

In May, the World Bank will hold in Paris a consultative meeting, during which the Bolivian Government will present a number of major projects listed in a recently published Five Year Plan (1976-80). The main thrust will be the mining/metallurgical, hydrocarbons, and agro-industrial sectors.

The world's second largest tin producer and traditional exporter of mineral concentrates is now looking at complete product integration. There are plans for a 100,000-ton electrolytic zinc refinery and new tin, antimony and copper smelting plants under the responsibility of Enaf, the state smelting organization. Sidersa, the state steel company, taking advantage of large iron ore deposits at Mutún, close to the Brazilian border, is aiming to produce three million tons of sponge iron and 300,000 tons of flat products by the early 1980s. The hydroelectric and irrigation sectors are active, with Canadian companies participating in the development of large projects, from feasibility studies to the expansion stages. Although Canada does not have a mission in Bolivia, trade commissioners from Lima spend an average of seven to ten days each month in La Paz, and occasionally in Cochabamba and Santa Cruz.

*J.D. Leach,
Commercial Secretary,
Lima*

Brazil

Meeting that awful coffee bill

Canadian trade promotion was given a strong boost in January. Don Jamieson, Secretary of State for External Affairs, led a delegation to Brasilia, Sao Paulo and Rio de Janeiro. The visit to Brazil had important economic significance in the following areas:

1. Canadian Government support was thrown behind efforts to win major turbine/generator and transmission contracts for Itaipu, the world's largest hydroelectric plant, now under construction in Southern Brazil.
2. Kaiser of British Columbia and CVRD (Brazil's largest iron ore mining company) signed a letter of intent for the latter to invest in coal mine development in British Columbia.
3. Linked with the CVRD/Kaiser deal were concrete plans for increasing Brazilian imports of Canadian coking coal.
4. Canada's interest in obtaining consulting and equipment contracts for the new Sao Paulo airport were directed to the highest level.

5. There were discussions on collaborative financing agreements between the Export Development Corporation (EDC) and the Brazilian Government financing agencies.

It is a propitious start to a year in which we hope to top the 1976 total of \$327 million in Canadian sales.

The big news in Brazil in recent months has been, of course, coffee. Current prices are more than four times what they were at the beginning of 1976. Add the export price of soyabean and it's not difficult to accept the argument that Brazil will balance its trading accounts in 1977. Last year the deficit was \$2.2 billion despite a 17% improvement in exports. Inflation reached 46.3%, and during the first quarter of 1977 it averaged 3% per month.

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

Rio de Janeiro

Increasing national content

While trade is restricted by current import policies and cutbacks in public spending, opportunities do exist for Canadian companies willing to consider joint venture and licensing arrangements.

In the hydroelectric sector, the trend is towards increased local manufacturing content (presently 75%, and expected to reach 95% by 1990). However, there are requirements for stringing equipment, generator and turbine parts, relays and other sophisticated switchgear components, and extra high voltage substation systems.

In transportation, Brazil is looking at mass transportation as a solution to energy problems and plans are underway to expand and modernize the railway export corridor from the interior to coastal ports in Rio and Espirito Santo. CVRD's massive Carajas iron ore project in the northeast will also require its own railway to bring iron ore to the sea. Opportunities exist, therefore, for the production of rail equipment in Brazil (through joint ventures) and also for sophisticated telecommunication and signalling equipment.

The 1,456-ton granite-concrete statue of Christ the Redeemer towers 120 feet above the 2,400-foot Corcovado and commands a breathtaking view of Rio de Janeiro.

photos: Brazilian Embassy, Ottawa



The Brazilian Government is offering special incentives to increase the pace of mineral exploration. Mining companies, lead by CVRD, have their headquarters in Rio. There is a sales potential for sophisticated mining and geophysical equipment.

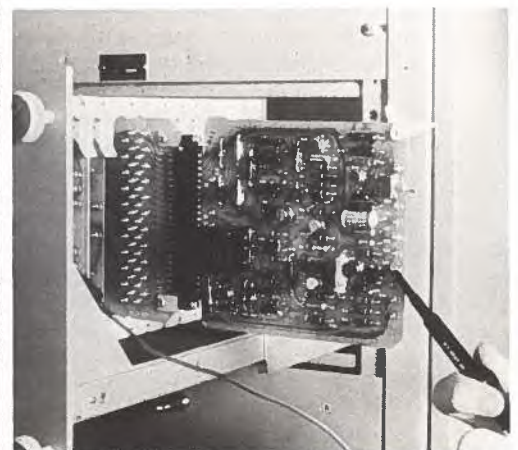
Until recently, Canada was not an active supplier to Petrobras, the state oil monopoly. The Consulate is now encouraging greater participation by Canadian firms in Petrobras activities, covering oil exploration, chemicals and fertilizers (annual import bill in excess of U.S.\$100 million).

Although Brazil has a rapidly developing electronics industry, component parts continue to be imported. The government is studying the creation of a domestic components industry, which should interest Canadian firms.

Within this territory, several companies are extremely active in the area of reforestation and cellulose production. Many of these projects are now nearing completion, but two are still on the drawing board and may eventually be open to Canadian equipment (CVRD's Flonibra Project in Espirito Santo and the Torras Project in Bahia).

Although Brazil reputedly has the world's eighth largest shipbuilding industry and substantial in-house expertise, the international marine exhibition, RIOMAR, to be held in Rio in October 1977, could be a showplace for Canadians.

*R.B. Blake,
Consul and Senior Trade
Commissioner,
Rio de Janeiro*



Sao Paulo

Two-way traffic

The first quarter of 1977 was characterized by an encouraging flow of businessmen between Sao Paulo and Canada. The back and forth movement concentrated on industrial import-substitution and infrastructure projects for which Canadian expertise is welcomed by architects of the Brazilian economy. In February, representatives of a major forest products company visited Canada with a view to purchasing \$15-\$20 million of equipment. During the same month, MacMillan Bloedel directors took another step towards getting into the newsprint business in Brazil by undertaking a fact-finding tour of the south. The boom in the Brazilian pulp and paper industry has also attracted the attention of the Canadian Pulp and Paper Association, whose Vice President made an exploratory visit in March. The same month brought an Ontario Government mission.

In line with Brazil's efforts to reduce petroleum consumption through greater use of mass transit, a high-level group of Sao Paulo state officials visited Toronto and Montreal in January. Their visit was returned in March, when a group of Canadian urban transportation experts representing both the government and private sectors came to Sao Paulo.

Canadian attempts to obtain contracts for the new \$500 million Sao Paulo airport project also intensified during the first quarter, as did a private sector follow-up to the opportunities unveiled at the 1976 Brazil-Canada railroad symposium.

Some of the trade promotion efforts of 1976 bore fruit, as attested by:

A Dominion Engineering Works sale of four hydroelectric turbine generator sets to Eletrosul for their Salto Santiago project. Worth \$15 million, this contract will include \$3-\$5 million of exports from Canada, the rest by GE do Brasil.

A sale by DEVCO of 22,000 metric tons of coking coal to COSIPA, the Sao Paulo state steel company.

Multimillion dollar orders for stainless steel for Atlas Steels. With a view to identifying more such deals, Rick Kohler, Consul and Trade Commissioner, visited the states of Parana, Santa Catarina and Rio Grande do Sul in January.

Markets look promising for swine, desalination plants and possibly coal fired power plants.

*J.P. Bell,
Consul and Senior Trade
Commissioner,
Sao Paulo*

photos: Brazilian Embassy, Ottawa



Britain

Energy brightens the gloom

Although the United Kingdom market shows signs of improvement in some areas, the overall outlook for our traditional exports remains sombre. Nonetheless, there are brighter business expectations.

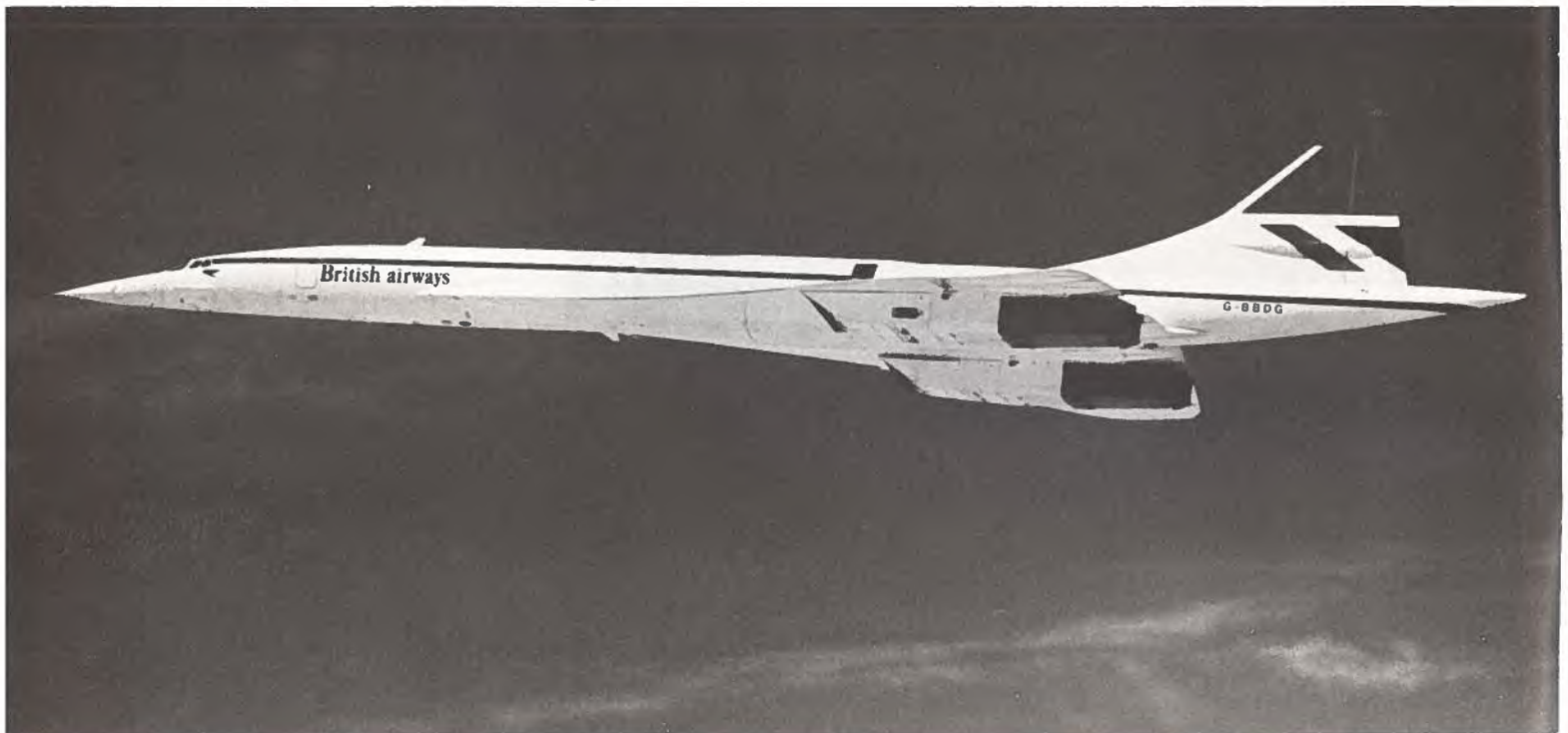
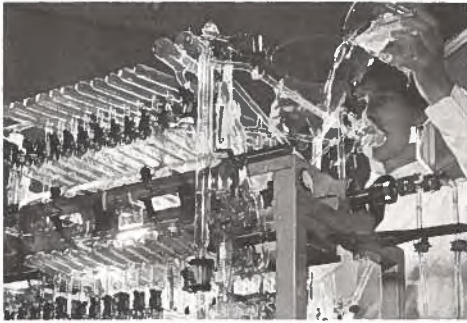
It is true that our competitive disadvantage becomes more acute in respect to traditional agricultural exports as a result of the U.K. harmonizing its tariff and import policies with those of the EEC. But there are some promising signs. The Commercial Division in London envisages a demand for institutional foods, Canadian special-

ty products and bulk packs of fruit and vegetables for further processing.

The best prospects are in the energy field. There are still good opportunities for Canadians in the Continental Shelf, although Whitehall keeps pressing for the involvement of British companies. The promising areas within the energy field include the planned gas-gathering pipeline system, for which vast quantities of steel pipe will be required.

In the metals and minerals sectors, the brightest spots seem to be in aluminum and asbestos, even though concerted efforts are being made to substitute other materials.

Britain's do-it-yourself market is expanding, and we are anxious to assist Canadian firms in establishing wood



specialties, builder's hardware and similar items for sale through these specialized outlets.

There is a strong demand for prefabricated houses for Third World countries — particularly in Africa and the Middle East — which are supplied through British prime contractors. The Commercial Division in London is encouraging British firms to consider Canada as a source of prefabricated homes, kitchen cabinets, furniture and fittings. Such ancillary items would also be ideal for high rise apartment buildings, hotels and tourist facilities.

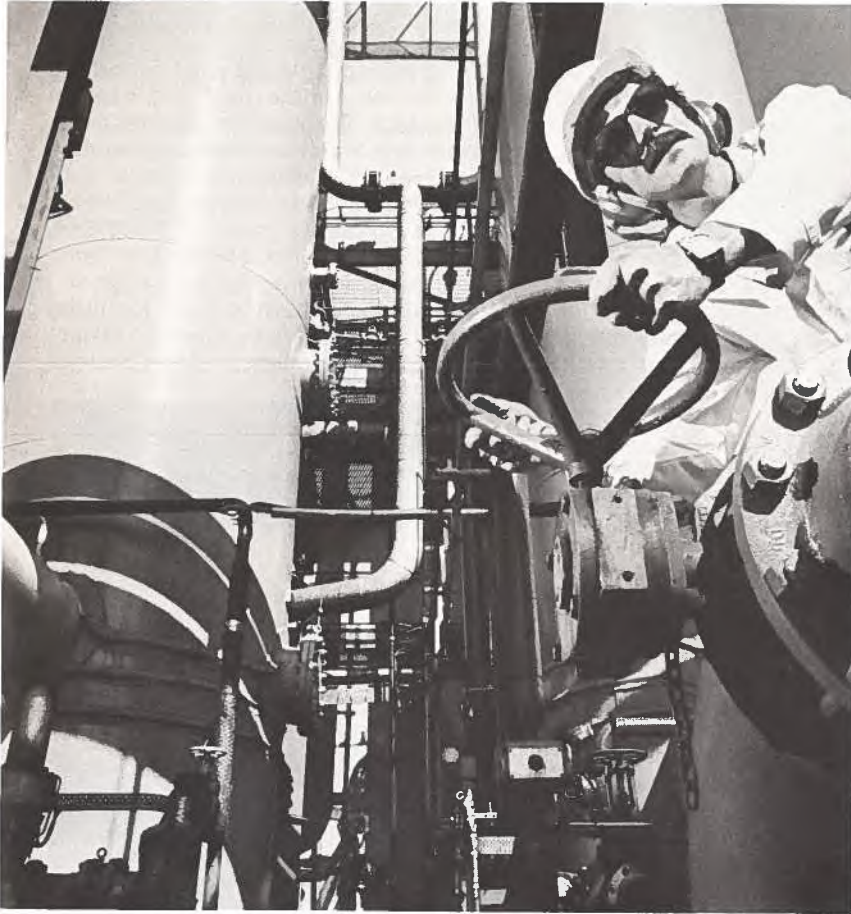
Our traditional exports will show little if any improvement over 1976. The British construction industry remains at a low ebb, affecting our prospects in softwood lumber and plywood. Conditions may improve for newsprint and bleached Kraft pulp, but Canada faces severe competition

for other grades of pulp and paper from Scandinavia and the United States.

Canadian electronic component manufacturers are getting established in this market. Semiconductors, integrated circuits and components for data transmission typify opportunities that present themselves.

With buying power weakening, the outlook generally for consumer goods is not promising. Clothing of all kinds has shown a marked drop, with the exception of high fashion fur garments and specialty winter wear.

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



Although labour and economic problems continue to dominate press stories emanating from the U.K., a close study of international trade publications reveals that British scientists and industrial technologists are major contributors of new products, improved manufacturing techniques and sophisticated production systems. The "backroom boys" as they were tagged during World War II, are now sharing their knowledge with European (EEC) technologists, and in doing so creating a storehouse of expertise which serves the world's largest trading unit. The gross domestic product of the European Economic Community is almost as great as that of the United States.

photos: British High Commission, Ottawa

Bulgaria

Housing main target

The 1977 phase of the current Five Year Plan sets more modest production targets than originally estimated, yet it still aims at significant economic progress. In foreign trade, Bulgaria plans to spend \$8 billion on Western plant and equipment during 1976-80.

Of prime importance to Canadian exporters are those areas in which promotional efforts should be concentrated.

Housing construction is a main target. The Five Year Plan aims at the incredible total of 100,000 units per year. That achievement calls for advanced construction and materials production systems.

Industrial growth will depend upon the modernization and enlargement of existing facilities rather than on the importation of whole plants. This could stimulate sales of smaller machinery units, plant electricals, materials handling systems and new technologies.

Perhaps the realization that man has little control over the weather has persuaded Bulgaria to establish more modest programs for agriculture. Difficulties in producing sufficient animal fodder resulted in a higher slaughter rate last year. This sector presents possibly the most interesting possibilities for Canada's

small to medium-sized implement and feed machinery manufacturers. Some success has already been achieved with shipments of frozen cattle semen, and good opportunities exist for sales of beef and dairy cattle.

Bulgaria shipbuilding prospers and Canadian suppliers of marine equipment and components should establish direct contact with Korabo Impex at Varna.

Telecommunications is entering an exciting era. Bulgaria is gaining recognition as an important international switching centre for the Middle East and Eastern and Western Europe. Telephone, telex and satellite communications facilities will be involved in future developments.

Public announcements forecast further growth in Bulgaria's trade with U.S.S.R., perhaps at the expense of Western industrialized countries. Foreign exchange will likely continue in tight supply, resulting in intensified pressure on Western sellers to accept some payment in offset trade of one form or another.

*Geo. Hazen,
Commercial Counsellor,
Vienna, Austria*

Eastern Caribbean

Trinidad and Tobago buoyant

Economic problems in most Eastern Caribbean countries, with the notable exception of Trinidad and Tobago, do not appear to have dampened Canadian interest in this market. In the first quarter of 1977, representatives of more than 75 Canadian companies visited the territory. Goods and services offered included everything from fish and chips to financial and engineering services. It is a challenging market, with many opportunities for those who make a real effort. Last year Canadian exports to the area exceeded Cdn. \$80 million.

Trinidad and Tobago offer the best opportunities because of the very healthy state of the economy. As a result of a large increase in oil revenues, current foreign reserves are in excess of Cdn. \$1 billion. Planned government expenditure on major capital projects exceeds Cdn. \$2.5 million. The projects include an iron and steel complex, a new port facility, new hospitals and schools, a petrochemical complex, expansion of the existing cement plant, improvements to highways, an increase in electrical generating

capacity, and new and improved water and sewerage facilities. Several Canadian companies are among the bidders and four have already been successful in obtaining contracts.

A real increase in disposable income has resulted in a greater demand for consumer goods. This has more than offset restrictions on imports of items now being produced in CARICOM. Many Canadian companies are active in this field and are receiving sizeable orders.

Barbados economy is reasonably buoyant, due primarily to improvement in the 1976/77 tourist trade. The market for Canadian products continues to be good. A number of capital projects are being planned by the government. These include a sewerage system, a cement plant and a technical school.

Guyana has serious economic problems because of poor sugar and rice crops, as well as a reduction in the world demand for bauxite. As a result, imports are restricted from CARICOM countries. Canadian exports may drop by 25%-50% in 1977, and no improvement is expected before mid-1978.



Surinam, formerly Dutch Guiana, on the northeast coast of South America, has an area approximately three times that of Nova Scotia. Nearly half the population, 384,900, live in or near Paramaribo, the capital.

Other islands in this group include Montserrat, St. Kitts, Nevis and Anguilla. St. Kitts was the first of the British West Indian islands to be settled — in 1623, by Thomas Warner.



Surinam offers modest opportunities for companies which make an effort to develop this market. The economy, supported by Dutch aid funds, is satisfactory and the long-term potential looks good. Projects to develop the country's natural resources are in the planning stage.

Leeward and Windward Islands currently offer only a limited market for Canadian food products and consumer goods due to the depressed state of their economies. However, there will be some good opportunities to participate in joint ventures aimed at establishing new industries in the islands.

*J.E. Cooper,
Commercial Counsellor,
Port-of-Spain*

Chile

Market in motion



With the world spotlight sharply focused on Chilean politics, there is a tendency to overlook the economic plight of 10,942,000 citizens, whose foreign debts exceed an estimated \$4 billion. The main exports are natural nitrate (leading world supplier), copper (No. 3 in the international ratings) and iodine.

Boasting some of the highest mountains in the Western Hemisphere, Chile may see happier days and attract skiers to some of the world's finest slopes — and wonderful wines.

Because its geography and climate are similar to ours, Chile is both a commercial ally and potential competitor. But the South American country lacks capital to develop its resource industries — particularly mining and forestry — and has yet to emerge as a serious rival to Canadian companies.

Our major export to Chile has been mining equipment. The main customer, Corporación del Cobre-Chile (CODELCO), has now been reorganized and, besides operating the largest open pit copper mine (Chuquibambilla) and the largest underground copper mine (El Teniente), is also the largest company in the world devoted to copper production.

Chile's larger copper mines were originally developed by American companies, which explains why Canadian sales represent only 2% of the U.S.\$250 million spent annually by Chilean mining operators. On the other hand, Canadian suppliers of equipment and services to Chilean forest industries have historically achieved proportionately greater success, with at least some Canadian participation in all local pulp mills and in both newsprint mills.

Canadian technology in the telecommunications, electrical power production and transmission fields has been recognized by local utilities, which have a highly developed national expertise. Less well known is Canadian experience in fisheries, and Chilean requirements in technology, equipment and capital have not been pursued to any extent by Canadian firms.

Canada has become a traditional supplier of asbestos, papermakers felts, aluminum and firebricks and could very well be developing a similar position in respect to potash and sulphur. The proportion of Canadian exports which result from intra-company operations appears to be on the upswing. Particularly evident in this regard are auto parts, agricultural machinery, computing equipment and firebricks.

The general complexion of Canadian trade with Chile has experienced many shifts during the 1970s. With Chilean tariff walls being broken down (as of January 1977 the average is 22.4%, with two more reductions programmed), the terms of trade with Chile are returning to the principle of comparative advantage — which is largely unknown amongst developing countries bent upon protecting their own industries. Further shifts in Chilean trading patterns can be expected during the rationalization period.

What does all this mean for Canada? Some of our traditional exports will continue to find a market in Chile, but others will be replaced by those in which the Canadian enjoys a comparative advantage over the Chilean product or service.

*J.N. Grantham,
Commercial Secretary,
Santiago*

People's Republic of China

Busy, busy, busy

Trade activities during the first quarter of 1977 include:

1. Sale of Canadian Marconi satellite positioning equipment — contract signed.
2. Sale of geophysical survey equipment, Scintrex, Geonics — contracts signed.
3. De Havilland aircraft — final negotiating stages.
4. Sulphur, 60,000 tons, Cansulex — contracts signed.
5. Wheat, 2.25 million tons, Canadian Wheat Board — contracts signed.

The death of Premier Chou En-lai, the dismissal of his hand-picked successor Teng Hsiao-ping, the economic disruption of the Tangshan earthquake, the death of Chairman Mao Tse-tung, the thwarting of Madame Mao and her radicals' efforts to seize power, and the emergence of a moderate group led by Chairman Hua Kuo-feng, crowded China's 1976 calendar. This year shows promise of less dramatic but still important developments.

A series of national meetings will decide what action should be taken to speed up economic development. Meetings thus far have dealt with agriculture, coal production, oil, light industry, railway transport and defence production. Chairman Mao's 1956

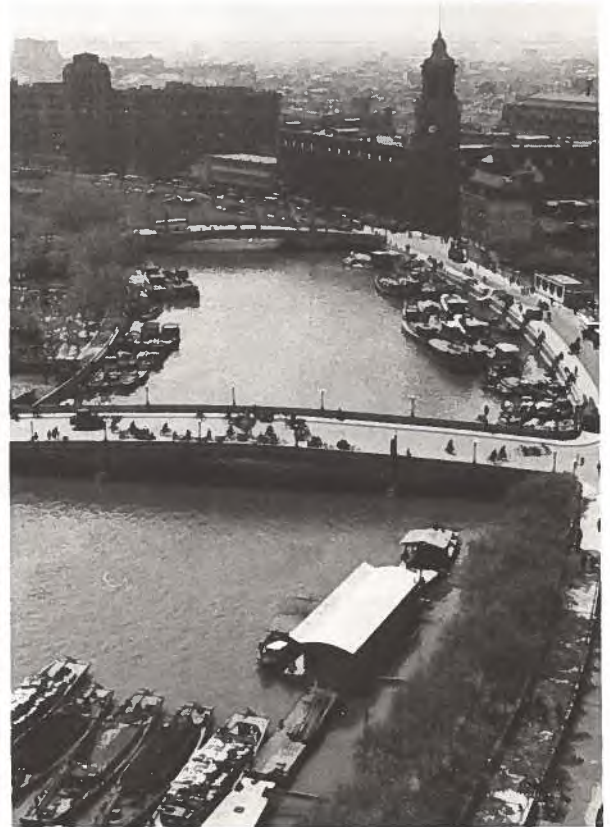
speech, "On the ten major relationships" is being used to justify greater emphasis on technological expertise rather than correct political thought.

Goals remain unchanged from Premier Chou En-lai's original plan: the mechanization of agriculture complemented by the development of industry. In pursuing these aims, China will require high-technology imports, especially those which produce import-substitutes and add to the country's technology. China will continue to buy the latest technology. And in those areas where Canada is recognized as a leading supplier, there should be many interesting opportunities. The products include STOL aircraft, geophysical survey equipment and some types of communications equipment. Of course, Canada continues its role as a traditional supplier of wheat, wood pulp, sulphur, nickel and aluminum. The demand for some of these raw and semi-finished materials will undoubtedly grow as the Chinese economy gains fresh momentum.

*H. Cummer,
Commercial Secretary,
Peking*

The De Havilland Twin Otter, this photograph taken in the high Arctic, may soon be flying in the colours of the People's Republic of China. The science of aeronautics owes little to the Chinese, but the society that goes back 4,000 years gave the world silk, paper, the first printing press, porcelain . . . and gunpowder.

Although only slightly smaller than Canada (3,851,791 square miles), China (3,705,390 square miles) has a population of 854,306,000. The 1977 World Book Year Book puts People's Republic of China imports at \$7,400 million, exports \$6,300 million.



Colombia

Cream in the coffee

Coffee piled up cash reserves of more than \$1.2 billion for Colombia in 1976. Canadian exports to the coffee-rich country improved by 42%, due mainly to power generation, transportation and telecommunications equipment. While the two are not necessarily connected, growth rates such as these confirm the vitality of this economy.

Canadian companies pursuing capital projects find the highly centralized planning system (Department of Planning) to be very helpful in allowing them to select projects which offer the best opportunities. Local taxation regulations make selling difficult except for highly specialized consulting services, but sales prospects are bright for a wide range of equipment. The country's 1976/78 budget includes expenditures as follows:

By Colombian law, all sales to government organizations must go through a legally appointed agent. Many successful exporters have determined that a local agent is important for commercial sales as well.

The largest single Canadian sale to Colombia in the first quarter of 1977 was for \$10 million worth of power generating equipment. Financing was by the Export Development Corporation and the Royal Bank of Canada.

Canadian exporters should set their sights on Bogota International Trade Fair, which will be staged in July 1978. Reputed to be the largest show of its kind in South America, it attracts visitors from all Latin American countries and is an excellent promotion vehicle for a wide range of industrial products.

	Total Cost	External Financed Portion
Energy	U.S.\$ 1,270 million	896.6 million
Transportation	161.2 million	113.2 million
Communications	208.4 million	131.7 million

Competition is strong, particularly from countries which combine aid money with conventional export credits to produce extremely attractive export financing.

Because of vigorous on-site sales, less than 2% of the imported equipment shown at the Fair is re-exported.

*E.C.H. Shelly,
Commercial Secretary,
Bogota*

Costa Rica

Trade in triplicate

Many Canadian companies are actively engaged in enhancing Canada's image as a reliable provider of goods and services to Costa Rica, Nicaragua and Panama.

Opportunities fall into several broad categories. Tourist and hotel projects on a grand scale in all three countries require design and construction expertise. It includes furnishings, fixtures and equipment, and extends to the field of management training. The regular appearance of representatives of Canadian companies helps to increase the awareness and popularity of Canadian goods and services in this field.

Opportunities for technical and engineering consulting services continue to open as the Central American countries strive to improve their transportation systems — road and rail, passenger and freight. Other areas to note are Central America's communication systems and the need for power and water to rural areas.

Each of the three countries is also exploring the deployment of its forest resources, which opens the way for experts in forestry technology. Feasibility studies are underway in Costa Rica and Panama, and in the planning stages in Nicaragua, and it is hoped that Canadian firms will be able to take advantage of integrated forestry projects in each country.

Concern for health and sanitation is widespread in Central America, again presenting opportunities, through public tender, for medical technology, sanitation expertise and pharmaceutical supplies. Recent sales of Canadian polio vaccines have been well publicized in Costa Rica and have done much for Canada's image.

*J.H. Treleaven,
Commercial Secretary,
San José*

Cuba

Long-term contracting

The 1970s may go down in history as the decade in which ordinary folk became aware of a simple truth known to pioneer settlers in North America: namely, that sugar, flour, coffee and gasoline have barter values that escalate their normal market price. Cuba needs oil, the cost of which OPEC countries have been boosting since 1972. Cuba depends upon sugar for 72% of its export earnings. As world sugar prices rise, the greater is Cuba's purchasing power.

Canada has developed an excellent market in Cuba, with exports climbing from \$58 million in 1972 to \$258 million in 1976. At some point in the future we will face U.S. competition, but many Canadian firms are now well established in the market and, in some cases, have secured medium and long-term contracts.

The outlook for Canadian trade with Cuba is bright. A major reorganization of all ministries and agencies is in its final stages; a national inventory of resources

and equipment has been completed and purchasing plans for the year are being finalized. The price of sugar on world markets has stabilized and prospects for an international sugar agreement, sometime this year, are relatively good. The shipping difficulties which affected shipments to Cuba during the second half of 1976 have been resolved, mainly by rescheduling deliveries over 1977.

The five-year development plan which was originally scheduled for publication in 1975 was revised on several occasions and has not yet been made public. Because of the economic situation, no new major contracts for industrial plants or projects are likely to be signed until early 1978. However, this does not preclude 1977 negotiations on pending projects.

The emphasis over the next two or three years will be in the development of sugar, citrus, mining and tourism. Hotel and mining developments, in particular, offer good possibilities. The Cuban authorities, in an effort to find an alternative to development projects on a turnkey basis, are considering a number of options, including production-sharing agreements, as well as some types of joint ventures involving foreign investments (though not direct ownership).

*S.F. Pattee,
Commercial Secretary,
Havana*



Cyprus

Massive rebuilding program

Family snapshot albums trace Nature's gradual life cycle, but political turmoil can transform in a twinkling great cities, scenic landscapes, and even picturesque seaside villages. This shot of Kyrenia, on the north coast of Cyprus, was taken before the 1974 conflict. What hasn't changed is the weather. Cool August breezes here in Kyrenia, yet less than 20 miles south, in Nicosia, the capital, afternoon temperatures can soar to 110°, and in the late evening sandflies bite viciously.



In Cyprus, the government is rapidly developing plans to revitalize the economy and reestablish infrastructural facilities damaged or destroyed during the Island's internal troubles.

In transportation, projects are underway for extensions and improvements to the existing harbours at Limassol and Larnaca. A contract has been awarded for the design and planning of a new international airport at Larnaca and there is a demand for a considerable number of trucks. The Cyprus Development Bank has various industrial projects in the advanced planning stages and, if the political situation remains stable or improves, substantial investment in tourism infrastructure can be expected before long.

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

Denmark

Demand for consumer and capital goods

Smaller than Nova Scotia, virtually devoid of mineral wealth and hemmed in by industrial giants, yet Denmark provides its 5,080,000 citizens with a standard of living that is the envy of many countries rich in natural resources. Danish furniture and Danish pipe tobacco have earned world renown, yet both categories rely upon imported products. And Denmark doesn't make automobiles, one of the cornerstones of North American prosperity. The answer? Human resourcefulness and ingenuity, and aggressive marketing.

photos: Danish Embassy, Ottawa

During 1976, Denmark had a substantial growth in the domestic demand for both consumer and capital goods. There was also a healthy export market for Danish products and services. From September 1975 to February 1976, the VAT of 15% was reduced to 9.25%. This produced very high sales of consumer goods. The spending spree tended to continue long after the VAT was returned to the normal 15%, but eased as new excise taxes levied in the fall started to make their presence felt. Aids to house building increased construction completions — up 10% over 1975. Exports of manufactured goods improved by about 7% in constant dollars, but agricultural products declined slightly.

In the final analysis imports were up about 17% making a deficit in the balance of payments of 11,000 million kroner (approximately \$2 million).

Unemployment of registered workers is running around 125,000. Support for the unemployed is sufficiently high to represent a good measure of purchasing power. The consumer price index (up 8.2% in 1975) climbed to 9.5% in 1976.

Because of the large deficit in current account, there were two changes in the discount rate, which ended up at 11% (7.5% at the start of 1976). Mutual foreign exchange rates were adjusted in the EMC, and Denmark's kroner, which was thought to be overvalued, showed unexpected strength.

Canada continues to have a net trade deficit with Denmark and, while Danish and Canadian statistics can be reconciled, there is a wide discrepancy in Canadian exports to Denmark, due primarily to shipments of raw materials through other European ports.



Canadian exports to Denmark grew steadily, from \$9.1 million in 1965 to \$25.6 million in 1975. This figure was achieved during the first 10 months of 1976. The increases from 1974 were due primarily to Canada's exports of petroleum, coal and coal products, which rose from \$1.6 million in 1974 to \$6.7 million in 1975. The figures for the first 10 months of 1976 were slightly in excess of \$9.1 million or 37% of the Canadian total. Other exports include salmon, horsemeat, Irish moss, asbestos, aircraft and parts, navigational apparatus and electronic parts, non-ferrous metals, wood products and motor vehicles and parts.

Canada's imports from Denmark stood at \$20 million in 1965. This increased to \$80.7 million in 1974, dropped to \$78.2 million in 1975, and totalled \$56 million for the first 9 months of 1976.

Furniture and fixtures continue to be the major Danish exports to Canada, followed by fur skins, cheese and dairy products, agricultural machinery and hoisting machinery.

*W. Mackenzie Hall,
Commercial Counsellor,
Copenhagen*

Dominican Republic

Sugar earnings down

Severe electricity shortages which plagued 1976 have now been minimized, but the prospects for sugar exports, which have historically provided more than half the country's foreign revenues, continue to be depressed. The impact of these reduced earnings affects government exchange reserves and revenues, as 60% of sugar production is state owned. Nevertheless, few imports are actually banned. But the Central Bank is forcing more and more importers to provide their own foreign exchange for import purchases. The premium for the required U.S. dollar exchange has risen to over 20% above the official parity level between Dominican pesos and the U.S. dollar and has caused renewed inflationary pressure.

The Canadian commercial presence in the Dominican Republic is strongly felt through the investments of Falconbridge Nickel Mines Ltd. in the \$200 million Falconbridge Dominicana nickel mine and smelter, and the Anglo-Canadian Corporation's ownership of the Campania Dominicana de Telefonos. The Royal Bank of Canada and the Bank of Nova Scotia continue to remain as two of the most prominent banks in the country and are major contributors to the favourable disposition maintained by Dominicans towards doing business with Canadian firms. Canadian exporters of traditional commodity products are expected to continue enjoying this attractive market. Internationally financed projects will offer opportunities to many others.

The 1975 Canadian earnings of Falconbridge Dominica, C. por A. amounted to \$6,102,000. During that year, 2,300,000 dry tons of ore were mined and delivered to the plant. World output of nickel had a remarkable 9.5% growth in 1974-75, but figures for 1976 — 850,000 tons — were only slightly above the previous year. About half the nickel produced is used in alloys with iron, and another quarter goes into high-nickel alloys.



*R.B. Mackenzie
Vice-Consul and Assistant Trade
Commissioner,
San Juan, Puerto Rico*

Ecuador

Black gold

A few years ago, Ecuador's claim to fame as a trading nation rested on bananas, the Panama hat and the hard seeds of kapok trees, from which soft cushion stuffing is made. By 1974, Ecuador oil was earning \$615 million and leading international banks were handing out massive loans to speed industrial development, better roads, education and all the trimmings of the Western way of life. Some transitions have brought political upheaval, but Canadian schoolteachers prefer to remind their charges that in Ecuador one can stand on the Equator and freeze to death (in the Andean Mountains). And, of course, there's Ecuador's Galapagos Islands, home of giant tortoises and lizards, and source of delectable shrimp and tuna.

Although not a major oil producer, Ecuador is an exporter of "black gold", and foreign earnings are invested in employing better ways and means of extracting even more oil. So this is an excellent market for almost anything connected with the petroleum industry. The country is also anxious to expand its modest industrial base and improve living standards.

Some enterprising Canadians are aware of the demand for such things as industrial machinery, off-highway vehicles and telecommunications equipment. With EDC-IADB financing, one Canadian engineering firm recently landed a \$50 million turnkey cement plant project.

The ANDEAN PACT has assigned to Ecuador a series of industries for development, including petrochemicals and automobiles.

By Ecuadorean law, all business with foreign firms must be transacted through

a local agent. The lack of a central government planning agency makes local representation even more important. Bids must be presented by hand (those mailed are usually discarded). Many of the projects now up for bidding are tied into a series of follow-on jobs which could well go to the winner of the first bid. With Ecuadorean Government spending at an all time high, now is the time to look at this market.

*E.C.H. Shelly,
Commercial Secretary,
Bogota, Colombia*

This country is covered by the IT&C Commercial Secretary in Colombia, the neighbouring country, which also offers distinct possibilities for Canadian entrepreneurs.



Fiji

Small but interesting

Canada is the tenth largest supplier to Fiji, recording \$1.1 million in 1976. The largest single import categories were canned sardines (\$188 thousand), sanitary paper (\$172 thousand), non electrical lighting fixture and parts (\$188 thousand), and logging equipment (\$99 thousand).

Relatively high sugar prices, the first national sugar production improvement in close to a decade, and better tourist figures for the Islands should make for greater economic activity during 1977. The November 1976 Budget, designed to stimulate the economy, was welcomed by the business community. However, new tariffs were introduced on cosmetics, toiletries, soaps, detergents, garments, table linen, footwear and liquors to encourage import substitution and give more protection to local manufacturers.

Canadian companies earned only \$1.1 million in Fiji last year, but the population of the 300-Island group totals less than 600,000, and Suva, the capital, has fewer than 70,000 citizens. Located approximately 1,100 miles north of New Zealand, the Fiji Islands are famous for exotic dishes made from ralse taro, cassava, breadfruit and yams. But on feast days and holidays, what better than canned sardines — from Canada, naturally. And to wash them down, a ceremonial root concoction made from yagona sweetened with local sugar cane (the main export).

Although a market of only 700,000, Fiji offers considerable potential to Canadian suppliers of canned fish, foodstuffs and paper products. Current projects, including the Koro Dam and the Fiji Pines, may offer opportunities for Canadian companies to supply construction, industrial and support equipment. Development of the pine plantations and plans to build a chip mill at Lautoka in 1980 point to increased activity in the forestry sector and a strong but limited demand for spars, skidders, logging grapples and other harvesting equipment.

Shipping between Canada and Fiji is not operated on a regularly scheduled basis, but vessels from Atlantic ports and Vancouver will stop at Suva on their scheduled routes to New Zealand and Australia. Transshipment via Auckland, Sydney and Melbourne to small Island freighters is also common practice. Most Canadian freight companies operating services to Australia and New Zealand can organize shipment to Fiji without difficulty.

*D.A.B. Marshall,
Commercial Counsellor,
Wellington, New Zealand*



Finland

Tight cash rules

In common with the Yukon and the Northwest Territories, Finland lies north of the 60° parallel; but its winters, though hard, are less severe than in northern Canada because of warm air from the Gulf Stream and the Baltic Sea. This explains why the density of population — 4,700,000 — is higher than in other Arctic regions. Helsinki, the capital (population 870,000), is becoming a favourite port of call for Canadian businessmen. They are assured a warm welcome, and with Finland spending \$7 billion annually in foreign markets, the chances of negotiating a contract are good.



During the first quarter, a large new sawmill went into production complete with Canadian band saws which attracted considerable interest in the Finnish industry. And after two years of strenuous marketing efforts a Canadian supplier of electronic process control equipment sold two systems and established a firm marketing base.

Despite predicted plant utilization of about 75% capacity this year, Finnish forestry firms are expected to invest in modernization projects in the near future and go ahead with the long range planning of major undertakings.

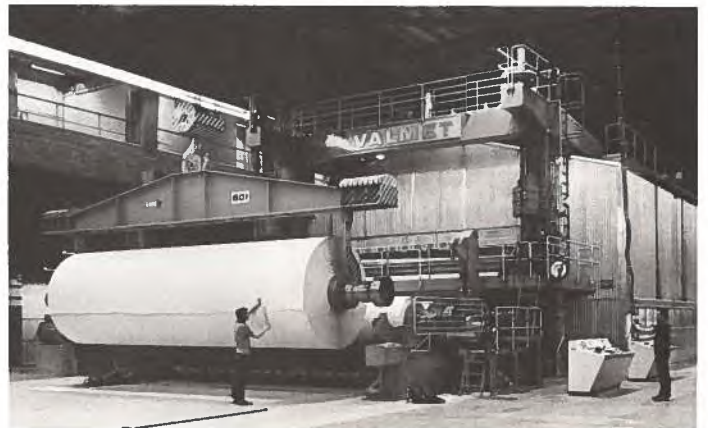
Tobacco, fish, fruit and vegetables continued to sell, with maximum interest in bulk-packed frozen foods.

Hockey enthusiasts are buying more Canadian hockey skates and helmets, and when the next season opens there will also be Canadian sticks and tape. Canadian snowmobiles are already a familiar sight on frozen Finnish lakes, but this summer those same lakes will background Canadian canoes and paddles. And when winter returns, we may even see Finns equipped with snowshoes of Canadian manufacture.

Canadian exporters of specialty building products, chemicals and metals have enjoyed some success, although measures have been enacted to discourage imports. Immediate payment must be made by the importer as soon as the product arrives in Finland. Consequently, cash payment is the norm for approximately one third of the country's imports. This does, of course, limit orders and creates difficulties for smaller importers operating in a tight money market.

Finnish Government encouragement of industrial co-operation with Canada was shown by product licensing discussions and in the planning of three large projects for third markets. An example is the Moscow Airport Project, in which a Finnish-Canadian team of designers, equipment suppliers, construction companies and financiers have been actively pursuing a contract. Such co-operation is becoming more commonplace. Other opportunities are worth pursuing in non-ferrous mineral development and in forest related projects.

*C.R. Donley,
Commercial Secretary,
Helsinki*



photos: Finnish Embassy, Ottawa

France

New impetus to positive trend

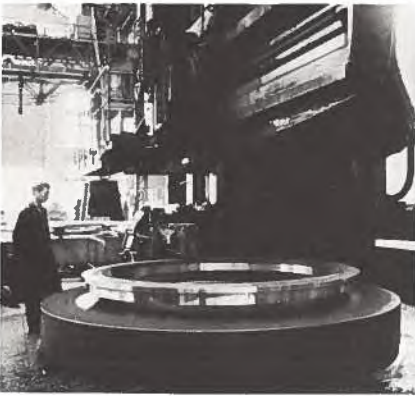
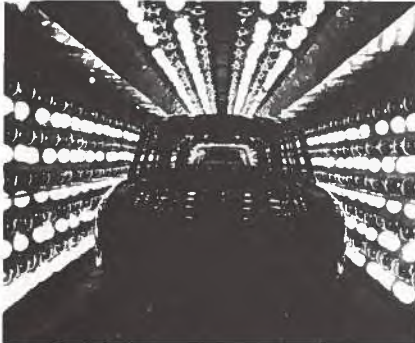
The OECD has endorsed the "Plan Barre" inflation stabilization policy while predicting pressures in France because of uncertain commercial prospects, rising wages and French price controls. Improvement in the current trade balance is expected (1976 deficit: \$6 billion) based on reduced imports, increased offshore sales — especially in the farming sector, hard hit by drought — and a stable franc.

In the face of decelerating industrial activity, the powerful "PATRONAT" (French employers association) has called for new financial measures to improve com-

petitiveness and to stimulate investment and exports. With the exception of a booming automotive sector, many state enterprises are in need of aid.

To promote exports, appeals are being made and \$600 million will be available to medium and small enterprises to encourage new or upgraded activity in this area (it is currently estimated that 1400 firms conduct 80% of France's overseas business).

Well endowed with natural resources, the most productive farmlands in Europe, and with an industrial base closely rivalling West Germany, France has good bedrock on which to continue its "new industrial revolution". The economy is young, planned, yet resilient. With 1975 the slight exception, the rate of investment registered impressive increases, largely as a result of the dominant, stabilizing role of the public sector.



Canadian exports to France climbed by 15% in 1976, reaching almost \$400 million. Total French imports are estimated at approximately \$44 billion.

French architecture, culture, cuisine, ski resorts, Mediterranean playgrounds, battlefields, writers, politicians and generals have had such an impact upon most Europeans and North Americans that it is difficult to evaluate the French connection in terms of dollars and cents, exports and imports, trade and commerce.

Twice in this century Canadian troops have fought shoulder to shoulder with the French poilus, sampled le vin de la region and lost their hearts (momentarily, at any rate) to la femme française.

photos: Diapofilm (Paris)
French Embassy, Cultural Service,
Ottawa



Value of direct Canadian exports to France in 1976 reached almost \$400 million, representing a 15% gain over 1975.

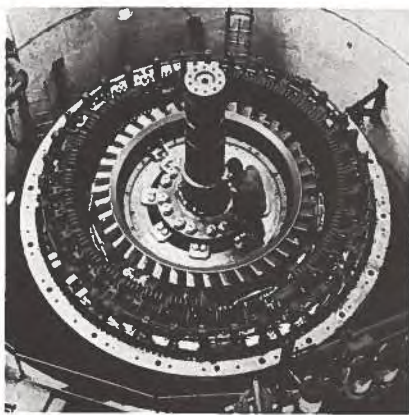
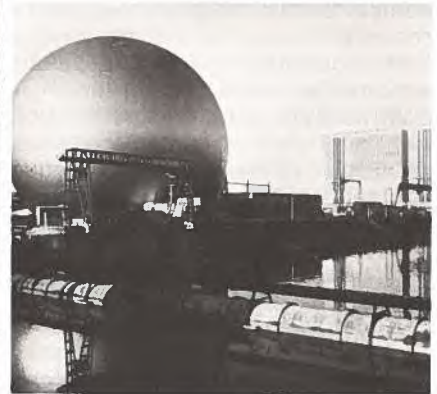
Paris Commercial Section activities for 1977 are geared to adding impetus to this positive trend. Priority will be given to telecommunications and electronics; fishery products; agricultural machinery and transportation equipment; oceanographic equipment. These are sectors in which solid prospects have been identified.

Promotion activity will take place within the framework of the France-Canada Economic Commission, which is set up to identify and develop co-operative prospects between Canadian and French firms at home or in third countries under the "Industrial Co-operation" label. Such activities might include joint ventures, licensing or sub-contracting arrangements, or direct investment in either

country or abroad. A start has already been made in developing French-Canadian initiatives in construction and consulting engineering projects in the Third World.

Official Canadian participation is scheduled for 1977 in Transport EXPO (April), the Paris Air Show (June), and the BATIMAT Construction Show (November). Government assisted exhibitors will also be represented at The Foire de Paris, Prêt-à-Porter (ready-to-wear), Salon International de la Machinerie Agricole, Salon du Cuir, Salon Professionnel de la Quincaillerie and Equip' Hôtel.

*F. Ian Wood,
Minister-Counsellor (Commercial),
Paris*



With American jetliners crowding commercial air routes and Detroit dominating the world's automobile industry, there is some excuse for dismissing the French contribution to aviation and road transport. But the first true automobile was constructed by Nicholas-Joseph Cugnot of Lorraine. It was, in fact, a steam-powered tricycle. In 1769 it ran for 20 minutes at 2.25 miles per hour. And J.J. Senoir of France preceded Carl Benz and Gottlieb Daimler of Germany with an 1862 gasoline-engined 4-wheeler.

Louis Blériot, who amassed a fortune as inventor of automobile lights and accessories, made the first over-the-sea flight, piloting his 25-horsepower monoplane across the English Channel on July 25, 1909 to claim the London Daily Mail £1,000 cheque. Later, he was associated with the design of the Spad fighter, flown by many World War I aces.

Germany (FRG)

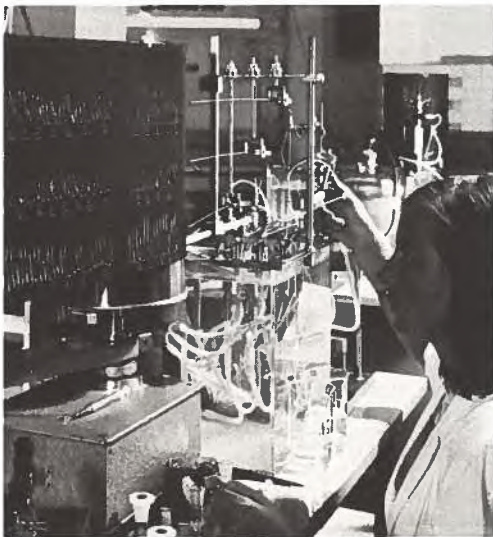
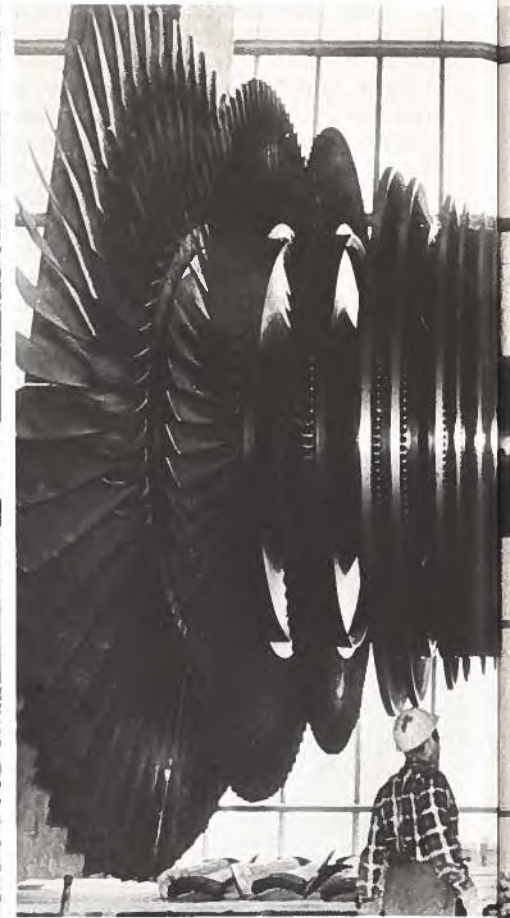
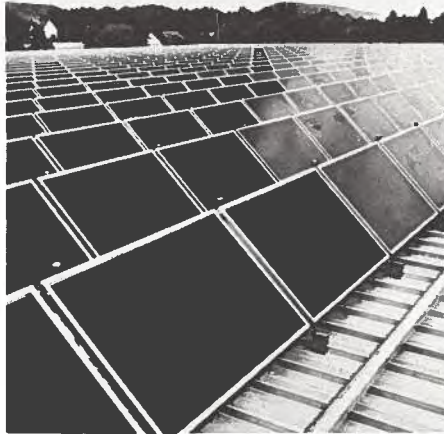
Importance of trade fairs

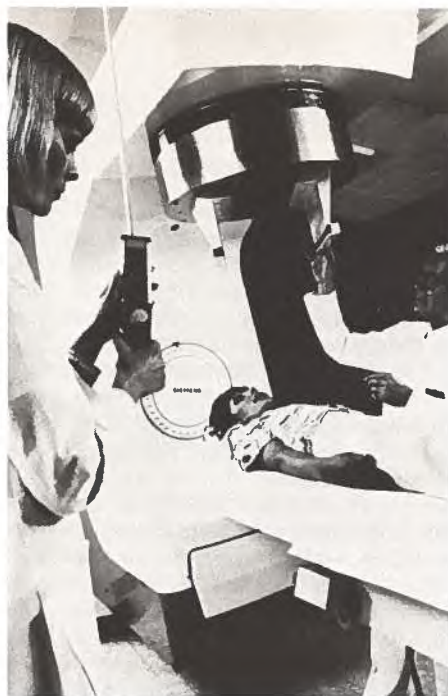
Although funds do not permit participation in all desirable trade fairs, Canada has made a very strong showing and we plan to intensify this program. At the same time, it is important to remember that not all items are susceptible to this sort of promotion. Certain food products and raw materials, although of continuing importance to our export trade, do not benefit from this approach.

A listing of recent trade fair participations gives an indication of where we think much of the opportunity lies. Since January 1, 1976 there has been official Canadian participation in the following shows: International Home Textiles Show (floor coverings, curtains, bedding and other home textiles); International Sporting Goods Show, Munich (all types of sporting goods, with emphasis on winter sports); Frankfurt Book Show; Automechanika (equipment for service, repair and construction of automobiles); Electronica (electronic equipment and components). In addition, there were Canadian information stands at several other important shows.

Without adequate preparation, commitment during the fair, and thorough follow-up, results of trade fair participation can be disappointing. Among the essential ingredients are:

Pre-Fair (a) a clear definition of the objective, e.g. assessment of markets, direct sales, appointment of agents or distributors, etc., (b) appropriate booth design, bearing in mind the high quality of exhibits at European fairs, (c) advance publicity, if possible, (d) personal invitations to identifiable contacts, (e) program of pre-fair calls on important prospects.





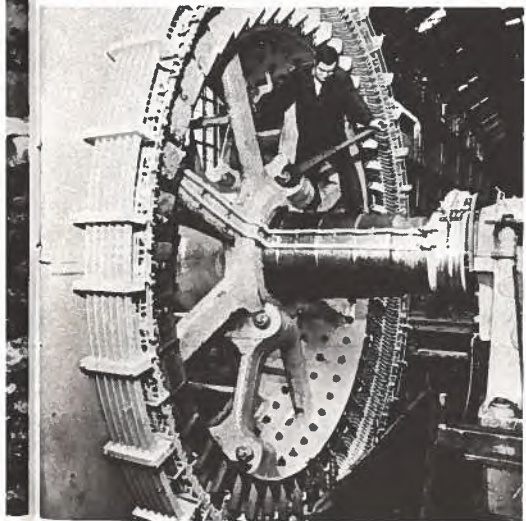
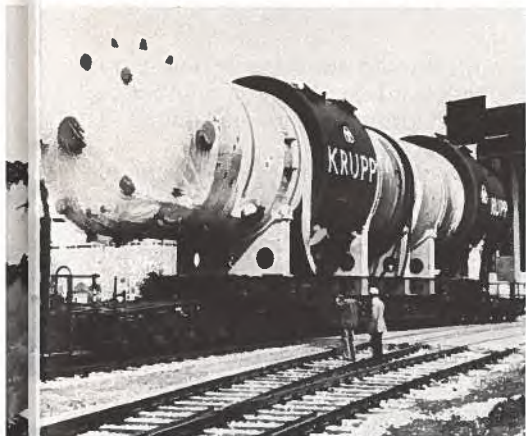
During Fair (a) full-time manning of booth by qualified personnel with access to interpreters with language competence, (b) visits to other exhibitors to assess competition and market requirements, (c) recording of all important discussions.

Post Fair (a) visits to offices of most promising contacts, (b) obtaining trade and financial reports, (c) visits to retail outlets or end users as appropriate, (d) scrupulous attention to correspondence and inquiries arising from participation, (e) adaption of products for local market if indicated by previous serious market research and discussions.

While trade fairs can be of major importance in the marketing of some items, they are not necessarily the best vehicle for all commodities and services. Items such as metals and minerals and other bulk materials can be better promoted by calls on end users. They usually buy on a direct basis and can be identified by other means. Fairs can be useful for identifying joint venture partners, licensors of technology and sources of direct investment. However, exhibitors seldom have on-site the personnel concerned with investment or licensing decisions, but contacts made at fairs can lead to introductions to the appropriate head office people on whom calls will almost certainly be necessary.

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

The post-war resurgence of Germany's industrial power fell victim to the recession that engulfed most Western countries in 1974. But by June 1976 the Federal Republic's GNP had risen 3.5% above the 1975 level, unemployment was down to 4.5%, and the rate of inflation was only 5.2% higher than it had been a year earlier.



photos: Federal Republic of Germany Embassy, Ottawa

German Democratic Republic

Diplomatic relations established

Canada's relations with the German Democratic Republic are only beginning the preliminary phase. On February 15, the GDR Ambassador in Washington presented his credentials to the Governor General in Ottawa and became his country's first Ambassador accredited to Canada. It is expected that the current Canadian Ambassador to Poland will undertake dual accreditation to East Berlin in the near future.

Trade turnover with the GDR has always been disproportionate to the relative importance of both countries to the world's economy. Except for 1976, when substantial quantities of Canadian grain were purchased by the GDR, the total value of goods exchanged between the two countries rarely exceeded \$10 million. But the establishment of diplomatic relations should stimulate the volume and composition of goods and services traded between them. From the Canadian point of view, the first task will be to increase our knowledge of the GDR

market and to uncover specific opportunities for Canadian suppliers. The next phase will be to decide how best to take advantage of the market potential and to provide follow-up for Canadian companies in the GDR. On this latter point, the Commercial Division in Warsaw is responsible for trade coverage of the German Democratic Republic and intends to establish a schedule of regular periods of duty, not only in the capital but in other cities as well. Subject to other commitments, we will also be willing to travel in support of specific company initiatives. Our view is that spectacular initial successes are likely to be a matter of luck: long-term growth will probably be a consequence of hard work and effort on the part of Canadian business and government agencies working in tandem.

*Garrett Lambert,
Commercial Counsellor,
Warsaw*

Greece

In the red

It took shape in the east end of Montreal, was designed by engineers who acquired their skills in Canada and England, and owes its existence to component manufacturers in five Canadian provinces. Today, its powerful motor echoes amidst the marble columns of the Acropolis, startles sheep herds on the slopes of the Pindus Mountains and penetrates to the cloistered solitude of Greek monasteries. A Canadian dollar earner, proudly bearing the MLW-Bombardier nameplate.

Greece is facing 1977 with optimism, although the persistent and chronic deficit will again exceed a billion dollars. Imports are expected to increase by 14% above last year's figures. Consumer goods will claim the major share of this expansion. Greek exports should increase by 16% — to 2.6 billion dollars. Manufactured goods, textiles and cement should account for most of the improvement.

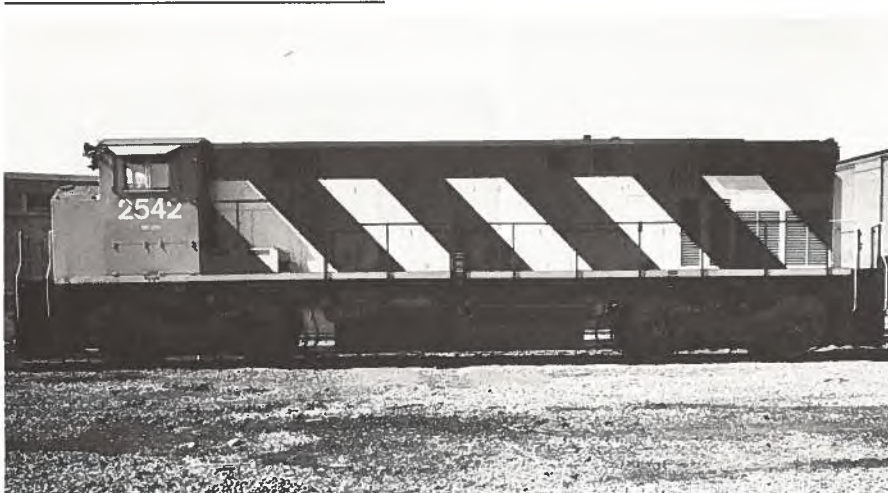
The unfortunate troubles in Lebanon have seen the influx of a large number of Beirut-based foreign companies engaged in Middle East business.

Canadian investment in Greece is minimal. Denison Mines has interests in off-shore petroleum, an exciting area which could present opportunities for Canadian oil companies, supply and service companies, and consultants.

Canadian exports to Greece in 1977 — \$32 million, or 0.6% of the country's foreign purchases — were only a fraction of what they might have been. Previous sales successes included Canadair CL215 aircraft, MLW locomotives, MIL and Davie ships, seed potatoes, consulting services, etc., but the international recession affecting both countries seriously disrupted bilateral trade.

Over the short term, transportation equipment (aircraft and locomotives), electronic equipment (communication, inspection, X-ray, industrial), agricultural sector (seed potatoes, feeder calves), mining, consulting, power and infrastructure projects (resources, airport development, hospitals, education), should present opportunities for Canadian manufacturers and consultants.

*M.M. Vujnovich,
Commercial Secretary,
Athens*



The Gulf States

Take a plane, pronto!

By the end of 1977 twenty-one Canadian firms had met the special challenge of marketing in the Gulf States by setting up offices in Kuwait, Bahrain, Qatar, the United Arab Emirates or the Sultanate of Oman. A small but increasing number of Canadian businessmen are making frequent trips to the area. Many more are making their first visit to investigate opportunities created by the rapid and large-scale development of seven different social and industrial infrastructures.

With a plentiful supply of petrodollars, the almost complete absence of local production and so many projects of all kinds remaining to be initiated, the growth of the market for imported goods and services is limited by little more than imagination on the part of the Gulf States themselves — and they already have plenty of that — and by efforts on the part of the world exporting community.

Canadian exports of goods rose to \$33 million in 1976, a 40% increase over 1975.

Exports of services may have been that much again. Even without a change in Canada's comparative advantage as an exporting country, these figures could easily have been doubled with only a little more effort by all concerned.

The \$7 billion (1975) Gulf State market, growing 60% per year, is still quite unexploited by Canadians; and we have not yet taken our rightful place in it. An important consideration is that many Canadian visitors are amazed at the ease and comfort of doing business in the Gulf States, compared to the other booming OPEC markets.

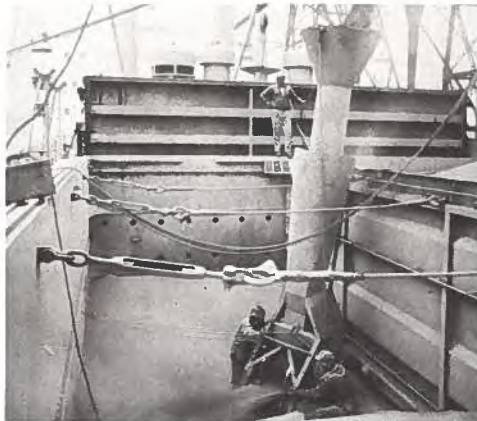
1977 in particular will be the year to investigate Abu Dhabi and Dubai, where major gas and energy-based industrial complexes, long in the planning stages, will reach the construction and procurement stages.

*F. Veenema,
Commercial Secretary,
Tehran*

Hong Kong

Booming economy

Taking advantage of the booming Hong Kong economy, Canadian sales last year approached \$60 million, making it a leading market in southeast Asia, if not one of our fastest growing markets anywhere. In dollar terms, Canadian business increased by more than one third over 1975, and since 1973 the figures have doubled. Food, fabrications and finished products accounted for over 90% of our business with Hong Kong, with only 7% absorbed by raw materials.



Canadian Exports to Hong Kong	Jan-Dec 1976 Cdn. \$	Jan-Dec 1975 Cdn. \$
Aluminum pigs, ingots, shot, slabs, etc.	12,545,000	10,287,000
Newsprint	4,139,000	5,071,000
Canadian Olympic coins	4,049,000	11,000
Wheat	3,983,000	1,271,000
Nickel	2,850,000	457,000
Groundwood printing paper	1,995,000	1,013,000
Fresh apples	1,335,000	1,330,000
Semi-conductors & parts	1,351,000	787,000
Ginseng	1,279,000	1,047,000
Zinc blocks, pigs and slabs	1,275,000	1,202,000
Soya beans	1,194,000	609,000
Wood pulp bl. Kraft paper gr. soft	1,181,000	226,000
Rapeseed oil	1,006,000	216,000
Edible gelatin	990,000	1,612,000
Polystyrene resins, not shaped	964,000	593,000
Sheet & strip, steel NES	859,000	331,000
Raw cattle hides	772,000	815,000
Wheat flour	701,000	717,000
Electric typewriters	656,000	453,000
Motor vehicles NES	650,000	

Hong Kong — population 4½ million — has been averaging real GDP growth of about 8% since 1970, and forecasts based upon the recent budget suggest that this happy situation will continue in 1977.

Government expenditures will increase by 20%, with emphasis on social welfare, education, medical and health services, housing and law and order.

Hong Kong is essentially a duty-free port, with minimal restrictions and no real language barriers or involved social customs. Since local businessmen favour a very direct approach, Canadian exporters find this a most accessible market. Canada's sales of \$7.7 million for the month of January indicate another record year.

The major contracts for a \$1 billion Mass Transit project have been let and construction is well underway. However, opportunities still exist for related equipment and peripheral services.

The Kowloon-Canton Railway recently commissioned a study on a \$300 million modernization plan. Options include spur line extensions, double tracking, new passenger and freight car acquisitions and electrification.

The Marine Department is evaluating consultant bids for a Vessel Traffic Management (VTM) System to cover the harbour and its approaches. The cost would be nearly \$10 million over ten years. Officials recently visited Canada to see VTM facilities and meet government planners and equipment suppliers.

Hong Kong is in the midst of an \$820 million construction boom. Regional sources dominate the supply of concrete and timber, but there are opportunities for concrete additives, construction equipment and finishing items.

Other areas with current potential for Canada are processed foods, environmental protection, and expanding education, medical and technical facilities at local universities and schools.

*M. C. Spencer,
Trade Commissioner,
Hong Kong*

Iceland

Sea link boosts business

The economic policy of the Government of Iceland succeeded in reducing the external trade difference from 12% of the GNP in 1975 to 4%-5% in 1976. The inflation rate went down by 25%-30% from 37% in 1975 (53% in 1974).

The fishing industry is expected to show modest gains in 1977, while aluminum smelting — where existing facilities are now operating at capacity — and certain other sectors may fare somewhat better.

Of interest to Canadians was the establishment in late 1976 of a regular shipping link between Halifax and Reykjavik. It resulted in a 57% increase in Canadian exports to Iceland (Ice.Kr. 151 million to Ice.Kr. 238 million) and a 114% increase in Icelandic exports to Canada (from Ice.Kr. 72.7 million to Ice.Kr. 155.6 million). Major Canadian exports to Iceland in 1976 included:

	Ice.Kr. millions
Fruit and vegetables	44.6
Cereals and preparations	35.3
Machinery other than electric	31.9
Rubber manufactures, NES	28.2
Transport equipment	19.4
Paper, paperboard, etc.	18.6
Textiles, yarns, fabrics, etc.	10.5
Medicinal and pharmaceutical preps.	8.4

Close contact is maintained with Icelandic Government departments and agencies to ensure that Canadian industry is given an opportunity to bid on several future projects, e.g. Hrauneyjafoss power and the IPTT telecommunications earth satellite station.

*G. G. Rezek,
Commercial Counsellor,
Oslo, Norway*

India

New government inherits inflation

The first quarter of 1977 was dominated by a general election. Economically, India progressed, with production and exports rising, and foreign exchange reserves at a new peak of \$2.9 billion.

The government has adopted new policies, including import liberalization for capital goods and certain commodities. Some see this as an attempt to reverse certain ominous signs now clouding the economic horizon. For instance, the grain crop may be ten million tons below last year's record figures. And prices, after 18 months of relative stability, have resumed their upward climb. Inflation for the 1976-77 fiscal year is expected to register 16%, most of it occurring in the final months.

A \$70 million drop in our grain sales to India reduced total visible exports to about \$150 million, well below 1975's record of \$200 million. Indian exports to Canada reached an all-time record of \$67 million.

During the first quarter of 1977, two Canadian companies continued their work on large mining and pipeline construction projects in India; the latter was completed in March, only a few days off schedule. A number of Canadian firms continued to seek contracts

for the Iranian-funded Kudremukh Iron-Ore project. Only one equipment award has been announced to date, the winner being a joint Canadian/Japanese bid for autogenous mills.

In commodities, a large contract was signed for the supply of Canadian viscose fibre, a direct result of the relaxation of import restrictions. Also a consequence of this new policy were contracts for over \$30 million of Canadian rapeseed oil, partially CIDA financed. In Nepal, the Royal Canadian Mint was successful in selling over \$½ million of coins.

In the immediate future, continued export action is forecast in the mining equipment area. Hopefully, we will also realize new potential in the oil and natural gas sector and in engineering consultancy.

*P. Dingleline,
Commercial Secretary,
New Delhi*

Iran

Record budget for 1977-78

Iran started the year in a state of uncertainty following the OPEC meeting in December 1976, which resulted in a two-tier pricing system for OPEC oil exports. With a wide range of requirements in its industrial and infrastructure being planned, the possibility of a reduction in revenue from oil greatly concerned the government, and the resulting budget for the Iranian year 2536 (which began on March 21, 1977), while still the highest on record at \$49.5 billion, was somewhat less than had been anticipated.

Total Iranian imports in 1976 were estimated to be in the area of \$15 billion. Canadian exports to Iran were slightly below the \$147 million reached in 1975, after two years of unprecedented growth. Exporters actively pursued the market for goods related to the industrial and infrastructure growth, but entry into the market was limited by the strong competition from Europe, Japan and the U.S.A., and also because of the turnkey industrial projects undertaken, many of which were too large for most Canadian firms.

Although the leading Canadian exports were automobiles and trucks, prefabricated structures and barley, some consumer goods are now finding a market in Iran, such as refrigerators, wallpaper, carpets, swimming pools, etc. Industrial machinery in the large pulp and paper project on the Caspian also arrived in Iran in quantity in 1976.

Canadian consulting engineers continue to be active in Iran in the field of telecommunications, electric power transmission and generation, geological surveying and forest industries. Canadian drilling companies are operating in offshore gas fields, and exporters of wire and cable, copper bars, gas turbines, asbestos, wood pulp, container board, telecommunications equipment and automobile parts continued to find outlets.

The 1977 prospects for Canadian products still appear favourable despite the budget cutbacks. The prefabricated housing market continues to grow although the emphasis is on low cost concrete systems rather than timber frame homes.

Oil and gas production and petrochemical facilities will be expanded, as will power generation and transmission projects. The large scale housing, road and railroad projects will require foreign contractors, equipment and materials. Consolidation is the emphasis, however, as Iran will endeavour to complete present projects rather than undertake new ones in 1977. This will help clear the decks by the end of the present Iranian year in order to commence the Sixth 5-Year Plan on March 22, 1978, with a clean slate.

*G.D. Valentine,
Commercial Counsellor,
Tehran*

Ireland

Canadian sales improving

The January budget, through its incentive package, is expected to provide the impetus for a steady growth in 1977. Amidst high inflation and persistent high unemployment, the GNP is expected to grow by 3.5% in real terms this year, with significant recovery in the industrial sector and steady growth in agricultural production. The recovery has been markedly assisted by industrial exports, which in 1976 grew by 20% over the previous year. Preliminary figures indicate that exports reached 1.8 billion pounds for the first time. Agricultural exports accounted for 36%.

It is highly significant that the U.K. market, for so long the main outlet for Irish exports, accounted for less than 50% in 1976. This is an indication of the remarkable swing towards the transitional phase of Ireland's links with the EEC. In 1976, 27% of Irish exports went

to other EEC countries. Imports amounted to 2.3 billion pounds, leaving a significant trade deficit. In this growing trading activity, Canadian exports have benefitted, reaching \$31 million in 1976. In the same period, Canada imported \$26 million worth of Irish goods.

Canadian exports to Ireland are made up of a wide variety of products, including wheat, timber, and newsprint. There is a growing market for manufactured products. End products represented 34% of our total exports to Ireland last year, and included mining machinery, telephone apparatus and computer parts.

*N. Villeneuve,
Commercial Secretary,
Dublin*

Israel

Golden opportunities amidst political uncertainties

With army reserve units accounting for nearly 20% of the population, and a crippling portion of the country's wealth devoted to military hardware, Israel's industrial technology and manufacturing potential are not yet obvious in world markets. There is a tendency to overlook the fact that the Jewish state has drawn from Europe, and indeed from the United States, some of the world's most experienced scientists, engineers and technicians.

In matters relating to irrigation, farmers and fruit growers in Israel have made gardens of what used to be desert. Ironically, the greatest beneficiaries of this hard-earned expertise may one day be neighbouring countries — tomorrow's friends, and allies in the eternal war against drought, the common enemy in that part of the world.

photos: Israeli Embassy, Ottawa

Canada's 1976 sales of \$55.8 million represent an 11% decrease in dollar value over the previous year. The prime causes were a substantial drop in prices and a moderate slowdown in shipments of barley. Canadian manufactured goods generally showed a strong performance and penetration of a wider segment of the Israeli industry.

With inflation running at an annual rate of over 35%, widespread labour unrest, and political uncertainties surrounding the national elections in May 1977, the government has tended to delay decisions on some major capital expenditures. Nevertheless, Canadian activity has continued high in Israeli projects, particularly in the areas of transportation, power and materials handling. In the railway sector, opportunities for consulting services, locomotives, wagons, rail, and maintenance and signalling devices are developing.

The International airport at Eilat must be relocated, requiring significant purchases of imported terminal, lighting and aircraft control equipment. Most of this Canada could supply.

Canada already plays a major role in Israel's power generating system, supplying power boilers and related instrumentation. Israel is planning to increase power capacity with other types of facilities, including hydro. As the country's present experience is entirely with thermal stations, virtually all the technology and much of the equipment will have to be obtained abroad. The adoption of coal as a potential fuel for thermal stations, in addition to oil, which has been the sole fuel utilized to date, has created a need for specialized coal-handling and transport facilities. Canada, of course, has had much experience in this sector.

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



Italy

Exploring joint ventures

The millions of tourists drawn annually to Venice focus cameras on the romantic gondolas, go sightseeing on steam-powered vaporetti — and scarcely give thought to the fact that Venice, one of the world's greatest "living museums", is also a major seaport. For centuries this tiny crescent comprising 118 islands and 180 canals (average width 12 feet) dominated trade in the Mediterranean.

Canadians worrying about establishing a national identity might point to Venice as a perfect example of everything Italian. In fact, Venice architecture is Italian, Arabic, Byzantine, Gothic, Renaissance, Mannerist and Baroque. The Cathedral of St. Mark, completed in 1073, has Gothic turrets. And the four magnificent horses prancing above the main portal are of Greek origin, were whisked off to Constantinople, took the fancy of marauding Venetians, who lost them to Napoleon. They were finally returned to Venice by penitent Frenchmen.

photos: Olivetti Canada Limited, Toronto
Alitalia Airlines, Toronto

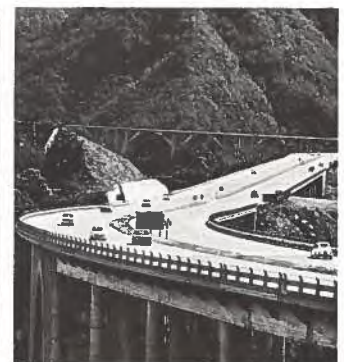
Italy, the seventh largest industrial country in the world and the ninth largest exporter, relies almost entirely upon imported raw materials and is also a major buyer of food products. The bulk of the Canadian exports to Italy are minerals, agricultural and forest products, the demand for which will continue in 1977. There is a good market for canned food and fish, and in this area Canadian firms should be able to increase sales. The Italian lumber trade is also looking more and more to Canada as an important supplier. Canadian sack Kraft paper is now selling in Italy, and linerboard also has a good market potential. Recently, Italy signed long-term contracts to obtain coal from Canada.

Although manufactured goods made up only 10% of the \$531 million of Canadian exports to Italy in 1976, there is still a favourable market for Canadian firms with technically advanced or unique products. Promotional efforts have resulted in the sale of microcomputers, computer peripheral equipment, microcircuits and wave soldering equipment.

Italian aerospace and electronic firms have recently received large contracts and this should open up opportunities for some high technology Canadian products.

Another approach for Canadians is through industrial co-operation. An Italian mission visited Canada last December to explore industrial co-operation between the two countries. Several good leads to licensing and joint ventures were uncovered. Italian construction and engineering firms with large turnkey projects in third countries for roads, petrochemical plants, ports and power stations indicated an interest in joint activities with Canadian companies.

*D.C. Webb,
Consul and Trade Commissioner,
Milan*



Jamaica and the Bahamas

Imports curbed

In response to continuing balance of payments difficulties, Jamaica intends to reduce its import bill for 1977 to J\$600 million, a drop of J\$241 million from the 1976 total. Canadian exports to Jamaica are concentrated in essential commodities and may be less affected by the reduction. A positive factor has been the recent signing of a credit and loan package totalling Cdn.\$100 million.

Some of the projects which have been considered for inclusion in the line of credit (LOC) are infrastructure projects such as: power; telephone and port equipment; and a meat packing plant. The power utility has already held detailed discussions concerning the provision of quotations on \$25 million worth of distribution and transmission equipment and maintenance vehicles. Another sector receiving priority attention is the telephone company: it hopes to purchase \$4.5 million of switching equipment in 1977, which would be yet another stage in a multi-year, multimillion dollar relationship with Canada. The slaughterhouse and meat packing facility may be entirely supplied with Canadian-designed and built equipment.

Canadian firms have been involved in a number of multilaterally-financed projects. It is hoped that up to \$1 million worth of educational equipment will be provided shortly by an Ontario company under a World Bank project. The World Bank is also funding a Master Sewerage Plan for Kingston, and a Western Canada company has a good chance with the detailed design and construction supervision of the project.

A Quebec company has just purchased a medium-sized hotel on the beautiful north coast. Some other Canadian firms have recently explored the option of entering into joint ventures to manufacture locally products which are usually imported in finished form. Such a move would complement the government's action to reduce imports and allow Canadian firms to maintain their foothold in the Jamaican market.

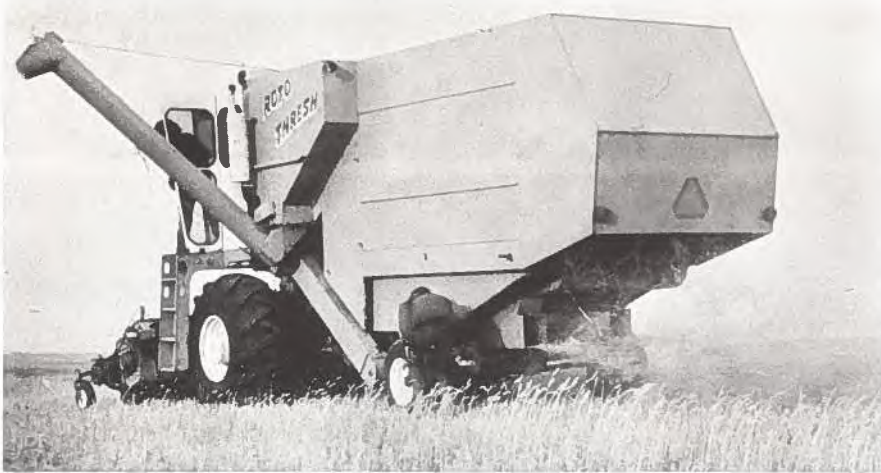
Jamaica Nutrition Holdings, the government agency responsible for the importation of various basic food items, continues to draw upon its three-year agreement with the Canadian Wheat Board and in 1977 is expected to import close to 40,000 metric tons of wheat. This is the maximum stipulated in the agreement and would represent a substantial increase over 1976 imports from Canada.

Visitors to the Bahamas, almost 20% of whom are Canadian, generate virtually three-quarters of the wealth of the country. And since much of Canada's exports to the Bahamas are consumer goods and foodstuffs, demand is on the increase. Despite our geographical disadvantage in relation to that of the U.S.A., we are anticipating that Canadian exports to the Bahamas in 1977 will show an increase over last year's good performance.

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

Jamaican unemployment, running at more than 30% in 1976, reflects the gravity of the island's economic problems. Canada is an important source of food. Sugar and bauxite, Jamaica's main exports, are not commanding top prices, and bauxite production dropped by 25% in 1976.

The island occupies 4,232 square miles, has a population of 2.1 million (Kingston, 506,200).



Japan

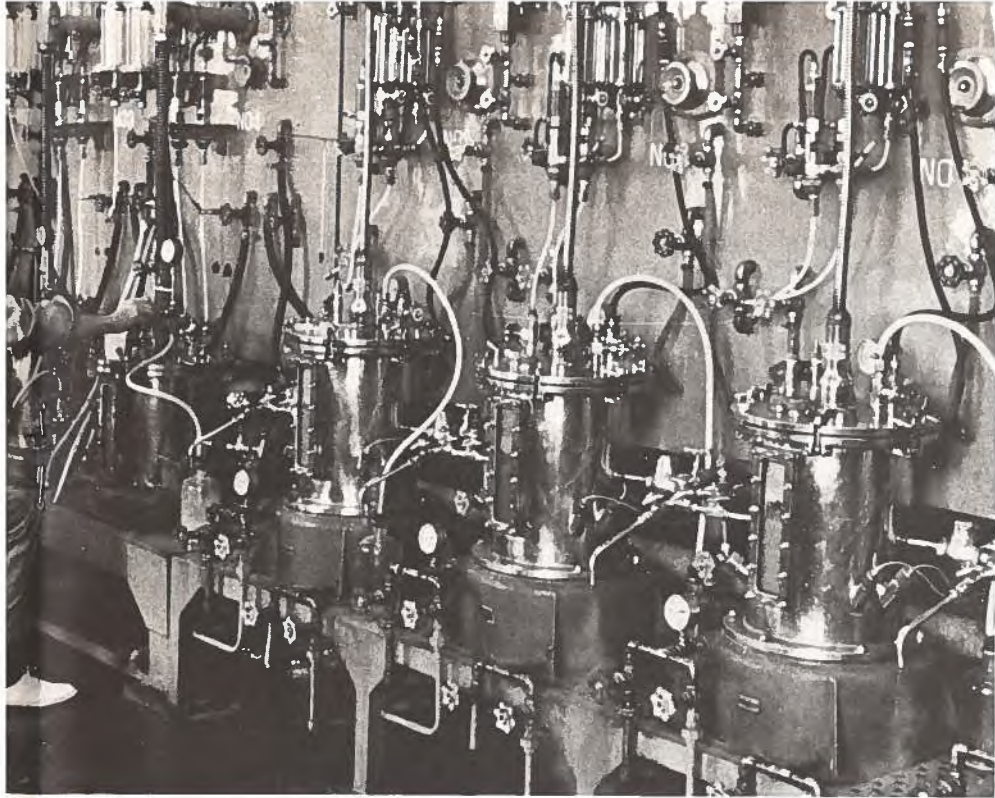
Rising import figures

Although generally regarded as an exporting nation, much of Japan's economic well being is dependent upon the huge domestic market for goods and services. Consumer buying was sluggish throughout 1976. Japan's Ministry of International Trade and Industry (MITI) has cautioned that domestic demand must expand swiftly. If it does not, exports will increase beyond the figures set in the forecasts, resulting in widening of the trade balance surplus and intensifying criticism from trading partners. In order not to be reliant upon consumer response, Prime Minister Fukuda has decided to stimulate business by pumping treasury money into the economy through the budget. Bowing to the wishes of industry, the government introduced four measures calculated to revitalize the domestic scene: promote housing construction, expand funds for public works programs, reduce interest rates, and ease the way for private firms to obtain funds to invest in new plant and equipment.

Other domestic factors continue to hamper growth and most experts predict a continuing lull in the economy. The Labour Spring Wage Offensive is expected to result in wage increases of about 10%. Many enterprises carrying high inventories continue to operate at a loss, and the government is performing very cautiously in a transition period prior to the Upper House elections in early summer.

In spite of this gloom, Japanese imports continue to rise and are expected to increase by 14% over 1976, reaching almost \$77 billion. This augurs well for Canadian exporters, especially when coupled with the competitive advantage brought on by the lower rate of the Canadian dollar vis-à-vis the yen. During 1976, Canadian exports to Japan ranked sixth among all suppliers, reaching almost \$2.4 billion and giving Canada a favourable trade balance of almost \$900 million. While it is true the major portion of Canada's exports are made up of raw materials and foodstuffs, at least 31% of the total consists of semi-finished and fully-manufactured items. Prospects for 1977-78 seem encouraging. In the consumer goods market, several smaller Canadian companies are achieving some success in introducing new products, although this is a difficult field. Following an Automotive Parts Mission to Canada, Toyota, Nissan and Honda are continuing their investigations of sourcing OEM and after-market parts from Canadian manufacturers.





In co-operation with COFI, the Embassy is establishing a 2 x 4 House of the Year Award as part of an intensive program to stimulate sales of Canadian lumber and construction materials. Continued interest is being shown by the Japanese in Canadian technology in the transportation sector, i.e. augmentor wing for STOL; ocean industries, including ice breakers; avionics and engines for development of the aircraft industry; and in nuclear energy. The Japanese emphasis on "plant exports", which in 1977 is expected to contribute \$15 billion to exports, may well offer opportunities for Canadian exports to third markets in such areas as engineering, mobile housing and specialized technology. Of course, agriculture and food products, and coal, minerals and metals, will continue to be in great demand.

The development of closer economic co-operation with Japan was given considerable impetus by Prime Minister Trudeau's visit to Japan in October 1976. In particular, the Prime Minister signed the Framework for Economic Co-operation, which lays a firm foundation for the long-term development of trade and economic relations with Japan. The Framework provides for the creation of a Joint Economic Committee, the first meeting of which will likely be held in Vancouver in June.

IT&C will continue to give high priority to Japan in programs for 1977. These include a more extensive schedule of fairs and missions and a series of trade commissioner seminars to be held in several Canadian cities in conjunction with Enterprise '77. Mr. Chrétien, Minister of Industry, Trade and Commerce, has also invited the new Japanese Minister of International Trade and Industry to visit Canada in the fall.

*R.H. Dorrett,
Commercial Counsellor,
Tokyo*

Most of the illustrations in this issue came from foreign embassies. Japanese photographs were supplied by the Japan Trade Centre in Toronto. They were mailed within 24 hours of our telephone request. The U.S.S.R. and Germany (FRG) deluge the editor's office with material. The photo library of the British High Commission in Ottawa is regularly restocked from London, and each photograph comes with a detailed caption.

So far as Canadian companies are concerned, good black and white pictures would appear to be as precious as gold: few reach CANADA COMMERCE, despite repeated telephone reminders.

photos: Japan Trade Centre, Toronto

Republic of Korea

New five year plan

Canadian sales to Korea in 1976 totalled \$117 million, as against \$300 million of Korean imports to this country.

The Korean Government has set ambitious goals in its fourth "Five Year Plan". Through a program of "economic diplomacy" it is actively seeking to expand economic and trade relationships. Development of heavy industries has top priority, which will create a demand for industrial machinery, as well as equipment for the infrastructure. There should also be opportunities in the packaging equipment sector and the Embassy is currently undertaking a market survey in this connection. Discussions are underway to open the market for Canadian grain (virtually all grain has been supplied from the U.S., much of it through aid programs).

A major hurdle is the fact that the government will not allow end-users or agents to stock parts except for a relatively small initial quantity if authorized at the time of purchase of the original equipment and/or machinery. This benefits Korea's neighbours and is hard on distant suppliers. The problem is under discussion and it is hoped that the government will allow the stocking of parts by bona fide importers and/or end-users.

On April 6, Yie Joon Chang, Minister of Commerce and Industry of the Republic of Korea, met Jean Chrétien, Minister of Industry, Trade and Commerce, in Ottawa to review trade relations and to identify areas of new and continuing trade opportunities.

*Robert C. Lee,
Commercial Secretary,
Seoul*

Malaysia

A model economy

The Malaysian economy is considered to be a model for developing countries, due mainly to its open and free nature. Combined with a wealth of natural resources, this has resulted in one of the highest rates of growth per capita income in the region and has encouraged foreign investment to provide the impetus for socioeconomic reform and diversification from the resource-based industries. Concrete evidence of this is the high-level of foreign exchange reserves which are sufficient, even in a recessionary period, to purchase six months of retained imports.

Sales of traditional Canadian commodities, such as asbestos fibre, newsprint, aluminum and zinc, aircraft engine parts, telephone equipment, electronic components and hand tools have been maintained against strong international competition.

While a trade imbalance does exist in Malaysia's favour, there are encouraging signs that Canadian technology and expertise are being recognized. As well, recent high-level visits by Canadian and Malaysian Ministers have increased interest in Canadian technology and products.

Canadian Pacific Consulting Services of Montreal were awarded a contract for an Intermodule Transportation Study, and Cansult Limited of Toronto is engaged in an urban development study in the State of Kelantan. Other successful Canadian companies include Associated Engineering Services Limited, Vancouver; Shawinigan Engineering, Montreal, and Raytheon Canada, Toronto.

The Malaysian Government is very interested in joint venture proposals. Canadian companies are responding in the areas of low-cost housing, timber harvesting, investment management, tubing manufacture and road machinery.

*E.G. Jones,
Commercial Counsellor,
Kuala Lumpur*

Mexico

Economy picking up

Since the beginning of the year confidence and economic activity have both increased rapidly as the new government found its feet and announced plans for national development during this six-year presidential term. Not all sectors have yet been covered, but it is already clear that opportunities exist for Canadians wishing to trade with or invest in Mexico. Businessmen are coming in increasing numbers to see for themselves the renewed impetus in economic activities.

One Canadian company is interested in the development of copper deposits in northern Mexico and is hopeful that equal enthusiasm will be demonstrated by Mexican investors. Another is involved in supplying equipment for a second large scale copper project. The Mexican Government has given the go ahead for the exploitation of a gigantic phosphate deposit in Baja California, and Canadian firms have already submitted detailed proposals for its development and financing. A new aluminum plant in Coatzacoalcos has also been approved and a tender call has been made for project engineering and other services.

In the agricultural area, Canadian companies are active in poultry breeding and the processing of dairy products designed to improve the nutritional level of the rural population.

Under the heading of transportation, the first group of a total of 200 railway cars purchased from Hawker-Siddeley by the Mexican National Railways has now arrived in Monterrey and will soon be placed in service.

A Canadian Urban Transportation Mission has made three visits to Mexico this year and is working on two promotional events.

In October, an exhibition of mining equipment will be held in conjunction with the Convention of the Asociacion de Ingenieros de Minas, Metalurgistas y Geólogos de México, A.C., and a railway seminar will be held in Mexico City in November.

Despite the slowdown in the Mexican economy last year, this country is going forward once again, and there are ample opportunities here for Canadian investors and exporters with top quality products and imagination.

*P.L. McKellar,
Commercial Secretary,
Mexico City*

Important to Canada's trade relations with Mexico was the election of a new President in December 1976. Jose Lopez Portillo succeeded Luis Echeverria Alvarez. A former professor of law, and then of political science, at the National University of Mexico City, President Portillo has already indicated that he favours the strengthening of economic links with Canada.

Apart from purely commercial transactions, Mexico attaches great importance to the winter migration of 170,000 Canadians. They contribute handsomely to Mexico's \$1 billion annual income from tourists.



Middle East

Activity in many fields

Business opportunities exist in all sectors as countries implement ambitious development programs. Libya has oil revenues to finance its many projects and Syria is now eligible for OPEC membership with a growing petro-dollar income. Strong financing support is being extended to the other countries by Arab, international and bilateral financing agencies. Most contracts are awarded by government tender and turnkey projects are common.

Although competition is severe, Canadian manufacturers and consultants are warmly welcomed. Canadian marketing efforts have intensified noticeably in recent months. The results are evident in increased export sales, a more diversified export mix, more Canadian bids awaiting tender adjudication, more Canadian business visitors and a greatly enhanced Canadian image.

In Egypt, the Sudan and Jordan, Canadian companies are being asked to participate in attractive new investment projects, joint ventures and licensing agreements. Several projects are now under consideration which could lead to a permanent Canadian presence in the market.

Egypt is responding dramatically to Canadian trade initiatives, with Canadian sales soaring from only \$6.6 million in 1975 to over \$30 million in 1976. Major sales of locomotives, lumber and newsprint were largely responsible. Figures for 1977 could reach \$100 million, thanks to a recent contract for 500,000 tons of wheat. Possible contracts are also pending in the tourism, communications, power, transportation and agriculture sectors.

Not included are consulting services. Nor has any attempt been made to measure the potential impact of a recent agreement by the Export Development Corporation to negotiate a Credit Protocol making up to \$200 million available in financing for Egypt.

Libya's economy is extremely buoyant. Canadian trade commissioners from Cairo now visit Tripoli monthly to assist Canadian businessmen. Recent sales of telecommunications and electronic equipment, as well as treated poles, have broadened Canada's export mix. Gas turbines and machinery are also important. An Agricultural Equipment Mission in November, 1976, developed keen interest in Canadian agricultural implements.

Recognizing the extensive Arab and international financing support for projects in the Sudan, many Canadian companies are exploring promising opportunities in the agricultural, transportation and communications sectors. Substantial sales of agricultural implements have already been concluded and new prospects opened up following the November 1976 Agricultural Equipment Mission. A recent sale of Canadian aircraft should also boost Canadian exports significantly in 1977. CIDA project assistance may also be available this year.

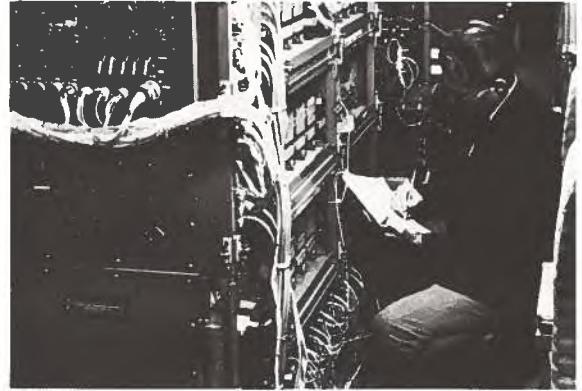
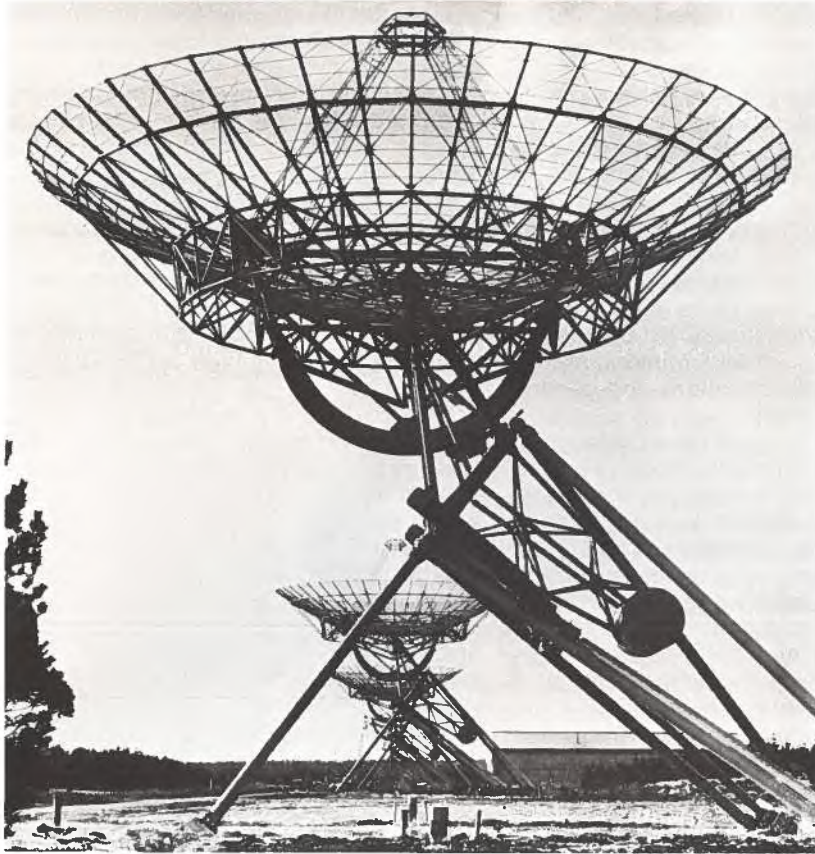
Jordan and Syria are small markets with growing potential. Canadian consultants, architects and planners are actively bidding on projects in Jordan and a consortium of Canadian companies, with EDC support, is undertaking studies which could lead to major involvement in a large tourism complex at Aqaba. Canadian interest in Syria has been recently attracted to petroleum exploration, pipelines, electrification and agricultural projects. The Department of Industry, Trade and Commerce will sponsor an information booth at the Damascus International Trade Fair in 1977 to support Canadian trade efforts.

With the cessation of hostilities in Lebanon, consideration is being given to an early reopening of the Canadian Embassy in Beirut. The resumption of commercial and investment activities is still proceeding slowly, but plans are being developed for a major reconstruction program which should provide many opportunities for engineering and construction services. Financing, however, will be important. Immediate attention is being given to the restoration of port, telecommunications and other essential facilities. Canadian companies are already reestablishing traditional trading contacts and are pursuing inquiries. Wheat sales will continue to be a major factor in Canada's export mix.

*Dean J. Browne,
Commercial Counsellor,
Cairo*

The Netherlands

Labour unrest affects imports



photos: Dutch Embassy, Ottawa

Economic performance in the first quarter of 1977 continued to be somewhat sluggish and was further affected by labour unrest. The wage elements of the disputes appear to have been resolved and production returned to normal in early March.

The month of February was marked by strikes in the manufacturing, construction and transportation sectors following the refusal of management to continue the existing practice of linking wage increases to the cost of living index. If the automatic indexing principle was to be followed, it was estimated that 1977 wage increases would exceed 8%. Negotiations broke down on this point. Following two weeks of selective industrial action, employers began to yield towards continuation of indexation, and production has returned to normal.

Although the wages issue appears to have been settled, there remains a list of union objectives to be examined, most of which are aimed at giving labour a participation in corporate planning, operations and profits. These objectives have been challenged by management and, while sympathy has been shown by the Labour Party, which is the dominant member of the coalition government, it is thought that legislation on the subject may be delayed until after the national elections scheduled for May 25. Similarly, the introduction of legislation providing for compulsory profit sharing remains a question mark. While the debates continue, new investment plans are being delayed, to the detriment of job creation and anticipated economic growth.

Successful export growth (10%) contributed significantly to a production growth of nearly 6% in 1976 and to a

favourable trade balance. Imports, which were slow during the early part of 1976, improved in the last quarter. The Netherlands continues to enjoy a favourable payments balance and the guilder's strength has improved against most other currencies, with the result that some minor concern is being voiced about possible adverse effects on exports. West Germany, however, is The Netherlands' principal customer and accounts for the majority of export earnings.

Canada's exports to The Netherlands last year amounted to \$445 million, a drop of 6% from 1975. While manufactured exports were up slightly in value, the main areas of decline were grains, aluminum and industrial materials mostly destined for entrepôt trade through Rotterdam. Expectations are that this decline will be reversed in 1977.

In January, the Department of Industry, Trade and Commerce sponsored displays of Canadian hotel, restaurant and catering machinery and equipment at the HORECAVA exhibition. From early indications, the companies participating were able to open up new contacts with customers in The Netherlands and neighbouring markets and it is planned to repeat Canada's participation at HORECAVA '78.

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

New Zealand

Double digit inflation

Canada is the eighth largest supplier to New Zealand, following Australia, U.S., U.K., Japan, West Germany, Iran and Kuwait. Although providing about 2% of the total imports, a large percentage of the \$55.7 million represents a high degree of manufacture. The main categories included sulphur (\$6.2 million), asbestos fibres (\$2.5 million), newsprint (\$2.3 million), commercial trucks and chassis (\$1.5 million), power boilers (\$3.6 million), electronic tubes and parts (\$1.3 million), parts for electric stoves (\$1.9 million), sheet and strip steel (\$4.1 million), plastic film and sheet (\$1.8 million), and canned salmon (\$1.5 million).

Trading conditions in New Zealand are not difficult. Communications by telephone and cable are excellent and shipping connections are regular from Atlantic and Pacific ports. Canadian products are well received and the Canada-New Zealand Trade Agreement provides for lower duties and consequently keener prices than for similar merchandise from many other countries. In the latter months of 1976 and again this year, significant enquiries were made about Canadian sources of giftware and packaged specialty foodstuffs.

Canadian exporters have to contend with stringent restrictions imposed by the Import Licensing Schedule.

Licenses are required for approximately 25% of New Zealand's total imports. If a domestic manufacturer exists rival imports are either severely limited or not permitted. Licenses for the 1977/78 year will be limited to 100% of the current period.

The Import Deposit Scheme has been extended to August 2, 1977. This requires a deposit of 33 1/3% of the value of specified imported goods for six months without interest. As there are a number of prominent exceptions, the scheme affects less than \$1 million of Canadian imports.

New Zealand is interested in Canadian machinery products, notably for fishing, forestry and manufacturing.

Although New Zealand is a small market, it purchased approximately \$17 per capita of Canadian goods in 1976. The country is still in the throes of double digit inflation and has serious balance of payments difficulties, but new import restrictions are not anticipated in 1977. Despite the obstacle to trade posed by the Import Licensing System, over 400 Canadian companies find that it is worthwhile to be represented in New Zealand.

*D.A.B. Marshall,
Commercial Counsellor,
Wellington, New Zealand*

In terms of the overall economy, Canada's exports to New Zealand — \$55.7 million last year — are not critical; but it's worth remembering that New Zealanders are "first cousins" to many Canadians, and, if nurtured, trade ties will grow and strengthen with the passage of time. Our Commercial Counsellor in Wellington estimates that Canadian exports work out at \$17 per capita. New Zealanders, if they count sheep in the still of the night, must wish that more Canadians would acquire a taste for delicious New Zealand lamb.



Norway

Great expectations

Norway's oil interests in the North Sea made headline news in April when the well in the Ekofisk Field spewed oil and gas at a pressure of 4,000 lbs. per square inch. Norwegians are familiar with Canadian expertise in the oil industry and will have an opportunity to study the latest developments at Offshore Europe '77, which will be held in Aberdeen, Scotland, September 13-16. Ten Canadian companies will exhibit.



In contrast to most industrial countries, Norway shows evidence of surging ahead. In 1976, economic growth was considerably higher than in the previous year. The GNP, based on fixed prices, increased by 5.7%, reaching \$30,000 million. GNP per capita amounted to \$7,253, ranking Norway behind Switzerland and Sweden and just ahead of the U.S.

A continuing upswing is forecast for 1977. Exports are expected to rise by 13.15%, investment by 1%, private and public consumption by 4% each, imports by 4% and GDP by 7%-8%. According to current estimates, by the early 1980s Norway will displace Sweden and Switzerland as the richest nation per capita. Production fees and taxes from North Sea oil operations are expected to give the Norwegian Government between now and 1980 \$12.7 billion, an amount equivalent to its entire 1976 central government budget. The deficit on foreign current account was \$3,800 million, which is about 12% of the GNP. The record deficits of 1975 and 1976 should be seen in relation to the involvement in the North Sea oil activities and the Norwegian Government policy of supporting industries — e.g. shipbuilding — hard hit by the international recession.



This year the North Sea oil revenues are expected to reach \$1,250 million.

Norwegian trade has traditionally been Europe oriented. With completion of the oil and gas pipelines to Teeside, England, the U.K. emerged as the number one export market, followed by Sweden, Denmark, West Germany and the U.S.

Norway's largest supplier is Sweden. Canada ranks as number eleven.

In 1976, imports from Canada, as shown in Norwegian trade statistics, amounted to \$216.8 million. Major items include copper and nickel mattes (\$163 million), wheat, sealskins and aircraft. The renewed wheat agreement with Norway (end of 1979) ensures annual sales of 60-120,000 tons. A Canadian shipyard recently signed a \$21 million contract to build five anchor handling tugs for offshore drilling activities. Norway is first among European countries as customer for Canadian STOL aircraft. A Norwegian carrier signed an option to buy the DASH-7 — two in 1978 and two in 1979. Statoil is currently negotiating the purchase of anti-oil pollution equipment from Canada. A Canadian bank participates in financing offshore projects in the North Sea.

Norwegians will have to direct a significant part of their investment efforts to overseas markets as they have a tight labour market and a wage level which is the highest in the world.

Also, Norway expects a capital surplus by the early 1980s and is therefore investigating possibilities of investment and joint ventures abroad. The Norwegian Government is currently discussing with Sweden, Denmark, West Germany and Britain possible industrial co-operation which would provide these countries with a steady source of energy and boost Norway's industrial know-how. Our initiatives are also directed to attract Norwegian interests to Canada. Industrial sectors in the economy of the two countries which may lend themselves to co-operation are being identified, and plans are underway for a Norwegian mission to visit Canada to further pursue the matter.

The recently signed Canadian-Norwegian Memorandum of Understanding should boost exports of Canadian high technology equipment and encourage co-operation in research, development and production aspects of new defence programs.

*G.G. Rezek,
Commercial Counsellor,
Oslo*

Pakistan

Favourable trade environment

The economy of Pakistan should experience continuing growth in 1977. The general prognosis is for a rise in GDP of about 8%, with imports increasing by 14% to a level of \$2.5 billion.

As a result of recent government incentives, opportunities for farm machinery, foodgrain storage facilities, food processing machinery and fertilizers show promise. The Tarbela Project (power and irrigation) should contribute to the upward trend. International development programs for 500 KV transmission lines to carry Tarbela power have possibilities for firms engaged in EHV transmission products.

Pakistan made a significant oil and gas discovery in December 1976. The government is giving priority to development of this sector and, with CIDA establishing a substantial program, sales prospects are bright for equipment and services suppliers.

The CIDA program in Pakistan includes commodity loans (aluminum, copper, lead, zinc, rubber, asbestos), power transmission projects and, just getting underway, the new harbour of Port Qasim, and at Lakhra, where a large integrated thermal power and mining concern will be established.

Development plans for Pakistan are extensive. The World Bank, the Asian Development Bank, the Kuwait Fund, the Islamic Development Bank and bilateral donors such as Iran and Saudi Arabia, are all financing substantial projects. Canadian firms interested in this business should register their capabilities with the agencies and advise the Commercial Division of the Canadian Embassy in Islamabad of their specific interests. Firms engaged in the railway equipment field should find the \$60 million World Bank loan and the \$25-50 million Kuwaiti Fund loan of particular interest.

Canada enjoys an excellent reputation in Pakistan and, through its extensive development program, has created an environment in which Canadian firms should be able to penetrate or expand their export trade.

*L.J.W. Duffield,
Commercial Counsellor,
Islamabad*

There have been social eruptions in Pakistan since our Commercial Counsellor filed his report early in April. But the nature of Canada's business with that country will not deter ten major companies, representing four provinces, from completing their programs.

Although smaller in area than British Columbia, Pakistan has a population of 72.5 million, and that figure is increasing at a rate of 2.9% per annum. The principal trading partners are the U.S., Hong Kong, Britain, West Germany and Japan.

photos: Pakistan Embassy, Ottawa



Peru

Cautious optimism

A mood of cautious optimism is evident in Peru. Many businessmen who were pessimistic only six months ago now consider the economic outlook to be favourable. Some are so positive, in fact, that they are actually talking seriously about expanding their operations next year or the year after. Why this abrupt volte-face, particularly at a time when the country is still in the grip of a serious recession?

There are a number of material factors which will lead to a significant improvement in Peru's trade account. Copper production will virtually double this year and copper exports are expected to increase by 80%. The Trans-Andean oil pipeline will soon be operational, which will enable Peru to cover its domestic requirements for crude. The fishing industry continues to improve, with a return to normal conditions expected by the end of the decade. And agricultural production has expanded to the point where Peru now enjoys self-sufficiency in rice and is even exporting small quantities of corn and potatoes in addition to such traditional exports as coffee and cotton, which are presently commanding good prices. But the major reason for renewed hope in the country's economic future can be traced to a series of positive moves recently undertaken by the government.

Although inflation topped 40% last year and is still a serious threat, in January the government took an important step in permitting only very modest wage increases. With strikes banned, it is likely that labour cost increases will not significantly contribute to inflation.

At the same time, the government lifted price controls on all but a few essential products, mainly foodstuffs, school clothes, fertilizers and some construction materials. Dropping controls will undoubtedly result in some prices rising, but a flood of price increases is not expected, because the current shortage of cash will limit the number of available buyers. In any event, the return to a relatively free market will allow most producers to run a normal commercial operation.

A new industrial community law effectively reverses the "worker power" policy of the original revolutionary 1970 law which established industrial communities through which workers could secure 50% of the company and thereby share control with the owners and managers. Now, by limiting their involvement to one-third and having workers hold shares individually rather than collectively as a community, the new law will mean that control will remain in the hands of the owners and managers, making worker involvement principally a profit-sharing exercise.

Canadian trade activities during the first quarter of 1977 were boosted by the official visit by the Secretary of State for External Affairs Don Jamieson. Some 100 Canadian businessmen have visited Peru since the beginning of the year and several important contracts have been signed. Canadian companies are currently negotiating, bidding on, have submitted firm proposals for or are otherwise pursuing projects totalling more than \$500 million.

*James D. Leach,
Commercial Secretary,
Lima*

While Canadian businessmen may study these reports from Trade Commissioners in the hope of pinpointing new markets for their products, other readers will scan the pages and find cause to count their blessings. Take Peru, for example: inflation higher than 40%, only very modest wage increases permitted by law, and strikes banned. Yet regardless of the dark clouds on Peru's horizon, more than 100 representatives of Canadian companies visited that country during the early weeks of 1977. They did not go that far south to see llamas, study the still-primitive tribes that inhabit the rain forests of Montana, or in search of relics of the vanished civilization of the Incas. The eternal quest is for the Almighty Dollar.



Philippines

Trade ties sought

Two separate trade missions from British Columbia and Quebec visited the Philippines during the First Quarter and no fewer than 88 Canadians were assisted by the Commercial Section. In February, a Canadian mining firm went ahead with a possible major investment, and a leading communications company decided to set up an office in Manila. In March, a Canadian electronics catalogue show was well attended by local industry and generated considerable interest among agents and potential buyers.

The Philippines has rich mineral (copper, gold, nickel), forestry and fisheries resources, and benefits by reason of its central position in the Asian market and from low wage rates. Although the export market for Philippine commodities such as copper and logs has been depressed, there are now encouraging signs. Copper and gold prices are up. In forestry, Canadian firms made initial sales of equipment worth \$300,000. Prospects for equipment sales to government agencies such as the National Power Corporation, the Civil Aeronautics Authority and the National Irrigation Administration also appear bright. The latter two have just purchased over \$750,000 of communications equipment.

Sales to the Philippine military are dependent upon the outcome of U.S.-Philippine talks on a military base agreement. However, a \$1 million PABX communications contract was recently awarded to a Canadian company.

Canadians benefit from considerable goodwill, due partly to high Philippine interest in emigration to our country. During the first quarter, over 1,300 Filipinos moved to Canada, joining the more than 80,000 Filipino-Canadians residing in Vancouver, Toronto, Montreal, Edmonton and elsewhere. The Philippine Government is active in seeking trade ties with Canada through government sponsored trade houses (Toronto, Vancouver), investment missions (May 1976) and trade missions (April 1977).

Several Canadian trade missions are scheduled to visit Manila. They include a B.C. forestry mission and an Ontario trade mission. While we caution against over-optimism, Canadian interest in the Philippine market shows great promise.

*Margaret Huber,
Assistant Commercial Secretary,
Manila*

Poland

A two billion dollar potential

Canada's bilateral commercial relations with Poland entered a new phase in 1975 with the first Canadian contract for the billion dollar Kwidzyn forest products complex, and the associated E.D.C. \$500 million financial protocol in support of Canadian exports. To date, about half the amount has been utilized and new projects are expected to make a very good dent in the balance. So confident are the Poles about the future of our trading relationship that they are already exploring an expansion of Canadian credit facilities for a number of industrial sectors in addition to forestry.

Thus, although the traditional trade in grains continues to expand, its importance in relative terms is diminishing. In mid-February there were thirty Canadian businessmen in Warsaw on independent sales visits. Our Visa section is now processing three times as many Polish visitors to Canada as it handled two years ago. Although many are tourists, a large proportion are businessmen. As well as individuals, there are trade missions in both directions — a few at the ministerial level, but a large number at the working

level. In April, the Polish Minister of Foreign Trade made an official visit which will give our commercial relations another new impetus.

Much has been written in the press about Poland's current political and economic problems, and the difficulties in managing her external foreign exchange debt. The Polish Government has responded by imposing much tighter economic management, and restraints on new industrial investment. The steps taken so far have been to the advantage of Canadian interests, because concentration is tending to take place in the extraction and up-grading of resources — industries in which Canadian capital equipment suppliers are particularly well placed to compete internationally. In round figures, there are some two billion dollars in potential incremental Canadian sales to this market over the next ten years.

*Garrett Lambert,
Commercial Counsellor,
Warsaw*

Portugal

Prosperity on far horizon

A balance of payments deficit estimated at \$1.4 billion, unemployment and high inflation are problems the government has yet to overcome. Industrial and agricultural production are in a state of flux. Portugal must import 52% of its food, estimated at \$935 million for 1977, and the country is running out of foreign exchange. Financial aid has been forthcoming from the U.S., EFTA, EEC and international financial institutions, but the government — with foreign debts running at \$3.4 billion — would like to reduce its dependence on the outside world. Last year's austerity measures are still in force, and more were announced when the Escudo was devalued 15% on February 26.

The Government Plan for 1977 aims at stimulating economic activity, but the need to reduce the balance of payments deficit emphasizes the absolute necessity of restricting private consumption and in turn implies a considerable increase in exports, which the recent devaluation should help to some extent. Investment, both public and private, should rise substantially as the Government Plan points towards a real increase of 4% in the GNP.

Contrary to expectation, Canadian exports to Portugal showed a slight increase in 1976, amounting to \$18,859,662

as compared to \$17,659,937 for 1975. The improvement was largely attributable to better copper sales. Portuguese exports to Canada in 1976 totalled \$22.4 million, a reduction of \$6.3 million over 1975. There is reason to believe that Canadian exports will do even better in the wake of developments during the last part of 1976 and the beginning of this year.

A Maritime firm recently introduced instant potato flakes in the Portuguese market. Two Canadian manufacturers of road equipment sold graders and paving machines. Retreading and vulcanizing equipment and carpet cleaning machines have also penetrated this market after aggressive and reliable agents were located with the assistance of the Post. Furthermore, an important sale of Canadian codfish was concluded late last year, and a Portuguese Co-operative comprising 9,000 milk producers has declared an interest in heifers from Canada. Frozen meats continue to come in increasing quantity from a Toronto supplier. Finally, Canadian consulting firms seem to have some chance of success in Portuguese engineering projects.

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

Puerto Rico

Accept the challenge

Puerto Rico is poor in natural resources, but its three million United States citizens have the highest per capita income in the Caribbean and import \$4.5 billion annually. Though competition is keen from U.S. suppliers, who have no tariff barriers to overcome, several Canadian companies have found their marketing efforts rewarding.

The island is the largest export market for Canadian salted cod and pollock, fish which are now essential to many indigenous dishes. Puerto Rican breweries use Canadian malt in quantities exceeded only by the United States and Japan. Canned dog and cat foods from Canada are also best sellers.

This is an attractive market for Canadian forest products. Only ten other countries are larger importers of Canadian newsprint, and only four countries import more Canadian hemlock. A special need of the large petrochemical industry has also made this island the best customer for Canadian aldehyde function compounds.

Puerto Rico imports large quantities of iron and steel products — including Canadian hot rolled steel bars — and Canadian investors have recently opened the island's first steel service centre. With an 800,000 vehicle population Puerto Rico has become the second largest destination for Canadian automobile tires.

Suppliers of Canadian furniture have successfully invaded San Juan and sales of office furniture make this the most important market outside of the North American continent. Canada's telecommunications industry is also making its presence felt. A subsidiary of Northern Telecom Ltd. is currently the largest supplier of capital equipment to the Puerto Rico Telephone Company. The consumer and industrial markets of the Commonwealth of Puerto Rico offer a challenge which many Canadian firms have proven to be worth investigating.

*R.B. Mackenzie,
Vice-Consul
& Assistant Trade Commissioner,
San Juan*

Romania

Aftermath of an earthquake

On March 1, I sent a telex to Ottawa indicating that the commercial office of the new Canadian embassy in Bucharest, Romania, was fully operational. Three days later, on March 4, there was a tremendous shaking in my fifth floor apartment and a dining room cabinet fell to the floor. With cracks and fissures developing in the walls and plaster falling, I realized that an earthquake had struck Bucharest.

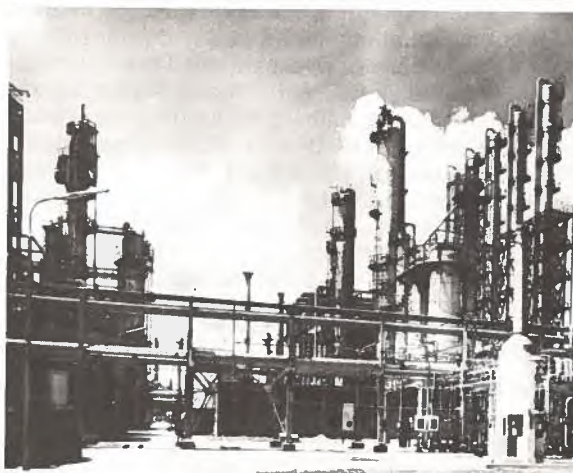
The damage, now estimated at more than \$1 billion, will certainly have an impact on the economy. However, steps have been taken to ensure that reconstruction will not unduly affect the plans and objectives set out in Romania's 1976-1980 Economic Plan. First of all, foreign cash grants and capital equipment have been provided for reconstruction and the replacement of capital equipment. The U.S. Government approved a grant of \$20 million for hospital construction and medical equipment, building equipment and machinery. Eastern Bloc countries have contributed \$14 million. Secondly, the shorter work week (from 48 to 40 hours), which was to have been introduced this year, has been postponed until 1978. Romania's President Ceausescu is determined that the proposed capital investment projects considered before the earthquake will proceed as planned.

The direct effects of the earthquake provide opportunities for Canadian exporters. For example, computer equipment is needed for the Department of Transport's computer centre, which was completely destroyed. More modern seismic equipment is also urgently required. However, much of the damaged equipment will be replaced by the original suppliers in Western Europe.

If the effects of the March earthquake do not force Romania to restrict imports from Western countries, there are two clearly defined areas for Canadian companies.

Firstly, high technology equipment that will add to Romania's manufacturing capacity and improve productivity. Such equipment is required for mining, energy, pulp and paper and petro-chemicals. Secondly, raw materials for manufacturing products and for feeding the population. These include bauxite for aluminum plants, coking coal and iron ore for steel mills, and grains and animal breeding stock for the food industry.

The March 4 earthquake cost the Romanian economy an estimated \$1.2 billion. Three times more severe than that suffered in 1975, the disaster halted production in 200 industrial plants and set planners a mammoth task in city reconstruction.





Canadians can obtain a better picture of market potential by asking the following three questions:

Has the current 1976-80 Five Year Economic Plan made provision for developing the sector for which imported equipment or raw material is required?

Is similar equipment or raw materials available in another Eastern Bloc or COMECON country? Purchasing in Russian rubles or Polish zlotys, for example, avoids the expenditure of scarce Western currencies.

Is there a supplier in Western Europe whose price is significantly lower than Canada's because of lower freight costs or other factors?

Answers to these questions can be developed through close collaboration with our new Bucharest office. The rewards can be great if you can successfully establish yourself in the market. A Montreal manufacturer of chemical recovery systems for the pulp and paper industry signed a \$3.6 million contract in February. A Toronto firm has supplied a research wind tunnel which will be completed this summer. Another Ontario company obtained an order worth \$1.5 million for grinding wheel equipment for the abrasives industry.

Opportunities exist for microwave transmission, mining, postal automation, avionics and agricultural equipment.

Romanian paper mills require long fibre pulp to mix with pulp produced from its predominantly short fibre hardwood resources. Asbestos is also required and has been a traditional Canadian export since 1968. Romania is also a good market for Canadian wheat, although in 1976 the Canadian share declined as a result of a significant increase in sales of U.S. wheat. Oil and cereal seeds also offer good possibilities for Canadian exporters.

This office hopes to expand significantly sales of high technology equipment in the years to come. Present plans call for a close examination of potential for Canadian equipment in the pulp and paper, oil and natural gas, and mining sectors, and for supplies of Canadian chemical products. Our doors are now open and we look forward to approaching this market with you.

*J.C. Poole,
Commercial Secretary,
Bucharest*

photos: Romanian Embassy, Ottawa



Saudi Arabia

Opportunities galore

Because of enormous oil revenues, the Saudi Arabian economy and society presents a case study of what can be achieved with almost unlimited financial resources and sensitive, conscientious economic planning. Towards the end of the second year of the Second Development Plan (a five-year time span with public expenditures estimated at over \$140 billion) the Saudis are faced with the enviable problem of how to spend their wealth, within the constraints of an initially underdeveloped economy, as quickly as they earn it (government revenues — 90% oil — \$32 billion for 1975/76 fiscal year).

Canadian trade with Saudi Arabia continues to grow. The jump from \$35 million in 1975 to \$106 million in 1976 was due largely to sales of pre-fabricated structures. In this and other sectors the potential for Canadian trade with this oil-rich kingdom is virtually limitless. Saudi Arabia is currently placing heavy emphasis on turnkey projects and joint ventures with foreign companies to implement multimillion, and often billion dollar infrastructure projects.

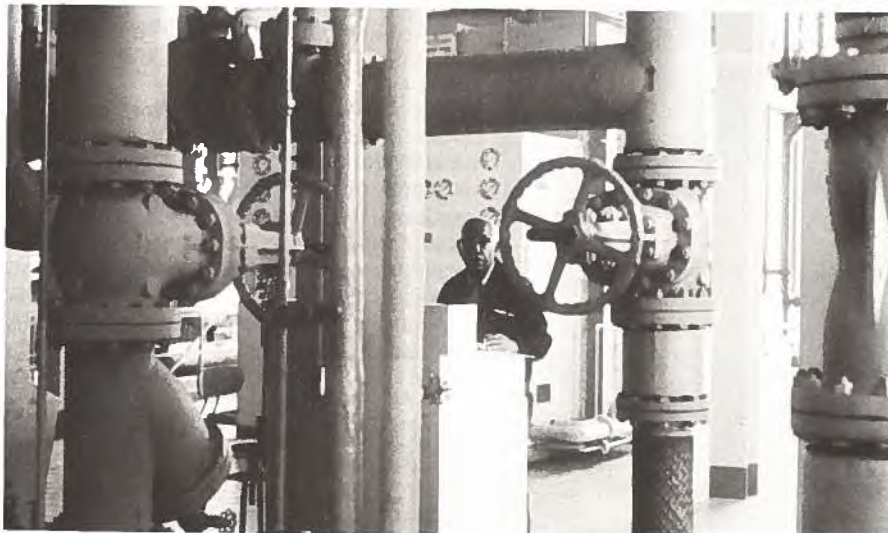
Just as the average European businessman cannot appreciate the real significance of Canada's sub-zero winter weather, and especially the wind-chill factor, relatively few Canadians have sampled the effect of Saudi Arabia's noonday sun and furnace-like air blasts on men and machines. But the prospect of fat contracts is luring more and more adventurous spirits to Riyadh, the capital, and Jeddah, both cities with populations of 300,000. Splendid as they were, Canada's \$106 million exports to Saudi Arabia in 1976 must be measured against the U.S. total of \$2.5 billion.

The Canada/Saudi Arabia Joint Committee for the Development of Trade and Economic Co-operation held its first meeting in Ottawa in September 1976. The terms of reference of the Joint Committee established a framework for the expansion of commercial and economic relations between the two countries. In the wealthy private sector, demand for construction materials, foreign contracting expertise and consumer goods continues unabated. During the first quarter of 1977, aggressive Canadian suppliers of goods and services have signed contracts in virtually all sectors of the Saudi economy — despite intense foreign competition.

Competition will remain fierce. Saudi Arabia is not a market for the export debutante: tenacity, flexibility, persistence and dedication characterize the elite group of Canadians who have been successful in that part of the world. The Saudi preference is to use North American technology and methodology. Canadian firms are demonstrating that they have the capability to deliver the goods and services most wanted by the kingdom.

The only limiting factors lie in Canada. We can be successful only if we follow-up on the opportunity open to us.

*O.A. Sulzenko,
Commercial Counsellor,
Jeddah*



Scotland

Hope springs from oil

The Scottish economy at the end of March was slightly better than anyone would have dared to predict some three months ago. Unemployment, at over 7.4%, and high inflation still plague the economy, and labour unrest in certain industrial sectors has not helped to alleviate the situation.

Despite the economic difficulties, the pattern of trade between Canada and Scotland (as well as Northern Ireland) continues, though at a much reduced pace. Licensing arrangements and joint ventures — in both directions — have been noticeably active and the results are most encouraging. Other Canadian companies might want to explore this method of gaining entry to U.K. and EEC markets.

The improvement in the sterling rate vis-a-vis the Canadian dollar (about \$1.81 to the pound, March 31) has given a tremendous boost to many Canadian export products. In the food line, the outlook is more encouraging for canned salmon, Canadian fresh lobsters, frozen herring fillets, cheddar cheese, honey, onions, canned vegetables (principally corn niblets, asparagus).

Canadian lumber and forestry product prices are competitive, but the construction trade in Scotland and Northern Ireland is still very depressed and import volumes have suffered.

As with Canadian wheat, sales of formulated animal feeds, dehydrated alfalfa and other feedstuffs are handled in England by the larger buyers (like Spiller, Rank Hovis McDougall). The distilleries continue to look to Canada for moderate imports of low nitrogen content barley.

Expanding North Sea oil exploration and operational programs are already well known to many Canadian suppliers of sophisticated equipment and ancillary items such as winches, deck gear, cranes for service ships and oil rigs and platforms. The most recent U.K. Government figures (March 25) show that the flow from North Sea fields is now faster than expected. At 632,000 barrels a day, it is now saving 4 million pounds daily in oil imports and meeting a third of Britain's oil requirements.

Though the Scottish economy is going through a very sticky patch, the short range prospects for this small area (5.3 million persons) are reasonably good.

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

Ocean liners, battleships, cruisers, destroyers and the engines to propel them established Scotland's reputation in heavy industry. But Clydeside shipyards are no longer leaders in that field and Scottish engineers now depend upon a wide variety of products to supplement the revenue from whisky, the No. 1 dollar-earner.

photos: British High Commission, Ottawa



Spain

Enterprise rewarded

Canadian exports to Spain last year reached a record level of \$121 million. In view of the unsatisfactory economic situation that prevailed in the country, this was an outstanding effort for Canada. It is also indicative of the potential that exists for Canadian goods and services.

Industrial materials, at \$85 million, accounted for approximately 70% of exports to this country in 1976. Trade was fairly stable, but there were variations in specific items due to conditions in individual sectors of Spanish industry, stock levels, competition from other suppliers and even availability from Canada. There was, for example, a substantial drop in Canadian sales of newsprint due to very high stocks at the beginning of the year.

Exports of sulphite and sulphate pulp went down, but bleached kraft pulp increased significantly. For the Spanish steel industry, 1976 was not a particularly good year. As a result, Canadian exports of pig iron dropped by several million dollars. On the other hand, exports of iron ore, at \$17 million, showed an increase of \$2 million.

Total exports of Canadian agricultural, fisheries and food products amounted to approximately \$15 million. The principal items, and these are fairly traditional, included purebred cattle (\$1.5 million), flaxseed (\$1.4 million), hides (\$1.4 million), fur skins (\$0.5 million), and seed potatoes (\$0.5 million).

There was a modest but growing trade in a number of new items, such as seeds, meat casings, offals, dried fruits and vegetables. Machinery sales, totalling approximately \$6 million, were mainly in road graders, business machines, drilling equipment and parts for motor vehicles.

In transportation equipment, Canada has an established market in Spain for large trucks, aircraft assemblies and parts, and for the first time we sold forestry handling equipment. In electrical and electronic equipment, Spain bought from Canada over a million dollars in commercial telecommunication equipment and approximately half a million dollars worth of electric lamps, bulbs and parts. Worthy of mention in the consumer goods section was fur apparel, worth \$800,000 — this the result of a Madrid in-store promotion.

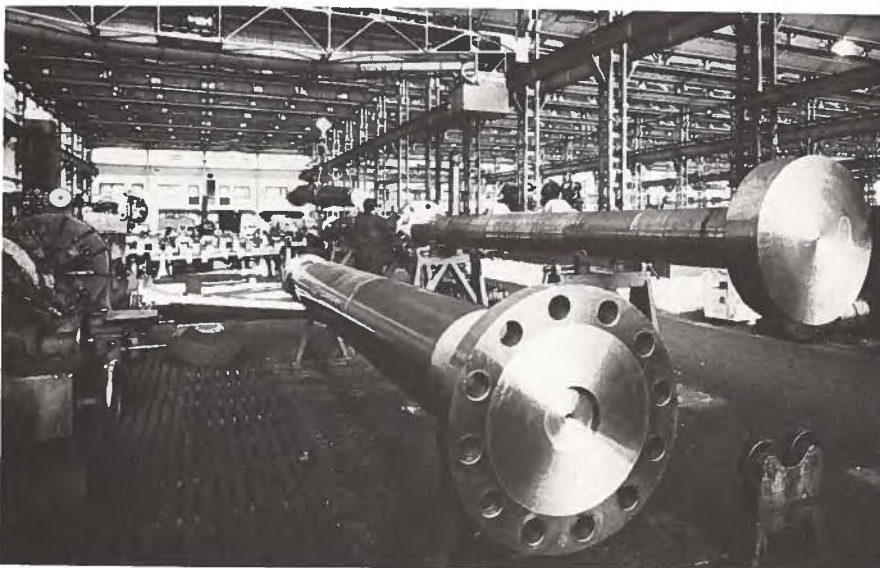
Uncertain business and political conditions are the 1977 forecast for Spain. Nevertheless, some industries are continuing to expand and many projects are underway or planned (e.g. in pulp and paper, mining, oil exploration, etc.). In these areas, Canadian sales of the following products could be increased: machinery (construction, pulp and paper, packaging, printing, metal working, mining, cargo handling); specialized vehicles (off-highway, mining and all-terrain); oceanographic equipment; aircraft components and systems; marine components, utility transport aircraft, coal, coke and construction lumber.

Active and qualified agents in Spain are interested in all of these lines. Canadian exporters should contact the commercial division at the Canadian Embassy in Madrid, providing literature and product prices. Many items can be imported directly into Spain, but for others, (in particular machinery), it may be necessary to consider either partial manufacture or manufacture under licence.

Wherever possible, Canadian firms should visit the Spanish market: personal contact is extremely important. Nearly all members of Canadian trade missions that have been to Spain in the past year or so have done well here, either appointing agents or actually placing orders.

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

18,000 kilograms of precisely-machined propeller shaft. The finished product is Spanish, but the original ore was wrenched from a Canadian hillside. Some of those who worry about the depletion of this country's mineral resources console themselves over a glass of imported Spanish wine, made from grapes which, with careful tending, renew themselves annually.



Sweden

Bright spots relieve the gloom

Canadian industry, trade and commerce are influenced by commercial and economic trends in other parts of the world. And history teaches valuable lessons. Britain's long-time supremacy in shipping was successfully challenged by several countries, including Sweden. As though to rub salt spray in the British wound, the 15,600-ton pride of Sweden's cruise fleet took the name *Tor Britannia* and operates between Gothenburg and Felixstowe, Suffolk, carrying 1,200 tourists and 420 cars. But as the report on this page indicates, Sweden's shipbuilding industry is no longer buoyant, and that depressed condition does not help Canada-Sweden trade.

photos: Swedish Embassy, Ottawa



Since 1975, Swedish wages have increased by 40%, while the volume fixed investment declined by 1.5% over the same period. Domestic consumption increased by 3.3% in volume during 1976, which contributed to an increase in imports of more than 2%. The high levels of sales in the automobile and consumer durables sector were major contributing factors in the strong consumer market.

The manufacturing sector is under very strong pressure to control costs and re-establish sales levels. Major firms in the automotive and telecommunications industries have announced production cut-backs.

To date, the effect of the current difficulties on Canadian exports is mixed. Total Canadian sales to this market in 1976 amounted to \$114 million, an in-

Swedish exports have been significantly affected by price developments and Sweden's share of all major export markets has declined. Export prices have risen between 15-20% over the last two years.

The pulp and paper industry has particularly high inventories, with a stockpile of over 1.2 million metric tons of pulp. A similar situation exists in the iron and steel industry. Sweden's shipyard capacity is being rationalized and reduced by 30% to cope with its depressed prospects.

crease of 6% over the previous year, but representing less than 1% of total Swedish imports.

Some Canadian suppliers to original equipment manufacturers have suffered declining orders and even cancellations. Conversely, examples exist where new long-term commercial relationships are just being established. In the automotive industry, for example, one major Canadian supplier lost an important contract in spite of a relatively long commercial relationship, while another, after several years of intensive marketing effort, received orders which indicate excellent future prospects.

Canadian suppliers of consumer durables are generally continuing to expand sales. Canadian exports of snowmobiles and parts reached a value of \$3,160,000 in 1976. After establishing a local distributor, a Canadian manufacturer of snowblowers and tillers enjoyed excellent sales levels last year.

Demand for Canadian food products remains high, and some shortages in the fish market have been noted. Imports of shrimps and prawns from Canada increased from \$149,000 in 1975 to \$1,013,000 in 1976. Canadian exports of frozen salmon topped \$6,000,000 in 1976.

Sweden is also a growing market for Canadian raw materials. Copper and nickel remain significant factors in our trade figures. Future prospects for Canadian uranium, in spite of the Swedish nuclear power debate, remain favourable, and interest in Canadian coal is expanding. Long term prospects for establishing a market for Canadian wood chips also appear to be excellent.

Projections for the short term must be conservative. The Swedish Crown was recently devalued by 6%, and on June 1 the value added tax (VAT) will increase from 17.65% to 20.63%.

For the long term, the record of the Swedish economy is such that it is likely that cost factors will be brought under control.

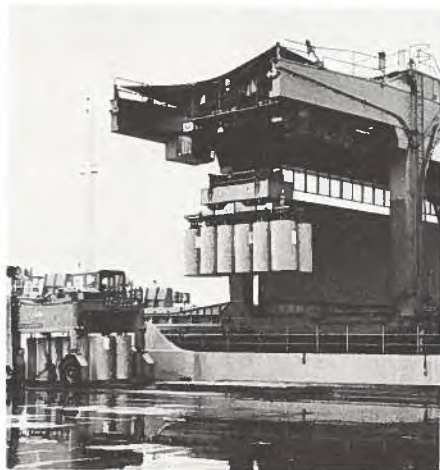
*W.D. Hutton,
Commercial Secretary,
Stockholm*

Knowledgeable motoring enthusiasts will identify the Volvo consignment as 1971 models. What hasn't changed in recent years is the Swedish company's policy of assembling cars in Halifax, Nova Scotia.

Saab, a relative newcomer to the North American market, is more famous for its fighter aircraft, but some of the most thrilling duels in international car rallying were fought by Erik Carlsson, a mountain of a man who squeezed into a tiny 841cc, 3-cylinder Saab 96, hurled it through Alpine passes with terrifying aplomb and vanquished many of Europe's ace drivers.

Volvo (1976 sales \$3.6 billion) and Saab (1976 sales \$2.25 billion) may merge to form Volvo-Saab-Scania AB.

photos: Swedish Embassy, Ottawa



Switzerland

Our exports increasing

In 1976, the Swiss economy recovered from the severe recession of the preceding year. The GNP improvement of 1-2% attributed mainly to a 12% increase in exports. However, this recovery levelled off during the summer months, and the GNP is not expected to register growth in 1977. But the standard of living continues to be one of the highest in the world and the Swiss (6.3 million) are discriminating buyers, demanding high quality and keen prices. Retail sales in Switzerland fell severely during 1975 and even in 1976 did not regain 1974 levels. This situation is expected to continue: the population base was left smaller after the "exodus" of some 200,000 foreign workers in 1975.

Last year saw a major improvement in Canada's balance of trade with Switzerland. Our exports increased from 219 to 241 million Swiss francs, while imports from Switzerland declined from 436 to 370 million Swiss francs. Traditional exports, such as wheat and other grains, metals and furs and fur garments continue to play a major role, comprising approximately 60% of total exports. These commodities, plus plastics, accounted for most of the gain. However, the sales of certain finished goods are showing steady improvements.

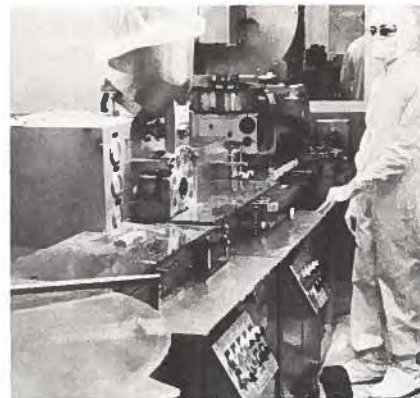
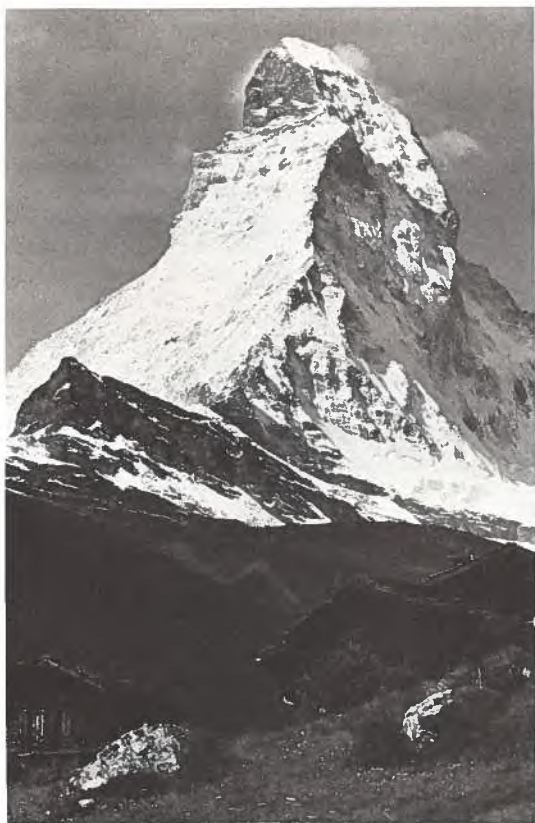
Various types of industrial machinery, office and electronic equipment (especially measuring and control instruments, mini-computer peripherals and navigational aids) telecom equipment, motor vehicles and parts have made marked gains in the Swiss market. Consumer products, such as clothing and sports goods, continue to find a good market in Switzerland, although Swiss domestic consumption has not regained 1974 levels.

Switzerland's unique geographical situation and cultural diversity has made it a natural home of several major international trade fairs — such as Nuclex (nuclear technology), Telecom (communications), Pro Aqua-Pro Vita (environmental equipment) and Igeho (hotel and restaurant equipment). Canadian participation in these fairs has been encouraged by active government support, either at the provincial or federal level. Companies that have participated generally find such fairs an excellent introduction to the European and international markets.

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

Like some tantalizing finger, the Matterhorn beckons, and hordes of Canadian tourists converge on Zermatt, the mountain resort that bans all but horse-drawn vehicles. What has all this got to do with industry or commerce? Just this: Canadian sales to Switzerland in 1976 — \$100 million — should be studied alongside our 1976 foreign holiday travel deficit of \$1,182 million. Pocket-sized Switzerland (half the area of Lake Superior) raked in \$2,233 million from tourists; Canada \$1,941 million (but we spent \$3,123 million abroad).

photos: Swiss Embassy, Ottawa



Thailand

Land of promise

The Fourth National Economic and Social Development Plan, covering the period 1977-81, was released in March. It outlines the sectors which are to receive priority and, in some cases, details requirements for foreign goods and services.

Emphasis is to be given to projects which contribute to development outside Bangkok. Agricultural schemes and decentralized industrial development aim at achieving a more equitable pattern of income distribution in the country. The total budget for the five-year period is given as \$12.5 billion. Of this amount, \$1.5 billion will be borrowed from international sources, notably the IBRD and AsDB. Education, agriculture, transportation and communications head the priority sectors, and in all of them Canadian firms have international experience.

Canadian exports to Thailand increased some 70% in 1976 to reach \$38 million.

Wood pulp, power boilers, aluminum and asbestos were the largest items. Canadian consultants' fees, a significant factor, were not included in the overall figure.

The successful implementation of the Fourth Plan will depend to a large degree on a return of investor confidence in Thailand. The present government is striving to effect this through an incentive program and by offering guarantees to foreign investors. The economy is basically sound; the workforce is relatively stable. Canadian suppliers can expect to play a large role in Thailand's development plans over the next five years.

*J.H. Lang,
Commercial Secretary and Consul,
Bangkok*

Tunisia

Attractive tax credits

Tunisia's economy has four major sectors: olive oil, phosphates, tourism and oil. The foreign currency earned from these industries has been sufficient to permit the government to invest heavily in infrastructure projects such as railways, ports and electrical distribution systems, while at the same time permitting private business to import consumer goods and light industrial equipment.

The economy is centrally planned and state-controlled. A new Four Year Development Plan came into effect in January. During its term the country hopes that by achieving self-sufficiency in some sectors and international competitiveness in others, it will emerge as a mature industrial state.

The vehicle for this program is the 1972 law encouraging foreign investment. Administered by the Agence pour la promotion des investissements, it provides attractive tax credits for foreign manufacturers who employ local labour and export their products to the European market, with which Tunisia has contractual arrangements.

Sales competition is particularly strong from France, West Germany and Italy. However, Canadian firms have begun to make themselves known and enjoy an excellent reputation resulting from the long-term aid program. The most promising sectors for Canadian firms are: hotel construction and management, oil and gas field equipment, pipeline construction, electrical transmission systems and consulting engineering services.

*C. Courtemanche,
Commercial Secretary,
Algiers, Algeria*

Mention of Tunisia evokes happy memories of Field Marshal the Viscount Alexander of Tunis. The former Governor General was architect of the 8th Army's great victory in the Western Desert (the plan was superbly executed by General Bernard Montgomery, as he then was). Some of Canada's early Governors General stimulated export trade as effectively as legions of professional salesmen.



Turkey

Record business forecast

Despite continuing balance of payments problems, lack of foreign exchange and strict import controls, 1977 should be an excellent year for Canadian exports to this Mediterranean country. There is every indication that our sales for the year may reach a record level of \$60 million (as against the 1974 and 1976 records of approximately \$50 million).

Turkey's infrastructure requirements and industrialization program will present additional opportunities for Canadian equipment and machinery manufacturers (particularly those in resource based fields and in electrical, electronics, telecommunications and transportation).

Opportunities for foreign consultants are becoming increasingly limited to highly specialized fields where international financing is available (Turkey does not qualify for Canadian International Development Agency financing), or in joint venture with a local partner for a turnkey project supported by bilateral financing. Because of the immensity of the development program, companies which are able to offer financing will get preference.

Consumer goods, textiles, food products, and items already manufactured locally are generally not imported in order to conserve foreign exchange and promote local production.

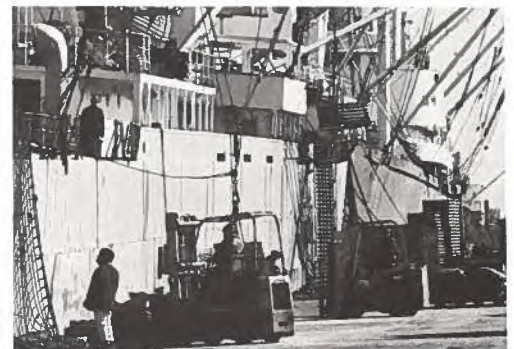
The bulk of Canadian exports to Turkey are associated with sales to the government or to industries in which the govern-

ment has a share (more than half of Turkish industry, and particularly the important heavy industry sector, is under state control). Sales to such organizations have the advantage of not being subject to tariffs (Turkey, as an associate member of the EEC, grants preference to those countries on a wide range of items). Government purchases are often of a size to make a prospective sale economic for a Canadian supplier. However, such purchases must be by tender and require bid and (usually) performance bonds. Long-term supply contracts are normally not permitted.

This year IT&C will again support participation in the Izmir International Fair (August 20-September 30) in the city of the same name. Canadian exhibitors whose products fall within the special import list can take advantage of the Izmir Fair import quota by having their Turkish representative display a sample product in the Canadian Pavilion. The 1977 allocation for Canadian exhibits may surpass \$1.0 million and will include outboard motors, chain saws, saw chains, automotive and equipment parts, specialized electronic products such as medical diagnostic equipment and special industrial equipment.

*D.H. Leavitt,
Commercial Counsellor,
Ankara*

The IT&C Commercial Counsellor in Ankara reports record figures for Canadian business in 1976 and is optimistic about further improvements this year. But some financial analysts put Turkey's jobless at over two million in 1975 (population 40.2 million), with inflation in that year running at 18% (down from 35% in 1974). Taking a closer look at contributing factors — many jobseekers lack skills in industrial areas in which the government is placing great emphasis. 1974-1976 also saw the repatriation of many Turkish citizens who had been working in Germany and other EEC countries.



U.S.S.R.

Trade should increase

While generally fulfilling the expectations of Kremlin planners, the Soviet economy fell short of a number of key goals in 1976. With the growth rates set lower than at any time in the last quarter of a century output of the Soviet Union's heavy and consumer industries rose by 5.5% and 3% respectively. These performances were slightly better than expected, but industrial labour productivity, although 3.3% higher than 1975, did not achieve the given target. The national income rose by 5%, as against a planned 5.4% improvement.

The results, which contained no major surprises, confirmed Soviet expectations of a slowdown in growth rates in many areas of the economy. Planning experts have attributed the trend to a modern need for quality rather than quantity, and to big outlays on such projects as developing new energy sources in Siberia. An additional factor led to widespread shortages of meat, milk and other products dependent on fodder supplies.

Foreign trade, boosted partly by grain purchases, grew by 10%, to reach a turn-

over of 56 billion roubles (Cdn. \$68.4 billion). Final figures show that Canadian exports to the U.S.S.R. in 1976 were \$535 million, which is up considerably from the \$408.9 million figure of 1975. The non-grain component of our exports continues to increase, due in no small measure to buyer credits provided by the Export Development Corporation. A significant portion of the \$500 million made available under a Canada/U.S.S.R. protocol signed in May of 1975 remains available to finance Canadian export of capital equipment to this country.

Potential exporters should bear in mind some of the more fundamental objectives of the current Five Year Plan which expires in 1980: increased industrial productivity, increased self-reliance in the agricultural sector and increased energy resource development.

*E.A. Mallory,
Commercial Secretary,
Moscow*

Canadians with eyes permanently rivetted on national news may sometimes wonder why, in countries with political structures vastly different from our own imperfect system, industrial performance falls short of government targets and inflation is not unknown. United the world over are farmers, who can always attribute misfortune to the weather.

photos: Novosti Press Agency, Ottawa



Upper New York State U.S.A.

A place to test sales prowess

For decades, Upper New York State has been at the hub of commercial and industrial activity in the United States. Strategically situated on the edge of both the major markets of the Northeast and the Midwest, and adjacent to the industrial heartland of Canada, it is both a test market and a key distribution point for the nation.

As an older industrial area, Upper New York State was severely struck by the economic slowdown of the early 1970s. Many of the effects — high unemployment, closed factories, etc. — are still very much in evidence. A number of factors, however, are helping to reverse this trend, and there are high hopes that President Carter will fulfill his pledge to assist New York State in its recovery. Hence, while this area has lost ground to the South and is unlikely to regain its former dominant position, it still remains a prime target for Canadian business.

In addition to its well known heavy industry, Upper New York State is also a major manufacturing centre for electronics, the defence industry, paper and allied products, transportation equipment, food, clothing, photographic and optical products. Agriculture is another important industry, particularly dairy farming, poultry and egg production and fruit growing.

Agricultural machinery is also a growth area. Canadian businessmen have done well in the past in supplying all of these markets.

In summary, this area offers a unique opportunity: a widely diversified market, ranging from heavy industry through light manufacturing to consumer products. It is easily accessible by road, rail, air and Great Lakes shipping. The business community is keenly aware of Canadian goods and services and receptive to anything that is genuinely competitive — not only in price but also delivery, follow-up service and quality control. The Canadian businessman who is well prepared and ready to compete with American suppliers will find Upper New York a ready market.

*W.M. Maybee,
Consul and Trade Commissioner,
Buffalo*

**The Buffalo Consulate covers
Northern New York State**

New England States U.S.A.

Towards new trade records

Although the New England economy made only modest gains in 1976, it was enough to spur imports of Canadian goods to a total of \$1.15 billion, an increase of 27% over the previous year. There is a growing but still guarded confidence that 1977 will be a year of solid economic progress in this part of the world. That optimism is expressed in a recent survey of business executives.

Energy continues to be a major concern. Lacking convenient sources of coal, natural gas or oil, local consumers have traditionally paid high prices for energy. In the hope of easing the situation, New England is now engaged in the most comprehensive search for coal ever undertaken in this State. The Narragansett Basin, which is partly Massachusetts and Rhode Island, is a 900 square-mile geological area which contains an unknown quantity of coal. Some experts put the estimate at 400 million tons of anthracite coal. Another promising prospect is the possibility of finding up to 4 billion barrels of oil off the coast of New England. There is also the hope that gas will be discovered in large quantities. Drilling rights on thousands of acres of the Continental Shelf are to be leased this year, with as many as 60 oil companies expected to bid on the leases.

The outlook for Canadian exports is bright, especially for lumber, fish products, forgings, castings and high technology products for the defence industry.

*C.J. St. Pierre,
Consul and Senior Trade Commissioner,
Boston*

**The Boston Consulate covers
Main, Vermont, New Hampshire,
Massachusetts and Rhode Island**

photos: U.S. Information Service, Ottawa



New York U.S.A.

Major export territory

The three States served by the New York Consulate form Canada's largest trade territory in terms of exports (almost \$3.8 billion in 1976) and are the major source of external capital (borrowings exceeded \$5.1 billion in 1976).

Consumer goods are active. Calls are regularly scheduled on New York food brokers, distributors, importers and institutional buyers of foodstuffs. There is a growing interest in fish products. Sales of furniture and household items have slightly increased: contract prospects continue bright, while on the residential side the main opportunities lie with middle to low end lines and accessories.

Canadian apparel shows in New York and support given to buyers missions to Canada are viewed as major tools to secure business for the Canadian clothing and textile industry.

The New York area is also one of the largest markets for industrial goods. Automotive parts represent one of the Post's top priorities this year. For the first time, a mass introduction of Canadian vendors in the New York regional chapter of the Automotive Affiliated Representatives is planned to take place at the Consulate General in May. In the electronics field, there is an ongoing program of contacts with local firms, stressing the broad capabilities of Canadian industry. Extra efforts are being

made to promote sales of steel products. An incoming Foundry Casting Buyers' Mission is planned for 1977.

For the construction and housing sector, a visits program on behalf of Canadian wood products and building materials companies will be continued.

Increasingly, Canadian companies are tapping this capital market, particularly for longer-term debt. The Consulate General, with its diversified contacts among the financial community, is prepared to assist Canadian firms seeking new business opportunities, mergers, acquisitions, venture and debt capital.

Canadian manufacturers will continue seeking offshore markets through New York buying agencies, the main areas of interest being the Middle East, Latin America and the Soviet Union.

Bermuda offered an export market of \$11.6 million in 1975. Since the island depends on imports for most of its basic needs, frequent visits and trade missions promoting consumer goods are planned to increase Canada's share.

*J.D. Blackwood,
Deputy Consul General (Commercial),
New York City*

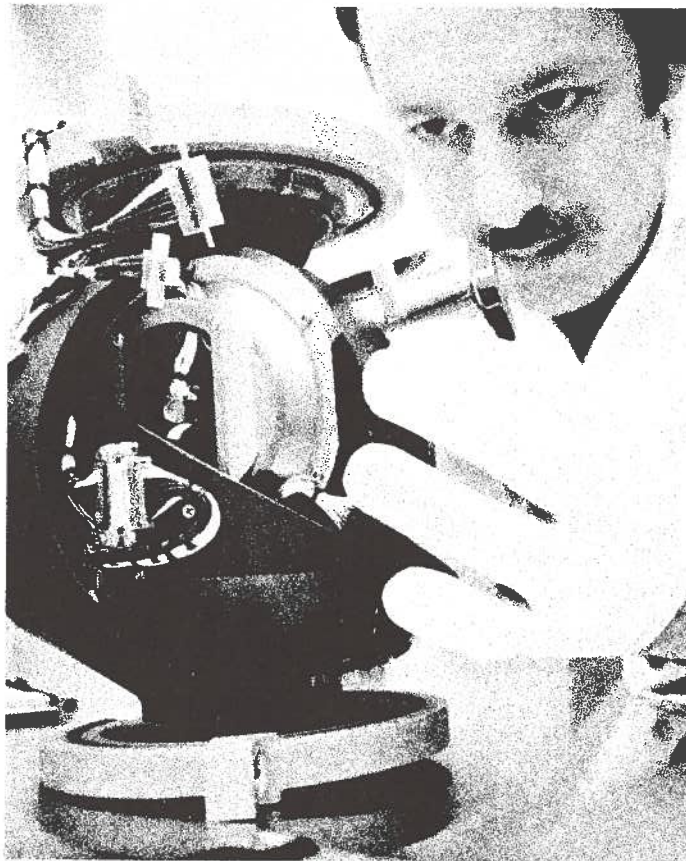
Mid-Atlantic States U.S.A.

Business by the billion

Canadian businessmen sold close to \$2 billion worth of goods in the Mid-Atlantic states last year and should be able to sell even more during 1977, as the U.S. economy continues to improve.

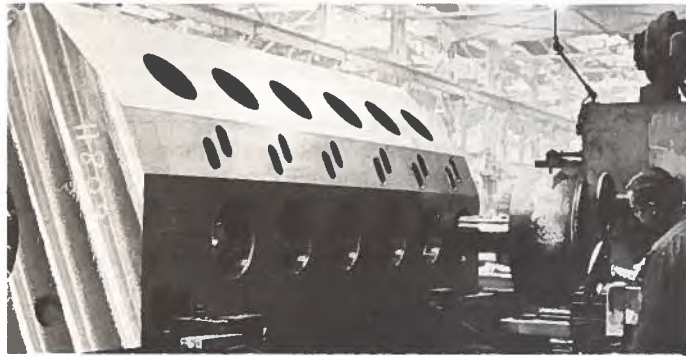
Major buyers of Canadian products are the industrialists and U.S. defence procurement agencies clustered along this central portion of the Atlantic seaboard. Many of these customers are located in Southeastern Pennsylvania, which is the fourth largest manufacturing area in the United States. Others are in Southern New Jersey, Delaware and Maryland. Together, they produce a wide variety of products, including steel (Bethlehem, Lukens and U.S. Steel), transportation equipment (Budd, G.M., Chrysler, Mack, Boeing Vertol and Sun Shipbuilding), chemicals (Dupont, Pennwalt and I.C.I. America), electronics (R.C.A., GE, Westinghouse & Burroughs), plastics (Hercules, SGL, Rohm & Haas), instruments and controls (Fischer & Porter, Teleflex, Leeds and Northrup), medical and hospital supplies (Smith Kline, Narco and Rorer-Amchem), defence equipment and many other products. They import millions of dollars worth of Canadian iron ore, lumber, potash, electronics, asbestos, woodpulp, non-ferrous metals, gypsum and paper products.

Still further south, near Richmond, Virginia, are important manufacturers of aluminum products (Reynolds), controls (Robertshaw) and pharmaceuticals (A.H. Robins), and at the entrance to Chesapeake Bay the world's largest shipbuilding company, Newport News Shipbuilding Company and Dry Dock.



Of course, people living in the Mid-Atlantic states are also good customers of Canada. Their purchases of Canadian-built automobiles and parts, pleasure boats, furniture, carpeting, footwear, foodstuffs, sporting goods and clothing have been steadily increasing.

Last year the Canadian Consulate in Philadelphia assisted over 100 Canadian firms obtain close to \$10 million worth of new business in the Mid-Atlantic states. Canadian businessmen wishing to expand their sales into this important market will find officers at the Consulate eager to help.



South East U.S.A.

Record industrial contracts

In 1976, Canadian exports to the seven Southeastern states exceeded \$990 million, which was an increase of almost 40% over 1975. This was achieved mainly in industrial products, with consumer items remaining static. Activity in the Southeastern region looks good. Levels of employment are considerably higher than the national average, due primarily to a greater growth rate in both population and industrialization.

The influx from other parts of the country is making the area more cosmopolitan, with broader and more varied consumer tastes, and this has helped to establish a number of Canadian products. Seafood continues to be in strong demand, especially items such as cod, ocean perch and flounder (sole). Canadian contemporary furniture continues to find greater acceptance on both style and quality. A third product line that is well-accepted is Canadian leather goods — coats and fashion boots.

In the field of high technology, which covers the defence and urban transportation sectors, there are good opportunities for Canadian suppliers. Of significant importance are the Metropolitan Atlanta Rapid Transit

Those wishing to sell directly to departments of the United States Government, or international organizations headquartered in Washington (such as the World Bank and the Inter-American Development Bank), should contact the Minister-Counsellor (Commercial) at the Canadian Embassy in Washington.

*Howard E. Campbell,
Consul and Senior Trade Commissioner,
Philadelphia*

**The Mid-Atlantic States cover
Southern New Jersey,
Eastern Pennsylvania, Delaware,
Maryland, Virginia and Washington, D.C.**



Authority (MARTA) and the Dade County rapid transit projects. The MARTA venture is being undertaken at an opportune time, because it has absorbed much of the surplus labor available from the commercial and residential construction sectors. This is underlined by the fact that quotations are lower than originally estimated.

Lockheed Georgia, located near Atlanta, is one of the largest employers in the Southeast. Production of the C-130 Hercules and the Jetstar continue and it is hoped that Lockheed will receive a contract for extending the fuselage and providing in-flight refuelling capability for the C-141 Starlifter.

*C. Van Bostelen,
Consul and Trade Commissioner,
Atlanta*

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

Detroit U.S.A.

Shining optimism

Downtown Detroit took a major step forward on March 15 when the new Plaza Hotel, focus of the Renaissance Center, opened its doors. The seventy-three storey hotel is surrounded by 4 thirty-nine storey office towers. Two hundred and forty-eight conventions, including an IT&C-sponsored Canadian Food Show in November, have already booked space over the next five years. The massive office towers are 64% leased or committed, a better performance than many suburban office facilities. The 337,000 square-feet of shopping space will be open this fall, by which time the phased opening of 13 restaurants and lounges will also be completed.



RenCen seems likely to spur the revival of downtown Detroit. Further projects being actively promoted include a new sports arena, more parking garages, a major shopping center and mall, all to be connected with RenCen by an automated people mover. Downtown crime is significantly reduced. Downtown looks better. More trees are being planted in park settings and the Detroit Street Railway — red “toonerville trollies” — of decades gone by have been revived along Washington Boulevard, providing a delightful contrast to RenCen’s massive modernity.

A major people transportation system for southeastern Michigan, centering on Detroit, is being planned. Six hundred million dollars of United States Federal Government funds were committed in principle to the Detroit system by the previous Federal administration. Studies to select the best mix of transit facilities are underway in the Southeastern Michigan Transportation Authority, and interested Canadian firms are keeping in close touch with the Authority to ensure that their capabilities and products are fully considered.

The area may not revert to its position as a premier shopping area, but seems more likely to develop as a financial, legal, and business services area. Some of this should spill over to adjacent Windsor, Ontario, whose riverfront parks, art gallery, and auditorium are directly in front of RenCen, providing the flavour of a visit to a foreign country for a 40-cent bus ride.

Optimism is also shining through in the State of Michigan as a whole. Following a decline of 300,000 in employment from late 1973 to early 1975, Michigan recorded a 56,700 increase in jobs during 1976, even though unemployment reached 9% at the end of the year. Automobile production was up 26.4% and personal income improved by 12.4%, the highest increase since 1953. Prospects are good for continued economic improvement in 1977.

The automobile industry is in a state of flux. Environmental and fuel conservation objectives of the government, pitted against assessments by manufacturers that the public will not accept small cars, have spurred research and development work, especially on weight reduction by using less metal and more plastic, as well as on applications of on-board electronics. A confrontation with the U.S. Congress over mileage and emission standards has yet to be resolved. Manufacturers claim that they are unable to meet the next level of standards and may have to shut down the industry if changes in the law are not made.

The genius of the political and business process is expected to find a better solution and, in fact, the auto companies are predicting that 1977 model sales will reach 11 million, which would be the second highest ever. Canadian exporters who have been successful in the Detroit area, selling everything from street sweepers to steel moulds, from crabmeat to picture frames, will continue to find good business here.

*W.G. Huxtable,
Consul and Trade Commissioner,
Detroit*

**The Detroit Consulate covers
the City of Toledo, Ohio, and
States of Michigan and Indiana**

Midwest U.S.A.

Don't miss the boat

During 1976, the territory covered by the Chicago Consulate General purchased Canadian merchandise worth close to \$3 billion. Of that total, fabricated materials constituted 45.6% and end products 31.3%.

Canadian exporters enjoy preferred access to this market, explicitly where products enter under the terms of the Autopact and the Defence Sharing Agreement. In all other cases, sales success is due to proximity, common standards and specifications, consumer preference and an established reputation as a dependable supplier. Contributing to the latter is the fact that some 400 manufacturing companies in Canada are headquartered in the Post territory. This has promoted the direct and indirect involvement of local companies with Canadian expertise.

Post activities in 1977 will emphasize industrial com-

ponents, automotive aftermarket parts and equipment, and accessories for urban mass transit systems. But there is a good market here for virtually any product made in Canada. Our professional staff has a combined total of 25 years experience in helping Canadians take advantage of local market opportunities. If you are not selling in the Chicago territory, you are missing out on a very attractive proposition.

R. Dery,
Consul and Trade Commissioner,
Chicago

**The Midwest territory covers
the States of Illinois, Iowa,
Missouri, Nebraska, and Southern
Wisconsin.**

Upper Midwest U.S.A.

Receptive market

Business conditions continue to improve in the Upper Midwest, and Canadian companies can capitalize on many opportunities if they aggressively market their goods and services.

Grocery product manufacturers have now made a significant inroad in the Twin Cities. An IT&C-sponsored show for the food trade, and an in-store promotion by a major retail chain resulted in sales worth several million dollars for manufacturers from British Columbia to the Maritimes.

The city of St. Paul recently received a major federal grant for an urban transportation project and the Consulate wants to encourage Canadian companies to get involved in the venture. Also in the transportation field, additional efforts are being made to promote auto parts for the replacement market. Mass merchandising companies like Gamble Skogmo and Coast-to-Coast are located in Minneapolis. They represent interesting prospects for Canadian auto parts.

Sailboat manufacturers have a natural market in this 10,000-lake state. We assist Canadian companies on the lookout for representatives, as well as those already selling in the territory.

A recent change in the Minnesota usury law allows for increasing interest rates on house mortgages. With additional funds available for single house financing, an increase in softwood lumber exports should result.

The agricultural equipment market is affected by the two-year drought and by depressed grain prices. But the expanded distribution system developed by Canadian manufacturers over the last couple of years should assist them in retaining their market share. Components can also be sold to American short-line manufacturers.

Canadian footwear and leather apparel are imported in the Upper Midwest, but important customers must be visited regularly.

Bernard Giroux,
Consul and Trade Commissioner,
Minneapolis

**The territory of the Minneapolis Consulate covers
the States of Minnesota, North and South Dakota,
Montana (east of the Divide),
Northern Wisconsin.**



South West U.S.A.

Texas bonanza

South West U.S.A. is increasingly playing a key role on the national and world scene. If you're not doing business here today, you should be! Due to the broad-based mix of energy, agriculture, retail, technology and defence industries, employment and population are rising fast. This regional market, virtually unaffected by the recent recession, includes Texas, Oklahoma, Louisiana, Arkansas and Kansas. Together, they bought in 1976 Canadian goods worth \$650 million — manufactured products, consumer goods and raw materials.

The South West is also increasing its grip on the Nation's corporate power base. Dallas and Fort Worth rank third as locations for the headquarters of multimillion dollar U.S. corporations.

In addition to being the geographical centre of the Sun Belt, Dallas is also the number one convention and trade show city. The new World Trade Mart is the country's largest and hosts more than 20 market weeks per year. Major trade show facilities in other Southwestern cities host hundreds if not thousands of Canadian businessmen annually. It's where the nation and the world come to shop, with lower prices and better climate to boot!

And now it's even easier to get here. The Dallas-Fort Worth Airport is one of the largest and most efficient in the world. Air Canada and American Airlines offer through flights to Dallas from Toronto and Montreal respectively, and a direct connection between Dallas and Alberta is anticipated soon.

But that is just the beginning. Many American companies engaged in major projects in Third World energy producing countries make their purchasing decisions in this part of the United States. For instance, 60% of U.S. sales to the Arab states originate in Texas. On any given day, billions of dollars worth of projects are under consideration. So before rushing off, why not check with us?

Great interest in Canadian commodities is shown by international traders located in this area and selling to the world. These are usually high risk ventures, but when they pay off, they pay off handsomely.

*H. Stewart Hay,
Consul and Senior Trade Commissioner,
Dallas*



North West U.S.A.

Aviation and construction buoyant

A strong pickup in the Pacific Northwest economy towards the end of 1976 led to a better than 3% growth rate for the year. Prospects for 1977 are good. In aerospace the employment situation is bright, with Boeing, Seattle, adding workers after impressive commercial sales figures for 1976. Orders were received for 165 commercial aircraft worth \$2.1 billion (114 planes at \$1.6 billion dollars in the preceding year). The Boeing Aerospace Company won acclaim for the design and development of new products and is bidding on three important government programs to be awarded this year.



New building construction topped a record \$3 billion in 1976. Housing figures were the best since 1968, and non-residential building also reflected the buoyant economy. The high rate of new housing starts — local and nationwide — have provided a particularly healthy stimulus to the local lumber industry.

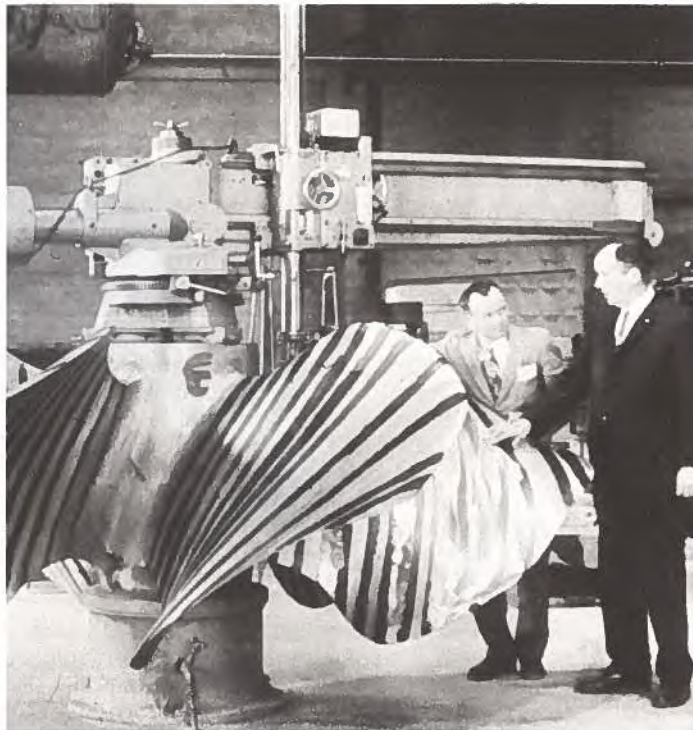
Movement of trans-Pacific cargo through local ports is recovering sharply after posting moderate declines during 1975. This shipping activity has an important spin-off effect on the economy as a whole.

Two areas of the economy are failing to match improvements elsewhere. One is in the sales of industrial machinery and supplies, which are still falling overall. However, the decline is less pronounced than it was in 1975. Secondly, the farm sector continues to bear the burden of depressed prices. Wheat and potatoes are notable examples. Cash receipts from farm marketings may not even show a gain for 1976. Large grain carry-over further complicates things.

A potential problem for the local economy is the drought prevalent in the past 3-4 months. The practically nonexistent snowcover in the mountains has caused widespread fear that there may be shortages of

hydroelectric power next summer. This may lead to the closing, temporarily at least, of some important industries, particularly aluminum and chemicals. The drought is also expected to affect agricultural production.

Traditional Canadian exports to the area (apart from oil and natural gas), such as lumber, wood pulp, newsprint, metallic ores, and minerals should grow with the local economy. Exports destined for the agricultural sector, such as fertilizers and agricultural machinery, may show some decline as a result of reduced farm incomes last year. Canadian exporters of materials, components, and



assemblies for the aerospace industry should show gains in 1977.

With retail sales healthy and easily out-pacing inflation, exports of apparel and other consumer goods from Canada should remain healthy providing we can maintain competitiveness.

Our principal promotional activities in early 1977 include a Solo Food Show and an Office/Contract Furniture Show. We will promote greater participation by Canadian companies with the Boeing Company on a sub-contract basis, particularly in relation to the new generation of commercial aircraft which are at present in the engineering and development stage.

*D. W. Brown,
Consul and Trade Commissioner,
Seattle*

**The Seattle Consulate covers
the States of Alaska, Idaho, Montana (west of the Divide),
Oregon and Washington**

San Francisco U.S.A.

Sales graphs soaring

Canadian businessmen continue to be amazed and excited by the rapidly expanding range and magnitude of sales opportunities evident in the San Francisco Post territory. Market prospects for Canadian goods in general are at an all time high, but the potential for Western Canadian suppliers is particularly attractive. The relative proximity of the Western provinces to the burgeoning marketplaces of Colorado, Utah, Northern California and Hawaii seem to provide that slight edge in freight costs or delivery times needed to win an order.

A quick look at just a few product sectors gives some indication of the breadth of opportunities and demand.

Last January, as in preceding years, the world's largest Westernwear Market was held in Denver. This time there was greater participation and more effective involvement by Canadian manufacturers and they recorded their best-ever sales performance. The key to success was the work done prior to the show, notably by Canadian manufacturers new to the market. They were assisted in appointing local representatives — a sine qua non for participating in the show — by those already established, who seized the opportunity to expand their representative network. With the distribution chain in place and sales and demand increasing, the future looks bright.

Every Canadian short-line farm equipment manufacturer who exhibited at the huge California Farm Equipment Show (Tulare, February 8-10, 1977) went home with direct sales, new dealerships or licensing agreements. Successes were not confined to the Western U.S.A. markets. For example, one firm was able to make a sale to an Australian buyer and set up a distributorship in that country. Another exhibitor is currently negotiating a multi-million dollar sale to a major agri-business buyer from Hawaii, who found the Canadian equipment ideal for his needs.

Recent market surveys undertaken by the Post indicate that increased residential housing starts and commercial construction in both California and the Rocky Mountain area has resulted in vastly improved export opportunities for building materials and hardware, and many Canadian manufacturers of these items are now looking at the market. Canadian prefab vacation home manufacturers, not to be outdone, have also shown revived interest in developing new export markets in Colorado and Utah.

Given the fact that the City of San Francisco has the highest density of automobiles in the world and that sales of auto parts in the Bay Area as a whole exceeded \$200 million last year, it is not surprising that the automotive afterparts market is receiving increased attention. Canadian manufacturers seem to have overlooked this market in the past, probably because of its distance from their manufacturing facilities in central and eastern Canada, but this is quickly changing as more and more Canadian suppliers test the marketplace and find that they are indeed competitive. To illustrate: Canadian exhibitors at an aftermarket parts show recently held in this area (the first time there had been a Canadian "presence") not only netted on-site sales of over \$200,000 but, more importantly, established 39 representatives and agents, all of whom were keen to take on Canadian lines.

*C.E. Rufelds,
Consul and Senior Trade Commissioner,
San Francisco*

**The San Francisco Consulate covers
the States of California
(except the ten southern counties),
Colorado, Hawaii, Nevada (except Clark County), Utah,
Wyoming**



Venezuela

Fill the trade gap

Venezuela was host to more than 100 Canadian business visitors in the first quarter of 1977. The largest group (12) came for the first Venezuelan-Canadian Symposium of Petroleum, sponsored by the Department of Industry, Trade and Commerce. This highly successful seminar allowed Canadian participants to present papers covering the technology developed by the Canadian oil and gas industry to an audience that included more than two hundred officials and technicians from the Venezuelan industry. The Venezuelans presented a very comprehensive report on the development, present structure and future plans and potential of their oil industry. Opened by Venezuela's Foreign Minister, Dr. Ramon Escovar Salom, the symposium was held for three days in Caracas and two in Maracaibo, the centre of the largest oil-producing area. In Maracaibo, the Canadians visited production and refining facilities to gain a better idea as to where Canadian technology could be applied.

With Venezuela reducing its economic dependence on petroleum, other Canadians visiting the country explored market opportunities in such diverse sectors as prefabricated housing, transportation equipment, pulp and paper, engineering services, cattle and poultry, steel, lumber, electronics, catering services and zinc.

Almost without exception, these Canadians discovered that there is a market for their products and services. Even with total imports running at over \$6 billion per year (up from only \$2 billion as recently as 1971), Venezuela's exchange reserves, fired by petroleum exports at steadily increasing prices, continue to grow.

In 1976, Venezuela imported Canadian goods worth \$355 million, moving up from \$293 million in 1975. With these figures it became our largest market in Latin America. Even this level of growth failed either to keep up with Venezuela's rapidly expanding import market or to make a dent in our near-billion-dollar trade deficit with that country. In this connection, it must be emphasized that the Venezuelan Government has officially expressed interest in reducing the gap by increasing purchases from Canada.

On the immediate horizon are two large undertakings in the transportation sector — the Venezuelan railway project, for which Canada submitted the lowest bid on December 6, and the Caracas metro project, for which bids were submitted on March 18. The railway system, valued at \$959,000,000, is the largest project for which a Canadian consortium has ever competed. Our chances appear to be excellent, but even the exports generated by this large project, when delivered over four years, will reduce our trade deficit by only 5-10% per year.

It is a market which requires special treatment. Purchase decisions, particularly by Venezuelan Government agencies — which cover more of the economy than is the case in Canada — are not made quickly. Sales on an initial visit can happen, but they are a rarity. This market requires frequent visits to establish a continued corporate presence. This can be expensive, but a growing number of Canadian firms are finding it well worth the effort.

A lot remains to be done. The Post in Caracas is already assisting large numbers of Canadians, but would like to help more companies join the ranks of exporters to Venezuela. The streets of Caracas are unfortunately not paved with gold. In fact, many of them require resurfacing, which might well be another market for Canadians?

*J. A. Elliott,
Commercial Counsellor,
Caracas*

Canada is one of Venezuela's important oil customers. Our trade relations with this suddenly prosperous South American country will be reviewed in a special CANADA COMMERCE colour supplement.

photo: Venezuelan Embassy, Ottawa



Yugoslavia

Mecca for Canadian businessmen

Yugoslavia's broad industrial base and technological capabilities permit the export of 25% of the country's industrial production and allow it to compete effectively in world markets with Western countries in shipbuilding, hydro power equipment, mining and geo-research, and also in such consumer lines as fine furniture and high fashions. Yugoslavia's chief trading partners are West Germany, Italy, the U.S.S.R., the U.S. and the U.K. Since 1970, Yugoslavia's trade with convertible currency countries has been about 75% of the total; trade with the COMECON Bloc 22%; the remainder being primarily with the Third World.

The change in the structure of Canadian exports to Yugoslavia over recent years has been dramatic. While basic materials accounted for 80% of sales until 1970 (year when the first EDC loan was signed), equipment and machinery now make up the bulk, a significant portion of which is EDC-financed.

Opportunities exist for Canadian suppliers of capital goods to the development sectors of the Yugoslav economy — transportation, energy and agriculture. Canadian technology is respected, and rising labour and production costs in Western Europe have made Canadian goods more competitive. One of the principal difficulties will be to assure Yugoslav customers that after-sales servicing will be satisfactory. For products in priority development sectors, Canadian firms willing to engage in counter-trade, and those able to offer suitable financing are more likely to find success.

Canadian firms are being encouraged to exploit potential in so-called joint appearances in third markets. Yugoslav engineering contractors have been particularly successful in selling their services to the Third World, and in a number of instances have teamed up with Canadian partners for the supply of technology, equipment and financing.

Heightened Canadian interest in this Balkan country has been reflected by an ever increasing number of Canadian businessmen, as well as a number of proposed missions, seminars and other events. For example, three Yugoslav airport representatives recently took part in an IT&C-sponsored incoming Mobile Airport Equipment Mission; an Embassy representative attended the Defence Programs Branch High Technology Conference in Ottawa, March 28-April 1; Canadair Limited has been invited to make a presentation on the CL-215 waterbomber to a Yugoslav Firefighting Symposium in Dubrovnik May 18-19; three representatives of the Yugoslav Federal Civil Aviation Administration have been invited to Canada to study air traffic control practices and equipment; Canada will mount an official exhibit, including ten companies, at the International Novi Sad Agricultural Fair, May 13-22; six Canadian manufacturers will travel to Yugoslavia to present a Postal Automation Seminar to the Yugoslav PTT, May 14-20; De Havilland Aircraft of Canada will conduct a DASH-7 flight demonstration at various Yugoslav centres, June 27-29.

These and other projects indicate the excellent potential for increased cooperation between Canadian and Yugoslav industry.

*D.P. McLennan,
Commercial Secretary,
Belgrade*

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.

Canadian Textile Sample Show, Jan. 8-10: The 12 Canadian companies that participated in the show, sponsored for the third consecutive year by IT&C in Port-of-Spain, Trinidad, were highly pleased with the results. Site sales to women's apparel manufacturers and buyers of fashion fabrics and textiles reached almost \$1,900,000. Additional sales of \$1,600,000 are projected for 1977. The results — on-site sales were 9% higher than last year — were particularly satisfying in view of the generally poor state of the world textile industry.

HORECAVA '77, Jan. 10-13: Nine Canadian firms exhibiting for the first time at the hotel, restaurant and catering equipment fair in Amsterdam recorded on-site sales of \$13,000, project sales of \$800,000 during the next 12 months, and have confirmed or pending representation with 12 agents. Their displays included automatic drink vending machines, electric kettles, coffee makers, portable food storage racks, pizza ovens, walk-in cold rooms, drink dispensers and heavy duty vacuum cleaners. Fair attendance was 76,000.



International Trade Fair for Home Textiles, Floor Coverings & Household Textiles (HEIMTEXTIL), Jan. 12-16: Canada's third annual participation in this international trade fair at Frankfurt-am-Main, Germany, proved an outstanding success for five leading carpet manufacturers. On-site orders placed by buyers from the Middle East, Europe and Pacific Rim countries totalled \$1.1 million, more than double last year's \$452,000. Sales of \$6.9 million forecast for 1977 are double the \$3.1 million projection for 1976. Four agents or representatives were established and another ten are pending. The manufacturers plan to participate in another IT&C-sponsored exhibit at HEIMTEXTIL in 1978.

Toronto International Boat Show, Jan. 13-16: With the objective of increasing sales of select Canadian pleasure boats and accessories to the U.S. and Bermuda, IT&C invited 60 marine agents, distributors and dealers to visit the Toronto show for which "trade only" hours were established during the first two days. The guests came from territories served by Canadian trade offices in Atlanta, Boston, Buffalo, Detroit, Chicago, Cleveland, Dallas, Minneapolis, New York, Philadelphia and Los Angeles.

Footwear Canada Winter 77, Jan. 19-20: In the second annual footwear export show co-sponsored by IT&C and the Canadian Shoe Manufacturers Association, 22 manufacturers marked up on-site sales of \$750,000, compared to \$357,000 last year. With reports from five companies still pending, 12-month projections amount to \$15,255,000. Projections following last year's show were \$2,500,000. The January showing, held in Montreal, emphasized outerwear for fall and winter 1977/78. More than 200 U.S. buyers attended.

Marché International du Disque et de l'Édition Musicale (MIDEM), Jan. 21-27: Held annually in Cannes, France, MIDEM is a marketplace for performing and publishing rights where people in the music industry gather in a relatively informal atmosphere to make new contacts and exchange information. A minority of the participants mount exhibits or information booths, but the practice seems to be gaining popularity. Out of 5,700 participants, more than a thousand were companies from 47 countries, an increase of 8.5% over last year. Thirteen Canadian exhibitors expect sales of \$185,000 during the next year as a result of their participation and have indicated their intention to return to MIDEM next year.

To a businessman, home is wherever the business is, but Canadian exhibitors making their first appearance at HORECAVA felt especially welcomed when Canada's Ambassador to the Netherlands, Dr. Saul Ray and Mrs. Ray visited their stand. Dennis Corneil, Director of Sales & Research for Burnside Equipment Ltd., Toronto, (Far right) discusses the prospects for his company's heavy duty industrial vacuum cleaners with His Excellency.

ISPO '77, February 24-27: On-site sales totalling nearly \$1 million were achieved by 29 Canadian exhibitors (representing 33 companies) at the world's premier winter sports equipment fair, held in Munich. The companies estimate they will earn nearly \$9 million more in sales in the next 12 months. They established 59 new agencies for European markets during the fair and 48 more are pending. Twenty-seven of the 29 participants wish to exhibit again at ISPO '78.

The Canadian exhibit was one of the largest ever mounted by IT&C. Displayed were new designs and developments in Canadian skates, hockey sticks and hockey protective equipment, cross country skis and waxes, winter apparel and footwear, and gymnasium, body-building, archery and camping equipment.

The 1977 BATIBOUW Building Show, Feb. 11-20: The Canadian stand at the Brussels show, which attracted 344,000 visitors, was a major success. Several thousand technical brochures produced by the Brussels Embassy Commercial Section were distributed and more than 500 architects and builders requested additional technical information during consultations with stand personnel.

Foreign Tariffs and Trade Regulations

Argentina

The Central Bank issued Resolution RC 671, effective December 30, 1976, allowing importers to pay cash or in terms of less than 180 days up to 50% of the f.o.b. value of all imports with the exception of imports of capital goods for an f.o.b. value of more than U.S. \$25,000.

For imports of capital goods valued at more than U.S. \$25,000, financing terms established by Central Bank, Resolution RC 641 of July 5, 1976, are still in effect.

Decree 3008 of November 24, 1976, established new lower import duties affecting most items in the Customs Tariff. The maximum rate has been reduced from 200% to 100%.

Information regarding the rates of duty applicable on specific products may be obtained from the Latin America Division, Western Hemisphere Bureau.

Barbados

The Minister of Agriculture and Consumer Affairs has announced that a total embargo has been placed on carrots, beets, beans, sweet potatoes and similar diced or chopped vegetables in tins — small or institutional size.

Brazil

It is no longer necessary to have commercial invoices certified by a Chamber of Commerce or Board of Trade unless it is specifically requested by the importer, or if the letter of credit states that the invoice must be certified.

The following tariff changes have been announced by the Customs Policy Council:

Resolution 2857 of November 1, 1976 exempts from duty for one year vessels unseaworthy for navigation for use in the formation of scrap (tariff heading 89.04.00.00).

Resolution 2859 of November 1, 1976 exempts from duty for one year a quota of 39,000 tons of concentrated lead ore, having a minimum lead content of 70% (tariff heading 26.01.06.99).

Resolution 2860 of November 10, 1976 exempts from duty for one year camphene when imported for use in the production of agricultural chemicals (tariff heading 29.01.24.00).

Resolution 2861 of November 24, 1976 raises the duty from 9% to 35% on anesthesia apparatus, short-term respiratory relief apparatus and cardio-respiratory revivification apparatus (tariff heading 90.18.06.00).

Resolution 2862 of November 26, 1976 increases the duty from 15% to 45% on sodium cyanide (tariff heading 28.43.08.00).

Resolution 2863 of November 26, 1976 increases the duty from 15% to 45% on nickel powders and flakes with a minimum of 25% of aluminum (tariff heading 75.03.02.00).

Resolution 2874 of November 18, 1976 exempts from duty for one year dimethylamine when imported for use in the production of agricultural chemicals (tariff heading 29.22.33.00).

Resolution 2887 of November 18, 1976 exempts from duty for one year aluminum waste and scrap (tariff heading 76.01.03.00).

Resolution 2890 of November 23, 1976 exempts from duty for one year N-Dipropylamine and 3-5 dinitro-4 chlorobenzotrifluoride when imported for use in the manufacture of agricultural chemicals (tariff headings 29.22.99.00 and 29.03.99.00).

Resolution 2895 of December 7, 1976 exempts from duty for six months low density polyethylene resin (tariff heading 39.02.02.02).

Resolution 2896 of December 7, 1976 exempts from duty for six months monocomponent insulin (tariff heading 30.03.20.00).

Resolution 2897 of December 7, 1976 extends for one year the exemption from duty established by Resolution 2639 of December 16, 1975, on common newsprint and offset newsprint, without water marks, for printing of newspapers, weighing more than 35 g/m² up to 54 g/m² (tariff heading 48.01.02.02) when imported by newspaper publishers under the terms of Resolution 2639.

Decree Law 1501 of December 20, 1976 extends until December 31, 1977, tariff increases introduced by Resolutions 1334 of June 25, 1974, 1364 of November 28, 1974, and 1421 of October 9, 1975.

The following changes in the import regulations have recently been announced by the Brazilian authorities:

Customs Policy Council Resolution 2,901/76 permits the duty-free importation of necessary machinery equipment and instruments for companies which have signed risk contracts with PETROBRAS, the state petroleum agency.

Under National Foreign Trade Council (CONCEX) Resolution 108 of December 29, 1976 all companies must have their imports of steel and non-ferrous metal approved by CONSIDER. Exemptions include imports approved by

the Foreign Trade Department of the Bank of Brazil (CACEX) for projects in conjunction with the national import policy as well as goods imported under international bidding competition and financed by long term loans.

The Economic Development Council formalized the existing controls on imports of electronic data processing equipment requiring prior approval by the Commission for Co-ordination of Electronic Processing Activities (CAPRE) by CONCEX Resolution 107 of December 27, 1976.

Government agencies such as SUDENE, SUDAM, SUFRAMA and CDI which enjoy duty-free privileges must submit their import program on a yearly basis for review and approval by the government.

Capital goods for use in electrical energy sector will be granted exemption from import duty and industrialized product tax for priority projects where local product is not available. Reductions of up to 80% of the duties may also apply to related equipment.

The government will subsidize the importation of raw materials for the production of fertilizers and will authorize the state agency COBAL and cooperatives to buy fertilizers abroad with the objective of bringing prices in the internal market in line with those abroad.

Chile

Under government Decree No. 1620 the Central Bank and the Chilean Copper Commission are authorized to not issue registration certificates covering imports of merchandise which is produced in the country in sufficient quantity, and under similar quality and price conditions. For comparison of the prices, the cost of freight and insurance, import duties, taxes and all other charges are included in the value of imported products.

Jamaica

The Government of Jamaica recently announced that its import target for 1977 has been set at J\$600 million. This is J\$241 million less than the value of imports in 1976.

To meet this target, the importation of 128 miscellaneous consumer items has been banned. Major items on the list of prohibited goods are motor cars, whiskey, dish-washing machines, radio sets, cat and dog food, peanut butter, air conditioning units, cosmetic and toilet preparations, leather, red kidney beans and onions.

Certain sectors have been given priority status for the purpose of import license applications. These sectors are: basic foodstuffs; drugs; spare parts; fertilizer and agricultural equipment; and, raw materials for labour intensive and export oriented firms. Even these sectors will be subject to cut backs, compared to the 1976 level.

Exchange controls are also in effect, with the Bank of Jamaica (BOJ), now the only bank in the country authorized to buy or sell foreign exchange. At present, the BOJ will not permit Jamaican firms to settle accounts by means of irrevocable letters of credit. Under current practice, when an importer applies for an import license, he must also present his proposed terms of payment to the BOJ for approval. After approval, this represents the most favourable terms of payment which the Jamaican importer can offer his foreign suppliers. It should be noted that issuance of an import license does not guarantee that the Central Bank will release foreign exchange. When the goods have been landed, the importer may apply for foreign exchange in accordance with the accepted timetable for payment. At the present time, the release of exchange is frequently delayed. The Canadian exporter should, through his customer, press for release of foreign exchange according to the terms previously approved by the BOJ.

It is recommended that Canadian exporters exercise caution and keep themselves fully apprised of requirements. They are advised to maintain close contact with their Jamaican clients and banking channels. Information on Jamaican import controls and other regulations is available from the Caribbean and Central American Division, Western Hemisphere Bureau, Department of Industry, Trade and Commerce, Ottawa K1A 0H5.

European Community not self-sufficient in cereals

The European Community as a whole had to cover between 5 and 10% of its cereal requirements by means of imports during the marketing years 1972/73 to 1974/75. This information emerges from an analysis entitled "Supply Balance Sheets" recently published by the Statistical Office of the European Communities.

Of course, the situation varies in the nine Member States: France was the only country with a constant and considerable surplus of cereals, corresponding to more than 50% of its domestic use. Denmark had a self-supply level of about 100%, while the Netherlands had the greatest deficit in cereals and had to cover nearly 75% of its domestic consumption by means of imports. Further differences emerged with respect to the individual kinds of cereal. The Community was self-sufficient in the most important food cereal — wheat — while it imported about 45% of its maize, which is used mainly for animal feed. France was the main wheat exporter with a surplus of from 80% to more than 100% of its domestic use, whereas the Benelux countries, the United Kingdom and Ireland had to import between 30% and 50% of their requirements.

The publication shows that 60% of cereals in the Community were used as animal feed and 24% for human consumption while the rest is accounted for by sowing, losses and industrial processing (for non-food use).

Half the grain used as animal feed was used on the farm where it was grown and did not reach the market. This proportion, however, varied considerably from country to country, partly as a result of differences in the rate of self-supply, production pattern and agricultural structures. In the Federal Republic of Germany, France and Denmark, between 55% and 65% of grain used as animal feed was used on the farm where it was grown. In Italy, the United Kingdom and Ireland about one third of cereals used as animal feed did not reach the market. The corresponding figure for Belgium and Luxembourg was only 20% and for the Netherlands less than 1%.

Expansion of CP Rail Terminal

To accommodate dramatic growth in CP Rail's intermodal traffic, the company's Lachine piggyback and container terminal is undergoing a \$590,000 expansion program which will increase the facility's container handling capacity to 4,000 twenty-foot-equivalent units.

The expansion program consists of:

- 1,700 feet of additional railway trackage providing space for 50 four-slot container cars with a total capacity of 200 TEUs;
- a 300-foot road extension alongside the new tracks;
- a new "empties" terminal with space for 700 TEUs;
- additional storage area for 850 loaded TEUs;
- a 200 sq. foot area for repair of damaged containers;
- and three more lighting towers for round-the-clock operation.

CP Rail intermodal services provide a number of different ways to combine the advantages of rail and highway in the movement of containers on or off wheels.

Intermodal services are the fastest growing aspect of CP Rail's business, accounting for nearly 10% of all traffic moved by the railway. The most popular method of intermodal transport, involving the use of CP trailers and flatcars, has grown 710% since 1967. The movement of import and export containers grew from a system total of 74,283 TEUs in 1972 to 166, 313 TEUs by the end of 1976, an increase of approximately 122%.

Power for Nigeria

Montreal Engineering (a Monenco Company) has received an assignment to proceed on the design and project planning of a major power development in Nigeria — the Jebba Hydroelectric project on the Niger River. One of the largest single projects in the country, the 500 MW development is expected to cost in the neighbourhood of \$400 million. It will consist of a dam, large spillway and power house; also a navigation lock for passing trains of

barges. Hence the project will provide significant new facilities for the growing Nigerian economy, both in power and transportation. The work is being executed for the National Electric Power Authority of Nigeria (NEPA).

The present assignment follows a detailed site investigation and feasibility study by Montreal Engineering.

As part of the assignment, Montreal Engineering will train a number of Nigerian engineers in Canada, who will

later be employed on the construction as part of the Company's supervisory force.

Montreal Engineering has been working in Nigeria for several years. One of its current contracts is an extension of the Kainji hydroelectric development a few miles upstream from the new site. A large thermal power station is underway also at Sapele by an associate company, ShawMont Ltd.

Oil flows through new Turkish-Iraqi pipeline

The Turkish-Iraqi Crude Oil Pipeline is now operating between Kirkuk, Iraq, and the Mediterranean terminal at Yumurtalik, Turkey.

The pipeline — transport capacity 35 million tons — has a length of 981 km., of which 340 km. is in Iraqi territory and 641 km. in Turkey. The system has five pumping stations, 30 tele-

communication and tele-control points, and a metering station at the Turkish-Iraqi frontier. Storage tanks and marine loading facilities are established at Yumurtalik.

The total cost was TL 15 billion (Cdn. \$1 billion). Turkey's annual income from the transport of crude oil will be around TL 1,700 million (Cdn. \$102

million). According to the agreement signed with Iraqi Government, Turkey has the right to reserve for domestic use 10 million tons of petroleum the first three years, 12 and 14 million tons in the next three-year periods.

Turkish Pulp and Paper Program

The Turkish Pulp and Paper Industries Inc. (SEKA) has reported that its 1977 investment program will amount to TL 3,616 million (Cdn. \$217.5 million) and that paper production will reach 331,276 tons by the end of the year (306,000 tons in 1976). Domestic production is supposed to reach 1,000,000 tons by 1980.

It has also been announced that the modernization program has been completed at the Izmit paper plant at a cost

of TL 500 million (Cdn. \$31 million) and that with the inauguration of the new units, the Izmit complex would reach an annual capacity of 155,000 tons from the present level of 125,000 tons.

The cigarette paper plant being constructed by SEKA in Kastamonu — annual production capacity 7,500 tons — will export cigarette paper to Bilateral Agreement countries after inauguration in 1981.

Oil Exploration in Argentina

Yacimientos Petroliferos Fiscales (YPF), the Argentine state oil administration, announced a 65% increase in oil and gas exploration activity for 1977. Under this program, a total of 170 wells will be drilled in Argentina this year. In addition, the Argentine first off-shore French-built platform will start operating at a point located some 100 miles South of Necochea. Changing its basic policies after many years of state monopoly, YPF will award exploration areas to private companies on an international tender basis.

As a first step, YPF will call for a pre-qualification contest. Companies selected will be invited to submit formal proposals. Private companies will be allowed to participate in three main areas: Salta (inland, Northwest); Santa Cruz (inland, South); Coastline of Santa Cruz and Tierra del Fuego (off-shore, South, up to 100 miles towards the Falkland Islands).

Mercedes and Volvo plants for Turkey

The Turkish Motor Industry Corporation (TUMOSAN) signed a licensing agreement with Mercedes Benz of West Germany for the mass-production of truck engines in Turkey.

A similar licensing agreement has already been negotiated and signed with Volvo of Sweden for the manufacture of engines for heavy trucks.

According to an agreement with Mercedes, the plant in Aksaray, Nigde, will produce 85-170 h.p. Mercedes truck engines. The plant is scheduled to become operational by 1978. It will produce annually 8,000 Volvo propulsion units for heavy trucks.

The entire project will cost TL 3,500 million.

Fewer questions for exporters to U.S.A.

The U.S. Customs Service recently announced a major revision to "The Special Customs Invoice", more commonly referred to as the "5515". This document must be completed by Canadian exporters on most of their commercial shipments to the U.S.A. The form has been realigned and revised to a single page format, thereby reducing the number of questions. It will go into use once sufficient numbers are printed and made available to the exporting public.

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