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**Newfoundland and Labrador –
Charting Cautious Course in Sea of Change**

Canada Commerce
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Editorially speaking . . .

Surely one of the most important tasks that a magazine such as Canada Commerce must set itself, is to try to bring to life the programs and policies of this federal department — one which is of vital importance to the Canadian business community. And what better way than to present those persons who implement the programs and policies — the faces behind the big bureaucratic machine. Yes, Virginia, there are human beings in there!

The Commerce series of articles covering the areas of responsibility of IT&C's Assistant Deputy Ministers started off in our June/July issue this year (Colin Hindle, Acting Assistant Deputy Minister, Economic Policy and Analysis). It continues in this edition with our interview with Peter Quinn who fills a role relatively new to this department — and indeed to government — as ADM Finance. In Mr. Quinn's own words this is a "double-barreled challenge." We think you will find it interesting reading.

Topics range widely in this month's Canada Commerce from China's metals and minerals industry to Newfoundland's oil and gas activity. We also print the conclusion of two articles which first appeared in September relating to trade fair participation and the "Shop Canadian" program.

Read on and enjoy!

A.H.

Cover Photograph:
Oil drilling off the Grand Banks (Crocker
Professional Photography, St. John's).

Please note that Canada Commerce is available free of charge in Canada only to interested Canadian manufacturers and business persons.

Publié aussi en français

Newfoundland and Labrador

Despite continuing controversy surrounding constitutional reform, shared jurisdiction in the fisheries, and ownership of offshore oil and gas resources, the Province of Newfoundland and Labrador is confident of a future that is bright both economically and industrially. A recent CANADA COMMERCE visit to the Regional Office of the Department of Industry, Trade and Commerce revealed that, among other developments. . . .

The Province is preparing for take-off!

by Don Wight

When you are sitting beside a potential gold mine, it is virtually impossible not to be optimistic; it is also wise to be cautious.

These two attitudes probably best typify the mood in Newfoundland today: an overall feeling of cautious optimism in the face of inevitable, yet potentially highly beneficial change.

The problem being carefully examined by many, including IT&C and its Regional Office staff, is the best way to deal with this change so that immediate and long-term benefits accrue to all concerned.

"The main source of new activity now is oil and gas, together with a major expansion in the traditional fisheries sector," says Brian Holmes, IT&C Regional Director General in St. John's, "and the main direction is to ensure that the province, and Canada as a whole, can take advantage of the long-term industrial benefits from any offshore oil and gas developments."

Indeed, executives of big corporations, individual businessmen, financiers and increasing numbers of returning Newfoundlanders are being drawn to St. John's, attracted by the lure of Hibernia, Ben Nevis and other under-sea oil and gas prospects off the coasts.

"A large number of companies are entering the business or preparing to, including many combinations of Newfoundland, other Canadian and foreign interests," says Holmes.

The offshore question is difficult, but there are several avenues being considered in the building of offshore-related industries — all of which will have direct and indirect spin-offs, creating additional industries and increased employment. For instance, on the Grand Banks, where Hibernia is located, weather conditions are fairly

good year round; however, in Labrador, where Petro-Canada operates, ice and other conditions are extremely difficult, with a weather-window only about three months in the year.

"It's a high cost area," says Holmes — "one of the highest in Canada, but the problems also dictate unique technical and commercial solutions."



Office Services Supervisor Brenda Inkpen confers with Mark LePage, Assistant Trade Commissioner (in training).

Service and supply bases, some of which have already been established in St. John's, will also be spread around the island. As a consequence, there will also be spin-offs from these developments.

Additional offshore-related industrial development ideas being carefully considered are: exploration services, some of which have already been realized; the development of new technology in ice-

infested waters for production alternatives; the design and construction of production-related facilities, and the ever present problem of improved transportation and distribution.

There is no doubt that Newfoundland can be in the forefront of specialized ocean industry developments and several organizations are already in place.

As could be expected with the increase in the number of companies anxious to set up business, there has been an equal upsurge in the number of inquiries being handled by the Regional Office.

Inquiries relating to offshore developments fall most often into the hands of Murray Rea, a veritable beehive of activity, who, in addition to ocean industries, is responsible for such sectors as forestry and mining.

While oil and gas seem to have taken precedence, forestry and mining have by no means been forgotten. The highest financial output for a single sector is from iron ore in western Labrador, where there are two main operations. Several other smaller mines are scattered throughout the province, producing lead, zinc, copper, gold, silver, cadmium, asbestos, gypsum, cement, silica, pyrophyllite and clay for brick. There is also interest in other commodities, especially uranium and barite.

There is currently a mineral exploration boom all over the province, with most of the interest in the metals sector, and optimism is high for new future mines. In Labrador, in particular, there are uranium deposits which could be developed once environmental safeguards and waste disposal techniques are assured.

Regardless of the oil and gas potential, the mining industry is here to stay in Newfoundland, and wherever pos-

sible, consideration is being given to further processing for increased value-added.

In forestry, there are two main areas — newsprint mills and sawmills. Abitibi Price in Grand Falls, and the large Bowaters mill in Corner Brook are engaged in almost 100 per cent export of newsprint. Sawmills, on the other hand, are small, family-sized operations, which are scattered throughout the province. There is an abundance of lumber available, and sawmills are generally built around local shipyards where wooden vessels are still constructed.

Fishing has always been the mainstay of the Newfoundland economy. Not only is it an immensely important industry, it is virtually a way of life — and one that, if not managed properly, could be greatly affected by the oil and gas boom.

“The fishing industry has a tremendous socio-economic impact” says Holmes, noting that “1979 was a record year — the best in eight years.”

But the prognosis for 1980 may not be as pleasing. “The Newfoundland fishery is approximately 80 per cent dependent on the United States” Holmes continued, adding that “tighter markets seem possible for this year because of the U.S. resistance to price, and also due to high inventories.”

With the fishing industry being the mainstay of more than 500 of the province’s coastal communities — and employing some 35,000 people — something has to be done to improve these market conditions.

Responsible primarily for the fisheries sector is Michael Conway, who like Murray Rea and Brian Holmes is a CFA — a Newfoundland euphemism for non-native born islanders which translates “Comes from Away.” All three are relatively new to their positions in the St. John’s Regional Office.

“There is a real effort being made” says Conway “to upgrade the quality and the degree of processing in the fishing industry. We are also aiming at other markets such as the European Economic Community. Only recently have we begun to concentrate on the quality of established fish products, and to look at other products that could be marketed. Several projects



Sharing a light moment are Regional Officer Michael Conway (left) and Brian Holmes, Regional Director General.

under IT&C’s Enterprise Development Program are currently aimed at this area.”

It is somewhat difficult to judge, in monetary terms, the impact of such IT&C programs as the Enterprise Development Program (EDP) or its Program for Export Market Development (PEMD) because much of the locally administered program activity only started to increase in recent years.

“Approximately one-third of all PEMDs approved last year in our office were in the fisheries sector” says Conway, “it’s the biggest push we’ve had, but because of the short time span, we’ve had no feedback on its success. We did, however, get an overview of the market, mostly in France, Germany, Britain, Belgium and Spain.”

Some Enterprise Development projects are also in the works. There is an exciting drive in developing processing, handling and harvesting equipment. Previously all items, such as nets, gear and tackle were imported. Now a small manufacturing sector is taking shape and it has very good potential.

Another EDP-funded project is aimed at developing a canned seal product that will find international rather than local markets. Not only will such a project yield new economic activity, it will be processing meat and fish.

Notes Conway, “We need further secondary processing on products we already have.”

Canning of many specialty products is one step in this direction, but there is also the need to develop and make saleable other, as yet unexploited, species.

“The big attempt” says Conway “is to use what was wasted in the past. Totally, we are attempting to develop the product and the quality, and we are looking for improved alternative forms of processing.”

Another attempt is to encourage the numerous small and medium-sized processors to form consortia. Accomplishment of this feat may be difficult because of the inherent independence of the Newfoundland people. But moves are being made in this direction with the feeling that if consortia are not formed, the very small, independent

processors could be out of business in 5-10 years.

Still considered as the industry that will spin off to other industries, fisheries is viewed by many as the point from which other industries should grow.

"The main criteria" says Conway, "is to support those industries which, down the road, will have a fishing component. As a renewable resource, it will be here long after oil and gas is gone." To which he adds the cautionary note — "if the industry is properly managed."

is the first to admit that the province's tourism potential is fantastic, and the many readily available tourist brochures speak for themselves.

A new venture which is gaining much acceptance is the wilderness package tours aimed at the rugged individualists who go for out-of-the-way places, hunting, fishing and beautiful scenery — all of which the province has in abundance.

The most recent tourist attraction is the Viking settlement at L'Anse-aux-Meadows at the tip of the Great

A small office, with a small staff — but it is amazing the vast territory and the diverse interests they succeed in serving. The province of Newfoundland and Labrador has an area of 157,000 square miles (408,000 km²) — more than three times the size of Nova Scotia, New Brunswick and Prince Edward Island combined, with a population of 577,000 settled in more than 1,000 communities. There is also a coastline of some 10,900 miles (17,500 km).

Of necessity then, the Regional Officers function somewhat differently than their counterparts in other offices throughout Canada. "Larger offices are inundated with requests, demands for services and the like," says Holmes. "Here we have to go out and identify selected opportunity. Tonight, for example, we go to Gander."

Michael Conway echoes the sentiment "a conscious effort is made to cover the province — we try to get out two to three times a week." He might have added "if we don't get fogged in."

This is an expression heard virtually everywhere. What it boils down to is this — in St. John's you do what you can TODAY, you don't put it off till tomorrow! And that is the attitude of the regional officers. It is also why, in the words of Brian Holmes, "there is a new feeling of optimism, optimism and confidence that the province can work toward self-sufficiency."



In more serious vein, St. John's Regional Office staff discuss a project under review.

Two other very important factors account for the province's trust in a promising future — the Lower Churchill Falls project and Tourism.

The province feels that the Lower Churchill, with its tremendous hydroelectric potential, can be the driving force for an energy-based economy. At present, the forecast is that the island portion of the province will be tight on hydro in about five years.

"These new developments in Labrador would solve the long-term energy problem, as well as yield energy exports either directly or in converted forms such as aluminum smelting," commented Brian Holmes.

Tourism is in the hands of Kay Coxworthy, who, being a long-term resident, is far from being a CFA. Kay

Northern Peninsula. Recently proclaimed a World Heritage Site by officials of the United Nations, the settlement is positive proof that the Vikings came to the New World five centuries before Christopher Columbus, John Cabot and Jacques Cartier!

Kay is also responsible for program administration and is Manager of the Business Information Centre. "Being manager of the Business Information Centre here isn't a full-time job," she says, "because of the smaller volume of inquiries we receive." But that hardly means she is idle. She has a wealth of knowledge at her fingertips and if she can't provide an answer on the spot, she can direct you to those who can — and usually does so in a matter of minutes.

"The setting up of the Regional Office improved one-stop shopping and cut out a lot of bureaucratic red tape. Still, decision-making should be decentralized even more."

Gerry Anthony, President, St. John's Board of Trade

Persons or businesses in Newfoundland and Labrador wishing information or advice may obtain it by contacting —

Department of Industry, Trade and Commerce

127 Water Street, P.O. Box 6148
St. John's, Newfoundland, Canada,
A1C 5X8.

Tel: (709) 737-5511

Telex: 016-4749

Business Information Centre:

Tel: (709) 737-5000

Outside St. John's: Zenith 0-3200

The man in the job



Peter E. Quinn is Assistant Deputy Minister, Finance, IT&C. A native of Toronto, Mr. Quinn, 46, has held a number of senior government posts since receiving his MBA from the University of Toronto in 1959. He has worked with the Industrial Development Bank, the Export Credits Insurance Corporation, Industrial Estates Ltd., and the

Treasury Board Secretariat as well as various assignments in IT&C. As ADM Finance, Mr. Quinn has broad responsibilities for financial management. Included is a significant policy function, including the operations of the Small Business Secretariat and Paper Burden operation and the central management and control of the funded programs. As well, Mr. Quinn is a member of the Enterprise Development Board, alternate director of the Boards of the Federal Business Development Bank and the Canada Development Corporation, a member of the Board of Canadian Patents & Development Limited and Chairman of the Defence Industries Productivity Committee.

But It's Not All Work...

How does a man with such a workload relax? And when? In a brief aside before getting down to more serious questions, Commerce found out.

Commerce: *We understand that you are a classic car buff?*

Quinn: Well, you might call my sports car a small passion in my life that does provide me with a lot of recreation and a lot of fun. But it is not really an old car or an antique car, it's really quite a modern sports car, but, like myself, a little worn around the edges. I get a great deal of pleasure out of this machine by keeping it tuned and in good running form. This keeps my hands occupied when I am not otherwise sitting behind this desk or travelling. It's a Triumph TR 6. And, again a bit like me, it's kind of noisy and a little square. . .

Commerce: *I know the car and always admired them but, as you say, you have to keep them in tune or you're in trouble.*

Quinn: Yes, certainly now and then you just have to open up the hood and throw in a couple of bags of money and everything goes well. . . I also enjoy sailing and I do a lot of reading outside office hours — material that is entirely divorced from my work. This winter, I am looking forward to skiing.

Commerce: *You are one of the true Canadians that love the winter?*

Quinn: Well, I like parts of it. I like it when it is Saturday and sunny and I'm out on the snow. . . but not so much on Wednesday plowing through the slush.

Focus on Finance

To give our readers an insight into the complex workings of a department encompassing such a broad area as Industry, Trade and Commerce is not an easy task: it becomes more feasible however if we break it down into the areas of responsibility of the various Assistant Deputy Ministers. In a previous issue (June/July) we examined the Economic Policy and Analysis sector. Now we take a look at the area of the ADM Finance in the following interview with the man in the job, Peter E. Quinn. Bob McDonell of Commerce poses the first question. . .

Mr. Quinn, the role of ADM Finance represents a relatively new concept in IT&C — and indeed in the government — does it not?

Quinn: Yes it does. Perhaps I should take a few minutes right away to outline the function of the department's Finance sector in the 80s. . . There are really several aspects to it. There is the *controllership* function — and that is, in fact, running the financial side of the department from being responsible for the basic accounting for our resources to such things as looking at all of the systems that we use as managers to control ourselves, to manage ourselves, and to go on to update these, enhance them, simplify them, and ensure that the best possible information is available to managers at all times. This is one of my primary challenges right now.

The other aspect, of course, is the fact that I am still very heavily involved in programs by virtue of having the Programs Branch and the Corporate Analysis Branch in my area of responsibility. In that sense this function can really be described as the *banking advisor*, the *investment manager*. . . It is an interesting concept, in that the development of the job description is very much in line with ideas put forward by the Auditor-General and the Comptroller-General.

And we are breaking a lot of new ground in this area as we try, on the one hand, to improve management systems in the department and, on the other, while we are involved so deeply in so many projects, to try to provide sound management of the government's investment in a portfolio of high risk projects. I am expected as well to add a policy dimension from a financial and investment perspective. Recent restraints and the new envelope system will also see the need for very sophisticated financial planning. Now planning is not exclusively a financial function. In the truest sense, it is a management function. My role is to pull it all together, to ensure accuracy and soundness in the reflection of management's directions. So it is a double-barreled challenge.



... this function can really be described as the banking advisor, the investment manager. . . It is an interesting concept, in that the development of the job description is very much in line with ideas put forward by the Auditor-General and the Comptroller-General.

Commerce: *As you are still charged with substantial responsibility for the Enterprise Development Program, would you care to comment on its effectiveness?*

Quinn: The Enterprise Development Program* has been remarkably well received. The fact that there have been a number of complaints about slow delivery or problems with applications from various companies, is really not a very surprising event because almost everything that is being raised IT&C can cure. . . we can remedy. In some instances, the complaints aren't well founded. Being in government service, we'll always have these kinds of complaints, from disappointed applicants. However, this can serve as a very healthy, on-going evaluation by the private sector. The statistics for the Program are very impressive. I think that the Regional Offices have, with very limited resources at the outset, really taken on the Enterprise Development Program with a great deal of enthusiasm and have applied it with great care.

The central operation here in Ottawa — mainly through the Industry Sector Branches and my own Corporate Analysis Branch — also provides a very impressive performance record. I continue to be terribly impressed with the quality of the people we have serving on the Enterprise Development Boards — both public servants and those from the private sector. I think we are certainly well served by using this mechanism. Certainly, the stature or the integrity of our decision-making has yet to be questioned seriously by anybody inside the government, at the ministerial level, at the bureaucratic level or, say, within the financial community.

***EDP assists with grants of up to 75 per cent of product development costs, including high risk innovative projects, proposal preparation, and industrial design.**

In that sense, I think, we have shown ourselves to be a highly accountable group, and a highly effective group.

We have to remember too that the Enterprise Development Program is designed to operate where nobody else is going to operate. This makes life very difficult for the staff of the Branches who deliver the Program. The staff I hope realize or remember frequently that it really is a program designed to operate where the private sector will not go because of risk which requires a lot of sound analysis judgment. THAT is really where the effort comes in. On balance, I am very pleased with the first two years' performance. This is not to say that there is nothing we can do to improve delivery. Much is under way to pinpoint causes of problems and to develop solutions.

Commerce: *In the last issue of Commerce we published an interview with John G. McDonald Brown as a member of EDP's central board and member from the Maritimes. Since then Mr. Brown has taken over as chief executive officer of a government-backed company. Will this mean he will no longer serve on the EDP board?*

Quinn: You are referring to Consolidated Computer — a company that was financed by or under the PAIT Program years ago and by the General Adjustment Assistance Board. It is a company that has gone through a series of crises, and one where we have invested a lot of time and money. Mr. Brown is going in as chief executive officer for a time to really develop a decent plan for the company and to develop a program which will ensure its future and the growth of jobs and the growth of exports. We are very lucky to have a man of the calibre of Mr. Brown to do that job for us. I am really impressed with his tough-minded approach to business and the way he is moving to get that situation in hand for the benefit of all involved. As there is no conflict, Mr. Brown will continue to be a member of the Enterprise Development Board and I am very happy to be able to say that.

Commerce: *How are the finances, say, of EDP, is there sufficient financing of the program?*

Quinn: Yes, we think so. We have been treated very generously by Cabinet in terms of the Enterprise Development Program. But the demand is there, and, you know, it is a careful balancing act to have the right numbers for the right requirements year after year and to be able to look down the road and see what this demand is going to be. We think we can forecast this fairly accurately. The funding requirements of the Program have been well received by ministers. On the loan insurance side, we have an authority of one billion dollars which does give us flexibility and room. However, we shouldn't forget that there are a number of major projects around which could eat into \$1 billion quite rapidly.

Let me just say, that the financing problem is still with the DIPP (Defence Industries Productivity Program.) We hope to take the results of the comprehensive evaluation to Ministers shortly. I am reasonably confident that this will support our renewed request to enhance the funding of that program significantly. The demand for DIPP support arising from major opportunities is quite phenomenal.

Commerce: *And what about PEMD (Program for Export Market Development*) where I suppose the same thing applies?*

Quinn: Here we have been held back to a very restrictive level of "a" base expenditure despite the fact that the demand for PEMD has been increasing for several years. We have obtained what I would call some interim relief from Cabinet for the current year but we continue to have a problem in future years. As you know, in PEMD we commit ahead very significantly. I predict that this demand will continue to increase, even with the changes that we have introduced in the Program, for example limiting the number of applications from any one firm.



That's really one of the principal roles that I have as the Assistant Deputy Minister of Finance — to push evaluation, to develop the skills for evaluation and to provide the kinds of information that management can use with ease in measuring how effectively their people in the field are delivering programs.

Commerce: *I interviewed one businessman in Vancouver a couple of months ago — he was so pleased with the Program. . . the story hasn't come out yet. . . but he was very critical of his fellow entrepreneurs who make use of PEMD and then do not turn around and give the government the payback on successful ventures. . . he felt that this made it so much more difficult for the government to be able to say that PEMD is effective. Is there any thought of addressing this problem?*

Quinn: Well, a full evaluation of PEMD has been completed. We measured the benefits. We measured the costs. Payback (actual refunding of money for successful export business) is not the best indicator.

***PEMD makes contributions to individual companies to cover costs in developing export business where the risks involved might otherwise discourage initiative. If the projects are successful, the funds are recoverable from future sales arising from the business. In other words, it is very much a "term loan" if successful.**

Many of the successful applicants don't draw down their money after they have made a trip aided by a PEMD grant. They know they have the order, they know that they are going to generate some income from those orders, and so they just simply don't complete processing the PEMD application. If, on the other hand, the trip was at all uncertain and had a degree of risk to it, then they take advantage of the funding. This, and a few other factors, has made the repayment factor quite irrelevant in terms of measuring the effectiveness of PEMD. On the other hand, we don't get many kudos or many thank-you's from the business community. This doesn't disturb me particularly because they are busy doing what they are supposed to be doing, that is generating export sales. And that to us is the highest priority.

We *can* measure the effectiveness of the Program. . . we have the methodology, we have the tools, and we can make our case to anybody that is interested — within the government or outside. We are gaining skills in this area in terms of substantiating our requests for additional resources or in terms of demonstrating that we are handling these funds in an accountable way and that the people who are out in the field are performing well. We are getting in better shape all the time.

That's really one of the principle roles that I have as the Assistant Deputy Minister of Finance — to push evaluation, to develop the skills for evaluation and to provide the kinds of information that management can use with ease in measuring how effectively their people in the field are delivering programs. As a senior staff officer in the department, it is up to me to provide these tools.

Commerce: *Now that we have covered the present programs, should we slip into some of the new types of things that are likely to occur in the 80s. . . you know, what the businessmen will be looking for. . . .*

Quinn: Well, I could spend a lot of time in telling you what the department has done to determine what the challenges of the 80s are going to be for us. You will probably interview Mr. Guérin (ADM Industry and Commerce Development) and he will explain what has unfolded in terms of industry sector profiles and strategies and so on. It's all very dynamic and very fascinating material, and it's been received well in the private sector and it's met a certain number of demanding tests. Now, having done that rather enormous volume of work in the industry sector branches and elsewhere in the department, we are now examining our programs with a view to defining what is relevant or what new requirements should be met.

A number of task forces and a steering committee are looking at these program requirements in depth, examining the results of the evaluation, how we have performed over the years, looking at the Enterprise Development Program and the DIPP, trying to assess where they are right or wrong to attempt to define what kind of program should we have for the future. What are the things implicit in those programs that made it more difficult for us to participate in the financing of exciting projects that perhaps passed us by? What kind of role, in a program sense, can we play with the private sector?

We believe that we have a good number of answers coming up to these questions. We are hoping to take to the Minister shortly recommendations for an industrial opportunities program which would be a considerable enhancement to our existing programs. The challenge has been to develop very clearly how we would evaluate and be accountable for major investments in industrial development projects. The business of investing for profit is well known in the private sector. It is less clear in government where goals and objectives and the means of measuring success are much more complex.

Commerce: *There is a lot of talk lately, of course, about the trading company concept, and I am wondering if this is being addressed by you seriously at the present time or are you waiting for news from the parliamentary committee?*

Quinn: No, this is being addressed in other parts of the department. . . A very hard look is being taken at it. There is not an easy solution. To set up a trading company does not mean exports will flock to your door. This isn't the way it happens. There are a number of sensitivities with existing organizations in the private sector and a number of challenges in determining what the government's role should really be. But all I can say is that for this department the generation of new export business is an extremely high priority and that we are looking at and examining every possible avenue to facilitate the achievement of these objectives.

Commerce: *We might spend a few minutes discussing the delivery and processing of information in the 80s and in particular as it affects a number of areas of your responsibility. For example, BOSS (the Business Opportunities Sourcing System) and COSTPRO (Canadian Organization for the Simplification of Trade Procedures), as well as other forms of delivery systems which are coming on the market such as Telidon. All of these will not only help the businessman but also the various governments to have an up-to-date factual reading of the current situation in the business field. How is this progressing?*

Quinn: Well, the BOSS system is probably the best example to talk about. The system arises out of a promise that we made to our counterparts in the provincial governments, the Departments of Industry and Commerce, to try to rationalize the growth and development of systems so that all parties could have equal access to a comprehensive data base of Canadian suppliers to promote trade within Canada and, of course, to promote export trade. I believe that the BOSS system has great promise in satisfying the desire of everybody to have one system that will work. Indeed, we have virtually every province participating in the BOSS system, and this has a number of advantages. The provinces can add companies with whom they deal to the base of companies that we have in the system at the present time. The system makes great sense but it will require a great deal of work to get the volume of companies in it to make it successful. The technology is very simple, although it's relatively advanced. We've focused on attempting to make the equipment that is necessary for the users in the field cheap so it can be widely distributed, and we have been successful in that endeavor. I am pleased with the development of that

system and the work done so far, because it really is capable of meeting a need that has been expressed to us by each province. I am worried however about the work still to be done by so many various groups. It is not easy to keep adequate momentum.

Commerce: *Mr. Quinn, we seem to have covered a vast amount of territory, but are there other facets of the Finance sector that you would like to touch upon?*

Quinn: Well, I expect that we will see a great deal of activity in the area of Small Business. There are a number of policies to complete and the Secretariat is beginning to organize for the International Symposium on Small Business which Canada will host in 1982. This will be a very large international conference.

Also, the Paperburden Office is being merged with the Small Business Secretariat in order that many of the achievements can be implemented.

One of the major tasks that we have to do this year is the Small Business Financing Review. This is being managed by Jim Howe and a Task Force. This study will be doing a most comprehensive review in conjunction with the private sector. As a result, we hope to understand much better the problems faced by small business to acquire financing for expansion or other legitimate needs. This study has a high government priority and given the participation of Canadian Bankers' Association and other financial institutions, we hope to produce a major policy document.

Finally, a review of all of our management systems with the help of the Comptroller General will be carried out with a view to enabling very positive and beneficial changes to be made to these systems to clarify and to enhance accountability.



The business of investing for profit is well known in the private sector. It is less clear in government where goals and objectives and the means of measuring success are much more complex.

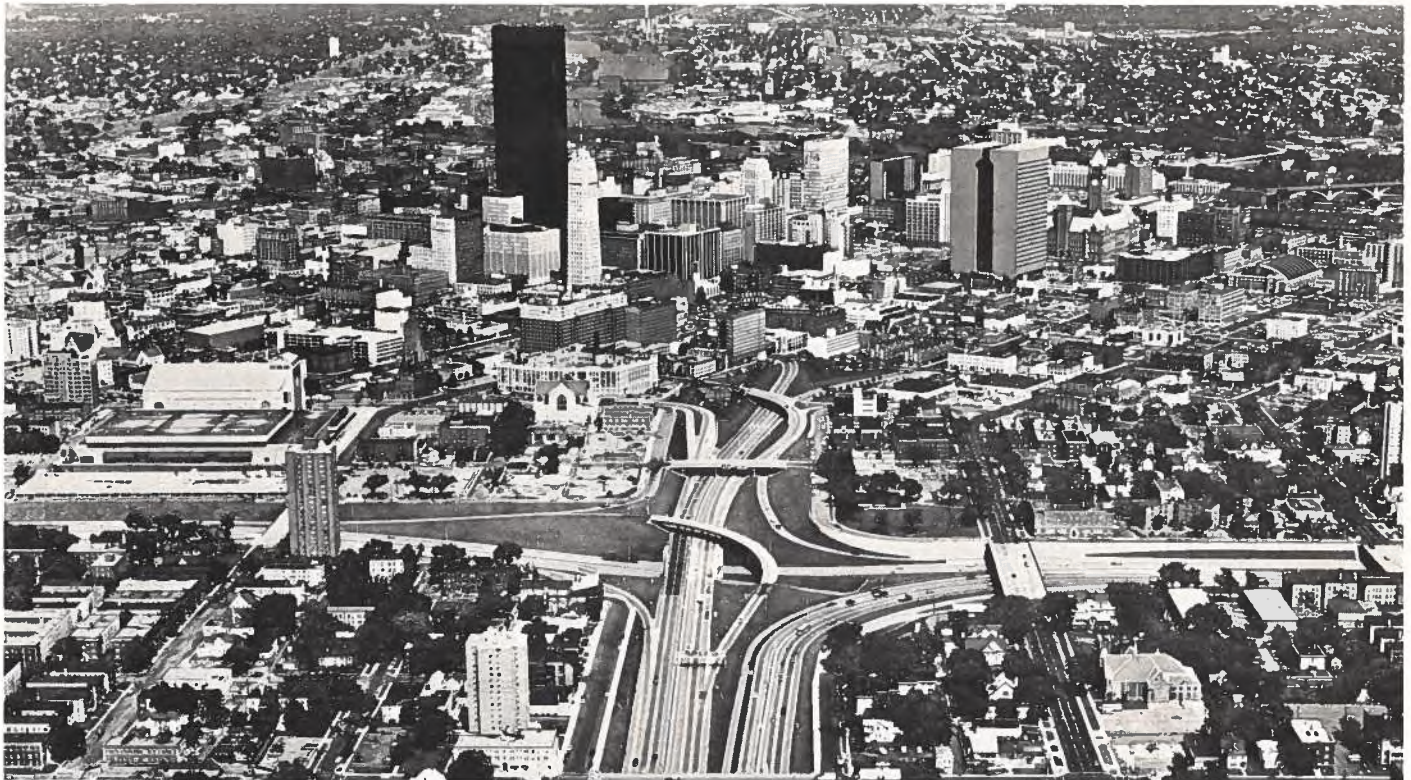
The Upper Midwest

This active market area of the United States presents excellent opportunities for Canadian manufacturers, particularly those who wish to test-market a new product, or those just getting into the export business.

Report from Minneapolis

by R.J. Winter

Assistant Trade Commissioner



A major east-west coast-to-coast highway converges in downtown Minneapolis with the north-south highway which bisects the States from Lake Superior to the Gulf of Mexico.

Minneapolis. For many the mention of the name brings forth images of a pioneer outpost in the middle of nowhere, menaced by freezing winds, an occasional buffalo and (confusing it with another 'apolis) picturing it as the site of the "500" car race. In actual fact, this trading, lumbering and milling settlement is today a major Midwest centre for retail distribution, food processing, education, health, recreation, computers, transporta-

Canadian exports to the Upper Midwest, which has a total population of 6.5 million, achieved a 45 per cent increase in 1979 over 1978: 4.2 billion (Cdn) compared to 2.9 billion. Receipts from crude oil and natural gas sales accounted for 46 per cent of the total with the balance, 2.3 billion, being equally shared by all industrial and consumer product groups.

North Dakota's economy is based principally on agriculture (wheat, barley, sunflower seeds and livestock), although it has an abundance of important mineral resources: coal and petroleum. Although the state has attracted very little industry, manufacturing, especially in food process-

ing, agricultural equipment and resource industry equipment, has been growing. Canada exported \$407 million worth in 1979 with crude petroleum, lumber, newsprint, fertilizer, electricity, agricultural equipment and motor vehicle parts representing the major products.

South Dakota is also an agricultural state specializing in livestock raising and small grain production. This is Canada's smallest market in our area with sales in 1979 of \$70 million consisting principally of live animals, lumber, newsprint, fertilizer and agricultural equipment.

Montana's economy is dependent upon its natural resources — agriculture, mining,

and construction. Minneapolis, one of the Twin Cities of Mpls/St. Paul, is the location of the Canadian Consulate which is responsible for trade promotion activity in the states of Minnesota, North and South Dakota, Wisconsin (northern half, Chicago has responsibility for southern half), and Montana, east of the Divide. Our colleagues in Seattle have responsibility for western Montana.

tourism, lumbering and more recently coal and petroleum. Its industries are involved in the processing of raw materials from farms, forests, mines and oil wells. Canadian exports totalled \$882 million in 1979 with livestock, oil and natural gas, lumber, newsprint, fertilizer and agricultural equipment representing the main sales.

Wisconsin (northern) represents the second largest concentration of manufacturing industries in our territory. Most of the area's industrial income is derived from production of machinery, processed foods, transportation equipment, paper products, electrical equipment and chemicals. Canadian firms sold \$600 million worth of goods



Sports-loving people in this "Land-O-Lakes" provide one of the best per capita markets for leisure goods in the U.S.

in 1979 made up mainly of petroleum, lumber, wood pulp, newsprint, fertilizers, castings/forgings, agricultural equipment and motor vehicle parts.

Minnesota, long known as the growing commercial and industrial hub of the Upper Midwest, is one of the most affluent sites in America, rich in resources, agriculture and high technology industries. With no one industry dominating the area, manufacturing is diversified and includes non-electrical machinery, fabricated metal products, electrical machinery, food products, primary metals and chemical manufacturing. Canadian exports totalled \$2,660 million in 1979 with petroleum, lumber, wood pulp,

newsprint, fertilizers, steel, agricultural equipment and varied machinery products representing the major products.

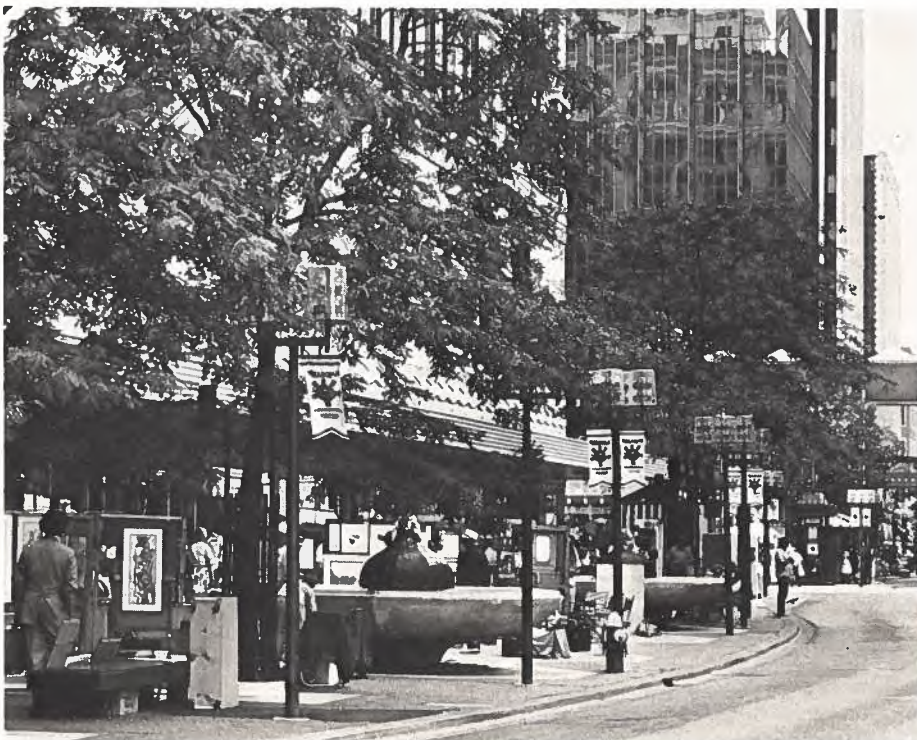
TWIN CITIES

With a population of more than two million, the Twin Cities of Minneapolis and St. Paul form the most important distribution and manufacturing centre in this post's territory. Even during periods of national economic weakness, the Twin Cities area has been spared the dramatic shock waves of recession and inflation because business in this area is so diverse. It is a centre for the high technology and electronic industries, particularly computers; for agribusi-

ness and milling; food processing, machinery, metal fabricating and textile production. There are more than 3,200 manufacturing firms in Minnesota including a number of Fortune Magazine's "500" largest corporations. Some of these are: Honeywell, 3M, General Mills, Control Data, Pillsbury, Land-O-Lakes, International Multifoods, Bemis and Peavey. Not listed is the largest grain producer and trader in the world, the privately held Cargill Corp.

Control Data, Honeywell, 3M and Sperry Univac represent the computer and office machine brain trust in the Twin Cities. As the distribution and marketing centre of the Midwest, companies such as Super Valu (the largest grocer/wholesaler in the U.S.), Midland Cooperative, CENEX, Universal Distributing, Gambles, United Hardware, and OK Hardware (all large hardware/ranch supply/building material distributors and retailers) have headquarters here. It is significant to point out that the Twin Cities is the third largest trucking and warehousing centre in the United States.

The Upper Midwest market presents excellent opportunities for a manufacturer wishing to test-market a new product, or for a beginning exporter. It is relatively small and manageable in size for a firm with limited production facilities. Distribution patterns are uncomplicated and efficient — largely radiating from the Twin Cities. Businessmen in the Upper Midwest are generally quite receptive to learning about Canadian products. Such factors as proximity to the border, trade or corporate connections and frequent travel to Canada for recreational purposes have led to a general climate of friendliness and a greater awareness of Canada than exists in many other areas of the United States. Buyers are interested in just about any item that can compete in quality, distinctiveness and laid down price. Many existing U.S. supply sources are more distant to the Twin Cities



Nicollet Mall in downtown Minneapolis during art fair.



Raymond Wong, Wong Wing Foods, Montreal, taking part in a Food Products Show in Minneapolis.

market than potentially competitive Canadian ones. Generally Canada is not regarded as foreign, therefore Canadian merchandise is consequently bought and invoiced through domestic purchasing departments.

Some brief comments on specific markets may assist Canadian businessmen in assessing the potential in particular industrial sectors.

Agricultural Products

Principal Canadian exports have been live animals, fruits, vegetables, ocean and freshwater fish, gourmet and specialty foods.

The Consulate holds an annual food and beverage products show and this, together with extensive product demonstrations, gives Canadian food products wide exposure to wholesale, retail and the institutional trade.

Furniture

The Twin Cities is experiencing a construction boom: major projects, planned and under construction, total more than one billion dollars. This includes the massive city centre project being undertaken by Oxford Development Group Ltd. of Edmonton. Opportunities are especially good for high priced, design-oriented products. Selling points are design, manufacturing flexibility, quality and delivery.

Textiles (Apparel)

The market remains strong for outerwear and fall/winter apparel. Downfilled garments present an area where Canadian sources can be competitive, particularly if they can promise good delivery schedules. All-wool knitted sweaters and a wide variety of sportswear, leisurewear and westernwear

also have a good potential. A new apparel mart will open in Minneapolis in late 1980.

Footwear

Very good opportunities continue to exist for winter footwear. Canadian manufacturers have shown excellent increases in sales of moderately priced ladies' boots through department store and specialty store accounts. Sales have also increased for men's, women's and children's sports boots.

Hardware/Lawn and Garden Supplies/ Building Materials

A substantial hardware and lawn and garden market is located in this area, supported by more than a dozen major distributor retailers. These firms are continually looking for new innovative products and could represent an ideal marketplace for the beginning exporter.

Electrical and Electronic Products

Minnesota has been a leader in the electronics industry and ranks third in sales of computers and office machines. Electronic manufacturers of both commercial and defence equipment purchased more than \$200 million worth per year in component parts. Canadian firms will have to be aggressive if they want to penetrate this market. Prime defence contractors Honeywell, Control Data, Sperry Univac and Rosemount represent a good market for subcontractors, especially in the electronic component field. This office is continually in contact with manufacturers' representatives and would welcome the opportunity to assist Canadian component manufacturers in appointing suitable representation.

Leisure goods

In this "Land-O-Lakes," the sports-loving people provide one of the best per capita markets in the United States. Canadian products which have found a ready market include: pleasure craft and other aquatic equipment, fishing, hunting, skiing and of course, hockey equipment.

It should be mentioned that traditional Canadian exporters of lumber, newsprint, steel, fertilizer, agricultural, forestry and mining equipment, automotive after-market products and industrial specialty equipment have long taken advantage of this active market.

The foregoing description offers a brief insight into the Upper Midwest market area. The Commercial Division with a staff of three officers will be pleased to assist you in making the necessary contacts to penetrate or increase your share of this market.

Canadian Consulate

15 South Fifth Street

Minneapolis, Minnesota 55402

Tel: (612) 336-4641

Reports from Stockholm

British, French, Finnish, German and U.S. businessmen are frequent visitors to Sweden — and they are being well rewarded for their travels. However, while Canadian exporters are also doing well in this market, there is significant room for expansion. On these pages staff of the Commercial Division at the Canadian Embassy in Stockholm outline the position of the Swedish economy generally and point out specific areas of import demand.

Sweden's Economy

by R. Brooks

Commercial Secretary, Stockholm

The shock waves which travelled around the world in the 1970s as a result of the rapidly escalating oil prices touched Swedish shores too and the country's economy underwent significant changes.

Swedish industry was severely affected, particularly in what had been traditionally strong sectors. By the mid-1970s Sweden had entered a prolonged recession, and although the economy has as a whole recovered, some sectors, notably the steel and shipbuilding industries, lag behind.

The Swedish recovery was aided by a direct government and industry effort to restructure the economy, a process that is continuing. In addition, Sweden has turned increasingly to world markets and in 1978 devaluations significantly assisted Sweden's exports.

An important feature of the Swedish restructuring for Canadian businessmen is an acceptance by Swedish industry that imports are an important feature of the economy. Despite the efforts of Swedish manufacturing companies, there is a growing list of products which Swedish industry is buying abroad, both finished goods and components and sub-assemblies. Equally, Swedish industry continues to develop its design and engineering capabilities, for which the country has a well deserved international reputation, and has shown a desire to make this available internationally through licensing agreements, or to add to it from abroad by buying licences. In fact the buying and selling of technology is an increasingly important activity for Swedish companies.

Sweden's economy today is robust, despite some problem areas, and certainly has turned the corner from recession. Last year for example, the economy grew by more than 4 per cent in real terms, and is expected to grow by 3.5 - 4 per cent in real terms this year. Industrial production in Sweden rose by some 10 per cent in 1979, and new orders were recorded at 6 per cent above 1978 levels.

Consumer prices continue to be high, showing a 1979 increase at 7.2 per cent. Prices are expected to rise more rapidly during 1980.

The Swedish government, for its part,

has taken a stand of increasing economic returns and improving basic investment in Swedish enterprises. Equally, the government is placing an increasing emphasis on developing Sweden's exports through marketing and other assistance to ensure that Sweden's technological base and cost structures continue to complement the drive to export.

Hand in hand with this policy is an acceptance that resources should be used to best advantage if Sweden's economic recovery is to continue. In this respect the government has made it a priority to improve the competitiveness of industries facing import competition in part by reshaping production patterns. It is clear within this policy that the government sees a need for Swedish industry to turn to imports to meet an increasing range of needs.

A clear consequence of this government policy is that Sweden will be importing more. Sweden in fact has been significantly increasing its imports in recent years, and this growth will continue.

For the Canadian exporter, Sweden is a good place to sell. The economy is growing, and it is sound. The problems that most countries faced during the 1970s have been or are being dealt with in Sweden, and things are looking up.

More importantly perhaps, Sweden is moving towards institutionalizing a policy of industrial specialization, thereby increasing imports, and creating increased opportunities for Canadian industry.

The Swedish market is a competitive environment and Sweden's major trading partners, the USA and Western Europe, have placed an emphasis on increasing sales to Sweden. British, French, Finnish, German and American businessmen are frequent visitors to Sweden, and are being rewarded for their travels. An increasing number of Canadian exporters are finding Sweden a good place to do business and are doing well.

There is however significant scope for expansion and a visit to Sweden could be well worth the effort.

Sweden's Economy 1979

Gross Domestic Product	436 billion Kronor	\$C 117.8 billion	+4.1%
Exports	118.1 billion Kronor	\$C 31.9 billion	+20.3%
Imports	121.9 billion Kronor	\$C 32.9 billion	+31.4%
Trade Balance	- 3.8 billion Kronor	-\$C 1.0 billion	

Note: In terms of volume, Swedish imports in 1979 increased by 13.5%, compared to increased exports of 4.0%.

Gross Capital Investment	86.5 billion Kronor	\$C 23.4 billion	+ 6.6%
Total manufacturing orders	— 18.3% above 1978		
Unemployment rate	— 1.9% (Feb. 1980)		
Consumer Price Index	— Dec. 1979 7.2% above Dec. 1978		
Hourly wages — Industry	—30.21 Kronor/hr	\$C 8.16/hr	
Central Bank Discount Rate	— February 1980 — 10.0%		

				% of total imports
Note: Swedish Imports of Petroleum				
1978	14.6 billion Kronor	\$C 3.9 billion		15.7
1979	25.0 billion Kronor	\$C 6.8 billion		20.8
Forecast 1980	(30.0 billion Kronor)	(\$C 8.1 billion)		(22.1)

Swedish Market for Consumer Goods

by William Manston
Commercial Officer, Stockholm

Canadian merchandise is gaining momentum (and sales) in the Swedish marketplace. The low rate of the Canadian dollar stimulates and encourages Swedish importers to seek and further connections with Canadian exporters of consumer products. As a result, the buyers' knowledge of Canadian goods is broadened and Canada's reputation as a competitive source is strengthened.



Cross-country skiing is a favourite Swedish sport. The annual "Wasa" race attracts some 10,000 challengers!

The Swedish Consumer

Ten years ago, the average Swede spent one-third of his income on food and other day-to-day necessities. This is changing however as incomes in Sweden continue to rise in real terms, and by the mid 1980s, necessities will consume something less than 25 per cent of the family budget. This will in turn free greater amounts of money for personal amusement and recreation, an increasingly important sector here.

Sweden has one of the highest living standards in the world. There are more than 2.8 million passenger cars in Sweden today (slightly more than 350 vehicles per 1,000 inhabitants). Sweden also has the highest ownership figures in Europe for telephones and television sets. The typical Swedish home contains all the major appliances found in the Canadian home (freezer, stove, dishwasher, washer and dryer, refrigerator), and labour-saving electrical devices are becoming increasingly more common.

In addition, Sweden has been an important "test market" for foreign suppliers, largely as a result of relatively low tariffs, the absence of significant quantitative restrictions, and the fact that the Swedish

consumer will readily accept a new product and try it.

Purchasing Power

In 1979, Swedish expenditures on leisure-time activities exceeded \$ 3 billion which is particularly significant weighed against a total population of 8.3 million. The principal areas of expenditures are:

Sporting Goods	— \$ 700 million
Holiday Cottages	— \$ 600 million
Boats	— \$ 550 million
Charter Travel	— \$ 550 million
Photographic film and equipment	— \$ 330 million
Train travel	— \$ 200 million
Caravans and Motor Homes	— \$ 100 million
Bicycles	— \$ 80 million

The Leisure-Time Boom

"Fritid" — the Swedish word for free or leisure time — remains the key word for many Swedish importers in this sector. With a legislated minimum of five weeks paid annual vacation, plus statutory holidays, half-holidays prior to public holidays and

other government-induced schemes, the average Swede now has some 140 days per annum off work. The Swedish worker, then, has a great deal of "Fritid." This, plus the high Swedish incomes and low relative expenditures on necessities, has fostered a "leisure-time" boom which will continue throughout the 1980s.

Sports and Recreation

The Swedish terrain and climate lends itself to winter and summer sporting activities, and Swedish sportsmen, including the likes of Bjorn Borg and Ingemar Stenmark, demonstrate a single-mindedness of purpose. The 60-year-old Swede looking like a 16-year-old is no accident.

The purpose of voluntary sports activities in Sweden is to provide the populace, young and old, with the opportunity to take part in a healthy leisure-time occupation. Competition — an essential ingredient in all sport — is important to the general public as well as to the elite. The opportunities for pursuing physical fitness are strongly promoted by sports associations, sponsored by Government bodies. In turn the demand for sporting goods and exercise items continues to grow.

Sweden's coastline measures 4,737 miles (7,627 km) and there are some 84,000 lakes, which has created a market for pleasure boats of all kinds. Sweden in summer is a paradise with sailboats, power boats, canoes, and most recently windsurfers, in ready evidence throughout the country. In Stockholm alone there is one boat for every four inhabitants (counting only boats bigger than 16 feet — 1.8 m). It is estimated that in 1980 there will be more than a million boats in use in Sweden. The demand for boating accessories is equally heavy. Recently, Canadian yachts and canoes have successfully penetrated the Swedish market and the prospects for expansion are exceptional. Prospective Canadian exporters of pleasure craft are advised to work through a representative with strong connections to the annual Gothenburg and Stockholm International Boat Shows.

Cycling, hiking, camping and swimming are also very popular in the Swedish summer. Numerous cycling events, including the annual race round Lake Vattern (185-mile/298 m circuit) attracts about 4,000 competitors. The bicycle market is domi-

nated by Monark Crescent AB, the largest manufacturer of frames, mud guards and crank bearings. The component parts and accessories are imported. Hiking and camping appeals to Swedes of all ages and there is a growing market for such items as back-packs (and related accessories), light portable tents, sleeping bags, and so on.

Extensive forest areas provide excellent terrain for cross-country skiing. The annual "Wasa" race is contested by some 10,000 skiers (see photo) who challenge the 53-mile (85 m) course. The winner last year covered the ground in 4½ hours while the slowest competitor took nearly 13 hours. Tour skiing is becoming a regular weekend activity for the average Swedish family.

Ice hockey needs no introduction. Canada's stature as an international competitor, also as a supplier of quality equipment, is highly rated. Swedish manufacturers, however, are becoming increasingly aggressive and competent, and Canadian exporters will have to meet this competition to ensure a continuing market share.

Ready-Made Garments

Swedish imports of textiles and garments have increased at an annual average rate of 13 per cent during the years 1968-1976, and today imports make up two-thirds of total Swedish sales compared to one-third just 10 years ago. Sweden imports approximately 80 per cent of its ready-made clothing. Stiff competition from low-cost foreign suppliers and the progressive weakening of the Swedish Textile Industry (38,000 unemployed today) are significant causes for this high import figure.

Despite Sweden's large imports of low-priced clothing from the Far East countries, the recent introduction of import quotas for several Far Eastern suppliers, plus the low rate of the Canadian dollar and the strong market trend towards quality goods, provides excellent opportunities for Canadian garment manufacturers to sell in the Swedish market. In fact, Canadian garments are recognized in Sweden for their quality and design, and command premium prices on the retail market.

The hard and long Swedish winters create a demand for warm practical outerwear and footwear. Such items as downfilled jackets for regular and skiwear, snowsuits, parkas, hunting clothing and rainwear are currently being sought by Swedish buyers. Fur garments and hats are a special category on the fashion side. Canadian manufacturers please note that the retail sale of fur garments in Sweden is approximately Cdn \$167 million per annum and 50 per cent of fur coats sold are imported. The current trend is to the purchase of trim short-haired coats, especially Karakul furs.

The recent introduction of the Canadian Government publication "Canada Fashion Mode" has served elegantly to help further promote Canada's expertise in high fashion apparel — a sector in which Canada had not previously done particularly well here.



There is a market for pleasure boats of all kinds in Sweden and the demand for boating accessories is equally heavy. (In Stockholm alone there is one boat for every four inhabitants, counting only boats bigger than 16 feet — 1.8 m).

WHAT'S IN DEMAND

The home

Do-it-yourself articles
Garden tools
Garden furniture
Garden sheds
Photo articles
Indoor games
Musical instruments

Transport, travel

Bicycles
Sailing and motor boats
Canoes
Boat accessories
Sledges, toboggans
Travellers' effects

Ready-made garments

Winter outerwear
Downfilled jackets and coats
Skiwear
Footwear, snowboots and safety work boots
Sweat suits (jogging)
T-shirts
Track suits
Ice hockey shirts, socks
Hunting jackets and shirts

Textiles

Carpets
Upholstery fabrics
Corduroy
Denim

Camping

Tents (light, portable)
Rucksacks
Camping furniture and accessories
Sleeping bags

Sports

Ice hockey equipment
Skis
Skates
Physical training articles
Roller skates
Water sports equipment
Equestrian articles
Golf articles

Miscellaneous items

Motion picture films
Documentary and educational films
Gramophone records
Advertising promotion articles
Giftware and novelties

Canadian manufacturers wishing further detailed information are invited to write:

Commercial Division,
Canadian Embassy,
P.O. Box 16129
S-103 23 Stockholm 16,
Sweden.

In the September issue of Canada Commerce Doug Fyfe, of IT&C's Corporate Affairs, wrote about progress made by the Shop Canadian Program in the context of creating consumer awareness. Here he winds up the two-part series with a discussion of the role which must be played by manufacturers and retailers. . .

“Shop Canadian” — The Emphasis Changes

The Program is at a turning point. From a general consumer-directed advertising program the emphasis must shift to manufacturers and retailers.

This shift is neither as abrupt nor as simplistic as it might appear to be. In the first place, “the general consumer” is at best a loose description. It includes, among others, a ten-year-old who wants a new Calgary Flames hockey sweater, a purchasing agent for a major contract furniture manufacturer, and a chief executive officer of a Canadian multinational. The general message of the “value of purchasing Canadian-made goods” has been directed at all of them and the research results indicate that awareness has been achieved and accepted.

Another point: Consumers, as generally defined, are the people who buy in retail outlets. For the Shop Canadian Program, consumers have been more than that general definition. They have included companies — or at least those in companies who make purchasing decisions. One can imagine few circumstances of an organization so fully integrated both vertically and horizontally that it produces within its own corporate structure everything it consumes.

In this area of company purchases an equivalent to retail brand allegiance among consumers is present: In this case it is a dependence on traditional lines of supply. That's hardly surprising given the comfort of previous knowledge and satisfaction, and perhaps even more the application of the Laws of Motion, particularly as they relate to inertia.

One can hardly hold the suppliers entirely blameless if sales haven't been there. Even the Shop Canadian preliminary research seems to indicate that aggressive is not a word one would commonly use to describe the efforts of many firms to develop new customers.

Underlying the problem though seems to be a lack of information on



Without the “Made in Canada” and “A Quality Canadian Product” signs, the customer might be forgiven if confused about the country of manufacture of the fine furniture crafted by Teak emporium of Ottawa. Most Canadians associate teak furniture with Scandinavian countries yet as much teak is grown in Canada as in Denmark — none! Using Shop Canadian point-of-sales aids at its Central Canada Exhibition booth, therefore, makes good sense for Teak emporium.

both sides. Who is buying what from where, and equally, who is making what and where?

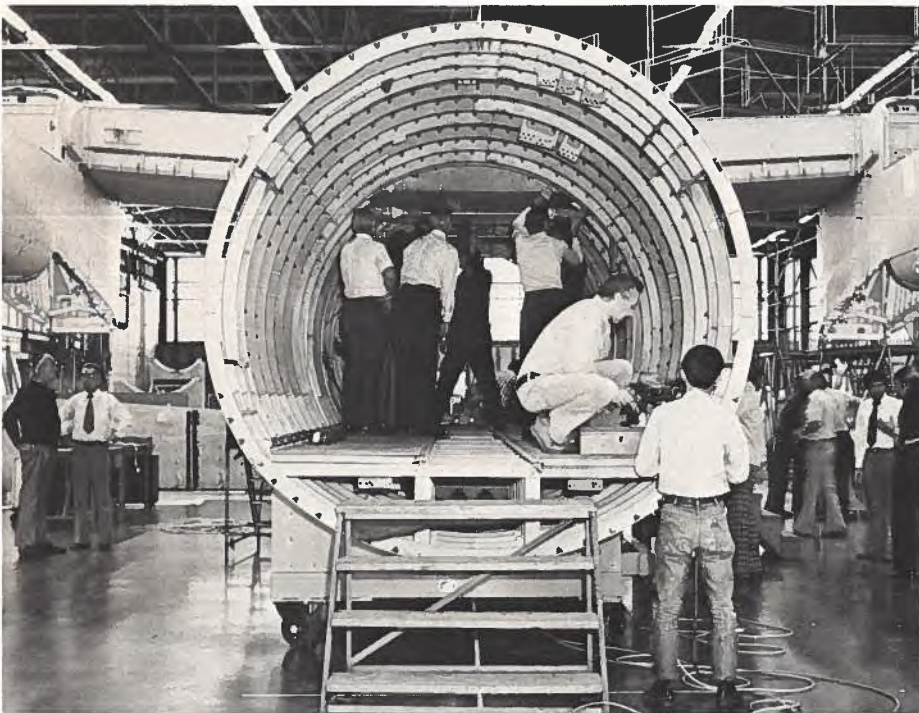
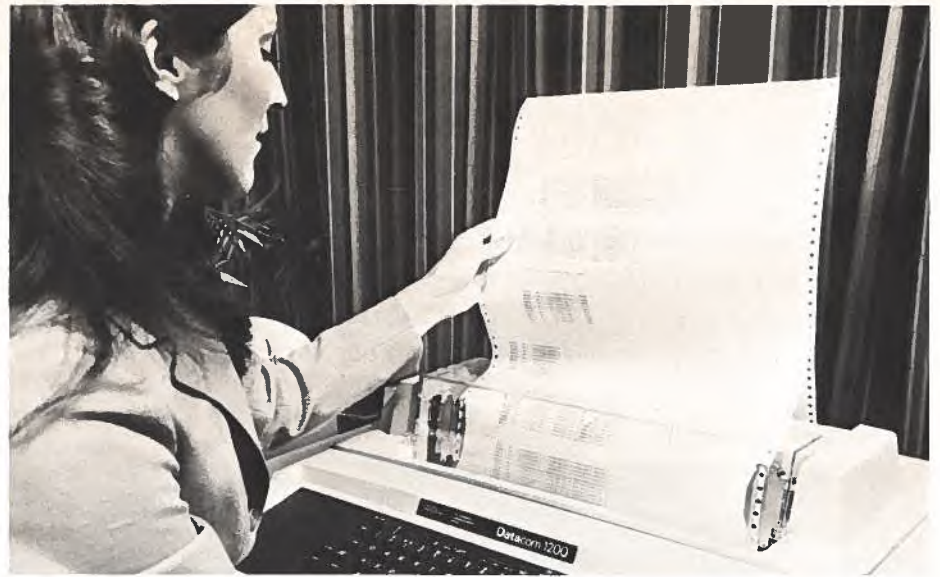
At the retail level the consumer complains he can't identify the Canadian product. That is a problem for the retailer and the manufacturer. Product tagging and point-of-purchase material would be a starting point.

But there is an even greater problem yet to be resolved — what is the definition of a Canadian product? It's easily answered at the ends of the spectrum. On the one hand we have the product that is imported fully assembled and packaged — perhaps a Swiss watch; on the other, a product fully manufactured in Canada — perhaps fine furniture.

It's as we move toward the middle that problems arise. If all of the separate parts for a bicycle were imported and then assembled in Canada would that qualify as Made in Canada?

A number of attempts have been made to solve this problem. Governments, private firms, consumers, numerous associations have jointly worked to find an acceptable definition. Progress has been made but agreement has yet to be achieved.

The methods explored have included an accounting method that would use a formula to establish a percentage of Canadian content. The problem with this is twofold: the elements of the formula itself (materials, packaging



mark-up, marketing, labour, duties, etc.) and, if a formula were devised, what would the percentage be — 51 per cent, 65 per cent, 80 per cent?

Another avenue explored was the use of multiple descriptors as: Made in Canada, Assembled in Canada, Produced in Canada. . . This ran the risk of introducing confusion rather than clarity.

More promising perhaps, although less definite, seems to be a definition based on naming the country which performed the last major manufacturing process of the product as the country of origin. Still, definitional problems have not been resolved and the issue continues to present a major

difficulty for manufacturers and retailers who wish to feature the *Canadian* element to their customers.

At the manufacturer-to-manufacturer level, the problem is often, as noted, one of a lack of basic information. The supplier does not have knowledge of the market and the purchaser knows too little about potential suppliers.

Manufacturing Opportunities Shows, as a means to address this information lack, have been growing in popularity. These shows, often co-sponsored by either federal or provincial governments along with the participants, can either be used by the suppliers to demonstrate their product lines to potential buyers, or by the buyers to

display to potential suppliers the products they currently purchase.

The Province of Ontario, through its Shop Canadian Program, has successfully held a number of these Manufacturing Opportunities Shows throughout the province. It could be expected that the success of the shows, both for the major industrial consumers who have located new suppliers and for the suppliers who have found new clients, would lead firms to mount more of them on their own or in conjunction with their Associations.

Taking the Manufacturing Opportunities Show a step further is the project of the Mining Association of Canada, the Mining Association of British Columbia, the mining companies and the federal government. This show, to be held in early 1981, will display not only products currently purchased but will also add a new dimension.

Proposed expenditures by the major companies over the next four years will be aggregated and computer-analyzed to establish what products will be needed over that time. The product descriptions will be published in detail and distributed to potential suppliers across Canada so that they may carry on exploratory investigations to ascertain market potential and, where appropriate, make the necessary investment decisions to supply that market.

The effort by the industry sector is to be lauded as an example of how "Shopping Canadian" can become more than a reflection of good intentions.

Metals and Minerals in China

A huge and growing market for Canadian goods is opening up in China. Whereas our exports to that country stood at \$592 million in 1979, the bulk in wheat and raw materials, Canadian technology is also finding a market. (See, for example, Contract with China, Canada Commerce, June/July 1980, which outlined the work of Wright Engineers Limited, Vancouver, on the first gold mining study contract awarded to a Canadian firm by China). And opportunities exist too for Canadian manufacturers of mining and smelting equipment according to T. Lipman, Second Secretary (Commercial) at the Canadian Embassy in Peking. Mr. Lipman brings this point out in a paper prepared recently for the Mining Association of Canada, a synopsis of which follows. . .



Work face in a coal mine in Shandong Province, east China.

During the first months of 1979, Chinese planners began to perceive serious discrepancies between the production targets set for the 10-year plan 1975-85 for the modernization of agriculture, industry, science and technology and defence, and the economy's ability to achieve them. In particular agricultural development failed to keep pace with other sectors of the economy, the production of light industrial goods was unable to satisfy market demands, the supply situation in important sectors of heavy industry, namely coal, electric power and petroleum was very tight, and capital construction projects were so many and so large that they over-

extended the economy's ability to support them. In addition, the central authorities realized that the introduction of new equipment and technology, and the procurement of funds for them, were not properly co-ordinated.

As a result, in 1979 China introduced a three-year period of readjustment, aimed at achieving a more balanced approach to realizing attainable economic goals.

Production in the first year of readjustment (1979) has seen a moderate growth of heavy industry (which includes mining, smelting, and related equipment manufacture). Some sectors formerly growing rapidly (coal for

example) have slowed considerably. The gross value of industrial output of heavy industry increased by 7.7 per cent in 1979. Targets for the production of coal, crude oil, rolled steel, pig iron, and cement were met, while those for copper, zinc ore, and pyrites were not. China's planned levels for the reduction of coke consumption were not met. Inventories of many mineral products remained high, especially those of rolled steel which, by the end of 1979, were 22 per cent more than in the previous year and resulted in reduced imports of steel and ore in 1979.

The production of major mineral products in 1979 was as follows:

Product	1979 Output	Percentage Increase Over 1978
Coal	635 million metric tons	2.8
Crude Oil	106.15 million metric tons	2.0
Natural Gas	14.51 billion cubic metres	5.7
Rolled Steel	24.97 million metric tons	13.1
Pig Iron	36.73 million metric tons	5.6
Coke (machine made)	33.54 million metric tons	3.6
Cement	73.9 million metric tons	13.3
Phosphates	1.817 million metric tons	75.9
Potash Fertilizer	160,000 metric tons	-23.8

The Metallurgical Industry in 1979

Within the context of readjustment, the metallurgical industry has been identified as a sector in which over-investment has been severe and management poor. During the past year the Ministry of Metallurgical Industry has attempted to rationalize production by placing emphasis on the diversification of production, improving quality, and reducing the consumption of raw materials and power. These policies are primarily to serve the needs of light industry and agriculture. Investment in the metallurgical industry was reduced in 1979 by 45 per cent from 1978 levels. In 1979 the consumption of 38 "large and medium size" projects was stopped or delayed, and more than 240 small iron smelters were closed down.

Developments in Mineral Production

The pace and variety of Chinese mineral development is of key concern to Canadian producers because of China's intention to reduce imports of minerals traditionally supplied by Canada (aluminum, nickel, copper, potash), and because of its desire to develop export markets for its rich, but as yet untapped, mineral resources, (mainly as a means to pay for foreign participation in the country's metals and minerals development). Many of these products could eventually compete with Canadian products in international markets, e.g., copper, aluminum, nickel and coal in the long term.

China's development of its coal resources is already presenting some challenge to Canadian producers. China

ranks third in world coal production and has seemingly inexhaustible reserves, and the Chinese have expressed willingness to import foreign capital and equipment to develop their coal reserves. Japan, being a major market for Chinese coal, has responded with large amounts of capital for Chinese coal development. We can expect a significant jump in production during 1984-85 when these new developments come on stream.

China in the World Market

During 1979 China reduced its imports of steel, iron ore, and non-ferrous metals. This was partly due to high inventories, partly to China's increasingly tight foreign exchange situation. With the present emphasis on light industrial and agricultural production, however, it is expected that China will continue to have a growing demand for mineral products required for light industry and agriculture, as well as for those areas which China considers "non-productive," such as housing. It is unlikely that Canada's historical exports to China of mineral products (aluminum, nickel, potash, copper, asbestos) will be affected in the short term, although the eventual development of China's resources will affect some of Canada's exports to China, and may also influence Canada's position in other markets as well.

Of immediate concern is China's coal industry. Under the long-term trade agreement between Japan and China, coal fits in as a key Chinese export in exchange for Japanese capital goods.

China intends to increase its total annual coal exports to 30 million metric tons by 1985-1990, but China's present and expected strong increase in domestic demand for quality coal, as well as its overtaxed railway and handling systems, is expected to limit its ability to export coal in the short term.

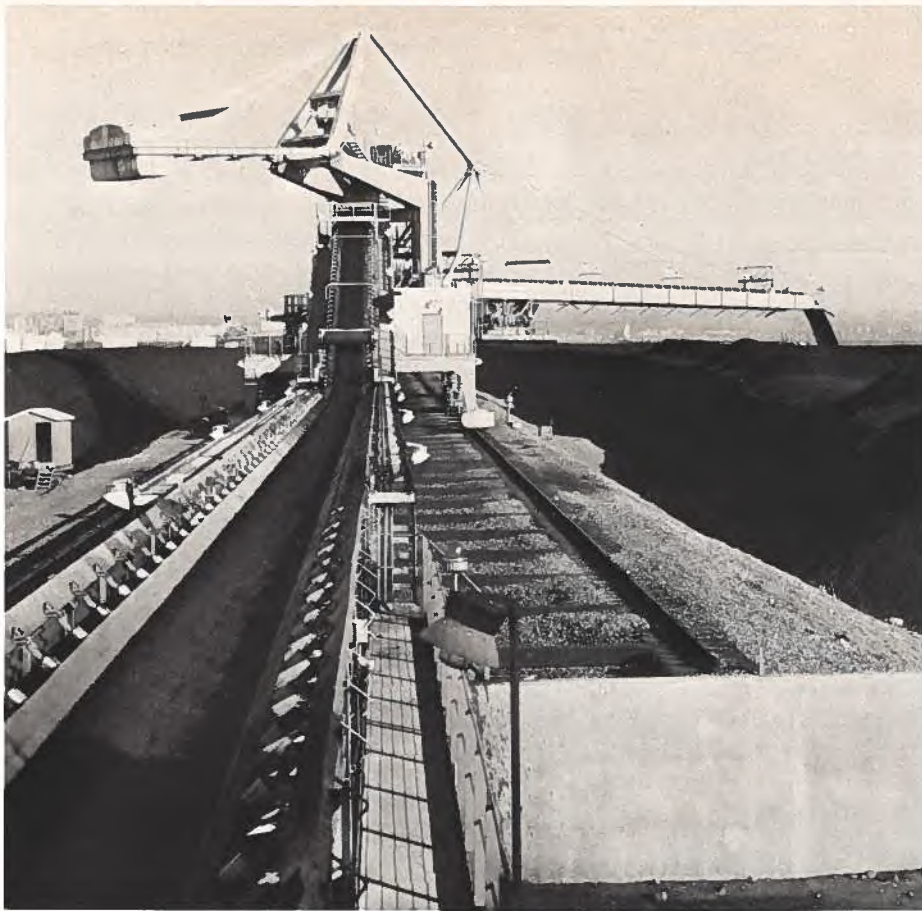
The same holds true for China's development of its non-ferrous metals industry, particularly aluminum, nickel and copper. In the non-ferrous sector, however, there is considerable opportunity for Canadian companies to become involved in China's mineral development. In this way not only will benefit accrue to Canada through equipment sales, but the Canadian side will be able to have some influence on Chinese exports in future, if the Chinese agree to joint marketing arrangements.

Opportunities for Canadian Companies

The opportunities for Canadian mineral exporting companies in China appear excellent, until China's investment in metallurgy is increased and new facilities come on stream towards the middle of the decade. In the long term it is likely that an expanded Chinese industry will continue to rely on imports of some mineral products.

Opportunities exist for Canadian manufacturers of mining and smelting equipment, in particular those specializing in areas for which Canada is well known in China — uranium, nickel, aluminum, copper, asbestos, etc. and open pit excavation. Canadian exports have been moderately successful in this sector (e.g. with mining trucks). Geophysical equipment is in high demand in China, and Canada has benefitted over the past year from further sales of Twin Otter aircraft for geophysical survey, as well as from expanded sales of geophysical instrumentation. The Chinese are now more receptive to patent protection and licensing agreements.

Even though China is a minor exporter of coal at present, in the future there might be some possibility of China importing certain grades of metallurgical coal, particularly low volatile as required by domestic steel mills. Another possible reason for coal imports might be to relieve the railway system, which is overtaxed, from trans-



porting coal, by allowing northern coal to be exported to Japan and the coal-deficient south to rely on imported coal. The railways could thus be used for other, higher priority, transportation tasks.

China has been reluctant in the past to employ consulting services outside turnkey packages. However, the recent success of Canadian engineers on a gold project indicates the growing recognition by the Chinese that consultants can play an important role in mineral development. In future, perhaps, the most promising areas of the Chinese

mineral market, are joint ventures and compensation trade.

Joint Ventures

China's joint venture law came into effect in summer 1979, but to date there has been little movement in this area due to "unknowns" such as the tax rate. It is expected that, by the end of 1980, China will introduce more detailed joint venture legislation, which is expected to include a 35 per cent corporate tax rate with a one or two year tax holiday beginning when the venture goes into operation.

Becoming Acquainted. . .

As this article was being prepared, the highest ranking Chinese official ever to visit Canada — Vice Premier Bo Yibo — was on a ten-day state visit, one that could pay off in increased Sino-Canadian trade that should yield important long-term gains for both countries.

The visit is another example of the increased awareness each country has of the other. During fiscal 1979-80 for example, 10 incoming and outgoing missions of more than 100 Canadian

and Chinese businessmen and government officials were sponsored by the Department of Industry, Trade and Commerce. This is but a small contingent, however, when compared to the more than 3,000 Chinese scientists and academics who are currently working in Canada, the U.S. and Western Europe, learning what they can about Western technology and ideas. Meanwhile China is opening its doors to Western academics, inviting them in to teach English, a new second language of China.

Compensation trade, by which the Chinese pay for goods and services with products, is more immediately viable. Recently the Chinese have begun to export bauxite and titanium sponge, for which there is a world demand, and which might be considered as compensation or barter trade. The latter is of keen interest to the Chinese.

CONCLUSION

China's wealth of untapped mineral resources is impressive. However there may be resistance in the political and economic system to the changes required to make full use of these resources. With China's present development towards a more open economy, we can expect significant increases in China's mineral production, but any expectations for massive increases in production are probably premature. Canadian exporters of mineral products and of certain types of equipment can expect a continuing market in China throughout the 1980s.

As it becomes more integrated into the world market system, China can be expected to concentrate on increasing production of minerals which are of high value, or would result in import substitution, or have export potential. Limited capital and technological resources will prevent China from developing the complete range of minerals available, however, and while Canadian exporters of coal, and perhaps copper, can expect competition from Chinese products later in the decade, the increasing demand of China's burgeoning industry is likely to consume most of the increase in China's mineral production.

Hardly a day goes by without some new indication of detente between China and the West being reported in the business press. For example, a three-day conference on China-Canada trade will have been held in Regina by the time this issue goes to press, with a six-member Chinese delegation led by the Vice Chairman of the China Council for the Promotion of International Trade, Li Chuan, and the head of China's Bureau for Exports in its Ministry of Foreign Trade, Zou Si-Yi, participating.

Why Trading Houses?

A subject of growing interest and discussion in business and government circles today, both in Canada and countries abroad, is the trading house concept. Since it is a large topic and not an easy one to define, Canada Commerce begins, in this issue, a series of articles by an author well acquainted with his subject. J.E. Lancaster is a Canadian government trade commissioner of long-standing who has recently been responsible for Industry, Trade and Commerce research into trading houses in Canada and their capabilities as an export vehicle.

by J.E. Lancaster

While little understood or appreciated in the Canadian business community, trading houses play a key role in the international trading activities of Japan and a number of other commercially important countries. Now that the federal government has appointed a parliamentary committee to study trading houses and their development in this country with an eye to strengthening Canada's exporting abilities and capacities, this timely topic should be examined in some detail.

Canada's dependence on international trade for its economic well-being is widely appreciated. Currently it is estimated that up to 25 per cent of the gross national product is derived from foreign commerce. The country's current economic malaise features a worrisome deficit in the international balance of payments, a high unemployment rate and a declining share of international world trade in job-creating manufactured goods. Little wonder, then, that both government and business are searching for new methods to stimulate exports — particularly of fabricated products. Trading houses, with their favourable export trading record in a number of countries, have encouraged governments in other commercial nations, besides the United States and Canada, to look into the trading house method as an appropriate vehicle to stimulate and sustain exports.

Trading houses have been with us since the dawn of history. They were used by the Romans and the Phoenicians. In Canadian history the "Gentlemen Adventurers of England Trading into Hudson's Bay," the forerunner of the Hudson's Bay Company, is a well known example of earlier trading house activity. But this early entrepreneurial experience has not developed in Canada as it might and today trading houses are not as much used here as they are in most commercially developed countries.

However, with the currently increasing demand for specialized international marketing capacity and knowledge, the export middleman's day appears to be dawning in this country. A number of circumstances are forcing the pace in this direction.

While a number of Canada-based manufacturers of substance are successful exporters, it is also true that a myriad of small to medium-sized manufacturers, many with

internationally marketable lines, are not. Most of the latter may lack both experience and capacity to conduct an export business. This circumstance invites using trading houses with their international marketing expertise as the appropriate export vehicle.

Almost in contrast to the Canadian experience has been the phenomenal success of Japan's economic development and export drive since World War II. This has been based on the exporting and supply efforts of the Japanese trading houses, particularly the huge trading conglomerates or general traders, the *sogo Shosha*. An admiring U.S. government officer has stated that the *sogo Shosha* represent the most advanced and efficient international marketing machine ever devised by man. This achievement by Japanese trading houses could not fail to stir the interest of other commercial nations as to whether this home-grown Japanese method of trade development could be emulated and successfully transferred and adapted to other national environments.

Professor Yoshi Tsurumi, Director of Pacific Basin Economic Studies Center, University of California at Los Angeles, explicitly stresses the affirmative. Lecturing in Ottawa in the spring of 1980, under the auspices of the Institute for Research on Public Policy, Dr. Tsurumi advised that from his research in the United States, which also could pertain to Canada, too much stress is placed on "production" or manufacturing *per se* to the detriment of "marketing." Japan does not make this fundamental mistake, giving equal place to international marketing as to manufacturing. This may be one reason why Japan is experiencing a healthy international balance of payments and trade position while Canada and the United States are not. These two countries, claims Dr. Tsurumi, might well take this leaf out of Japan's trading book.

To return to the domestic scene — Canada's economic plight continues to invite review by business and government. In its published report to the federal government "Strengthening Canada Abroad," the Export Promotion Review Committee (Hatch Committee) stresses the requirement to strengthen production, productivity and international marketing efforts in Canada. In the latter case, government should make

exporting a prime policy matter. The Government of Ontario in a policy statement "Export 80, a Trade Action Plan for Ontario" expressed similar views and promises definitive action in the international marketing sphere. Both papers mentioned trading houses — the Ontario paper indicating that trading firms in that province would receive the same government support measures as manufacturers. The Royal Bank of Canada, in its prize-winning trade film "Export for Profit and Survival" released in the spring of 1980, pinpoints the profitability to be found in exporting, its message being directed specifically at Canadian manufacturers.

While the need is for Canada to continue to improve its export performance, it took the combined remarks of government ministers — the Prime Minister and the Minister of State for Trade — to light the fires under the thinking being directed toward the export role of trading houses.

This refers specifically to the federal government's consideration to establishing a national trading corporation. To that end a Parliamentary Committee has been appointed (June, 1980) — "Special Committee on a National Trading Corporation" — which, after cross-country hearings and other study, is required to report its findings by year's end, 1980.

In the meantime, the several hundred private entrepreneurial marketing companies in Canada are actively facilitating imports and exports valued in the billions of dollars to and from Canada.

In ensuing articles it is intended to pursue the subject of trading houses and their international marketing activities and potential. In doing so, we will examine what a trading house is, its *raison d'être*, how it functions, is structured, and how it may be used by producers for exporting. One purpose, among others, will be to illustrate the impact which the distribution system has on manufacturers. Other articles of the series will deal in general terms with trading house patterns and development in other leading commercial nations albeit with reference to trading house developments in Canada.

In preparing these articles one cannot but be impressed by the fact that a trading house is difficult to define as an entity, that the establishing of parameters for the trading house sector is a question of understanding and agreement rather than hard fact.

Canada Commerce invites questions and observations on the subject of trading houses directed to Mr. Lancaster's attention. From time to time questions and answers may be published as part of this series. Next month: What is a trading house?

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No matter the storm-tossed seas... Canadian boating company sails to sales success!

by Shirley Plowman

Not the late billionaire and man of mystery, our Howard Hughes (alive and well and living the life of an ordinary citizen) is President of Hughes-Columbia Inc., a leading Canadian manufacturer of pleasure boats. Like The Odyssey, this sea-faring saga is one of changes in fortune. Unlike Odysseus, the company received guidance (in the form of PEMD assistance) from the Department of Industry, Trade and Commerce.

The story is this:

Hughes Boatworks Limited started modestly enough in Toronto in 1963. With the help of the Ontario Development Corporation (ODC), the Hughes company moved to Huron Park (Centralia) in 1967, bringing 20 workers and their families with it. Huron Park at that time was an area of high unemployment and slow development.

During a remarkable two-year period, the number of employees grew from 20 to 100. So successful was the enterprise that it caught the eye of one of the world's largest companies — the United States Field Corporation. In 1969, Howard and brother Peter sold 80 per cent of their company to U.S. Field. The Brothers Hughes continued to run the company for another year-and-a-half as a division of the bigger corporation.

"But we became increasingly disenchanted with the large corporate footprint," says Howard Hughes, "and we sold the other 20 per cent to U.S. Field in 1971."

Without the original founder's guiding hands, the division lost a cool half million a year until 1974, when U.S. Field sold the company to a group of London business people headed by Chairman of the Board of London Life, Captain Joseph Jeffery.

The company's name was changed to North Star Yacht, but its bad luck remained. "Once again under the huge heel of the corporate footprint, the company continued on its downward path until it went into receivership in January 1977," Hughes said.

Then the company closed down, and 80 jobs sank with it. And the Ontario Government became concerned enough through its Ontario Development Corporation to ask Howard and Peter if they wanted to salvage their former boat building business.

"They convinced us to buy the company back from the receivers, so we were back in business by June, 1977. We just bought the assets," Hughes explained. "We had no orders, no boats, no employees. Just an empty factory."

Without the huge corporate footprint, they have been happily back in business for three years now. They employ 150 persons in two factories at Huron Park and Orangeville and they are already the second largest builder of pleasure boats in Canada.

"We told the Ontario government: 'Put us back in business and we'll create the

jobs.' We kept our promise. We created one new job every week for three years," Hughes said with a note of satisfaction. Then his voice took on a new lilt, one of pride and animation.

"We just bought our major U.S. competitor — the Columbia Yacht Corporation, a division of the massive Whittaker Corporation, Los Angeles, California."

Located in Chesapeake, Virginia, Columbia was, until recently, the largest manufacturer of sailboats in the world. At its peak, the company employed more than 500 persons and during a 20-year period built more than 20,000 large cruiser-racer sailboats.

"They are the best-known name in sailboats," Hughes chuckled, "the Heinz ketchup of the sailing business."

It took seven months to negotiate the Columbia purchase from Whittaker. The factory in Chesapeake is now closed and all the work in progress — production, tooling, jigs and fixtures — is now being moved to the Huron plant.

"One of the main attractions of obtaining a long established company is that you also get the network of about 70 dealers in the United States who have been selling the Columbia line for up to 20 years. It's a ready-made export market," Hughes said.

Last year, with the help of IT&C's Program for Export Market Development (PEMD), Hughes made an initial foray into the U.S. market. His company exhibited at seven major boat fairs in the United States, spent a lot of money and came away with a vital piece of information. The five lines of Hughes boats, which sell like proverbial hot cakes in Canada, were left to cool on the burners of the U.S. boat market.

The Hughes line is somewhat conservative, middle of the road and very seaworthy. The U.S. boat-buying public goes in for the wide-body concept to allow for the interior space necessary for a large living room.

"It was shortly after the boat fairs last fall that we heard that Columbia was up for sale," Hughes explained. "They had seven different boats individually designed by Allan Payne, a famous and talented Australian naval architect. The boats range from seven to 12 metres (25 to 39 feet)."

The company has changed its name to

Hughes-Columbia Inc. It will continue to sell the popular Hughes line primarily in Canada and produce and sell the Columbia line through the vast Hughes-Columbia network.

Why did the large corporations fail to make a successful venture even more successful?

"Naturally," says Hughes, "U.S. Field bought Hughes because it was a profitable business. But in the boat business, the management policy is one of 'Hands On.' The chief operating officer must be in physical touch with the operation every single day. Most days by noon, I've been on every boat in both factories making sure that each boat is the best we can make it."

The boats are primarily production line with individual customer features. The company delivers one large boat every day.

"You can have all the fancy equipment in the world, but if you don't have a talented, well-trained, reliable workforce, you have nothing," Hughes said. "Many of our people have been on staff from 13 to 16 years."

No one can quarrel with this statement. But the Brothers Hughes seem to have an added touch. The touch that turns any business into a successful one.

During the so-called arid 1971-1977 period after Hughes Boatworks was sold, they formed Hughes Motor Homes. A full-line dealership now run by Peter, the operation has mushroomed into the largest of its kind in Canada.

And does this modern-day Midas enjoy one of the Hughes-Columbia superior quality yachts when he is perchance at play?

"Does a professional golfer go golfing on his Sundays off?" he quipped.

Although he is quick to add: "If I were in the market for a good yacht, it would be a Hughes that I'd choose."

Last year, with the help of IT&C's Program for Export Market Development (PEMD), Hughes made an initial foray into the U.S. market. His company exhibited at seven major boat fairs in the United States, spent a lot of money and came away with a vital piece of information.

Trade Fairs and Missions Branch of IT&C has been involved in assisting Canadian industry to put on exhibits at fairs throughout the world for a number of years. The Branch has acquired considerable expertise and highly experienced project managers who co-ordinate the 1,001 details which go towards a successful presentation. One such is Chief of the Branch's Europe, Middle East and African Division and the author of this two-part article. . .

So You Want to Make an Exhibition of Yourself?

by J.A. Quarrington

Part II — Getting Down to Details



Last month's article outlined the importance of attending trade fairs as part of an overall marketing strategy; it discussed the steps taken to select the best value-for-the-dollar events to be included in IT&C's trade fair program, and stressed the absolute necessity of planning trade fair participation well in advance. This month's wind-up article goes into more detail concerning the activities involved in putting on an exhibit at say, an important international trade fair. . .

It is most important that the company intending to take part in a show clearly indicates right from the start *all* of the material it proposes to exhibit. Departmental policy is that a minimum booth area is 10 m² but even so, that's no great space and it can rapidly become cluttered. One doesn't like to see gangway space so limited that a potential buyer has difficulty worming his way towards the item of particular interest to him!

As far as possible, actual products or even models of products should be displayed. No matter how attractive photographs might be, they are more or less dead and, in certain

parts of the world, visitors like to have the opportunity of kicking, punching or even biting some of the exhibits just to see that they are real. Furthermore, an operating piece of equipment is an added attraction — something that moves, flashes, twirls or bobbles will always attract more attention than a static object. Obviously this is not possible in every case, but whenever it can be achieved, it should be done.

Another critical factor now comes to the fore: the provision of essential services for an exhibitor's display. If the unit requires electricity it is important to realize that, outside North America, in most areas of the

world not only is the voltage different (220 instead of 110), but the frequency of supply is usually 50 cycles (50 Hz) instead of our North American 60 cycles. In many cases this difference in frequency is not important but certain items are tied to the frequency and equipment can suffer bouts of indigestion if fed with the wrong one.

Requirements for additional services should be indicated — for example, three-phase electric power or heavy current, water supply and drain, and, perhaps, compressed air. In regard to this last point, compressed air is not always available in exhibition halls and it is of great importance not only to give the required pressure but also volume needed. The tiny amount of air needed to rotate a dentist's drill is a far different proposition from the needs of heavy metal forming equipment which might be used in the automotive industry. It should also be borne in mind that safety requirements vary enormously from country to country. Where a small fan providing local ventilation might

be adequate for a soldering unit in some countries, in other areas it is necessary to provide elaborate ventilation and ducting. As far as possible, the relevant information should be given, as noted above, at an early date and every effort made to avoid changes close to the time of the exhibition when they inevitably cause disruption and additional cost.

The information relating to the exhibitor's promotion will be fed to a professional designer whose job it is to ensure that the company's products are shown in the most advantageous manner. The department always uses the services of a professional designer for the combined stands. In those instances where companies wish to take part in fairs either on their own or to have an additional presentation of their own, it is strongly recommended that a professional designer be brought into the project team. Exhibition stand design is much more of an art than is generally realized. Design requirements vary enormously from exhibition to exhibition. The gaudy pizzazz which might be appropriate to certain exhibitions related to the entertainment world are quite unsuited to a highly technical exhibition. In the latter, which forms the majority of our presentations, the greatest care must be taken that the product itself is emphasized — it must not be overwhelmed by an exuberant stand. At the same time, a certain amount of flair is necessary to avoid that hospital corridor look.

Sometimes, due to space restrictions, it is quite impossible to show very large equipment and in any case, such units as gigantic tractors and agricultural machinery are best shown in an open-air location. It should be borne in mind, however, that a very useful adjunct to a show of large equipment is either a slide or film presentation showing such machinery in action.

So far we have looked into the requirements for designing a stand and presenting the company's capabilities in the best manner. With the information made available, the designer will create a stand or pavilion providing not only for the specific requirements of the exhibiting companies but also including general facilities, one of the most important of which is a business discussion lounge. In most parts of the world it is highly advantageous, after an initial contact has been made on the exhibitor's stand, to be able to continue negotiations in semi-private or even private quarters in a business discussion lounge or office in which specifications can be examined, drawings can be spread and looked at in detail and, not least, at which the exhibitor's representatives can offer refreshments to a potential customer.

It is an undoubted fact of marketing that, in the majority of areas around the world, the potential customer expects to be offered a cup of coffee or maybe even some form of nerve tonic during the negotiations on site. With respect to such hospitality, it is most important that this be restricted to the



enclosed area of the discussion lounge. Empty coffee or beverage beakers do not enhance the appearance of an exhibitor's stand.

Let us revert a moment to one of the preparation phases — shipping. Obviously, large and heavy items for display will need to be sent by surface transport. Usually the department will arrange for consolidation of the shipment through a Canadian port so that it can be sent to the fair site by container if possible. This means, usually, reduced possibility of damage and pilferage and furthermore, it is often easier to get a consolidated shipment through the Customs of most countries than a variety of individual crates. Nevertheless, the exhibitor has to take the greatest care to ensure that his equipment is adequately packed and very clearly marked. The Canadian Government Exposition Centre (CGEC), working in close liaison with this department and shipping agencies, has made a practice of issuing precise shipping instructions where they are involved in trade fairs. Certain companies who use exhibits repeatedly have even got to the stage of providing ingeniously designed knock-down crates so that these

can be packed flat and put into storage on the stand. Normally, crates are collected the day before show opening and put into a central storage area by the shipping agent at the fair site. Unfortunately, it is not unusual for crates to be damaged and there is always uncertainty when they are going to arrive at the stand after the closure of the fair so that, at times, there are delays before repacking can commence. This is a factor to be kept in mind when we later discuss the period of time that company personnel should be on site.

The foregoing has related to fairly large and heavy items for display. There are certain types of display material which are of such a nature that air shipment is preferable. In particular, models of equipment such as machinery, nuclear reactors and ships are quite delicate and usually receive gentler handling if shipped by air. Furthermore, the costs involved are little different from sea shipment. There is nothing more disastrous than opening a crate a day or two before the show is due to open and finding inside what looks like an assorted collection of coloured matchwood instead of the previously costly and attractive model. Not

only does this call for considerable expenditure of time in making repairs on site, but such repairs usually require the skills of a model maker at quite expensive rates. This brings up another matter of considerable importance: exhibiting companies should always adequately insure their material sent to any exhibition for both the outgoing and return journeys and the duration of the fair.

Having considered some of the physical aspects associated with taking part in an exhibition, we should also realize the great importance of having suitable representation on the stand. The representatives should be senior qualified sales personnel with a thorough knowledge of the equipment being shown and company products generally, with the capability of answering all queries, carrying out negotiations, making appropriate decisions, and generally representing the company in a creditable manner. It is preferable also that they should stand during fair hours so that they appear attentive to any prospective customer. In general, in any fair of more than three days' duration, it is almost essential that more than one representative be on duty. Of course, it is usually possible to hire people locally to act as stand attendants, interpreters or hostesses and such personnel can be trained to a certain degree. However, even in such instances, when shows sometimes last 15 days or more, and under tropical conditions with facilities less than we are accustomed to, looking after a stand can be very arduous.

There are widespread beliefs that sales personnel who travel to exotic places have

a glorious life, are constantly in delightful company, and eat and live off the fat of the land. This is usually quite different from the facts: spending sometimes more than 12 hours a day on a stand, eating food of dubious quality which has the habit of creating convulsions or worse in the inner organs, and putting up with kamikaze taxi drivers. Such conditions are far from the glamorous ideal!

Personnel looking after a stand must be clearly identified with name tags of some nature, so that they are not mistaken for a visiting waiter from a nearby restaurant.

Arranging suitable accommodation sometimes necessitates booking rooms almost a year ahead of the event. Certain trade fairs are so popular that they overtax the accommodation facilities in the host towns and people requesting accommodation at a late date might find themselves sharing a rather dilapidated room in a farmhouse quite distant from the actual fair and having problems with transportation. Furthermore, when arranging accommodation, it is most important to allow sufficient time before show opening date for correct setting up of company equipment and for a stop-over at the end of the fair to pack up the equipment properly. It should be emphasized that only the company representatives have the adequate expertise to look after these matters. During the show, the company representative, in addition to answering numerous inquiries, perhaps demonstrating equipment, negotiating with potential customers and arranging for local agents and representatives, must also keep a record

of all inquiries for subsequent follow-up.

As noted in Part I of this article, participation at a trade fair must be looked upon as one phase of a co-ordinated marketing activity: Follow-up is of vital importance. With many industries the product is of such a nature that direct site sales cannot be expected first time around. Indeed it is not unusual that a commitment be made for at least three presentations at a given trade fair to allow a thorough try at the market. On the first occasion, the company shows its product and makes a few contacts. At the second presentation, the contacts made previously might return and make serious inquiries and ask for bids for specific purposes. At the third presentation, it is possible that, following negotiations in the intervening period, orders will in fact be placed. Such orders are often signed during the fair as this provides good publicity for the fair itself and indeed for the company concerned.

The foregoing gives but an outline of all the activities involved in putting on an exhibit at, let us say, an important international fair. The Trade Fairs and Missions Branch of the Department of Industry, Trade and Commerce has been involved in assisting Canadian industry to put on exhibits at fairs throughout the world for a number of years. This Branch has acquired very considerable expertise in meeting the problems encountered even in some of the out-of-the-way parts of the world and can certainly ease the path of many companies entering into a fair activity, particularly for the first time.

It is normal that a highly experienced project manager is placed in charge of the "Canadian" pavilion at such fairs and this project manager has the responsibility of co-ordinating the 1,001 activities and details which go towards making a successful presentation. When a company accepts the offer to participate received from IT&C, they should realize that whenever they have questions to raise they are free to contact the project manager who, in co-operation with experts from various industry branches and with offices overseas at trade commissioner posts, can usually provide detailed information and assistance. The idea that one can simply walk onto a fair site, open a suitcase of goodies and from this base make sales which will bring benefit to the company and the country is somewhat remote from actuality: Only as a result of detailed planning and co-ordinated effort by all parties involved can the best picture of Canadian capabilities be presented to overseas customers in order to expand Canadian exports throughout the world.

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The Canadian Economy Current Conditions and Outlook

General Perspective

The world economic situation turned decidedly less favourable in 1979 — a trend which is continuing into 1980 in an even more evident manner. In part, the slowdown and more recent recessionary influences are the result of the sharp run-up in world oil prices which increased world rates of inflation, aggravated existing balance of payments problems and dampened growth prospects for most OECD countries.

The Canadian economy is especially influenced by events in the United States where the earlier official prediction of a "short and mild" recession this year has given way to a consensus that the U.S. economy is headed for a much deeper recession than the official forecast. At the same time the rebound in 1981 may be higher.

The U.S. Administration has recently prepared a revised forecast underlying federal budget plans for the fiscal year starting October 1, 1980. The revised forecast shows real GNP declining about three per cent from the fourth quarter of 1979 to the final quarter of 1980. In its March 1980 forecast, the official view had suggested only a 0.4 per cent drop in the real GNP in the same period.

The U.S. Administration is now anticipating real GNP to climb by 2.6 per cent in the 12-month period commencing in the final quarter of 1980. Previously, real GNP growth in this period had been projected at 2.2 per cent. The Congressional Budget Office in a recently issued Report underlines the generally restrained view of the near-term economic outlook. According to this view the U.S. economy faces a "pessimistic outlook for output and employment through 1981. . . ."

The Carter Administration currently expects that retail prices, as measured by the consumer price index, will rise about 12 per cent from the fourth quarter of 1979 to the fourth quarter this year, compared with an increase of

just under 13 per cent in the preceding 12-month period. Consumer prices are expected to rise about 9.8 per cent from year end 1980 to year end 1981, an upward revision to the nine per cent forecast of only a short while ago.

At the same time, the official forecast of the jobless rate in the United States is being raised considerably. Earlier the view was expressed that the unemployment rate would not exceed more than 7.25 per cent at the end of 1980, but recent official forecasts suggest that the unemployment rate may reach 8.5 per cent in both the last quarter of this year and the final period of next. Some private forecasters are suggesting even higher rates in the early months of 1981, perhaps even exceeding the nine per cent unemployment rate reached during the 1974-5 recession. The Congressional Budget Office predicts the U.S. unemployment rate could reach as high as 9.4 per cent before the end of 1981.

In more general terms, the Organization for Economic Cooperation and Development's recently released economic outlook (July, 1980) forecasts that the 24 member countries are moving into widespread recession and face rising unemployment, rapid inflation and declining real incomes during the next 12 months.

The OECD states that the most important single deflationary influence on the economy of the whole area was an increase of about 130 per cent in the price of imported oil since the end of 1978, inhibiting both demand and output.

Real GNP growth in the total OECD is expected to decline at a seasonally adjusted annual rate of 1.0 per cent in the second half of 1980 and rise by 1.0 per cent in the first half of 1981. In calendar 1979, real GNP growth in the total OECD was 3.4 per cent.

Given this general background, the general economic performance of the Canadian economy is expected to suffer

as well. National accounts data indicate that real GNP in Canada declined by 0.5 per cent in the first quarter of 1980. Most sectors of demand were weaker, especially consumer durables, housing and the external trade sector. Statistics Canada concluded that "the first quarter decline in GNP marks the beginning of a cyclical downturn in Canada."

While the mid-year OECD forecast (July, 1980) suggested a real growth of 0.25 per cent this year in Canada, other forecasters are even more pessimistic. The Conference Board has predicted a 0.3 per cent decline in real GNP this year with a relatively slow (2.1 per cent) recovery in 1981. Should real GNP in Canada decline in 1980, it would be the first such decline on an annual basis since 1954. By way of comparison, real GNP increased at an average annual rate of about 4.2 per cent in the period 1969-1979 in Canada — second only to Japan among the major OECD countries.

The main factors contributing to the slowdown in economic activity in Canada are the recession in the United States which is driving down exports; high interest rates in the first half of the year which adversely affected housing starts; and soft consumer demand — particularly for durables such as cars and appliances — in the face of softness of real personal disposable income. In addition, the drought conditions in Western Canada this year will cut agricultural production sharply.

Despite the recessionary influences, the rate of inflation as measured by the consumer price index is expected to stay at or near the 10 per cent level mainly owing to the upward pressure of oil and food prices.

INDUSTRY, TRADE AND COMMERCE PERSPECTIVE

Trade

A record high merchandise trade surplus of \$5 billion was achieved in 1979 despite the pronounced slowdown of the U.S. economy and a particularly sharp deterioration in the Canadian trade balance on automotive goods. A significant feature of Canadian trade performance last year was that Canada managed to achieve a trade surplus on all forms of energy combined amount-

ing to \$3.6 billion (compared with \$1.5 billion in the preceding year).

Thus far this year the trend in the external trade balance has been even more favourable. Commodity exports have risen by about 20 per cent in the first half of 1980 over the same period in 1979 compared with an increase of 13 per cent for commodity imports.

It is noteworthy that the bulk of the increase in Canadian exports thus far in 1980 has taken place with countries other than the United States. In the first half of 1980 the value of Canadian merchandise exports excluding the U.S. has risen by 63 per cent over the corresponding period of 1979. This compares with a 10 per cent rise in the value of Canadian exports to the U.S.

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Compared with the first half of 1979, the major export increases have been in non-ferrous metals, metallic ores, crude petroleum and natural gas, wheat, woodpulp, newsprint paper, chemicals, industrial machinery and agricultural machinery. However, exports of automotive goods have dropped sharply in value terms.

As a result of these early trends, and despite irregular and sharp month-to-month fluctuations in the trade balance, Canada's merchandise trade was running a surplus at a seasonally adjusted annual rate of \$6.1 billion (balance of payments basis) in the first six months of 1980.

This relatively favourable trade performance is not expected to persist

as the recession in the United States deepens. The latest Conference Board (AERIC) forecast suggests a \$5 billion merchandise trade surplus for calendar 1980. Others, however, are not nearly as optimistic, with the consensus suggesting a surplus of perhaps \$3.2 billion this year. The latter implies only a marginal addition to the overall trade surplus in the final six months of this year. This compares with an actual monthly average export surplus of about \$500 million in the first six months of 1980.

Industry

In many ways, the growth of the Canadian economy last year was unbalanced, with nearly all of the net increase in real GNP output accounted for by an increase of 9.4 per cent in the volume of business spending on machinery and equipment and by a sharp run-up in non-farm inventories — some of it of an involuntary nature.

Real output in manufacturing in 1979 was up by 3.9 per cent — comparing favourably with the 2.7 per cent increase in real GNP. An especially noteworthy feature was the increase of 115,000 in manufacturing employment — an increase of 5.9 per cent. The strength in output last year was particularly evident in machinery, rubber, plastics and electrical products. However, real output declined in the transportation equipment sector.

Corporate profits rose by 31 per cent in 1979, the second strongest gain in post-war years. As a result, the share of corporate profits in GNP rose to 13.2 per cent, slightly below the previous historical peak attained in 1974. Manufacturing profits were up more than proportionately last year.

In the first quarter of 1980, corporate profits were up by 22 per cent over the comparable three month period in 1979. However, this relative buoyancy is not expected to persist as both domestic and foreign demand soften further and as costs of production place further pressure on selling prices. The consensus view among private forecasters is that corporate profits will rise by about four per cent this year, or well below the expected rate of inflation.

Thus far in 1980, the general

economic climate is distinctly less favourable for manufacturing activity. Real output in manufacturing declined sharply by 1.9 per cent in May following a decline of 2.3 per cent in April. It is expected that real output in manufacturing in calendar 1980 will be below the level established in 1979.

OUTLOOK

As indicated, the near term outlook for the Canadian economy is not favourable, especially when considered in the light of the general economic climate. Capital spending by business on new plant and equipment remains relatively strong and is expected to provide a stimulus to the Canadian economy for the second year in succession. The mid-year Public and Private Investment Intentions Survey by Statistics Canada indicated a possible 21 per cent increase in the value of business capital spending on new plant and equipment (excluding housing) in 1980 if present plans are fully realized. This represents an upward revision of close to three per cent from a similar survey taken early in the year. Especially weak areas in the Canadian economy at the present time are the automotive and housing sectors. General interest rates, however, have subsided after reaching record high levels earlier this year.

There is little doubt that slow growth, poor productivity and relatively high rates of inflation and unemployment will persist in the near term.

Looking beyond the near term, however, the medium and longer term outlook is distinctly more optimistic. Canada is favoured among major industrial nations by having abundant natural resources. Canada is currently more than self-sufficient in mineral, forest and agricultural products. Canada is currently self-sufficient in all forms of energy combined and by the turn of the century will likely be self-sufficient in crude petroleum alone. Coupled with a well-educated and trained labour force, the underlying fundamentals of the Canadian economy are most favourable.

Economic Intelligence Branch
Industry, Trade and Commerce
Tel: (613) 995-6480

I.T.&C. Promotional Projects Program

The following is a current list of trade fairs and missions projects which will be sponsored during the period November 1 to December 31, 1980. For information concerning the European, Middle East or African region call (613) 995-7334 — for Western Hemisphere or Pacific area call (613) 995-8303.

Trade Fairs

EUROPE, MIDDLE EAST and AFRICA

**INTERSTOFF '80 — Clothing and Textiles
Trade Fair
Frankfurt, West Germany
May 13-16, 1980
November 4-7, 1980**

Interstoff is one of the longest running exhibitions in West Germany, occurring twice each year in May and November. Only clothing textiles can be displayed at this event which attracts some 800 exhibitors, more than half from foreign countries.

The Department participated regularly from 1970 to 1975.

**ELECTRONICA '80 — International Trade Fair
for Components and Assemblies in Electronics
Munich, West Germany
November 6-12, 1980**

ELECTRONICA is the world's leading trade fair in the field of electronics and the most important for the exchange of goods and knowledge in that field. A series of seminars and conferences are held in conjunction with the fair. These sessions are attended by a broad international cross-section of professionals, scientists and researchers.

Canadian participation in 1980 will be the seventh in support of Canadian manufacturers of electronic equipment and components.

**SIAL '80 — International Food Products Exhibition
Paris, France
November 17-22, 1980**

This trade show is held every two years. Inaugurated in 1954, it has attained its place as one of the premier food products shows in the world. According to its promoters, one of its major attractions lies in the attendance of the major buyers and trade visitors not only from France but around the world.

A federally-sponsored participation will be a first at this event since 1966. Both provincial governments of Ontario and Quebec have participated in the past few years.

**MEDICA '80 — International Congress and Trade Fair
— Diagnostics — Therapeutics — Technica
Dusseldorf, West Germany
November 19-22, 1980**

MEDICA or Diagnostics Week as it was called until 1973 has steadily gained ground since it was first held in 1969. Initially conceived as a national event for the discussion of advances in medicine, it has become an international meeting place for all concerned with medical research, medical instrumentation, the application of engineering techniques to medicine, the development and manufacture of pharmaceuticals, and for members of all medical, nursing and allied professions.

Held at the Dusseldorf Exhibition Centre, this event attracts some 400 manufacturers and suppliers of technical aids for

diagnosis and therapy. The Department will participate with an institutional exhibit.

**4th Dakar International Trade Fair
Dakar, Senegal
November 25 - December 7, 1980**

The Dakar International Trade Fair is an economic event which takes place every two years. It is a fair of specimen exhibits (horizontal presentation) with sales being permitted on site with the permission from the fair authorities only. The main objectives of the fair are to make known Senegalese achievements and to promote international exchanges as well as commercial and tourist relations.

The fair attracts some 800 exhibitors from 60 countries and is open to the general public. The Department sponsored a national stand in 1978 and participation in 1980 is proposed to promote Canadian industry in a priority market area in West Africa.

**COMPEC '80 — Exhibition of Computers
Peripherals and Systems
London, England
December 2-4, 1980**

Now in its tenth year, COMPEC is sponsored by a number of leading computer publications. It provides the most comprehensive showcase for computers, products and systems — terminals, peripherals, mini and micro computers, small business systems, software and services.

This event is becoming a major international showplace for the computer industry. Attendance nearly doubled between 1975 and 1977 for a total of 15,000 visitors and doubled again in 1978 for nearly 29,000.

The Department will sponsor a national stand for the first time.

WESTERN HEMISPHERE and PACIFIC

**Food Products Sales Meeting and In-store Promotions
Cleveland, Ohio, U.S.A.
November 3-4, 1980 and March 1981**

Food Products Sales Meetings are considered by the Department as effective vehicles for promoting Canadian-processed foods and beverages which are viewed favourably by United States consumers. Canadian companies have responded to this type of marketing strategy as generally the cost to each individual company would prohibit them from participating in this type of enterprise on their own. They allow the super-market buyers of chosen organizations to purchase their needs in one location.

**ENKOR '80 — Korea International Engineering Exhibition
Seoul, Korea
November 3-8, 1980**

ENKOR '80 is designed as a major international exhibition based upon Korea's 4th Five-Year Economic Development Plan. Korea is encouraging foreign investment and particu-

larly joint venture projects on a partnership basis. This exhibition presents a unique opportunity for overseas manufacturers to display and demonstrate their equipment in the fields of materials handling, plant construction, electrical engineering, public works, chemical processing, agricultural and food processing, transportation and communications, textiles, papermaking, printing, packaging.

This is the first presentation by Korea and the Department will sponsor a Canadian stand.

High Technology Show at CTC
Tokyo, Japan
November 4-8, 1980

(See Canada Trade Centre)

APAA — Automotive Parts and Accessories Association Show
Atlanta, Georgia, U.S.A.
November 11-13, 1980

The Automotive Parts and Accessories Association represents the interests of more than 1,300 members from all levels of the aftermarket, i.e., manufacturers, distributors, wholesalers and retailers. The APAA Show is one of the two largest national shows for aftermarket automotive parts and accessories in the United States. It is strictly a trade only show and, together with the ASIA Show, is considered to be the most prestigious and patronized event for the industry sector.

The Department has sponsored a national exhibit at this show since 1974, and participation in 1980 will be the seventh.

International Production Show
(Information Booth)
Buffalo, New York, U.S.A.
November 11-13, 1980

In support of production machinery manufacturers attending this annual event the Department will have an Information Booth to focus attention on Canada's capabilities in that field.

Lima International Trade Fair
(Information Booth)
Lima, Peru
November 14-23, 1980

The Pacific International Trade Fair is the official title of the organizing and management group for the Lima, Peru trade fair site. All trade fairs, international or local, have to be arranged through or by that organization. It is planned in 1980 to stage side by side two international events — TECHNOPAN '80 concerned with fish and food production and TECHNOMIN '80 concerned with the mining industry.

The Department will have an Information Booth for the benefit of a group of Canadian companies showing a variety of products related to either of the two main themes (Food/Mining).

EXPOMOTRIX '80 — Venezuelan Automotive Show
Caracas, Venezuela
November 15-24, 1980

This event is advertised as an annual show that attracts buyers from Central and South American countries. It changes location each year with the 1980 presentation being held in Caracas.

Participation by the Department was proposed following

the findings of a Canadian Automotive Parts Mission to Venezuela in March 1979 which highlighted the potential market for the automotive aftermarket.

Musical Instruments Show at CTC
Tokyo, Japan
November 18-22, 1980

(See Canada Trade Centre)

MEXICO '80 — Latin American International Oil and Gas Exhibition
Mexico City, Mexico
November 24-29, 1980

MEXICO 80 is organized by Fairs and Exhibitions Limited of London in cooperation with the Federal Government of Mexico and the Confederation of Industry and Commerce. It is an exhibition of petroleum and natural gas equipment and services, marine and offshore equipment directly applicable to the exploration, production and transmission of petroleum and natural gas.

The Department is participating with the objective of promoting Canadian capabilities in a market estimated for Canada at some \$65 million over the next five years.

Ocean Industries Show at CTC
Tokyo, Japan
November 25-29, 1980

(See Canada Trade Centre below)

Canadian Contract Furniture Exposition
Detroit, Michigan, U.S.A.
November 1980

As part of its strategy to promote Canadian contract furniture in the United States, the Department sponsors a number of solo presentations at strategically important markets. These shows are organized by our U.S. Consulates and are designed to bring Canadian business and institutional furniture to the attention of architect specifiers, interior designers and principal end users.

Some of these presentations are held in conjunction with regular events, some at locations negotiated by our Consulates.

Medical Equipment Show at CTC
Tokyo, Japan
December 9-13, 1980

(See Canada Trade Centre below)

Canada Trade Centre — World Import Mart
Tokyo, Japan
All year

The World Import Mart is part of a greater complex known as "Sunshine City" which includes a 1,000 room hotel (under construction), a 60-storey office tower, a culture centre building, museums, sports facilities and several stores and restaurants.

The Department is occupying space in this complex and the Canada Trade Centre in Tokyo was officially opened with a Jewellery and Furs Show in January 1979. Many Canadian manufacturers have since been invited to display their products and this promotional program will continue during 1980.

Trade Missions

Packaging and Printing Machinery Mission to Peking, China

October 27-November 7, 1980

Canadian manufacturers will promote Canadian machinery and equipment and determine China's needs and interests in packaging and printing machinery.

Architect Specifiers Mission from U.S. to Neodesign Show Montreal

November 1-2, 1980

Architectural specifiers, interior designers and space planners will examine the quality, design, and styling of Canadian office and contract furniture.

Poultry & Egg Mission to Kuwait, Saudi Arabia, Iraq and United Arab Emirates

November 1-21, 1980

Sales and marketing personnel from Canadian poultry marketing boards and poultry processors, with potential to develop export sales, will be exposed to foreign market opportunities.

Fisheries Mission to Poland, Czechoslovakia, Austria and USSR

November 3-19, 1980

Mission is designed to determine levels of consumption, species preferred, processed product preferences and the willingness of these countries to purchase on a commercial basis.

Softwood Lumber Mission to Egypt, Lebanon and Cyprus

November 9-23, 1980

Six selected representatives of the Canadian lumber and plywood industries would visit these new market areas to determine market requirements and identify export opportunities.

Lumber Seminar Chicago, U.S.A.

November 14, 1980

U.S. importers will attend a presentation by the Canadian industry to discuss items of mutual interest, such as specifications, end uses, grading, and transportation.

Lumber industry Seminar Detroit, U.S.A.

November 17, 1980

U.S. importers will attend a presentation by the Canadian industry to discuss items of mutual interest, such as specifications, end uses, grading and transportation.

Processed Fish Products Mission to Nigeria

November 17-24, 1980

Mission will explore the market to establish demand levels, specifications, local distribution capability and establish commercial relationships between Nigerian and Canadian fish processing companies.

Materials Handling and Construction Equipment Mission to Algeria and Saudi Arabia

November 24-December 6, 1980

Six companies will examine this market area with respect to product applications and opportunities for Canadian machinery.

The sponsors are:

Canadian Petroleum Association;
East Coast Petroleum Operators Association;
Environment Canada;
Newfoundland Institute for Cold Ocean Science, Memorial University; Institute for Resource and Environmental Studies, Dalhousie University;
Newfoundland Department of Consumer Affairs and Environment;
Nova Scotia Department of the Environment.

For information on the program and hotel accommodations enquiries should be directed to:

Mr. J. Ciarke
District Director
Environmental Protection Service
P.O. Box 5037
St. John's, Newfoundland
A1C 5V3

Offshore Environment in the 80s: A Workshop on Environmental Considerations of East Coast Offshore Hydrocarbon Development

Seven sponsors, listed below, will conduct a three-day workshop in December.

This meeting will be held December 2-4, 1980 at the Holiday Inn, St. John's, Newfoundland, and will bring together experts to discuss: oil and fish issues; environmental concerns; and onshore impact of offshore development.

Some of the topics included on the agenda are:

- offshore development: the state of the art worldwide.
- physical environment offshore: weather, waves, currents, ice.
- coastal and transportation systems: an oil producer's perspective.
- environmental concerns other than oil pollution.
- social-economic/cultural influences.
- implications for the fishery.
- behaviour of oil in the marine environment.
- restoration of oiled marine habitats.
- public concerns for the environment.

Revise Your COMBINATION SHORT FORM OF STRAIGHT BILL OF LADING Comply With The New Legislation and Adapt Simplified Trade Documents

For many years, the Combination Short Form of the Straight Bill of Lading has been used for the inland movement of goods by medium and large volume shippers. It is a substitute for the Canadian Rail Bill of Lading, Inland Water Bill of Lading, Highway Bill of Lading, and Express Shipping Contract Bill of Lading. It is issued by the shipper at his request in lieu of the carrier's long-form document.

The Bill of Lading does not detail conditions of carriage. These are incorporated by reference to specific legislation, and have the same force and effect as if they were fully and specifically spelled out on the document.

During 1977, the Canadian Conference of Motor Transport Administrators recommended a revised uniform set of terms and conditions for the highway movement of goods in Canada to the provincial Ministers responsible for motor vehicles administration. These new terms and conditions were accepted January 1, 1980 by most of the provinces, and ratified in the respective provincial legislation and regulations. The implementation date for these changes was July 1, 1980 in most provinces.

Due to the requirements for these new terms and conditions to be on Bill of Lading forms for the highway movement of goods, COSTPRO incorporated the revised clauses in the Combination Short Form of Straight Bill of Lading. This

revised form, aligned to the Canadian Trade Document Alignment System (CTDAS) format, has been prepared in three versions for domestic, transborder, and overseas trade.

The Advantages of Using COSTPRO's Form:

- Ratified by most provincial governments;
- Permits shippers to comply with the new legislation;
- Available in camera-ready copy for domestic, Canada-U.S.A. and other foreign countries;
- Simple and contains all the required information; and
- COSTPRO has aligned it to the Canadian Trade Document Alignment System (CTDAS).

The Advantages of Using CTDAS:

- Document preparation costs can be reduced substantially;
- Assures full control of trade documentation;
- Enables self-preparation of trade documents;
- Eliminates the need for repetitive typing;
- Assures accurate information on each document; and
- Compatibility with international documentation is ensured.

To obtain camera-ready copy of the aligned version of the Combination Short Form of Straight Bill of Lading, complete the card above and return to COSTPRO or phone (613) 995-2814 collect.

Defence Components Expo 81 — BRITAIN

A second Defence Components Expo is being held at the Brighton Metropole Conference & Exhibition Centre in Brighton, England from May 12-14, 1981.

The Expo is designed to give access to and advice on a wide range of British specialist materials, components, ancillary equipments and services vital to the production and operational performance of modern defence equipment and systems that will match today's highest standards of sophistication and reliability.

Although participation in this Exhibition — as an exhibitor — is open *only* to British firms, a technical symposium will be held concurrently with the Expo on the second and third days to attract main contractors and designers from all over the world. The subjects of the symposium papers will be topical defence projects, most probably a modern weapon and armoured fighting vehicle, and the advanced technology aspects of such projects.

With the increase in international collaborative projects, opportunities are provided for the manufacturers of sub-systems, components and materials to sell their products to prime contractors overseas not only for defence purposes but in commercial industry too.

For more information, contact:

Jane Granlund
Publicity Manager
Industrial and Trade Fairs Limited
23 St. James Square
London SW1Y4JH, England
Tel: 01839 5041

Pacific Rim Opportunities Conference...

The Pacific Rim Opportunities Conference, under the chairmanship of the Honourable Ed Lumley, Minister of State for Trade, will be held in Vancouver, November 19-21, 1980, and will bring together a wide representation of senior businessmen plus participation from labour, major trade and economic associations, provincial and federal governments, universities, non-governmental organizations and Canadian diplomats accredited to the countries being discussed.

The countries include Japan, China, Korea, ASEAN (Philippines, Malaysia, Indonesia, Singapore and Thailand), Australia and New Zealand.

The Conference will include firms from across Canada, which are now trading, or have the potential to trade, in the countries of the Pacific Rim.

The Conference, to which 250 participants will be invited, will focus on the countries of the region, their economic trends and the opportunities they offer for Canadian business. This Conference will also examine aspects of Canada's economic relations with the Pacific region including financing of exports, transportation, joint ventures and technology transfers.

It will be designed to bring home to Canadians, particularly business leaders, the importance of Canada's relations with countries in the Pacific region. The Conference will provide a forum for an exchange of ideas on initiatives that might be launched to help strengthen these relations.

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