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CANADA-MEXICO Report of Los Commerciales

QUARTERLY REVIEW

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Minister
Jack H. Horner

Minister of State for Small Business
Anthony C. Abbott

W.R. (Bill) Teschke, Acting Deputy Minister, Department of Industry, Trade and Commerce

Mr. Bill Teschke has been appointed Acting Deputy Minister, Department of Industry, Trade and Commerce, on November 24, 1978. He succeeds Mr. G.F. Osbaldeston, who has been appointed Secretary to the Board of Economic Development Ministers.

Mr. Teschke was born in Winnipeg, and grew up in Owen Sound, Ontario. He obtained a Bachelor of Commerce from the University of Toronto in 1951 and an MBA from Michigan State University in 1962.

After serving fifteen years as Finance Officer in the Canadian Armed Forces (RCAF), in various locations in Canada and abroad, he joined the Public Service in 1966. Since then, he has served in various financial positions in the Departments of National Defence, Public Works and Industry, Trade and Commerce. He joined the Privy Council Office in May 1972 as Assistant Secretary to the Cabinet (Priorities and Planning) and in May 1975 was appointed Deputy Secretary to the Cabinet (Plans).

Mr. Teschke was appointed Senior Assistant Deputy Minister of Industry, Trade and Commerce in September.

"Publiée aussi en français"

CANADA-MEXICO

Lic. Jorge De La Vega, Minister of Commerce (Mexico) Mr. Gearson, Director, WHB ITC, Ottawa, Ambassador James C. Langley and Lic. Hector Hernandez, Under Secretary of Commerce (Mexico), on the occasion of "Canada-Mexico Commercial & Industrial Consultations April 1978.

Mexico is now Canada's third largest market in Latin America, after Venezuela and Brazil. In 1977 our exports to Mexico reached $210 million and shipments for 1978 are expected to equal last year's.

On the other hand, the value of Mexican exports to Canada really grew during the years 1970-77, expanding by a whopping 313 per cent —to a record $194 million — and, from the signs, it appears that this trend will continue. (See Table.)

While the trade described above will continue to grow, Canadian industry must look for fresh opportunities and new ways to profit from them. The Mexican Government intends to attain self-sufficiency in a wide range of commodities and to encourage industrial development and import substitution by means of joint ventures between Mexican and foreign partners.

To explore these avenues of doing business, a series of regular meetings between Canadian and Mexican industry and government leaders has been underway since 1970. At that time,at the urging of the Mexican Ambassador to Canada, the Canada-Mexico Businessmen's Committee was established and, with CALA (Canadian Association for Latin America) co-ordinating Canadian participation, has met annually since then to discuss ways of strengthening trade and industrial relations. In May of this year, 25 Mexican and 50 Canadian businessmen met in Montebello to discuss topics such as energy, bilateral trade, joint ventures, transportation links and taxation.

At the same time a Joint Ministerial Committee was established and, at the latest meeting in November 1977, agreement was reached between the Honourable Jack Horner, Minister of Industry, Trade and Commerce and his Mexican counterpart, His Excellency Fernando Solana, that officials would meet to identify more closely areas of mutual interest. These talks, which took place in Mexico in April, have resulted in a clearer definition of Canada-Mexico co-operation concentrating on such specific sectors as: agriculture, transportation, fisheries, energy (oil and gas),mining and manufacturing. Within these sectors of immediate interest to Canadian exporters were the following projects: Mexico City Metro, Reynosa gas pipeline, the $15 billion, five-year oil development program and the nuclear program. (For these and other opportunities for Canadian exporters, EDC has in place or is negotiating lines of credit in excess of a billion dollars.)

Following the officials meeting in Mexico, a mission of officials from the Mexican Department of Natural Resources and Industrial Development visited Ottawa in June to ascertain, at first hand, Canadian industrial capacities in key sectors of mutual interest. The Mexican delegation focussed on the following potential areas of co-operation where Canadian technical and manufacturing capabilities could be related through joint ventures to Mexican priority development requirements: transportation industries, fisheries, fish processing, forestry, mining, metal, mineral processing, pulp and paper industries, agro-industry, food processing, hydro gas turbines, petroleum and petrochemical industries. (See following articles for details.)

A high level Mexican mission, composed of businessmen and government officials, will visit Canada shortly to establish working groups in these sectors. In the near future, we can expect a series of industrial missions to lead to joint venture and other arrangements whereby Canadian technology can be profitably shared with Mexican companies in ways which will further the industrial development aspirations of both countries.

Lic Jorge De La Vega, Minister of Commerce, (Mexico) and Mr. Gearson, Director, WHB ITC, Ottawa, on the occasion of "Canada-Mexico Commercial & Industrial Consultations", Mexico City, April 1978.

CANADA-MEXICO Report by Los Commerciales Introduction

The climate for doing business with Mexico is perhaps better today than at any time since the posting of Canada's first Commercial Agent to Mexico in 1904. The new government of President Jose Lopez Portillo has established clear development priorities, many of which relate closely to Canadian industrial expertise and skills, and is anxious to meet its objectives before the next change in the Presidency, in 1982.Discoveries of oil and gas have attracted worlwide attention, and ambitious production plans promise to have a major balance of payments impact by the early 1980s. The push for development will require a further expansion of the country's already sizeable industrial infrastructure, opening up possibilities for co-production, licensing and joint venture agreements.

Miss Iley V. Charlton **Mrs. Ofelia Ariza**

Canada is in an excellent position to expand its economic and commercial ties with Mexico. We share the same continent, with the benefits of efficient communications and transportation links. Similarity in natural resource endowments provides a base for the flow of expertise, investments, and equipment originally developed to meet Canadian project requirements. Complementarity of climate offers a natural trade in tourism and tropical, semi-tropical and seasonal imports of agricultural products.

Closer economic relations with Mexico will not, however, come about without a considerable effort. The Mexican market is a complex one, highlighted by extensive government involvement in many aspects of the economy, a sometimes confusing array of regulations, organizations and policies, and the requirement of doing business in a culture, language and social structure quite different from our own.

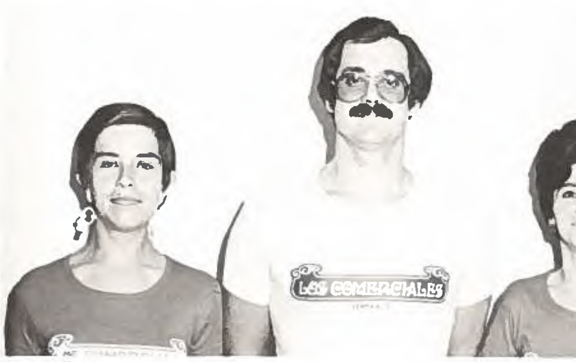
In many areas American companies represent our major competition. These companies are the first logical choice for a Mexican customer looking for a supply source, particularly when reputation and proximity are complemented by the ability of these firms to quickly assess the potential which the Mexican market holds. The Europeans and Japanese, in seeking to develop closer economic relations, are aware of Mexico's tremendous natural resources as well as its need of technology inflows through joint ventures in order to provide job opportunities for its rapidly expanding labour force. While Canadians are well accepted by their Mexican counterparts, we will have to move far more quickly in view of the intense competition in the Mexican market.

The following series of articles were prepared by "Los Comerciales" the staff of our post in Mexico City. They are designed to briefly emphasize some of the opportunities in the Mexican market, to provide some basic advice on the art of doing business there, and to encourage Canadian companies to write, telex, telephone or visit for further assistance and information.

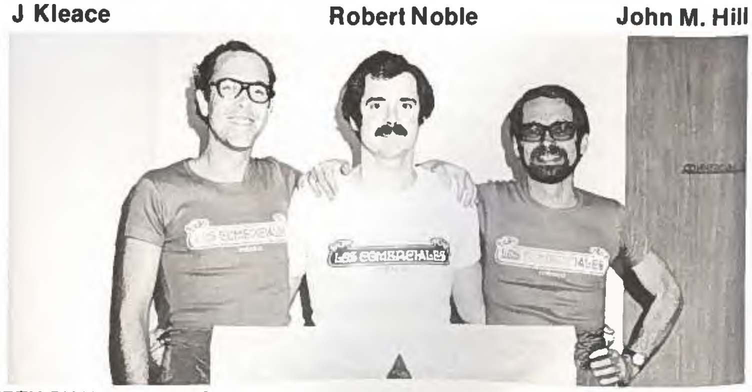
Fidencio Arguelles **Georges Belanger**

Jose Antonio Panhue **Srita. Maria Elena Trueba**

Sra. Esmeralda V. DeSalinas



J Kleace **Robert Noble** **John M. Hill**



Mexican Economy

In the two years since the devaluation of the peso, in September 1976, the Mexican economy has slowly but steadily returned to the stable pattern it had known for the previous twenty years. Signs of the return to stability are: the ability of the floating peso to maintain its value (at about 20 to the Canadian dollar, unchanged for eighteen months); the trickling back of funds which left the country just before and during the devaluation period; the gradually increasing tempo of business investment; and the confidence expressed by the International Monetary Fund and many foreign bankers (including Canadian) in Mexico's prospects for continued prosperity.

Indeed there is every reason to believe that the country could return to the annual growth rates of five and six per cent which it knew for nearly two decades. Oil reserve figures are revised upward constantly, and massive new projects are underway in petrochemical production, transportation systems and fisheries. Secondary manufacturing too is expanding with government encouragement and the aid of well-trained technicians.

Two serious problems, however, still confront the nation's economy. One is the rapidly increasing population which, despite government efforts to limit family size, out-stripped growth in the GNP during 1977 (3.1 per cent population growth: 2.8 per cent GNP growth). The other problem is the chronic inability of the agricultural sector to feed the population. Imports of essential foodstuffs grow dramatically each year and could, if farm production does not expand quickly, absorb a large part of Mexico's revenue from oil and gas in future years. These problems are recognized by the present administration and serious efforts are being made to come to grips with them. Mexico's continued growth and prosperity will depend on the government's ability to find a solution.

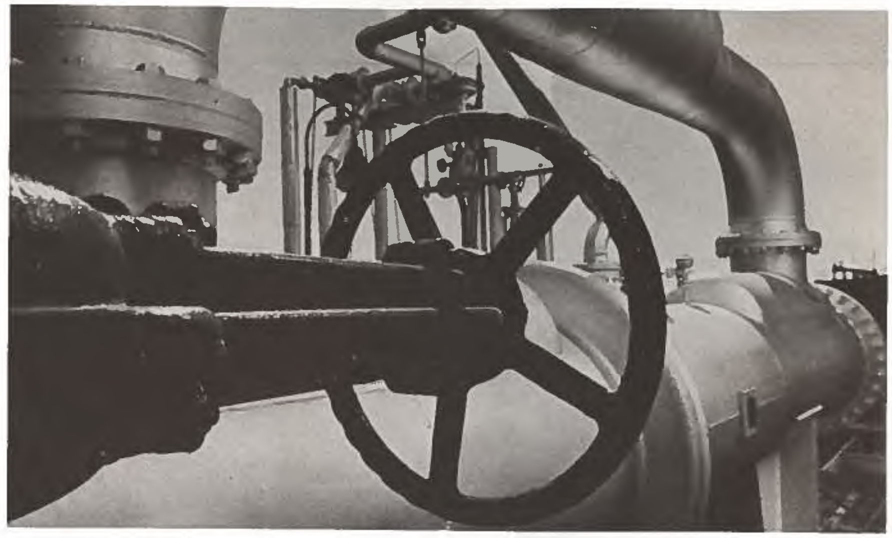
Canadian Trade with Mexico
($(Can)'000)

Canadian Exports to Mexico

	January 1976	December 1977
Newsprint paper	41,520	49,162
Gold	28,590	—
Railway rails	23,771	4,535
Parts and Access. for motor vehicle, nes.	14,074	3,262
Asbestos milled fibres, group 4 and 5	10,818	14,235
Milk powder, skim milk	10,417	18,317
Railway, street roll stock and part nes.	6,689	34,049
Combine reaper-threshers	5,492	2,456
Sheet and strip, steel nes.	5,375	21,940
Card punch sort tab., computers and parts	3,768	1,444
Total of main items	150,514	149,400
Total of all items (Cdn $'000,000)	209.1	210.9

Canadian Imports from Mexico

	January 1976	December 1977
Coffee, green	26,230	41,326
Tomatoes, fresh	9,911	19,136
Electronic equipment components nes.	5,897	2,147
Parts and access, for motor vehicles nes.	5,678	13,572
Shrimps and prawns, fresh or frozen	5,169	7,961
Fluorspar	4,917	4,982
Denims, cotton	4,704	5,879
Strawberries, frozen	4,581	5,226
Cotton, raw	4,282	5,002
Pants, slacks, womens and girls cotton	4,194	2,125
Total of main items	75,563	107,356
Total of all items (Cdn $'000,000)	146.1	194.3



SECTOR PROFILES

(A) Oil, Gas and Petrochemicals

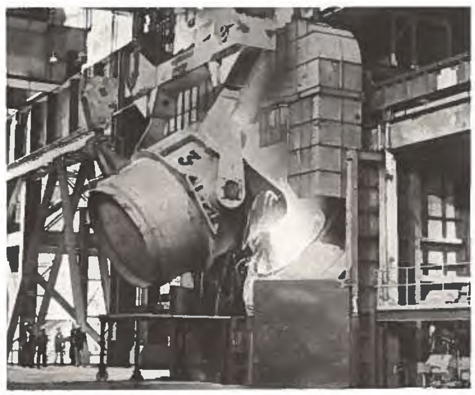
Exciting new discoveries of oil and gas have taken place in the past two years, raising Mexico's proven reserves of crude oil, natural gas liquids and natural gas to 20 billion barrels as of December 31, 1977 It is estimated that probable reserves total 37 billion barrels, with possible or potential reserves totalling 300 bilion barrels.

The state oil company Petroleos Mexicanos (PEMEX) is responsible for the development of these reserves and of all primary petrochemical plants. PEMEX 1976-82 expansion program calls for total expenditures of $16 billion. Average daily production of oil, condensate and natural gas liquids is scheduled to grow from the current level of approximately 1.5 million barrels a day to over 2.2 million by 1982. Basic petrochemical capacity will grow from 4 million tons in 1977 to 18 million tons in 1982, requiring expenditures of $2.5 billion. There will be a corresponding expansion in the manufacture of secondary petrochemicals which, under Mexican law, must be undertaken by companies owned 60 per cent by Mexican nationals.

The magnitude of PEMEX expansion program has attracted worldwide interest from both industry and banking circles. There is no doubt that PEMEX will have the required financial resources to manage its program, and a wide range of offers for the equipment and material which it will need, including pipe, valves, boilers, heat exchangers, storage vessels, compressors, date acquisition equipment drilling rigs, etc.

The pace of PEMEX expansion program, the preoccupation of its officials with meeting their ambitious targets, and the intense sales efforts displayed by companies from all over the world, makes selling to PEMEX a considerable challenge. Mexican industry can already build about 60 per cent of the equipment and machinery which PEMEX requires, and with the priority attached by the government to expanding this capacity, success can often best be achieved by close association with a local manufacturer for partial assembly, manufacture under license, or a full joint venture.

In July 1978 the Export Development Corporation granted a line of credit to PEMEX for up to $250 million, the first $20 million being available immediately for disbursement to Canadian suppliers. Full details are available from EDC.



(B) Mining

Mexico's mining industry has been closely associated with the evolution of the country, from the early extraction of gold and silver in the 16th century to the current time, when the value of the industry's production exceeds $1.2 billion. Mexico is the world's leading producer of silver, fluorite, celestite and graphite, and a major producer of arsenic, antimony, barite, lead, sulphur, bismuth, zinc and mercury.

Plans for the period up to 1982 are impressive. The government intends to invest $2.2 billion in expansion projects, while the private sector estimates its expenditures in the $2 billion range. The administration plays an active role in the industry's development, and companies in which it has a strong equity position are estimated to account for about 35 per cent of industry activity. The exploitation of certain minerals is reserved exclusively for the state, while other specified minerals require that Mexican equity interests hold 66 per cent equity capital, rather than the normal 51 per cent.

A number of Canadian mining companies are well established in Mexico, either in producing mines or in exploration ventures. The local mining fraternity is made up of knowledgeable, technically competent individuals working for aggressive well regarded companies. As in all joint ventures, the key to success lies in the selection of a partner with similar objectives and goals and with the ability to assist the Canadian company through the appropriate government decision-making steps and procedures.

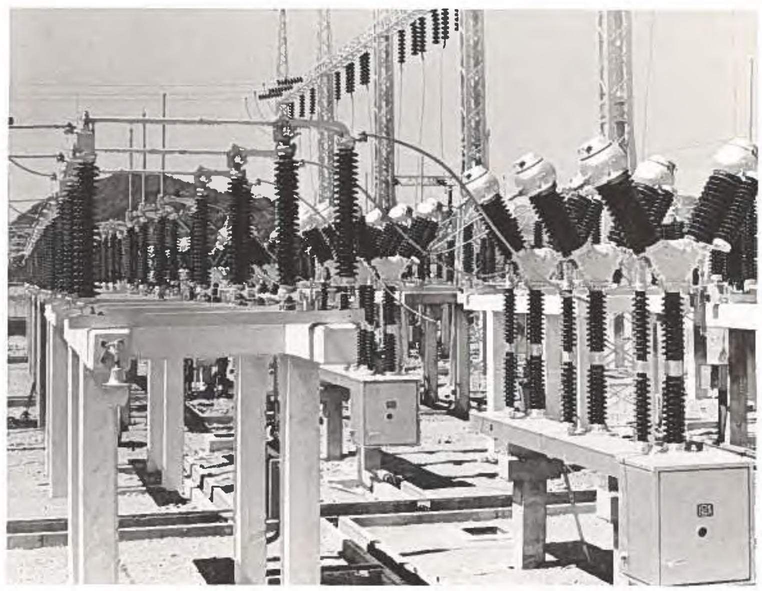
Exporters of mining equipment have made notable progress in establishing themselves in this market. Canadian participation in the Acapulco Mining Exhibition in 1977, followed by a mission of key decision makers to Canada in May 1978, resulted in many firm orders and a new awareness of the ongoing potential for equipment sales.

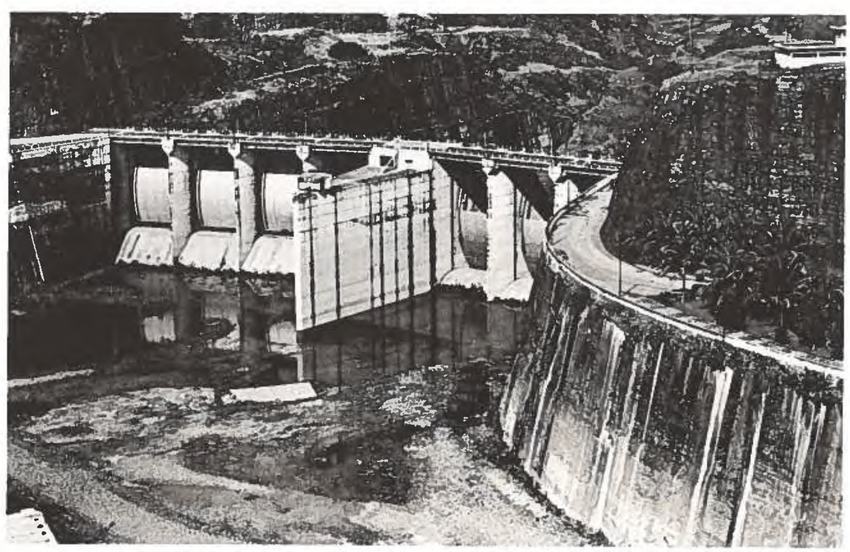
(C) Forestry

While Mexico's 44.5 million hectares of prime forest represent a resource of some potential, the industry's expansion has been constrained by a number of social, economic and financial factors. As a result, the rising domestic consumption of paper products has necessitated imports of newsprint and pulp. Canada has maintained its traditional position as a major supplier to the Mexican market. Over 25 per cent of Canadian exports to Mexico in 1977 were pulp and paper products.

Since the late 1960s the Mexicain Government has been actively involved in the industry's growth through the creation of a number of companies and development organizations, often with emphasis on a particular geographic area. State companies pursuing expansion programs include PROFORMEX (sawmilling and pulpwood), FABRICAS DE PAPEL TUXTEPEC (newsprint expansion), and MEXICANA DE PAPEL PERIODICO (newsprint from bagasse). Private sector plans include kraft, linerboard, paperboard and paper mill expansion

Mexican manufacturers can meet local requirements for the sawmilling industry where low volume, labour intensive operations are common, and in this manner, import license controls protect domestic equipment manufacturers. As most pulp and paper making machinery is imported, current expansion and upgrading projects offer interesting opportunities for Canadian manufacturers.





(D) Fisheries

Mexico's fisheries industry has not traditionally played a major role in the country's development. The growth of this industry has been hampered by an out-of-date fleet and a limited local demand for fisheries products.

An analysis of the industry's potential, however, has led to the realization that an expanding fisheries industry could provide a higher level of protein in the Mexican diet, generate additional foreign exchange resources through increased exports, and create new job opportunities in the fishing, processing and shipbuilding sectors.

As a result, the Mexican Government has given high priority to the industry, and progressive targets for expansion have been set. It is planned that the industry's output will rise from 562,000 metric tons in 1977, to 2,400,000 metric tons in 1982. The Fisheries Department has been reorganized and now stands as a separate government entity headed by a full member of the Mexican Cabinet.

The Mexican Fisheries Development Program includes expansion of both the fleet and onshore facilities. Stress is laid on establishment of joint ventures with foreign companies in fishing, processing and enabling the country's industrial capability to produce the machinery and equipment the industry will require.

There will be import requirements for a wide range of products including ships, processing equipment, marine hardware, winches, steering systems, refrigeration equipment, communications equipment, etc.

While a number of Canadian exporters have traditionally sold marine equipment here, the potential volume of Mexican requirements is such that assembly/manufacturing in Mexico is an attractive proposition, and a number of joint venture possibilities are now being explored. Other companies are finding that in order to sell major pieces of equipment (e.g. ships, processing equipment, etc.) it is necessary to present a complete package proposal, including vessels, training, processing facilities, export marketing assistance, etc. in a joint venture package, including both direct equity investment and debt financing.

These initiatives are to be encouraged, as they clearly meet Mexican requirements. They also enable Canadian companies to meet the promotional techniques of competing European countries, that often require the end fisheries product for their domestic market and thus use joint ventures as a prime means of meeting their own objectives. A key to understanding the potential which the fisheries development program holds is to visit the Department of Fisheries, which will provide assistance and advice as to current requirements, and how to formulate proposals for their consideration.

(E) Transportation

In terms of the distribution of its population, Mexico is in many respects similar to Canada. It has both far-flung pockets of settlement, often separated by empty plains or mountain ranges, and urban centres where the great density of population plus high city growth rates has made the search for better modes of public transport a necessity.

Like Canada, Mexico relies heavily on rail service to link its distant communities to one another and to the major cities. Under a program financed by the World Bank, Mexico is undertaking a major program of railway modernization and expansion. Some of its features will be: reballasting and relaying of track, doubling of existing lines, tunnel and bridge improvement, construction of new lines to service ports and industrial centres and purchase of new rolling stock and signalling equipment. Two projects of particular interest are the electrification of major lines and the Alfa-Omega Project, which would link the Atlantic and the Pacific by a high speed container line across the narrow Isthmus of Tehuantepec. Canada is a major supplier of railway equipment including locomotives, rolling stock and rail.

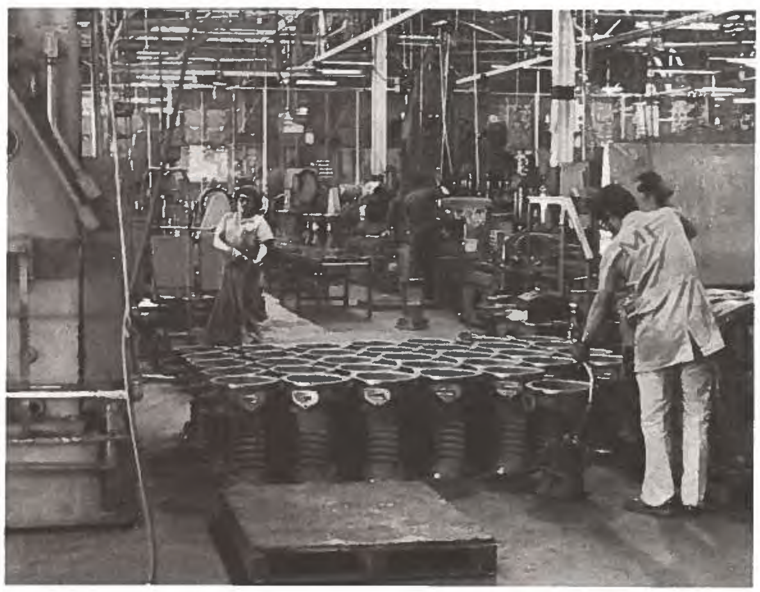
In the major cities -- Mexico City, Guadalajara, Monterrey -- there is a new emphasis being given to transportation planning. The need to move large numbers of people rapidly and economically has led to the development of concepts such as articulated public transit vehicles and creation of broad cross-town thoroughfares with reserved lanes. Mexico City, with a population of well over 13 million, is doubling the length of its subway lines from 40 to 80 kilometers and expects to have eventually 400 kilometers. Expansion of bus and trolley bus fleets in all three cities is under consideration. Mexico City has recently decided rather than enlarging its streetcar routes to rely on trolleybuses. Five hundred new buses are now on order, with 2,000 the near term requirement. Propulsion control systems will be imported.

There is a strong desire on the part of Mexican transit authorities to manufacture all types of equipment locally. Mexican industry has the capability to manufacture metro cars, railway rolling stock and buses. Sale of specialized equipment for the transportation industry will require not only competitive prices, delivery and service, but also a willingness to enter into licensing, co-production or joint venture arrangements.

(F) Electric Power

On the basis of current population growth rates and the planned increase of Mexican industry, it is estimated that in 25 years the country will require 10 times the amount of electric power it currently generates. The responsibility for meeting these growing requirements falls to the Federal Electricity Commission (CFE), the government-owned electricity generating utility.

The current expansion program of CFE calls for increasing generating capacity from the current level of 11,000 MW to 20,000 MW by 1982. Expenditures of $8.1 billion are programmed. By 1982 the planned expansion will reduce the reliance on oil burning plants to 52 per cent, with other energy sources being coal six per cent, geothermal two per cent, nuclear seven per cent, and hydro 33



per cent. Planning is underway now on the next expansion phase which will raise generating capacity to 30,000 MW in the mid-eighties.

The market for electrical generating equipment is highly competitive, with European, Japanese and American firms very active. CFE raises funds through international banks as well as supplier credits. The Export Development Corporation is holding discussions with CFE to establish a line of credit for CFE's current purchase requirements, with the line to be expandable to include major project financing. The Mexican Government has given a preferential rating to its electrical equipment manufacturing industry, and expects to establish new plants under licensing or joint venture agreements.

Mexico's first LWR nuclear plant supplied from the United States is expected to come on stream in 1983. Mexico has considerable uranium reserves, and long-term studies are now underway to determine the number of nuclear stations to be built, the choice of the most appropriate technology, and the degree of local manufacture which can be undertaken.

(G) Agriculture

Agricultural policy represents the predominant policy concern of the Mexican Government. If agricultural output is not increased, observers estimate that much of Mexico's new export revenues from oil and gas will be required simply to pay the import bill to feed the expanding population.

Distribution of agricultural land to small farmers was a major tenet of the Mexican Revolution. Since 1911, some 80 million hectares of land have been distributed to 2.5 million farmers. The amount of land which can be worked by a farmer is limited, and the lands cannot be leased, sold or mortgaged. While the communal land system covers about 70 per cent of the farm population, it contributes only 35 per cent of the annual production.

Large private sector farms, some concentrating in production of fruits and vegetables for export, account for over 50 per cent of the annual production, although they represent a small percentage of the country's farm units. The redistribution in 1976 of some of these units gave way to distrust, prompting a high level review of land redistribution policy.

Canada has been a traditional supplier of a number of agricultural products -- to meet current consumption needs and to lay the basis for expanding production. Sales of skimmed milk and other dairy products totalled $21 million in 1977, and ongoing sales are expected. There are continuing requirements for unregistered cattle, beef cattle, purebred swine and chicks. While Mexico is a large importer of oilseeds, so far there have not been commercial shipments of rapeseed. Mexico manufactures tractors and agricultural equipment, but imports combines and large tractors.

(H) Consulting Services

With the exception of technical services provided under World Bank or Inter-American Development Bank funding, the effective market in Mexico for consulting services from Canadian consulting firms doing business from their Canadian offices is nil. This is due to: (a) a 42 per cent tax levied by the Mexican Government on gross consulting billings by offshore consultants; and (b) the inability under Canadian tax laws for companies to credit this against their global corporate income taxes.

Bilateral tax treaties between Canada and other countries normally contain provisions to avoid problems of this sort. Although there have been discussions on a tax treaty between the two countries, Mexico has not, as a matter of policy, concluded double taxation treaties with any other country.

There are other jurisdictions, for example, the United States, where the taxes paid to Mexico can be applied against corporate taxes to be paid on global income, therefore, utilizing a U.S. subsidiary might provide a solution to those companies having such subsidiaries and, on this basis, project financing could be provided by the Export Development Corporation for equipment, and the Canadian chartered banks for consulting services, down payment financing, and local costs.

Another possible solution is the establishment of a joint venture (maximum 49 per cent interest) with a Mexican firm. There are local regulations which establish a ratio between the number of foreign consultants and local engineers which must be employed by such firms. While such regulations are designed to ensure that the local entity absorbs the relevant know-how, it is often the case that the technology required is highly specialized, and that there is no viable local market for such technology on an ongoing basis. As far as is known, there have not been any joint ventures between Canadian and Mexican engineering firms.

It should be noted that it is illegal under Mexican law for a Mexican company to pay for engineering services through the device of including such services in the price of any equipment provided for the project.

The Mexican consulting industry is well developed, with several of the larger firms pursuing engineer/procurement/construction contracts in Latin America. These companies have an excellent reputation for their technical skills, as well as planning and project management. Export financing assistance is available from the Mexican financial community.

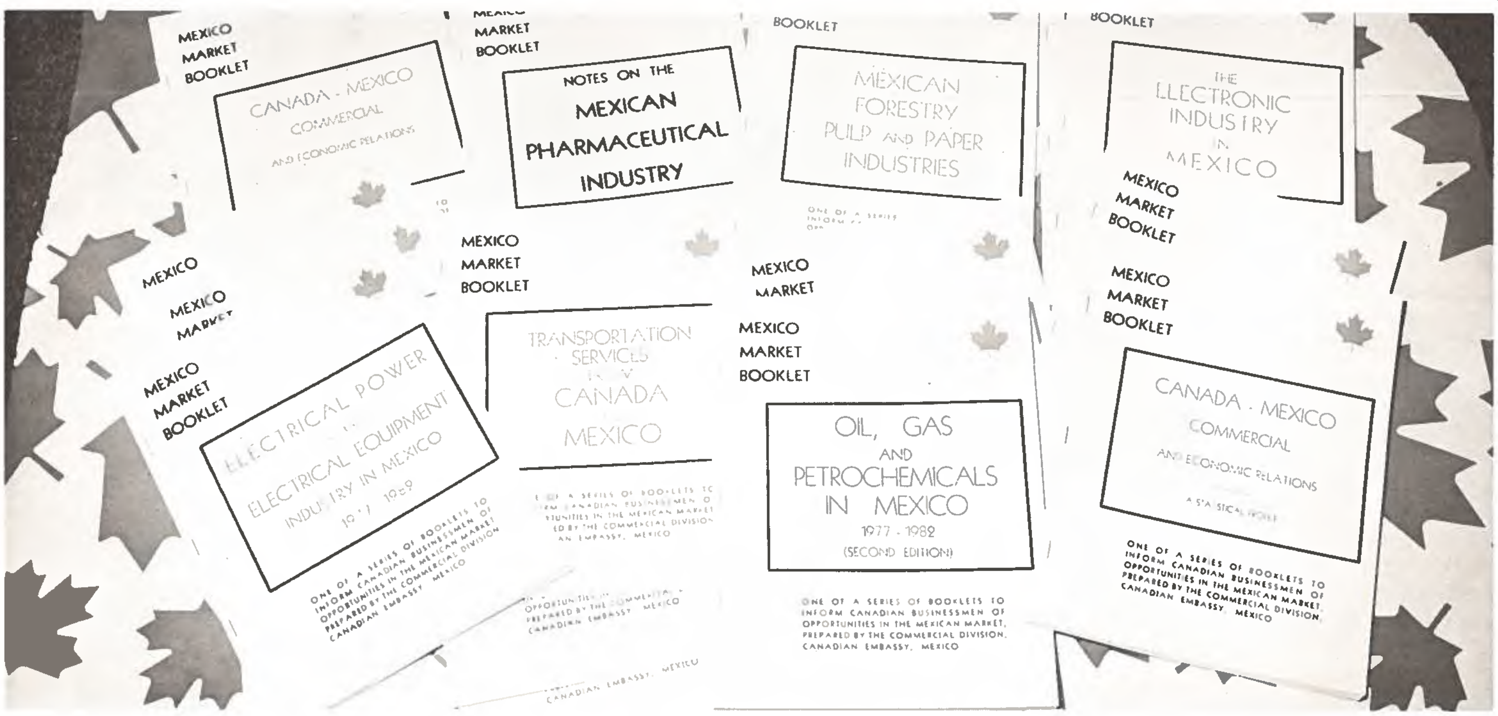
There have been, and undoubtedly will continue to be, Mexican requirements for consulting services of a type where Canadian firms have the required expertise. Until such time as the taxation question is resolved, there appears to be little reason for companies to pursue such business opportunities.

How to do Business in Mexico

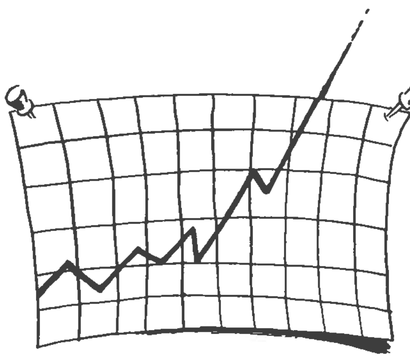
How To Do Business In Mexico

While Canadians often regard Mexico as a "developing country", it must be recognized that the country already has a GNP per head of $1,000 which reflects, among other factors, a growing, broadly-based, industrial infrastructure. To achieve further economic growth, the Mexican Government operates a tariff policy which either restricts entirely the import of items already made in Mexico through the requirement for import permits, or will allow imports of goods made in Mexico without an import permit, but with high tariff rates. These are important factors to consider when approaching the Mexican market.

"Mexico Market Booklet" Series



The post in Mexico City has prepared a series of booklets covering key sectors of the economy, which outline current development priorities, projects under consideration, provide names of agents, end users, etc. Sectors covered include: oil, gas and petrochemicals, mining, forestry, fisheries, and electric power. Shorter surveys on electronics, pharmaceuticals and transportation services are also available, as is a Quarterly Survey of the Mexican Economy, and a yearly statistical review on Canada-Mexico commercial and economic relations. For further information write to the:
Commercial Division - Canadian Embassy - Melchor Ocampo 463-7 - Mexico 5, D.F.

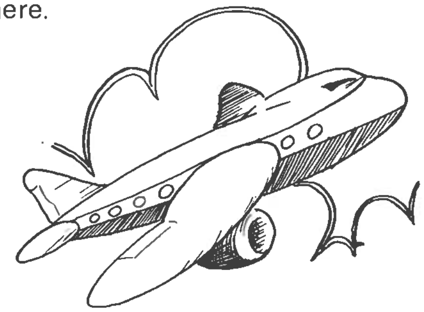


(A) Developing a Marketing Strategy

Mexico holds great promise as a market for machinery and equipment related to such sectors as mining, fisheries, forestry, oil, gas and petrochemicals, and electric power generation. In all of these sectors the Mexican Government has given high priority to the development of a domestic manufacturing industry capable of meeting the long-term requirements of the domestic market.

In many cases the potential export market in Mexico will favour only foreign companies which offer joint venture possibilities as part of their marketing approach. The rationale for this, from the Mexican viewpoint, is easily understood. Mexico has large underutilized natural resources, and in many areas lacks the financial, technical and organizational expertise to reach its extensive development targets. With a high degree of both unemployment and under-employment, as well as a rapidly growing labour force, the generation of jobs in all sectors is vital. Joint ventures can supply not only know-how and financing, but also the assurance that foreign companies are committed to the Mexican market, and are not simply capitalizing on opportunities on a "spot" basis.

Canadians should recognize this interest in joint ventures, and seek to evolve strategy which takes manufacturing under license, co-production arrangements or joint ventures into account. A willingness to discuss these options at the outset may enhance your more immediate sales prospects. In one recent case, a Canadian manufacturer is seeking to have components manufactured in Mexico for use in his bid on an equipment package in a third country. His objective is to achieve a lower bid price based on Mexican industrial costs which are well below those in Canada, while at the same time seeking to enlist the support of his Mexican licensee in the development and selling work necessary to eventually open up a market for his company's products here.

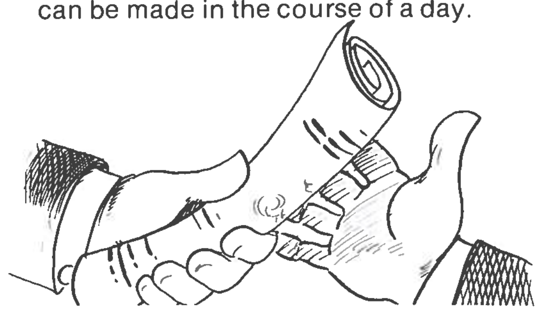


(B) Visiting the Market

Over 150,000 Canadians visit Mexico each year to savour the delights of Acapulco, Zihuatanejo, Can-Cun and other tourist centres. These trips will not, however, give Canadian companies a fair appreciation of the commercial environment in which they must do business, nor will a half day of business calls in Mexico tacked on to the end of a holiday accomplish a great deal.

The Mexican market is a complex one, in part because of the extensive involvement by the government and government-owned or controlled companies in a number of sectors. Responsibilities between Ministries, and amoung various government entities, change with considerable frequency, and thus time must be allowed in order to gradually piece together the appropriate information as to who are the key decision makers.

While information is more readily available on private sector companies, the process of evaluating the relevance of various company operations to your particular requirements takes time. In addition, the logistical constraints of moving around a crowded city of 13 million people means that fewer sales calls can be made in the course of a day.



(C) Appointing a Representative

Experience has shown that the services of a competent local agent or representative are virtually indispensable for exporters selling to either public or private sector companies. While remote communication is welcome, Mexicans like the personal contact. A key element in the success of some of Canada's competitors has been the maintenance of on-the-spot representation, either through a branch sales office here or through local Mexican agents. The most successful Canadian companies here follow similar practices.

The selection of an agent will depend upon many factors. One of the most important is an analysis of the potential market for your company's product, and the most likely channels of distribution that should be used. There are a wide variety of potential agents in Mexico. Some are highly specialized according to product, while others may concentrate exclusively on a certain buying agency, handling a wide range of products required by the agency.

By law, all representatives of foreign companies must be legally appointed. The executive officer of a company should sign and present to the nearest Mexican Consulate a letter appointing the company's local representative. The Consulate will legalize this document, which should be forwarded to the local representative who will use it to establish official accreditation with the appropriate authorities and public sector companies with whom he is pursuing business. Mexico maintains Consulates in Montreal, Toronto, Winnipeg and Vancouver, in addition to the Embassy in Ottawa.

(D) Registering for Sales to Government Agencies

One of the prerequisites in selling to decentralized government agencies is the need for foreign suppliers to be registered with a central registry authority, as well as with the potential customer. Not until all the legal paperwork has been completed, will a supplier be invited to participate in any bid. Thus, in order to know what business potential exists, a Canadian company must ensure that it is appropriately registered. There are very few, if any, advertised international tenders in Mexico -- hence the necessity for registration.

The Mexican Government maintains an office specifically for the registration of suppliers and contractors to the Federal Government and/or its decentralized agencies. This office is:

Lic. Enrique Ibarra Irriondo
Director General
Dirreccion General de Normas Sobre Adquisiciones
Almacenes y Obras Publicas
Secretaria de Programacion y Presupuesto
José Maria Irazagua 38Mexico 1 D.F.
Tel: 521-63-08

This agency must be supplied with a notarized copy of the company's charter and specimen signature of the executive officer legalized by a Mexican Consulate in Canada, accompanied by literature, drawings, pictures, etc. of products being offered, plus an original price list on the company's letterhead signed by the executive officer.

A fee of approximately 1000 pesos is payable for the initial registration. If they take place in any other month, the cost mentioned above doubles. These monies must be paid in Mexican currency in the form of a certified cashier's cheque, bank draft, etc., made payable to the Tesoreria de la Federacion.

In addition to the information required above, equipment suppliers are required to provide balance sheet or financial statements for the previous year, an indication of the number of factories in operation, their location, number of persons employed, etc. On completion of the above, the Ministry will register the foreign company, issuing a receipt for monies received, and will advise the corresponding registration number.

Companies must also register with each of the specific buying agencies with which they intend to do business, for example, the Federal Electricity Authority, PEMEX, CANAPUSO, CFE, etc.

(E) Arranging Financing

Mexican importers of capital goods are particularly interested in the nature and type of financing facilities which can be made available to them. Both the Export Development Corporation and Canada's chartered banks have been active financiers for Mexico's import requirements for many years, and have a considerable degree of expertise in structuring financial offers.

In early 1978, the Export Development Corporation offered lines of credit to Mexican public and private sector organizations totalling \$1.4 billion, the largest offer ever made by EDC to any country. EDC is now concluding negotiations on a number of these lines of credit. The first line to be concluded is with the state oil company PEMEX, for up to \$250 million, of which the first \$20 million is now available for PEMEX purchases. Exporters are encouraged to contact EDC at the earliest opportunity, in order to discuss this and other lines of credit.

(F) Selecting a Joint Venture Partner

In some instances, the trading relationship established between a Canadian and Mexican firm will evolve naturally into a joint venture partnership. Both sides will be convinced of the future market for the product, and both will realize that if local manufacturing exists, perhaps starting on a partial assembly and moving into a fully manufactured phase, then protective tariffs will be set up by the Mexican Government which will, in effect, provide a considerable degree of protection from imports.

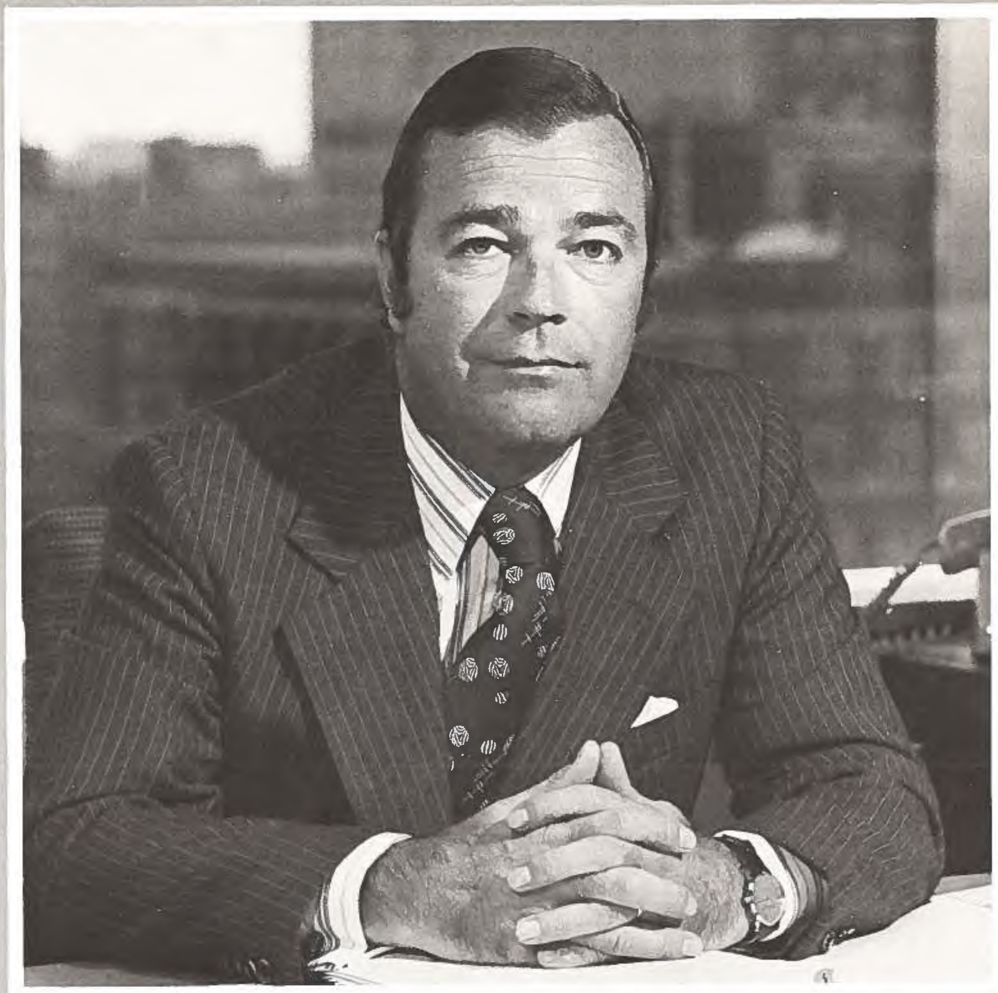
For other companies, the selection of a joint venture partner will be more difficult, and a considerable amount of time will have to be spent on this task. Canadians should note that the present gross interest rate on two-year bank deposits in Mexico is 18.52 per cent, thus providing a low risk, high yield alternative to industrial investment. Local investors, therefore often will not risk their money in projects which have a rate of return of less than 25 to 30 per cent, including a quick payback period.

In some sectors, Canadian companies may find that they have a mix of Mexican private and public sector investors as their joint venture partners. While government shareholder involvement may be required under Mexican law, and may appear attractive to the other shareholders, there should be no illusions that government equity participation in a joint venture will necessarily facilitate dealings with the various Mexican Government Ministries and Departments from whom various approvals will be required.

Under Mexican law there is a considerable degree of discretionary authority which passes to implementing Departments. Virtually no two cases requiring administrative decisions are ever the same. Patience tact, persistence and a sensitivity Mexican attitudes to foreign investment are essential.

Canadian Export Association's Annual Convention October 1978

Excerpt from a Speech made by Mr. C. T. Charland, Assistant Deputy Minister, Department of Industry, Trade and Commerce, to the Canadian Export Association's Annual Convention - October 16, 1978



The Department of Industry, Trade and Commerce is launching a new program during the coming weeks, "Enterprise '78 -- Focus on OPEC". As the title suggests, the Department will be concentrating on the OPEC markets and the significant opportunities they present for Canadian exporters.

OPEC -- the Organization of Petroleum Exporting Countries -- first came to attention in 1974 when, within a year, oil prices quadrupled. OPEC now controls 80 per cent of the proven oil reserves of the Western world and supplies two-thirds of its petroleum imports. By now the names of the OPEC countries are familiar to all of us: Algeria, Ecuador, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates and Venezuela. The phenomenon of OPEC's rise to international prominence has undoubtedly been one of the most sudden and spectacular happenings in economic history. The dramatic increase in world oil prices that began in 1974 not only altered the world economic system in a fundamental way, but for an exporting country such as Canada, it created, virtually overnight, a new market territory unparalleled in its potential, magnitude and complexity.

Any examination of the OPEC markets from a statistical point of view normally creates a certain element of unreality -- the numbers are simply beyond our normal comprehension. Contributing to this euphoria is the tendency among some observers to describe the OPEC countries' buying power in seemingly "Fairy Tale" fashion. The favourite game among these observers is to pose hypothetical questions such as -- How long would it take Saudi Arabia to purchase all stocks listed on the U.S. Stock Exchanges from its current rate of surplus accumulation? Answer: some 26 years. Or the net worth of Fortune's top 500 firms? About ten years! Or to acquire all the real estate in Manhattan? About six months!

There is, however, nothing Fairy Tale about the potential markets for imports of goods and services represented by the OPEC countries. This is estimated to total $180 billion in 1977 and is expected to reach some $280 billion by 1980.

All of the OPEC countries are embarked upon unprecedented programs of industrial development. Under construction or planned are capital and infrastructural projects of major proportions -- ports, railroads, highway networks, industrial complexes, housing, developments and utilities. In many ways, these countries are engaged in a process that Canada has already experienced -- the creation of a modern industrialized state. Canada has developed expertise, often unique, in solving exactly the problems now faced by these countries in such diverse fields as communications, electrical generation and distribution, transportation, housing, construction and forestry. The problems are amplified by the time frame within which this development is planned to take place.

Canadian business is increasingly becoming aware of the potential presented by these markets and, more importantly, Canadian expertise and capabilities are being recognized and accepted in these countries. Contracts are regularly awarded to Canadian firms in sectors where there is often a perfect match between local requirements and Canadian know-how. This is attested to by a Canadian export performance total which went from $290 million in 1973 to $1.2 billion in 1977. Figures for 1978 show continued and diversified growth. It is also important to note that these export figures do not include very significant exports of services.

Some of the lessons are becoming clearer as well: projects properly selected -- often in spite of their size -- can, within an area of proven Canadian competence, be successfully executed by a disciplined and well co-ordinated approach. Often this may call for joint-venturing to share risks or the pooling of resources and capabilities by forming consortia. Recently, we have seen impressive evidence of such new imaginative approaches in Saudi Arabia, Algeria and Iran.

However, while massive capital and infrastructural projects have captured headlines, let me suggest that Canadians should also look more intently at projects of medium to small size. While mega-million dollar deals and indeed billion dollar projects are awarded seemingly daily in the OPEC markets, let us not lose sight of the numerous projects of very reasonable and profitable dimensions. Often our trade posts abroad have noted Canadian companies pursuing hotly-contested, gigantic projects, while downgrading smaller projects more within their grasp.

Similarly, pursuit of capital projects of whatever size should not lead us to overlook the strong demands of the OPEC countries for goods and services which Canada produces competitively. We have observed, in our market surveys, requirements for consumer goods, construction products, foodstuffs, automotive parts and supplies, agricultural machinery, medical supplies and services -- in effect a demand for a wide range of goods and services available from Canadian sources at competitive prices.

Not surprisingly, the advent of OPEC markets brings with it not only new opportunities, but an array of unusual challenges. These have demanded the development of new marketing techniques, the redeployment of resources and the realignment of functions within the Department.

A new terminology has entered our trade lexicon -- consortia formation, ultimate risk insurance, joint and several liability, bid bonds and performance guarantee bonds. While many of these new elements had been encountered before in Canadian exporting activities, in OPEC countries these were presented to Canadian firms as pre-conditions of entry and eventual success, and oftentimes these unfamiliar features discouraged would-be exporters, who preferred to turn to more traditional markets.

At first, Canadian enterprise appeared frustrated in their efforts to penetrate the OPEC markets. In several areas, particularly in the Middle East, our commercial presence came several years after that of our international competitors whose countries had been long established as regular suppliers of goods and services. However, once represented by diplomatic and commercial missions, Canada was quick to emerge as a reliable trading partner without a colonial past and in a position to offer the latest in world technology and this in two of the world's international languages.

Throughout my talk today I have mentioned OPEC markets. Except for the common denominator of oil wealth, we are not talking about a monolithic entity, each of these countries is unique. The opportunities vary from one to another and, of course, a marketing approach successful in one may be totally inapplicable in another. However, each market does present a wealth of market potential, as I hope will be evident in the following brief review.

Algeria is heavily involved in major projects to increase oil and gas production, expand other primary industries such as petrochemicals and steel, while attempting to broaden and diversify its industrial base through the development of a consumer goods manufacturing sector and extension of small and medium sized industries to regional centres.

In addition to the above opportunities, Canadian companies anxious to pursue Algeria as a trade market should consider opportunities for consulting services (particularly management consulting), technical training and equipment, urban development and construction, transport and telecommunications and the launching of light industries. It is worth noting here that Canadian exporters are now in a position to benefit from a $1.2 billion line of credit recently extended to Algeria. This follows the conclusion of a $600 million transaction involving the supply of goods and services for an oil and gas complex. It should be mentioned also that the ability of Canadian firms to transact in the French language has often been a deciding factor in their favour.

Iran is well along on a course of creating a modern industrial economy and Canadian firms have been involved there for several years. Massive turnkey projects and fierce international competition have inhibited Canadian success somewhat. However, a major pulp and paper complex recently inaugurated by the Shah, near the Caspian Sea, as well as the award of a large contract to undertake hydroelectric and irrigation work have helped establish the Canadian presence more firmly. Overall prospects in Iran remain excellent with a continuing demand for industrial goods in areas where Canada has recognized expertise.

Libya's economy remains buoyant. Canadian exporters to this country have expanded into new sectors which include telecommunications and electronic equipment. Our Trade Commissioners in Cairo have considerably stepped up their visits to Tripoli in order to keep pace with the increasing trade activity in that area. We have seen some signifiant machinery sales and increased interest in farm implements.

In the Gulf States, Canada's efforts will be strengthened with the recent opening of our Embassy in Kuwait. With a market demand estimated at over $10 billion annually, the Gulf represents a very tangible and worthwhile challenge. Many who have successfully ventured into the area have been greatly surprised by the relative ease of conducting profitable business in the territory. In addition, the Gulf represents a very broad based demand for Canadian goods and services. We intend to focus more closely on that demand at the upcoming ARABUILD Show in Bahrain where 21 Canadian companies plan to exhibit this November. Early in 1979 we plan a major trade mission to Kuwait and the Gulf States led by the Minister of Industry, Trade and Commerce, the Honourable Jack Horner.

Exports to Saudi Arabia have shown a dramatic increase: from $6 million in 1972, when we were without trade representation in the Kingdom, we now expect to reach exports of over $200 million in 1978. More significantly, these export figures do not include the very notable service contracts being signed which total over $400 million annually. In terms of percentage increases, Canada is leading all exporters in Saudi Arabia -- with a ten-fold increase during the past three years. As with other OPEC markets we see excellent prospects for future involvement in areas such as transportation, agriculture, mineral resource development, vocational training and construction.

In Ecuador, a trading economy largely dependent on primary exports until 1974 when oil revenues mounted, a market has been created for goods and services connected with the process of oil extraction. In addition, Canadians have successfully marketed machinery, heavy-duty vehicles and telecommunications equipment. Finally, a successful cement plant done on a turnkey basis with Canadian financing has featured Canadian presence in Ecuador. To compensate for the lack of a resident Trade Officer in Quito, we have added a Trade Commissioner in Bogota who makes regular visits to Ecuador and is fully conversant with the demands of that market.

Venezuela has been a very rewarding market for Canadian goods with established sales of prefabricated housing, consultancy services, food products, livestock, lumber, transportation equipment, potash, pulp and paper, steel, electronics and electrical goods. Venezuela is our largest Latin American market and of course our major oil supplier. A significant breakthrough was achieved recently when Canada was awarded a major

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Canada's Trade Commissioners and Commercial Officers

The Trade Commissioners of the Department of Industry, Trade and Commerce assist Canadian companies in many ways. They serve as export marketing consultants and encourage businesses to seek sales abroad.

The city or area in which a firm will have the most success may depend to a large degree on the nature of the product or service. The Trade Commissioners can help to plan a business trip by suggesting the best time of the year -- perhaps to coincide with a trade fair which specializes in a company's product area -- determine the amount of competition for the product, give advice on maximizing the chances of success and securing agents or distributors, and save business people time and money.

Canadian companies are urged to use the personalized service of our 89 trade missions abroad and our regional offices in Canada.

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*The Canberra Office handles only those trade inquiries that require liaison with federal government departments and agencies

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*Businessmen are advised to send only letters to this address. To ensure prompt arrival of parcels of any kind, the sender should consult the Sao Paulo office first about the best method to use.

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*The Mission monitors economic and trade developments in the European Communities in terms of their potential and implications for Canadian interests. The Mission is also involved in development of industrial and economic co-operation between Canada and the EEC.

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Territory: Bhutan, Sri Lanka, Nepal, Maldives

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Other countries: Malta

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Territory: Liberia, Mali, Niger, Upper Volta, Togo, The People's Republic of Benin

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483-5505 (Defence Production)
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P.A. Holton
Commercial Secretary
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First Secretary (Commercial)

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Other countries: Bermuda

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Consul and Trade Commissioner

W.J. Bonthron
Consul and Trade Commissioner

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Vice Consul & Assistant Trade Commissioner

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contract to build a railway in co-operation with Spanish and Venezuelan interests. In the long-term, Venezuela's commitment to diversify away from dependence on petroleum augers well for Canadian capability in other development sectors -- agriculture, education and social services. Coal extraction, iron ore production, metals and minerals, also represent good prospects further along. In addition, Venezuela's intentions in building the infrastructure in transportation, communications and hydro-electric power generation are prime Canadian areas of capability.

Indonesia represents a large and untapped market for capital projects where Canadians have been increasingly active. An EDC credit of $200 million has been of considerable assistance. In general, interest has been shown in power generation and distribution projects and metals and mineral exploitation schemes. Transportation inland and port development work will receive a high priority in development planning. In particular, opportunities exist in the forest industries sector and energy field. In the latter area, a consortium of Canadian firms is currently pursuing a capital project to exploit and ship Indonesian coal for use in a thermal-generation plant. Estimates of this project's total worth are currently $1.5 billion.

In Iraq, annual government spending totals $10 billion. Canadians have already successfully marketed lumber, newsprint, pre-engineering building systems, potatoes, livestock, electrical appliances, and other items. Iraq's ambitious development plans in the transportation sector, particularly railroad and rapid transit ventures, will be of interest to Canadian exporters of goods and services. On the capital projects side, Iraq mirrors several other OPEC countries in its requirements for large turnkey development of petrochemical and industrial plants, electric power requirements, utilities projects and hotel and university complexes.

In Africa, Nigeria is leading in appeal as a new market for Canadian exports. In the machinery sector opportunities for road building and construction equipment, forestry and agricultural machinery are in evidence. Also, electrical generation equipment, electrical distribution apparatus, chemicals, appliances, electronics and a wide variety of transportation hardware have elicited high Nigerian interest.

Nigeria repeats the profile of other OPEC States in capital projects with specifically pulp and paper, forestry, transportation, power, petrochemicals, water resources and health and education being of concern.

Canadian business has moved to meet the opportunities and challenges of the new OPEC markets and so has ITC. As the Department responsible for supporting export promotion and development, we are currently engaged in a comprehensive and fundamental assessment of our capabilities and record in the support of Canadian companies' export initiatives. This year's focus on OPEC is part of this process and represents the first in a series of targeted priorities. The approach will be multi-faceted, involving the full range of tools at the disposal of ITC.

We have seen, for example, a marked reallocation of resources to support efforts of those Canadian companies who have ventured into OPEC markets: trade fairs and missions, trade displays and publicity, incoming visitors and the heavily used Program for Export Market Development have all reflected the considerable interest by Canadians in pursuing sales opportunities in OPEC markets. As a result, the Department has sponsored Canadian company participation in fairs in Baghdad, Tehran and Algiers. Our Tehran efforts were well received with on-site sales of $2 million and a 12-month projection of $20 million in sales in Iran.

From the beginning of the OPEC phenomenon we have responded with the creation of our Middle East Task Force which was designed to develop quickly an information base and expertise for entry to the Middle East's lucrative markets. This has now devolved into the Middle East Division reflecting even wider responsabilities.

As always, a key ingredient in our OPEC trade drive will be the Trade Commissioner Service. They represent a fundamental component in our export efforts. Their role is especially enhanced in the OPEC context because in many of these countries their routine functions of market information, commercial intelligence gathering, contacts and logistical support to exporters are crucial in any effort to break into the market. The Service has been compelled over the past several years, during periods of austerity and restraint, to juggle priorities rapidly and to reallocate resources to reflect increased OPEC interest. Since 1972, the Trade Commissioner Service has opened three new commercial operations in Jeddah, Baghdad, and now Kuwait, and more than doubled overall manpower allocations. Most recently we have seen Kuwait opened to give us permanent commercial representation on the Gulf States.

In a similar vein our posts in Europe, North America and lately Asia have an increased responsibility in monitoring projects and developing and information base on opportunities in the OPEC community which, while being implemented elsewhere, are often sourced and directed from within their own market territories.- Our Trade Commissioners in London and Dallas devote considerable time towards developing trade opportunities and assisting Canadian companies in the Middle East.

The establishment of the Office of Overseas Projects was prompted largely by a need to deal with the OPEC phenomenon: the size of many projects, the limited time frame available and the need for a catalyst to help mobilize Canadian resources and capabilities for a given project. This Office combines previously separate elements which were responsible for international finance, capital projects, joint ventures and turnkey projects. Its prime concerns are now with financial accommodations, risk-sharing, consortia formation and generally market promotion for overseas projects. In addition, OPS is the Department's focal point for liaison with EDC, CIDA, CCC and multilateral financing organizations. OPS also has the Program of Cost Recoverable Technical Assistance which is a new facility for countries such as Nigeria, Saudi Arabia and Venezuela and often a prerequisite for winning large capital projects. A first such program has now been concluded with Nigeria which provides for the placement of 500 students annually over 5 years in Canadian technical colleges and universities. This contract is valued at some $65 million. Experience to date shows that this reorganization has increased our ability to make co-ordinated innovative responses in a relatively short time.

Other aspects of the OPEC marketing drive have been our program of Ministerial Missions. These are important, and often even crucial elements, in securing contracts for Canadian goods and services. They succeed inhiglight - ing for several days the Canadian presence in a particular market territory and can create the exposure necessary to finalize established Canadian initiatives. Ministerial Missions to Saudi Arabia, Venezuela, Iran and North Africa have proven conclusively their benefit in these highly competitive markets. Our focus this year hopes to build on these past successes by including several new areas, especially Kuwait and the Gulf States.

Similarly, the Joint Economic Commissions with Saudi Arabia and Iran have proven their worth in providing a regular and periodic framework for intergovernmental discussions. In the near future, we envisage establisment of similar JECs with Nigeria and Algeria and are confident as well that official vehicles of this type can further significantly Canadian commercial initiatives in correspondent countries.

The contributions of our colleagues at the Export Development Corporation should also be noted as they have become increasingly involved in OPEC areas and have strongly supported Canadian firms in penetrating these markets. The various resources and techniques at their disposal have been effectively deployed in successful contracts in North Africa, Iran, Saudi Arabia, Indonesia and elsewhere.

The changes outlined above and many were largely the result of discussions with the business community during the consultative phase of Enterprise '77. They can only be considered successful to the extent that they are translated into increased exports. This is the purpose of this phase of the "Focus on OPEC". It is designed to give exporters the chance to meet the Trade Commissioners who are on the spot in the markets, to learn of opportunities, and to discuss market strategies. They can then be related to the various departmental promotional facilities. Our Trade Commissioners will be visiting various Canadian centres and will also be available for individual interviews. The Trade Commissioners from OPEC countries are:

P. Desbiens, Commercial Secretary, Algiers
H. E. Sarafian, Commercial Secretary, Baghdad
P.D. Donohue, Counsellor (Commercial), Bogota
C.R. Mann, Commercial Secretary, Cairo
F.O. Veenema, Counsellor (Commercial), Caracas
D.S. Armour, Counsellor (Commercial), Jakarta
D.S. .McCracken, Minister-Counsellor (Commercial), Jeddah
M.W. Murison, Commercial Secretary, Kuwait
D.P. McLennan, Commercial Secretary, Lagos
R. Frenette, Counsellor (Commercial), Tehran
G.D. Valentine, Consul and Senior Trade Commissioner, Dallas

The department is confident that it has established a good framework to enhance Canada's export share of OPEC markets. Already, we have witnessed some concrete results. More importantly, we are also preparing now for projects which will be executed in the next several years: futher oil and gas projects, telecommunications and electrical telecommunications, and electrical generation and transmission. Canada is also confident of moving ahead in service contracts in health, educational and technical training. All these are areas in which we have both a demonstrated strength and a successful selling record.

Through the continuing dialogue wich was initiated by Enterprise '77, we are confident that, working together, Canadian private enterprise with government support can improve our export position in the OPEC markets as well as other countries.

The Challanger Takes Off

After a fifty minute test flight, Doug Adkins, Chief Test Pilot and Director Flight Operations, said: "The best airplaine this Company ever built..."

The Challenger Takes Off

The Challenger, the most advanced corporate transport, made its first flight from Cartierville airport,Montreal, on November 8, 1978. It was the first major breakthrough in the corporate aviation field for well over a decade.

Canadair, the Canadian Government-owned airframe manufacturer, designed and produced the Challenger in just over two years. This tremendous achievement is due to the engineering and manufacturing people of this Canadian company.

The first of a third generation all new business aircraft using advanced technology, the Challenger incorporates new wing design techniques, lightweight composite material and is powered by two Avco Lycoming ALF 502L high bypass ratio engines. It will have a range of 7,400 km at a long range cruise speed of 850 kph and will fly at an altitude of 15,000 m. The flight test and certification program will be carried out at Canadair's facilities,Mojave, California. If this flight test is as much of a success as the first and that of November 9, the Challenger will reach world-wide fame.

This aircraft actually sells for $7 million (US) for delivery in 1982. Orders from eight countries have already been received: 63 for the United States, 32 for Saudi Arabia, 5 for Canada, 5 for Europe, 2 for South America and 1 for Panama.

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Here is a brief insight into the contents of the Sector Task Force Report Series of Brochures. If you wish to have a copy of any of these reports, please fill in the form supplied.

AEROSPACE

The Aerospace Manufacturing Sector Consultative Task Force was composed of: an industry chairman, and representatives from 15 companies, two leading unions, five provincial governments and a leading university.

This Task Force report lists the strategic objectives, the significant issues and makes recommendations to stabilize the growth pattern in the long term. Aerospace industries worldwide receive contributions from governments for updating technology through defence spending and, among the recommendations, ways were suggested whereby the Canadian industry can start to receive important benefits from Canadian defence spending without an increase in the total level of such spending.

AUTOMOTIVE

The Task Force on the Automotive Industry represented vehicle manufacturers, multinational and Canadian independent parts producers, labour, academics and government.

These members realized that the issues were very complex and that to resolve them consideration would have to be given to matters beyond their terms of reference. The federal government, arriving at similar conclusions, appointed Mr. Simon Reisman as special adviser under the Inquiries Act to submit, by the end of October 1978, a report* for consideration by the government on the development of an internationally competitive Canadian automotive industry. Since this appointment was made before the report of the Task Force was completed, the Task Force decided their most significant contribution would be to give the facts as seen by members to identify areas of general concern and present some of the options open for improving a better balance between automotive production and consumption in Canada.

*See attached list of publications.

CEMENT AND CONCRETE

The Cement and Concrete Industry members list their specific recommendations with a note that the Canadian Labour Congress representative, subsequent to the completion of the Task Force report, submitted a dissenting report which opposed the consensus of the members

The Task Force was unanimous that the single most important contribution to improve the competitive position of Canadian industry must come from governments -- federal, provincial, and municipal -- reducing the public sector spending as a percentage of Gross National Product, mainly by eliminating overlapping in functions of the three levels of government. Also, that governments should create a favourable climate for investment by reducing inflation, by removal of economic uncertainty, and less government intervention in the affairs of business. The Task Force felt that industry, and not government, can provide the impetus for economic growth and reduce unemployment.

COMMERCIAL PRINTING

The Commercial Printing Industry Task Force reported that, on the average, the industry is quite healthy, but if certain trends are not corrected this industry could stagnate in future years.

The members did not recommend new government policies which would require substantial expenditures but minor adjustments wich would develop a climate to enhance productivity and lead to economies of scale as the industry has the technological skills and required equipment to complete internationally.

CONSTRUCTION

This Task Force report stressed the importance of Construction to Canada's Economy, especially in periods of strong economic growth when the total Canadian investment has ranged from 22 per cent to 25 per cent of Gross National Product.

As the industry is a major purchaser of materiels and thus generates a great amount of employment, the Task Force contends that if given special attention at senior levels of government, particulary regarding their recommendations on taxation and regulation, important benefits would accrue to the economy. This Task Force believes that their recommendations, if implemeted at the earliest opportunity, would result in an industry operating productively and efficiently from a more sophisticated technological base, in an improved labour climate, using better management techniques, and capable of the largest domestic and offshore projects. Some government funding will be necessary but the Task Force feels that expenditures should be kept to a minimum.

ELECTRICAL PRODUCTS

The Electrical Industry Task Force reviewed the sector profile discussion paper prepared by Industry, Trade and Commerce and found it generally acceptable and an accurate reflection of the industry. The electrical manufacturing industry is composed of manufacturers of two types of products: material and equipment which generates, transmits or distributes electricity (e.g. generators, batteries, transformers, wire and cable) and products which utilize electricity (light bulbs, industrial equipment, appliances). Activity in terms of employment and value of shipments is almost evenly divided between the two categories.

This Task Force report contains recommendations to provide a positive business climate for Canadian firms and to encourage and assist them in their efforts to improve their international competitiveness.

The Task Force believes that the key element is to remove the uncertainty in the industry which discourages the required level of investment and this would involve resolving such problems as our lower economic growth rate, rising imports, inflation, taxation, rising labour costs, international competition, the level of the Canadian dollar and the Multilateral Trade Negoci tions.

ELECTRONICS

The Electronics Industry Task Force report sets out the important issues concerning the electronics industry within Canada and notes these key factors:

. Canada's economic healt will depend increasing on the capacity for technological innovation in order to remain internationally competitive.
. Recent studies indicate that high technology industries grow at a rate three times that of other industries and employment growth in high technology industries approaches nine times that of other industries.
. Canada is reluctant to employ non-tariff barriers to protect its high technology industries but other nations who play the NTB game vis-à-vis high technology industries have the most vibrant and fasted growing industrial economies.
. Exploitation of the opportunities which the electronics sector provides, where the technology is evolving rapidly, will create new industry and new employment on a scale seldom witnessed in Canadian history.
The efficient and competitive exploitation Canada's natural resources will depend increasingly on the development of new electronically based technology in the fields of exploration, production and processing.

The Task Force members are convinced that the policies proposed would bring about the conditions necessary for the industry to grow to its potential and this would have a significant benefit for Canada in terms of employment, income, and the balance of trade in electronics. The members recognize that government support must be in the nature of sustained and massive programs outlined in the recommendations to be effective but the success of the electronics industry cannot be gained by half measures.

FERTILIZER

The Canadian Fertilizer Industry is a vital part of Canada's agricultural and related food industries which contribute to more than one-third of this country's GNP. The three major plant nutrients: nitrogen, phosphate and potash, are produced by this industry. It is mainly Canadian controlled, has annual factory shipments of $1.3 billion, and employs more than 8,000 people.

The objective of the Task Force was to respond to requests from government to suggest how government policies and programs may be made, or modified, to help the industry be more profitable and internationally competitive. The more important issues to the Fertilizer Industry were capital costs, the disadvantages of high taxation levels, and manpower costs (both social benefits such as those related to unemployment, and government wage and salary levels).

FOOD AND BEVERAGE

The objective of the Food and Beverage Industry Task Force was to report on major opportunities and constraints affecting the development of this industry and make specific recommendations to enhance the industry's ability to realize its full potential in the 1980s.

The food and beverage processing industry is one of the largest manufacturing industries in Canada, and represents an essential link in the food chain between producer and consumer.

The specific issues identified as being most important were: input costs, productivity, labour relations and legislation, incentives and taxation, government regulations, marketing boards and competition policy. In this report the Task Force reviews these issues and submits its major recommendations.

FOOTWEAR

Footwear Industry appreciated the opportunity to place on record its proposals to increase the viability, competitiveness and prosperity of the footwear manufacturing industry. It recognized that these proposals could have relevance for all manufacturing industries in Canada and thought the consultative process was an important step in understanding the problems of all the groups and individuals who participated in the Task Force and should be continued.

This report sets out the main problems facing the industry and presents recommendations on such issues as import controls, tariff and taxation policy, industry rationalization, footwear and tanning industries sector strategy, manpower training and development, provincial government assistance programs, and channels of distribution.

FOREST PRODUCTS

Forest products, Canada's largest manufacturing industry, has the potential to substantially contribute to the achievement of both national and regional economic and social goals far into the future.

The members of this Task Force included representatives of primary and converted forest products of every variety, organized labour, the academic community, and eight of the ten provincial governments. The federal Department of Industry, Trade and Commerce provided the secretariat, and representatives from six other federal government departments were present as observers.

Some of the recommendations made by this Task Force concern general policies having a broad impact on the Canadian economy as a whole, while others relate specifically to forest products.

PROCESSED FRUIT AND VEGETABLE

The processed fruit and vegetable industry is engaged in the canning, freezing and dehydration of fruits and vegetables, and the production of a variety of products using fruits and vegetables as major ingredients. This industry provides permanent employment for approximately 15,000 people and also provides an equal number of summer job opportunities for students and housewives. Because of the industry's orientation to smaller centres, these jobs can be vital to the economy of the communities in which the plants are located.

The issues selected by the Task Force as having the greatest significance for the future of the processed fruit and vegetable industry are the scope for rationalization, impact and environmental regulations, industrial

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development incentives, levels of R. and D. activity, land use policies, Unemployment Insurance regulations, minimum wage legislation, powers and practices of marketing boards for fruit and vegetable crops.

Before making this selection,the Task Force identified a number of other issues (including taxation, packaging, productivity, investment climate, immigrant labour, unionization, quality of management, energy policy, etc.) which had an impact on the industry.

The recommendations contained in this report envisage action by the various levels of government (federal, provincial, regional and municipal) as well as by primary producers and the processing industry itself.

FURNITURE

The report by the Consultative Task Force on the Canadian Furniture Industry gives an overview of the industry's past and present performance and the recommendations of an approach it feels is necessary to meet its objective of recapturing the market share lost to imports and again become the supplier to more than 90 percent of its market so that as a growth industry it can continue to make a major contribution to the Canadian economy.

This report also contains an Appendix which provides tables and graphs relating to the size and location of establishments, inter-industry linkages, dependency of small communities on the Furniture Industry, energy, capital investment, major changes in the past 10 years and market outlook, as well as imports and exports.

PRIMARY IRON AND STEEL

This report, by the Steel Industry Consultative Task Force, contains: an examination of the economic and institutional factors that influence the steel industry; records specific recommendations for actions by governments to improve the business environment; and the sector profile on the industry.

MACHINERY

In arriving at its recommendations, the Task Force on the Canadian Machinery Industry took into account background information on a broad range of issues provided by various government departments and agencies, by industry associations, including the data contained in the Machinery Sector Profile which is included in this Report.

The issues considered by the Task Force are grouped into six major categories -- manpower policies, export promotion, import substitution, research and development, MTN adjustment and investment policies. Each of these issues is treated as a separate section in this Report.

Canadian machinery exports have reached a level of approximately $2 million annually and these exports now represent close to 35 per cent of the industry's total production. However, imports currently supply approximately 60 per cent of the domestic market for machinery.

NON-FERROUS METALS

This report by the Consultative Task Force on the Non-Ferrous Metals Industry was completed minus the final comments of the labour representative. It includes a letter from the Chairman of the Task Force and also a letter from the labour representative in which he disassociates himself from the report.

During the Task Force discussions, it became clear that the major problems are international competition and the alarming decline in the level of exploration for new non-ferrous metal mines in Canada. The members believe that unless measures are taken by all concerned to revive exploration in this country, there will be a spectacular decline in productivity in this sector over the balance of this century.

Inadequate measures to deal with research and development,taxation of illusory profits, or the chaotic mining tax situation have discouraged much of the basic primary and manufacturing industry in this country. The Task Force suggested meeting again in one year with government to assess progress on the issues outlined in this report and to discuss further initiatives.

Several issues of common concern to the members were: the investment climate, resource processing, transportation and trade, environment, research and development, manpower and labour.

PETROCHEMICALS

The petrochemical industry has been characterized by rapidly improving technology and an above-average annual growth rate in volume of eight per cent. The industry is capital intensive, employs a high proportion of professionals and skilled workers, and historically its R.and D.expenditures have been among the highest of all manufacturing sectors.

This industry adds significant value to oil and natural gas raw materials by upgrading them into highly sophisticated petrochemical products, which are everywhere. Since adequate capacity did not exist in Canada to supply domestic requirements, the strategic importance of a national petrochemical industry became very clear in 1974 when, due to international shortages, foreign manufacturers were unable to supply their Canadian customers.

It is ironic that Japan and Germany, two nations with very limited oil and natural gas resources, the raw materials for the petrochemical industry, have recognized the strategic importance of the industry and have become major factors in the unprocessed resources and imported the petrochemicals with a value of five to ten times the value of the hydrocarbons used in their production.

Since the industry is diverse in company structure, it follows that generalized recommendations to improve the performance of the industry cannot be uniformly beneficial to all of the diverse interests. The Task Force believes that a package of measures is required and the Report concludes with an assessment of the impact which implementation of the recommended measures would have on the petrochemical industry.

PLASTICS PROCESSING

In formulating the recommendations contained in this Report, the Task Force recognized that benefits would result only if the recommendations are accepted and if industry plays its part in active development of the sector. The members strongly urged the industry to improve its manpower resources to ensure that opportunities can be seized and that the industry adopt a responsive attitude to the opportunities which would occur from the improved environment.

The recommendations to government deal primarily with issues directly effecting the Plastics Processing Industry and not on those issues of broad concern to Canadians and industry generally.

The Task Force believes that the single most important issue confronting the Plastics Processing Industry in Canada is its competitiveness in comparison with other countries, especially the United States.

SHIPBUILDING AND REPAIR

The Task Force is of the opinion that an efficient profitable industry is essential for Canada. In today's market however, opportunities in the export market continue to exist only to a limited extent. The depressed state of the industry throughout the world, the high rate of subsidization and low labour rates applicable in many countries mean that most of the Canadian shipbuilding industry must look to the domestic market for its major sales opportunities over the next few years. A certain degree of protectionism is considered appropriate to assist the industry at this time, if it is not to be completely vulnerable to unbridled assault from heavily subsidized foreign competition.

The members presented their recommendations under the headings of: Fishing Fleet, Deep-Sea, Coastal Shipping, Offshore Drilling, Exploration, etc.,Arctic Shipping, Great Lakes Fleet, Other Sector Related Issues, Ship Repair, Shipbuilding, Shipping Industry, Scrap and Build, Importation of Used Ships, Human Resources, R and D, Government Procurement, Marine Products and Service Industry, and Continued Consultation.

URBAN TRANSPORTATION

The objectives of this Report are directed towards the continued development and growth of the urban transportation equipment manufacturing industry in Canada. Its specific aims are: the satisfaction of domestic market needs by Canadian industry and an effective penetration of export markets.

This industry serves a capital equipment rather than a consumer goods market and the market is invariably controlled by governments or government agencies. The Urban Transportation Equipment Industry Consultative Task Force considers that the policies, plans and activities of governments at all levels are and will continue to be the major and determining factor in the development of this industry sector.

The members recommend actions by federal and provincial governments, and such federal agencies as EDC, CIDA, Combines Investigation Act and the Competition Act.

TEXTILE AND CLOTHING

In this extensive Report by the Consultative Task Force on the Textiles and Clothing Industry the members have set out some perspectives and assumptions which have formed the basis upon which this study was undertaken. They relate essentially to the role the textile and clothing industries can be expected to play in the Canadian economy in the years to come and to a determination of whether or not the interests of the nation could be served in any way by the phasing out of the industries, to all intents and purposes, or by the adoption of policies which would ensure the existence of healthy, viable and growing textile and apparel industries during the near and medium term.

Included in this Report are:
The Sector Profile on the Canadian Textile Industry
The Sector Profile on the Canadian Clothing Industry
Apendix 1 - The Role of the Textile and Apparel Industries in the 1980s.
Appendix 2 - Productivity in the Apparel and Textile Industries
Appendix 3 - Federal Government Incentive Programs
Appendix 4 - Proposals for Changes in Fiscal Policy for Textiles and Apparel
Bibliography of Government or Joint Industry/Government or Independent Reports

TOURISM

This Report submits to federal and provincial Ministers responsible for Tourism, as well as to Territorial Commissioners, the views of the Tourism Sector Consultative Task Force, representative of the private interests involved in the Canadian tourism industry, on how the economic performance of this industry can and should be improved to the benefit of Canada and Canadians.

This Report identifies the importance of tourism in Canada and describes the salient characteristics of the industry. It points out that tourism can contribute to overcoming regional economic disparities and notes that, in addition to the private sector, all levels of government in Canada are heavily involved in tourism for economic reasons and because tourism contributes to the social, cultural and physiological well being of Canadians.

The Report comments that tourism around the world is generally growing, however a similar state of affairs does not exist in Canadian tourism and our competitive position has steadily eroded over the past decade.

To achieve the economic environment desired and obtain a correction in the travel deficit, the Task Force makes recommendations in the areas of taxation, industry development, travel marketing, wages and related legislation, the regulatory framework, small business and travel industry awaremess.

OCEAN

Due to the small size and embryonic nature of the Canadian Ocean Industry, the Task Force concentrated its attention more on specific industry problems than on larger issues which affect all of Canadian manufacturing. The ocean industry is a blend of manufacturing, service contracting and consulting companies. There has been an emphasis on the supply of goods and services for the exploitation of offshore oil and gas. The Sector Profile defines the ocean industry in Canada as "being composed of those establishments which manufacture equipment or provide services for all commercial and scientific activities in the oceans. Marine transport vessels and traditional fishing support equipment, however, are generally excluded." The Task Force has worked within this definition with an emphasis on products and services related to the exploration for, and production from, offshore petroleum resources.

The objective of this Report is to put forward recommendations which, if implemented, should create an environment in which the Canadian Ocean Industry and its associated ocean technology can develop to meet the need for goods and services arising from the exploitation of Canada's resources; create by 1990 from 20,000 to 30,000 direct jobs in manufacturing and service industries associated with Canadian offshore resource exploitation, together with up to 150,000 indirect jobs elsewhere; further improve the export performance of the industry; and help to ensure that a reasonable level of Canada's future petroleum needs are met from Canadian sources developed with Canadian skills.

United Nations Business Newspaper Expanded to Include Inter-American and Asian Development Banks

The Inter-American Development Bank and the Asian Development Bank have joined other major multilateral financing organizations who announce internationally-financed projects in developing countries in **Development Forum Business Edition.**

The participation of these two regional development banks means that the newly expanded Development Forum Business Edition now carries information on business opportunities amounting to some $U.S. 10 billion a year.

Beginning with its 8 September issue, the Business Edition will include information on internationally-financed projects generated by the Inter-American Bank's international competitive bidding process. This amounts to nearly $U.S. 2 billion a year in business opportunities for readers.

Readers are already receiving $7 billion of business opportunities from the World Bank, in the form of procurement notices and advance information on projects in the early stages of their development. The United Nations Development Program provides the other approximately $1 billion of opportunities.

In addition, the Asian Development Bank has decided to use the Business Edition as a medium for publicizing procurement opportunities associated with its lending. Notices from this Bank will start appearing on a regular basis later in the year.

The new opportunities from the Inter-American Development Bank will take two forms. There will be advance information which will let businessmen know at an early stage of project planning the country, type and scope of the project, and, when available, the total estimated cost and an indication of the IDB's share.

Notices will then announce the approval of the loan and give a detailed description of the project as well as the name and address of the country project authority.

In its first 12 issues, **Development Forum Business Edition** contained notices covering more than $4 billion of project procurement in fields such as agriculture, irrigation, hydro electric-power, road building, tourism, health services, education and many more. It also published articles, on subjects such as the tendering systems of various countries, and risk management, in an effort to give businessmen practical information they would need to work efficiently in developing countries.

The publication is published 24 times a year and is available on paid subscription from: Development Forum Business Edition, Subscriptions Department, United Nations, CH 1211 Geneva 10, Switzerland. Subscriptions in Canada, cost $U.S. 200 per year.

DEPARTMENT OF INDUSTRY, TRADE AND COMMERCE
MINISTÈRE DE L'INDUSTRIE ET DU COMMERCE

Sector Task-Force Report Series:	**Rapports des groupes d'études sectoriels:**
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☐ Inquiry into the Automotive Industry by Simon Reisman, Commissioner	☐ Enquête sur l'industrie de l'automobile par Simon Reisman, commissaire
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☐ Commercial Printing	☐ Imprimerie commerciale
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NAME ______________	NOM ______________
COMPANY ______________	ENTREPRISE ______________
ADDRESS ______________	ADRESSE ______________
______________	______________

1978 — 1979 Promotional Projects Report On Trade FAIRS

EUROPEX 78 - a view of the Canadian Stand and, in the background, the Alberta Stand.

ELECTRONICA 78

Klaus Vogt, Vice-President Amphenol Tuchel Electronics GMBH, Tom Whitley, Product Manager, Amphenol Canada, Ed Krisp, Export Manager, Amphenol Canada, F.E. DalLago, President, Amphenol Canada, R.J. Mackenzie, Vice-President Marketing, Amphenol Canada, on conclusion of offset sales agreements announced by Amphenol Canada at "Electronica 78".

IMPACT '78 — International Woodworking Machinery and Furniture Supply Fair, Louisville, Ky., U.S.A., September 16 - 20, 1978

The fair was well attended, 24,000 visitors were registered and the 17 Canadian companies participating in the show sold on site $1,108,000 worth of woodworking machinery and furniture. The projected sales for the next 12 months may reach $16 million.

SPOGA '78 — Cologne, Federal Republic of Germany, October 1-3, 1978

The Canadian sporting goods industry was very well represented at the International Trade Fair of Sporting Goods, Camping Equipment and Garden Furniture.

Nineteen Canadian manufacturers of diving gear reported on-site sales of $432,000 with projected 12-month sales of $7.4 million.

This was the second consecutive year for a Canadian group exhibit at SPOGA and business was noticeably up. While the majority of the sales went to EEC and Scandinavian countries, serious inquiries were made for Canadian goods from many parts of the world, including Iran, Japan, New Zealand and Australia.

Canadian sporting goods will next be shown at ISPO '79 in Munich, February 22-25, 1979.

AUTOMECHANIKA '78 — Frankfurt, Federal Republic of Germany, September 23 - 27, 1978

There were 1,010 exhibitors from 20 countries displaying their products. The stands of the 23 participating Canadian companies attracted a continuous flow of visitors, both transient and invited, representatives of OEM, garages and distributors. The products they exhibited ranged from accessories such as trim and auto waxes and sealants, to parts (brakes, alternators, etc.), to machinery such as tire changers and balancers, engine refinishing machines, lubrication equipment and body and chassis straightening machines.

Some 79,000 visitors were registered from 74 countries. This accounted for the excellent distributor contacts of our exhibitors and sales were concluded with German, Thai and Australian prospects as well as other European countries. On-site sales amounted to $765,000 with 12-month projected sales estimated at $7 million.

EUROPEX 78 - The Honourable Paul Martin, P.C. Q.C., High Commissioner for Canada in London, England, was quite impressed with the European Offshore Petroleum Exhibition and Conference, Applications Engineer, Avionics Division, Canadian Marconi Company, Montreal, Mr. Des Bassett/is showing Mr. Martin the new Canadian Marconi CMA-751A dual channel satellite receiver system.

EUROPEX 78 — London, England, October 24-27, 1978

The European Offshore Petroleum Conference and Exhibition, a first time event, was staged by the British Society of Petroleum Engineers. The show was international in scope and well supported by the leading nations with an offshore capability (i.e. Canada, United States, Norway, Germany, The Netherlands, the United Kingdom, etc.)

The attendance was limited to prospective buyers and 14,000 visitors were expected.

Canada was represented by 11 exhibitors — the Government of Newfoundland and the Alberta Government also had a stand.

EUROPEX '78, on its first time around, lived up to its expectations in terms of being a well-attended, high-quality offshore show. Most Canadian exhibitors contacted appeared very satisfied with the contacts they made.

On-site sales totalled $30,000 and projected sales for the next 12 months are estimated at $6.14 million.

WORLD'S POULTRY CONGRESS AND EXHIBITION — Rio de Janeiro, September 17-21, 1978

The Canadian stand at the exhibition was well supplied with literature, but because of shipping and Customs problems, the Canadian exhibit was limited to photographs.

All the advertising and publicity material was well received. Distribution of press kits to South American news media produced considerable pre-show editorial coverage of the Canadian exhibit in several magazines and newspapers.

The Canadian firms represented at the ITD Stand were: Agri-Book Publishing Co. Limited — agricultural magazines; Canadian Egg Marketing Agency — eggs and egg products; Cicinter Canada Ltd. —plastic cage system; Cuddy Farms Limited — turkeys; FARMATIC — feed milling, storage and conveyance equipment; Highland Produce Ltd. — egg products; Hybrid Turkeys Limited — turkey stock; Jamesway Co. — incubators, hatchers; Phillip Barratt — consulting services to the poultry industry; Shaver Poultry Breeding Farms — poultry breeding stock.

ELECTRONICA '78 — Electronic Industry, from November 9th to 15th, Munich, West Germany

Electronica, which takes place every two years is rightly considered by the trade as the most important industry event anywhere because of its magnitude, combining as it does a Microelectronics world congress and displays from world-wide companies. This year's show exceeded all past records in exhibitor participation and attendance: over 1500 individual companies from 37 countries occupied display stands that were seen by some 85,000 registered business visitors from 66 nations. As might be expected, contacts established in export markets at an event of this importance were bound to be fruitful and the resulting benefits to those Canadian firms exhibiting were no exception.

By all accounts, the electronics industry's activities in all areas reflect an upsurge particularly in Europe. The West German market alone, for components, totals 5 billion Deutsche Marks (approx. $3 billion) of which, it is noteworthy to report, the United States enjoys a 20 per cent share.

Thirteen Canadian companies were grouped within a national stand complex, under the sponsorship and assisted by the federal Department of Industry, Trade and Commerce. Following the practice of the Department's Promotional Projects Branch, stands were government designed and built in consultation with participants according to each one's product display requirements.

For example — Amphenol Canada Division, Bunker Ramo (Canada) Ltd., exhibitor at "Electronica '78" has concluded offset agreement sales initiated at ELECTRONICA '76, through the company's representative in Germany, Tuchel Electronics GMBH.

Orders received have been from a number of German electronics manufacturers involved in the supply of sub-systems for the **Leopard II** Main Battle Tank currently under delivery to the Canadian Armed Forces. The orders cover High technology filter connectors used in protecting sensitive electronic circuits from E.M.I., R.F.I., and E.M.P. signal interference. These specific orders will be elegible for offset credit under the Canadian Government contract with Krauss Maffei AG. prime contractors for the Leopard Tank.

NEWS

CORRECTION: Canada Commerce Special Issue - August 1978, Page 15

George Arnold Lynn, A.O.C.A., Des. R.C.A., A.C.I.C., K.L.J.

We apologize for reporting a daughter when there are only two sons, and burying Mr. Lynn's father who is well and very much alive. Mr. Lynn Sr. has expressed understanding of Mark Twain's comment.

CANADA WINS TRINIDAD AND TOBAGO AIRPORT PROJECTS

Canada has signed a Memorandum of Understanding with the Government of Trinidad and Tobago for the redevelopment of the Piarco International Airport in Trinidad and the Crown Point Airport in Tobago.

The awarding of the projects to Canada means that this country will be supplying millions of dollars worth of engineering services and equipment, and that they will generate a great number of man years of employment in the Canadian manufacturing and engineering services sectors. The total cost for redeveloping the two airports is estimated to be about $150 million.

Both airports require extensive renovations including longer runways and ramp facilities to accommodate jumbo jets; a new cargo and baggage handling complex, and power generating and air conditioning equipment. Transport Canada will provide professional and advisory services to the Trinidad and Tobago Ministry of Finance.

PORT OF MONTREAL

CP Ships has selected Montreal as their new base for their North Americains operations - -new evidence that shipping lines are finding at the Port the proper environment to operate their business efficiently and economically.

The arrivals of CP Ships will greatly reinforce Montreal's position as Canada's major container port. Port statistics for the first eight months point to the conclusion that 1978 will be a record breaking year for container cargo. When CP Ships are fully operational, containerized cargo traffic at the Port of Montreal should exceed 225,000 units, amounting to over 27 millions tons of general cargo.

POWER FOR INDONESIA

Montreal Engineering, a Monenco company, has signed an agreement with Perusahaan Umum Listrik Negra in Jakarta to provide engineering services for the new 3,000 MW thermal generating station at Suralaya, West Java.

The initial stage of the project comprises two coal and oil fired steam electric generators of 375 MW, at a capital cost of approximately U.S. $700 million.

Besides engineering services, design, supervising construction, transferring of technology and assisting in the commissioning of the generators in collaboration with the local professionals, Montreal Engineering will prepare international calls to tender in accordance with the World Bank guidelines and award contracts.

This is Moneco's first major project in Indonesia. It is an important extension of their already well-established operation in South East Asia.

VENEZUELA

Decree No. 3442 announced the temporary removal of customs dutieon fresh, chilled or frozen cod (tariff heading 03.01.01.01.) and on dried, salted or smoked cod (tariff heading 03.02.01.02.) until April 30, 1979.

SPAIN

As a means of supporting the country's export promotion program, Spain intends to open 26 new trade posts abroad in the next five years, including new offices in Vancouver and Toronto.

The Spanish Official Bulletin dated July 28, NBR 177, published an order June 29 whereby total duty-free import quota for 1978 for coking coal is increased from 3 million tons to 3,930,000 tons (Tariff Item 27.01.-A).

NEWS

Ottawa awarded the 1981 International Symposium on Small Business

The Minister of State for Small Business, the Honourable Tony Abbott, has recently announced that the 1981 International Symposium on Small Business will be held in Ottawa.

The invitation of the Government of Canada to hold the symposium in Ottawa was made at the International Symposium held at Anaheim, California, in November.

The 1981 symposium, emerging as the principal focal point for world discussions on small business policy matters, will be co-sponsored by the federal government and private sector organizations such as the Canadian Federation of Independent Business, banks and other organizations.

The symposium is a non-profit organization oriented towards understanding and assisting in the development of the world small and medium-size businesses. In past years, the symposium offered the opportunity to outstanding authorities from various parts of the world to present their views relative to actual and potential financial, technological, managerial and marketing linkages.

The symposium, grouping representatives from over 50 countries, also serves to discuss problems generally facing small business and, as such, the deliberations are directly relevant to the Canadian government's awareness of the problems facing small business and its conscious attempt to improve the viability and competitive position of the small business sector in Canada.

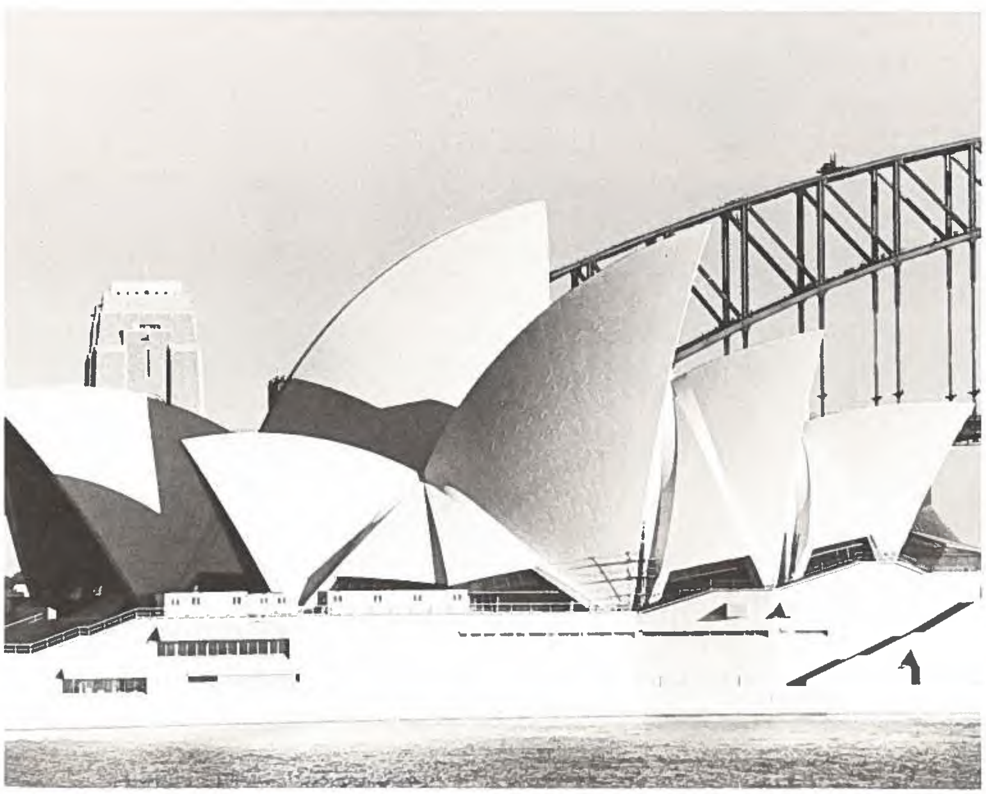
The Keynote address by the Canadian Minister of State for Small Business, Fifth International Symposium on Small Business, in Los Angeles, California, November 15, 1978, may be obtained from:

Production Planning Section
Office of Information
and Public Relations (98)
Department of Industry, Trade and Commerce
235 Queen Street
Ottawa, Ontario
IKA OH5

ARGENTINA

Central Bank Circular 760 has eliminated the special payment term requirements for imports of capital goods up to an f.o.b. value of U.S. five million dollars, effective July 3, 1978. Such imports may now be paid under any financing arrangements agreed to by the importer and foreign supplier, including total or partial payment against shipping documents. The decree also allows for advance payments of up to 20 per cent of the f.o.b. value of the goods. The Central Bank must be consulted for operations exceeding these limits.

This measure also applies to financing agreements covering capital goods which had been imported under the previous regulations.



ARE YOU TIRED OF GOVERNMENT RED TAPE AND WHAT YOU CONSIDER TO BE UNNESSARY FORMS?

WELL RELAX AND SEEK HELP THERE IS NOW A FREE TELEPHONE ACTION LINE SET UP TO CUT RED TAPE AND EASE THE PAPERBURDEN

Any small business person in Canada can now telephone Ottawa collect for information and quick action on how to cut red tape and reduce paperwork problems.

The Action Line (613) 995-9197 **collect** operates 24 hours a day. The action group is available Monday through Friday from 8:30 a.m. to 5:00 p.m. Eastern time; outside these hours, messages left on the recorders will be attended to promptly.

After callers describe their problems, the action group will go to work on their behalf to seek solutions immediately. If a problem is not solved within five days, the action group will provide the caller with a progress report and will follow up until the case is resolved. This Office also works on cases referred to it by Members of Parliament, trade associations, and others.

If the complaint does not concern paper burden, the action group will refer the case to the federal department responsible and supply the caller with the name of an official in that department for further contact.

The Paperburden Office was established to reduce excessive and unnecessary paperwork which could be eliminated without hampering government programs. The Office is committed to reducing cost to small business by at least $100 million a year.

The Action Line is operated by the Paperburden Office which is headed by Mr. Jim Howe, who reports to the Hon. Anthony Abbott, Minister of State for Small Business. It will be in operation for two years, and will have a full time-staff of 15.

GENERAL INQUIRIES:

Paperburden Office
Journal Building North
6th Floor - 300 Slater Street,
Ottawa, Ontario K1A 0H5

TEL: (613) 995-6877 (collect)

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