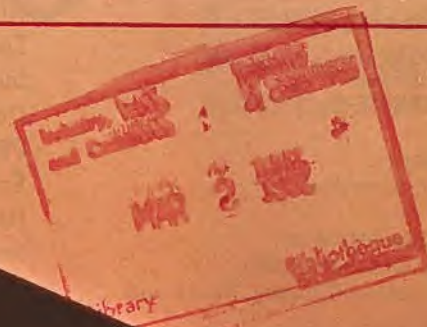


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**ENERGY! Dollars and Sense
of Conservation — Page 11**

**Program for Export Market
Development Gets Boost — Page 14**

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Editorially speaking. . . .

How often have you heard people say something along these lines: "But I've lived in this community all these years and I just never knew such services existed to help people!?" Probably on quite a few occasions.

It seems to take some sort of crisis happening in the life of a friend or in one's own experience to point out services that exist through voluntary organizations, church groups, government at all levels.

Be advised not to wait until a crisis develops in your **business** before exploring avenues of aid, financial or advisory. Contact local offices of government departments — Business Information Centres in the case of Industry, Trade and Commerce — for example, or call in at your local Federal Business Development Bank office. Of course you could always do what you **are** doing — read Canada Commerce!

Many of the articles in this particular issue touch on a variety of aid programs for the Canadian business community. And in the IT&C galaxy no star shines more brightly than the newly burnished PEMD — Program for Export Market Development — which is dealt with in some detail by A.D. (Ben) Monkhouse, beginning on page 14.

How many among our readers are going to say, "All these years and I never realized."?

A.H.

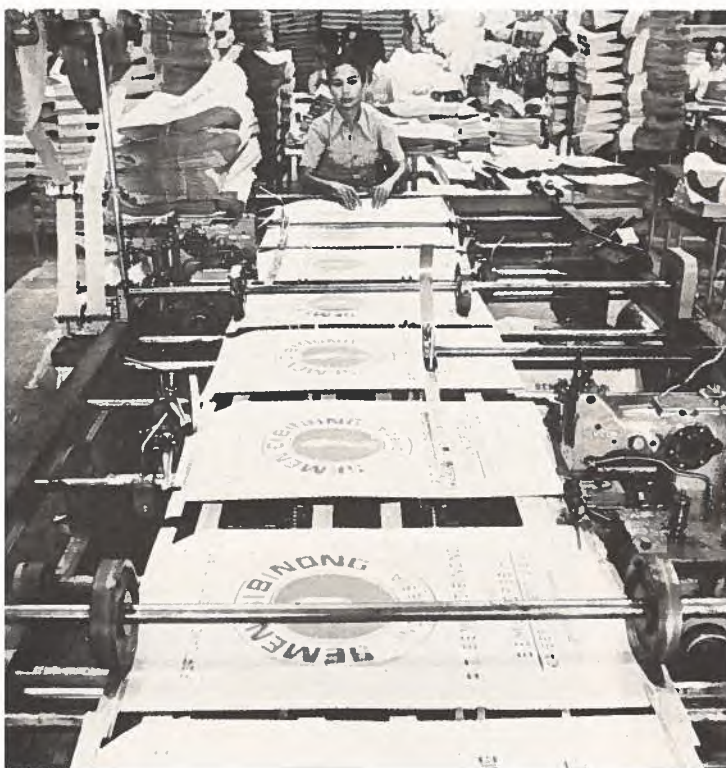
Although Indonesia may have seemed as remote and mysterious as the face of a Balinese Legong dancer as little as two decades ago, rapid technological advances have shrunk time and space, particularly in the economic sphere. Now a variety of Canadian enterprises have developed markets and supply sources in Indonesia and many Canadian companies are making export sales to the area. The following articles prepared by the Commercial Section of the Canadian Embassy in Jakarta paint a broad picture of the physical and economic characteristics of this vast land. In the April edition, a number of further articles will concentrate on different aspects of Indonesia's economy.

Indonesia — Complex Giant of South East Asia

To most Canadians the country of Indonesia is far removed from their day-to-day business and personal lives. The international gaze of many extends well beyond the United States to Europe and Latin America but is unlikely to reach as far as South East Asia and to the vast archipelago that forms the modern nation of Indonesia. Geographical, historical and cultural factors account for this perceived remoteness from Canada — beyond the horizon, so to speak.

Geographically, Canada and Indonesia are literally a world apart and lie within totally different climatic zones. Historically, Canada as a member of the British Empire and Commonwealth, has been linked to the countries of the West Indies, South Africa, India, Australia and even Singapore, while Indonesia until 1945 lay within a totally different grouping of Dutch overseas territories. For decades, economic, political and military forces have drawn Canadians across the Atlantic while few world events have required a traversing of the vast Pacific Ocean. Similarly, Canada's cultural make-up has been determined by years of close interaction with European and other Western nations. By comparison, our awareness and understanding of Asia is small indeed.

During the past two decades, however, rapid technological advances have shrunk time and space and brought East and West into close contact, particularly in the economic sphere. Under these changed circumstances, Canadian enterprises have developed markets and sup-



A 'least-cost plan' developed by Reid Crowther Industrial Engineers of Calgary, Alberta, successfully distributes cement among the numerous islands of Indonesia.

ply sources in Indonesia. A variety of companies is represented, including: **Inco in metal mining; Alcan, aluminum fabrication; Bata, footwear; Monenco, Swan Wooster and Canadian Pacific, in consulting and engineering services; as well as the Banks of Montreal, Nova Scotia and Toronto-Dominion.** In addition, many Canadian companies have found markets through exports sales which, during the first nine months of 1980, climbed to \$193 million.

At first sight, however, the economic, political and cultural environment of Indonesia may perplex the businessman attempting to assess the market potential

for his products. This is attributable in part to the fact that Indonesia does not fully correspond to the image of a typical developing country. Indonesian anomalies include the following:

Rapid growth and modernization in some sectors

While slow, painstaking growth certainly characterizes many aspects of the Indonesian economy, several sectors are advancing rapidly. This is clearly the case with the petroleum industry. While it is one of the oldest in the world, during the past decade the Indonesian petroleum industry has grown rapidly to include large on-shore and off-shore production, transportation, and refining facilities. In addition, production units for liquefied natural gas (LNG) embody the latest in technology and the exported product has become a major foreign exchange earner.

Abundant energy resources have cushioned the economy from the shock of oil price increases and an earlier Indonesian decision to manage all aspects of the industry itself has meant greatly increased knowledge and control of this key sector.

A smaller but equally striking example is Indonesia's push to create its own aircraft industry. One does not generally expect to find a modern and highly-professional aircraft assembly operation in a country classed by the World Bank as being among the poorest in the world. By the mid 1980s, however, Indonesian-built helicopters and fixed-wing aircraft should be a significant factor on the Asian air scene. In addition, some of the

more traditional economic activities expected in Third World nations such as resource exploitation, agricultural production and textiles, have also witnessed substantial growth.

Jakarta — the city no one recognizes

It was not long ago that the mere mention to businessmen of "Jakarta" as a place to live and work conjured up images causing them to wince at the prospect. By the early 1980s, the determined efforts of city officials working in a climate of relative stability and growth have borne fruit. Highways were pushed through, new housing areas opened up, canals re-furnished and first-class hotels, shopping plazas and office towers have given Jakarta a modern city skyline. More importantly, improved business services, communications networks and cultural facilities have increased the flow of information and new ideas, giving the city the essential elements of a modern metropolis. While much remains to be done for the majority of its six million inhabitants, to most foreign visitors the new Jakarta is hardly recognizable.

A strong currency free of controls

Many Third World nations are struggling to control over-valued currencies through a maze of foreign exchange restriction and controls. Black markets abound, delays frustrate, and the threat of devaluation looms large. The situation in Indonesia, however, stands in marked contrast. The rupiah can be freely traded on international exchanges and is not under the threat of devaluation — rather, revaluation appears more likely. Indonesia's U.S.-trained Minister for Administrative Reform, and Deputy Chairman of the National Development Planning Agency, Dr. J.B. Sumarlin, forcefully makes this point when he says that "Indonesia operates one of the freest foreign exchange systems in the world, not only for current account but capital account transactions as well." Mounting petroleum revenues, increased agricultural output, growing non-oil exports and competent domestic monetary management have combined to place Indonesia ahead of the pack along this dimension.

A key player in ASEAN. . .

Indonesia is the largest country in the Association of South East Asian Nations (ASEAN) and sees itself as the natural leader of this economic and political organization. As a possible reflection of Indonesia's predominance, the ASEAN secretariat has been located in Jakarta and the country has on several occasions hosted important trade and industrial summits. Indonesia is also the site of ASEAN's first joint-industrial project, a fertilizer plant in Aceh province in northern Sumatra. Indonesian leadership

within ASEAN is increasingly being felt on questions of commodity arrangements and the North-South dialogue. However, in the future, Indonesia may also attempt to use ASEAN to resolve political issues of importance to the nation.

Canadian business interest in ASEAN has been heightened by the increased currency that is being given to the "Pacific Rim Concept" as witnessed by the 1980 conference on this theme held in Vancouver. Ties between the Government of Canada and ASEAN have been created.

. . . and OPEC

The Indonesian Minister of State for Mining and Energy, Dr. Soebroto, has been elected President of the Organization of Petroleum Exporting Countries (OPEC).

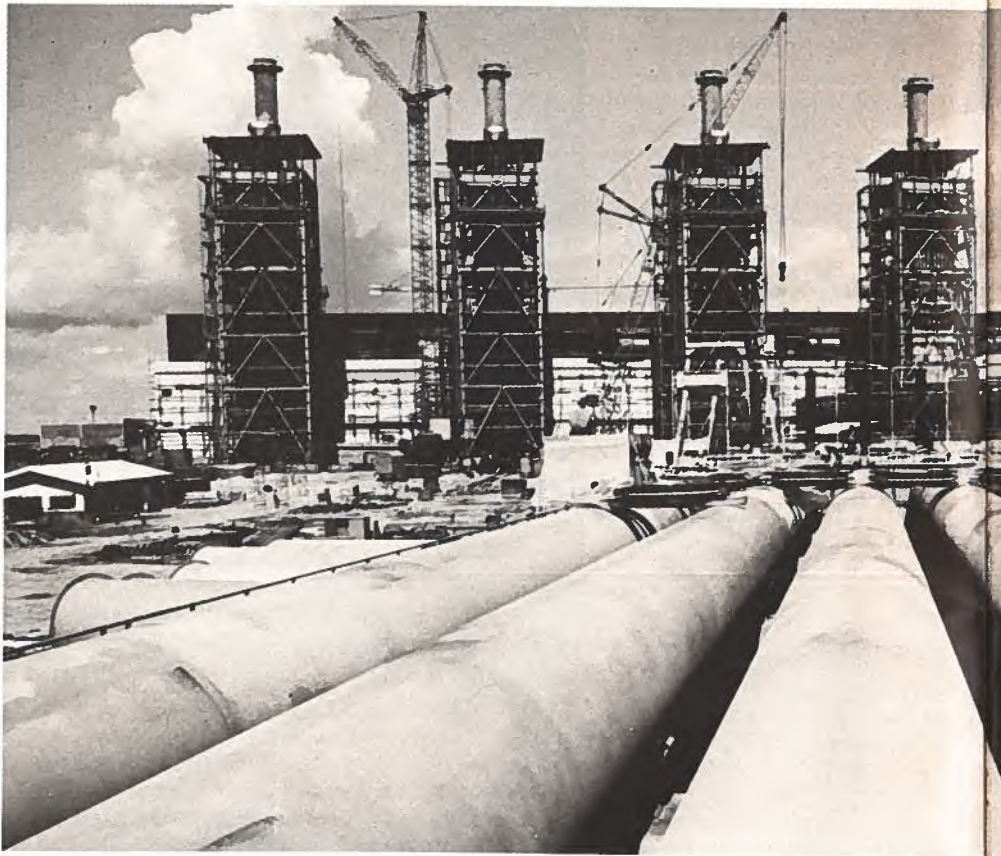
diverse nation. Similarly, to the observer of the narrower business scene, contrasts and opposites stand out.

• Capitalism flourishes alongside state-enterprise

Large state-run entities in petroleum, mining, plantations, cement, steel and fertilizers are surrounded by fully-operating private companies competing in a free enterprise system.

• In business, entrepreneurs work alongside the military

The established ideological concept of a "Dual Function" for the military — Sovereignty and Development — has created an active role for the armed forces in private business undertakings.



Key elements in Indonesia's development strategy are large industrial projects that use domestic energy sources, like the massive Krakatau steel plant in West Java. (Photo by National Development Information Office, NDIO, Jakarta).

As a result, Indonesia's role and profile in this influential cartel should increase dramatically, possibly leading OPEC in the direction of long-term financial assistance to Third World Nations. In the Canadian context, it is noteworthy that Minister Soebroto completed his doctoral studies at McGill University in Montreal.

Diversity and contrasts

Indonesia's motto "Unity in Diversity" explicitly recognizes the varied peoples' customs and cultures that make up this

• Government actions to assist "economically weak" groups
Much of Indonesia's commercial activity is carried out by an ethnic minority — the Chinese — a situation that has historical and cultural roots reaching back 350 years to the arrival of the Dutch. To compensate for this perceived imbalance, government purchasing policies and aids to business are being directed toward "indigenous persons" or "Pribumi" that fall into the "economically-weak" category.



angered many. Indonesian officials themselves recognize this problem and a tough naval officer, Admiral Sudomo, has been appointed to lead the anti-corruption campaign. Under his direction, specific clean-up operations have been carried out and new regulations brought in proscribing the behaviour of civil servants and screening large public contracts. In addition, a recent increase in government salaries should partially reduce the incentive for such illegal gain.

Strong Market Prospects — but it takes time

Despite the anomalies and contrasts of Indonesia, Canadians and others have succeeded in this large and growing market. Trading arrangements, technical agreements, joint-ventures and direct investments now form an important part of the overseas business strategies of a number of Canadian firms.

In addition to the private market sector, a large foreign assistance program has generated sales for Canadian goods and services. In this regard it is noteworthy that the Canadian International Development Agency (CIDA) has its biggest overseas program in Indonesia focussing on agriculture, irrigation, transportation and power generation.

While forecasting economic trends in any country is fraught with difficulties, in this article we argue that there are attractive prospects for Canadians in Indonesia. This prognosis is based on the assumptions that the inflow of oil revenues will increase, aid donations will continue, competent economic management will be the rule, and relative political stability will prevail. Given these conditions, opportunities should grow in the resource-based industries, in the manufacturing and service sectors, as well as in the emerging area of marine resources and management.

Canadian companies that accept the challenge of the Indonesian marketplace and allocate the time and patience that it demands, will find ample rewards.

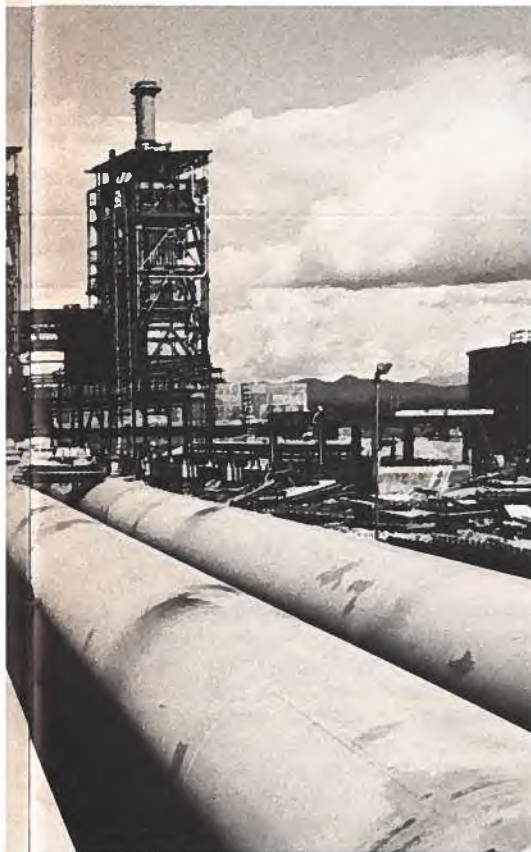
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Next Month:

**Projects Offer Prima Prospects
Oil and Gas Fuel the Economy
Capital and Technology Welcomed
Forestry — a Growing Opportunity
Transportation and Communications
Education — an Essential Ingredient**



Active volcanoes, beautiful scenery attract tourists. (Photo by D.G. Sukarya, Jakarta). **Workers assemble helicopter for civilian and military use.** (Photo by NDIO). **40 per cent of the people are less than 15 years old.** (Photo by D.J. Patton, Canadian Embassy).



Foreign business visitors soon become aware of this unfamiliar aspect of government policy.

• **Extra income for government officials**
The pay formula for government officials allows individual civil servants to compensate themselves and their colleagues out of funds allocated for specific projects. While this unique but legal practice is startling, it is the illegal siphoning off of public monies for private gain that has perplexed and

Indonesia in Profile

Large in Area and Population

Comprising an archipelago of 13,600 islands, Indonesia stretches over 4,800 km from east to west, a distance equal to the width of Canada. With a north-south reach of over 2,000 kms, the land and sea of Indonesia covers an area equal to that of the United States.

The 147 million inhabitants of this island nation make Indonesia the fifth most populous state in the world. As a young country — almost 40 per cent of the people are less than 15 years old — population growth will continue despite the efforts of a widely-respected family planning program and a population of 205 million inhabitants is being forecast for the year 2000. Already, the island of Java, where almost two-thirds of the population resides, is one of the most densely populated areas of the world (650 per km²). Conditions are difficult for many and life expectancy at birth is only 47 years — a figure in sharp contrast to Canada's 74 years.

The economy is "booming" — but much remains to be done

Indonesia's real growth rate in 1980 of 7 per cent overall, and 13 per cent for the manufacturing sector is a strong performance even for the fast-paced countries of South East Asia. However, it is still a poor nation with a GNP of \$US 40 billion and a per capita income of only \$US 285 — the lowest in ASEAN and an amount less than 5 per cent of what the average Canadian produces and consumes each year.

In 1981, government revenues, 70 per cent of which are derived from oil, are expected to increase by more than 30 per cent. A 1981/82 balanced budget of \$22 billion will address crucial social problems including the following:

Unemployment:

Unemployment at 30 per cent of the workforce is of serious concern with the equivalent of 15 million workers being without gainful employment. As indicated elsewhere in this article, major agricultural, resource and industrial development projects are underway — being financed from both domestic and foreign sources (20 per cent of total) of funds.

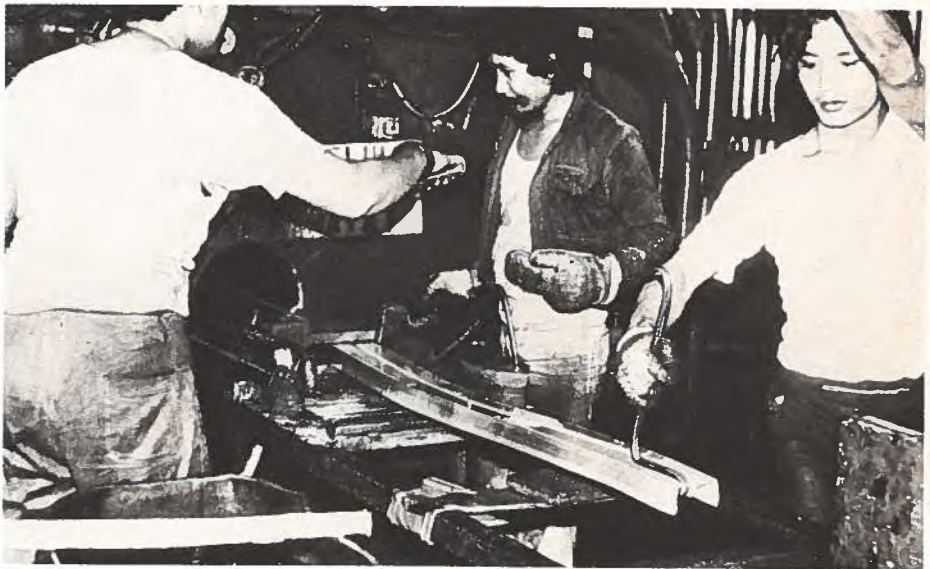
Education:

Building on a relatively high literacy rate of 62 per cent, education has been accorded priority by the government. The Third Five Year Plan REPELITA III ending in 1984 foresees improvement in a situation where two out of every 10

children cannot attend school at all and only 2 per cent of college-age youths are studying in university.

Health:

With only 12 per cent of the population having access to safe drinking water, serious health problems confront a limited medical establishment. In Indonesia on average there is one physician for every 15,000 persons, with one nurse available for every 3,000. In contrast Canada has a doctor and nurse for every 550 and 150 persons respectively.



Inflation appears to be under control

Inflation in 1980 was 16 per cent, down from 22 per cent in 1979 and 17 per cent the year before. While the inflation target for 1981 of 15 per cent should be met, forces working against its attainment include: large petroleum revenues swelling the money supply; large salary increases for the civil service and the military (some by as much as 40 per cent); the doubling of defense expenditures; potentially unworkable food and fuel subsidies; and finally, the bitter memories of runaway inflation in earlier times.

Exports are up — led by petroleum

In 1980 the value of petroleum and LNG net exports increased by 58 per cent to \$11 billion, almost twice the 1978 level. Projections for 1981 are for net oil and LNG exports of \$13 billion.

While petroleum accounts for approximately two-thirds of export revenues, non-oil exports in 1980 increased to \$6 billion, up 52 per cent over two years previously. However, with world econom-

ic conditions as they are, this figure is not expected to increase in 1981.

Major export markets include:

Japan (46 per cent of total); **U.S.** (20 per cent); **other ASEAN countries** (14 per cent); **EEC** (8 per cent). In 1979, **Canada imported \$42 million worth of Indonesian products including rubber, palm oil and tea.**

... allowing much-needed imports from abroad

Largely comprising raw materials (45 per cent of total) and capital goods (40 per cent), imports in 1980 were up 25 per cent to reach a total of \$11.5 billion. **Major import sources are: Japan** (29 per cent); **U.S.** (14 per cent); **other ASEAN countries** (12 per cent) and **EEC** (15 per cent). **In 1979 Canada**

exported \$54 million worth of products to Indonesia including aluminum (\$6.1 million); synthetic fibres (\$4.8 million); wood pulp (\$4.2 million); asbestos (\$3.6 million), newsprint (\$3.3 million); along with a wide variety of manufactured products. In the first nine months of 1980, Canadian export sales leaped to \$Can 193 million.

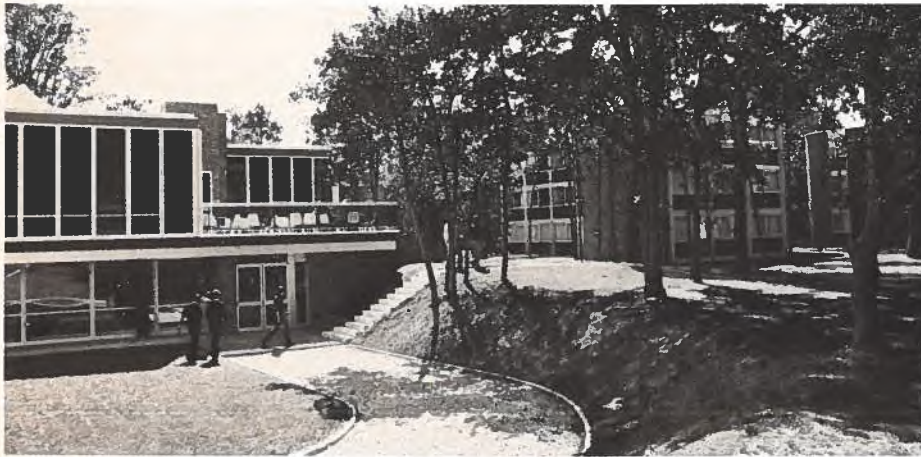
... and creating a strong currency

In 1980 Indonesia's international reserves increased by \$6 billion to a level of \$10 billion, an amount approaching the value of one year's imports. With an overall balance of payments surplus of \$5 billion projected for 1981, the currency appears strong and likely to remain at its present exchange rate of Rps 625 per \$US. In addition, Eurocurrency interest earnings of 20 per cent on these reserves may soon allow Indonesia to completely offset the annual interest and principal payments required by its \$14 billion foreign debt, which carries an interest rate of 5 per cent.

Canada's Economic Counsellor in Paris introduces INSEAD — an institution that can acquaint you with factors governing business transactions and economic procedures in Europe and may even offer you an opportunity to acquire the services of a young European-schooled manager.

Feeling at Home in the European Business Community

by Marc-A. Brault



Europe, with its vast market for goods and services, is attracting Canadian exporters and businessmen, as can be seen by our growing exports and expanding economic relations. But let's not labour under too many delusions. Europe is still a bogey to many! Yet these qualms are not caused by distance or fundamental differences in culture. They are caused by a series of myths which, coupled with a lack of understanding and familiarity concerning customs and business procedures, breeds a distrust big enough to curb the enthusiasm everyone initially feels for the European business scene.

It is absolutely necessary that we overcome this distrust which experience shows to be groundless anyway, and familiarize ourselves with these people and their customs and formalism. There are, of course, many ways to go about it, and the first that comes to mind is to make a visit or visits to Europe to meet the French, Germans, Italians or other nationalities, come into contact with them and establish personal relations which cannot help but result in definite business deals. Another possible alternative lies in a more formal education, through attending a suitable institution to take a seminar or a special course, or going there to hire a young man with internationally-oriented European experience and training.

One of the most famous institutions in Europe in the business world is INSEAD, the European Institute of Business Administration, which is located in the

distinctive and historic little town of Fontainebleau, about a half-hour's drive south of Paris by car. However, it should be remembered that, although it is located in France, INSEAD is definitely not a French but a European institution.

Created 20 years ago at a time when a new kind of Europe was being fashioned, it is a private non-profit organization. Its mission is to provide high quality management education for the international community, and to carry out research into management problems in today's increasingly international environment.

INSEAD wants to acquaint people with this changing Europe, diagnose today's problems and try to anticipate future problems without looking to the past for solutions.

Leaving aside its research and co-operation activities, INSEAD offers six main types of activities. It has a 10-month MBA programme for persons who already have a university degree and at least five years' business experience. Candidates are selected on the basis of this previous education and business experience so as to obtain an atmosphere conducive to a constructive exchange of views. We mention it here because the MBA programme might interest Canadian companies wishing to send a promising representative but also, and primarily, because it is an excellent source of management recruits. The pre-qualification rules for this course ensure a careful selection focussing on maturity, judgment, flexibility and experience. The training the students receive

there makes them conversant with rules, customs and practices — in short, with all factors governing business transactions and economic procedures in a European context. It is even possible to recruit Canadians there as there are a dozen taking the course this year.

For those who would like to get an idea of the European business world or would like one of their associates to benefit from them, there are two-to-seven-week multilingual executive development programmes. The following courses and seminars are likely to be the ones of most interest to us in Canada. First, the **European Marketing Programme**, which takes three weeks and covers the marketing of goods and services in Europe, taking into account the need for head office strategy and, obviously, modern operational techniques. The **Young Managers Programme**, also lasting three weeks, aims at broadening the perspective of young executives with good potential and sound functional experience in the concepts of finance, control, marketing and strategy and environmental management. Programmes such as the one on **Managing Multinational Enterprise** and others like **Industrial Strategies and Production Management in Europe** and **Business Strategy** also present the European viewpoint of the business world in one-to-three-week seminar packages, while the **International General Management Programme** for senior executives lasts seven weeks.

INSEAD offers all its seminars on a residential basis — training, room and board. In addition to benefitting from active teaching aimed at improving knowledge and techniques and understanding political and economic changes, the fact of living with Europeans during the course affords an opportunity for getting to know small-town life in Europe and recognizing that the values sought there are not always the same as in North America.

Of course, the utmost advantage should also be taken of the trip (and its costs could be cushioned) by concluding some business in France and the neighbouring countries. Canada's Europe-wide network of Trade Commissioners will make that task much easier for you if you notify them in advance. In France, we are located at 37, avenue Montaigne, 75008 Paris.

For further information write to:

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As one of the cornerstones of Canada's industrial strategy for the eighties, Research and Development has been targeted for special attention. This article outlines the history and performance of R&D in Canada and points up some of the government programs designed to foster.

Technological Innovation

**by Gérald Laniel
Parliamentary Secretary to the
Minister of Industry, Trade and Commerce**

If we look back at the industrial development policies of past governments, we see that one approach was consistent almost from the time of Confederation through to the end of World War II. That approach was protection.

When Sir John A. Macdonald introduced his National Policy in 1879 it was, among other things, an effort to protect fledgling Canadian businesses by restricting the flow of foreign manufacturers' goods into Canada. The protection was in the form of tariffs structured to discourage foreign companies from exporting their goods to Canada or to make the foreign goods too expensive for most Canadians to buy.

In this way, the government hoped to shield infant Canadian companies and encourage east-west trade by restricting the flow of goods from south to north.

Sir John's scheme was not revolutionary, not even 100 years ago. The idea of using protective tariffs to gain political and economic goals has been around for some time. Indeed, protective tariffs were already in effect in the United States when the policy was introduced in Canada.

The Macdonald Conservatives were not the only Canadian politicians to support the idea of protective tariffs. The policy introduced by that government was accepted and even strengthened by governments for the next 50 years. With the eco-



nommic chaos of the early 1930s, governments around the world substantially increased protective tariffs — a natural reaction to insulate their own industries from cheaper foreign goods.

A turning point in Canadian international economic relations occurred at the end of World War II. This marked the beginning of negotiations for the General Agreements on Tariffs and Trade, or GATT, and Canada was one of the driving forces. In simple terms, GATT meant that no new preferential trade agreements could be signed between participating countries without full approval.

The first GATT agreement involving Canada was signed in 1947.

There have been continuous negotiations and new agreements signed since that time.

While the Canadian economy, through GATT, is much less protected today than it was in 1945, protection still exists in some industries. This protection has had significant influence on the type of economy Canada has today. Our semi-industrialized country has remained, by and large, an exporter of natural resources and an importer of more highly manufactured goods. Because they have been insulated in the domestic market, Canadian companies, with some important exceptions such as in the telecommunications, aerospace, oil and gas exploration and consulting engineering

sectors, have been reluctant to venture into the international field.

By and large, manufacturing operations have remained small, produced large ranges of products for our relatively limited domestic market.

Traditionally, this has meant short production runs, high unit costs and low productivity.

A brief look at the past 15 years shows that the manufacturing sector in Canada is making a smaller contribution to the total economy. In 1975, Canada had a \$3 billion deficit on its merchandise trade balance. Last year this deficit was up to \$17 billion and climbing. In 1965, almost 25 per cent of the workforce was employed in manufacturing.

This number has declined steadily since then, and appears to have at least temporarily bottomed out at just under 20 per cent.

In 1965, manufacturing value added as a percentage of total shipments was 44 per cent. That figure is now down to 40 per cent. Only two years ago, the European Economic Community increased its imports by 20 per cent. The same year, it cut its imports from Canada by two per cent. Japan has now passed Canada as the United States' top supplier of machinery and transportation equipment. In 1955, only the United States produced more goods per capita than this country. By 1975 we ranked behind West Germany, Japan, Sweden, France, Australia and Finland.

I could go on with more statistics, but I'm sure I've made my point. Canada's industrial performance in the past 15 years has not lived up to its full potential and immediate action is necessary to reverse this trend.

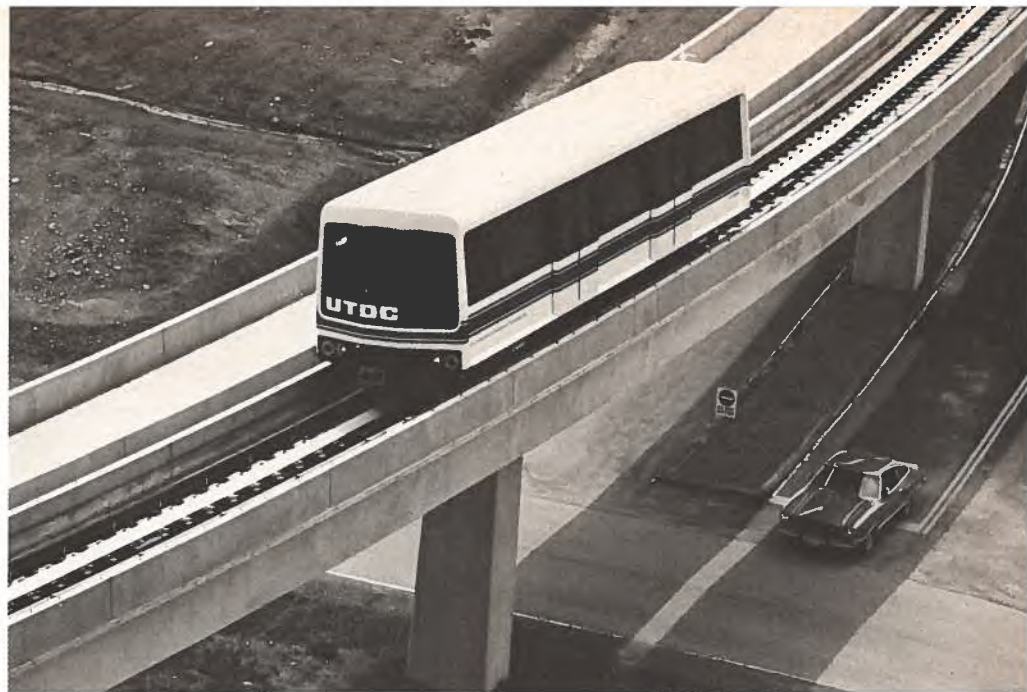
On the plus side, Canada has some very aggressive firms impacting upon international markets. But there are clearly not enough of them to provide the economic stimulus this country needs.

So what do we do?

In 1975, the Economic Council of Canada reported that without free access to foreign markets this country could not evolve in the direction of large-scale specialized production in manufacturing. Further, it would not be able to overcome its productivity or innovation difficulties in areas of high technology and knowledge-intensive endeavours.

This, I submit, is where the importance of technological innovation comes into the picture. The development of our technological capabilities is one of the key elements in ensuring Canada's economic future — the means of opening doors to the international markets and providing the Canadian economy with much needed stimulus.

Canada must stress its technologi-



cal capabilities because in a world where technology is so important, innovation and intelligence are as vital to industrial development as manpower, resources and capital.

In the major competitive countries in the international markets today, technological development receives a high priority. Most governments, as well as private industry, are heavily involved. In the United States, private industry alone spent \$29,933 million on Research and Development in 1977. Combined with government expenditures, R & D accounted for 2.4 per cent of the country's GNP that year. Private industry in Germany spent \$7,200 million on R & D in 1977, and combined with government expenditures accounted for 2.1 per cent of the country's GNP. The same figure in Japan was 1.9 per cent of the 1977 GNP. In Canada in the same year, private industry's expenditure of \$779 million accounted for only about .4 per cent of the GNP. With government expenditures R & D still accounted for only 1.0 per cent of Canada's GNP.

Canada ranks with such nations as Italy, Norway, Finland, Belgium and Denmark in terms of their relative spending on R & D. I am emphasizing these statistics because they are the most convenient measure of technological activity. Of equal importance of course, is the need to place increased emphasis on all

aspects of the innovation cycle, from initial concept and technical development through to the development of internationally competitive manufacturing and marketing capabilities.

Clearly, immediate action on the parts of all the players — industry, educational institutions and government — is critical.

Opportunities for technological development in the 1980s seem almost endless and it is up to all of us — those key players again — to apply R & D to these opportunities.

For example, Canada has the technological know-how to be a leader in the areas of telecommunications and micro-electronics. Yet, unless we are willing to meet the mounting costs of technological innovation and remain competitive in these fields, we may find ourselves in the unrewarding role of follower.

Mitel Corporation, an Ottawa-based telecommunications company, is a good example of Canadian success in this area. Mitel started in 1973 with only two employees. Today, thanks to its own initiative and some government assistance, Mitel is a world leader in telecommunications.

The company now has eight plants, including three in Canada, and employs 800 persons. Global sales exceed \$43 million.

To accomplish this track record, Mitel spends 10 to 15 per cent of its

yearly budget on R & D, carried out right at the manufacturing plant.

Canadians are also experts in the field of transportation, thanks largely to the great expanse of this country we live in. Canadian industry is meeting the demands of the domestic market, but there is an increasing need for sophisticated transportation systems in foreign markets. If Canadian companies exploit these opportunities, it is estimated that sales of transportation equipment could increase by 50 to 60 per cent in the next decade.

R & D spending in the defence industries has yielded excellent results. Defence research has given us radar, computers, navigational aids, helicopters, jet planes, automatic transmissions, fire-retarding paints — the list goes on.

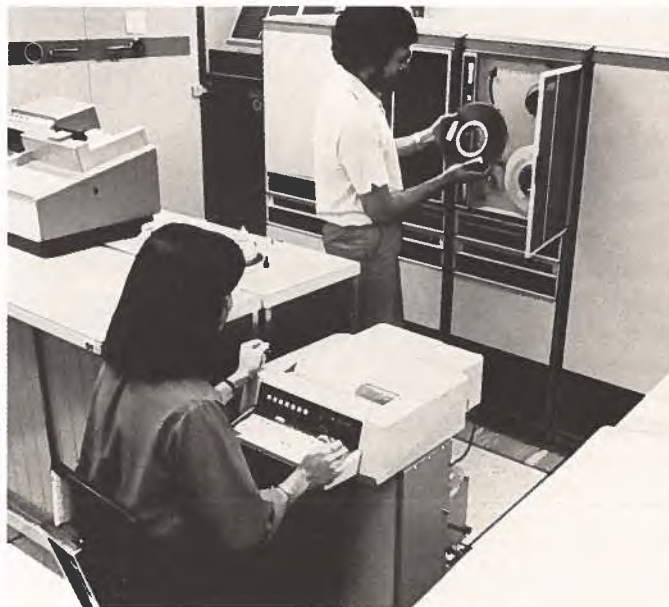
Much of this R & D is government stimulated. For example, in the early 1950s, the Department of National Defence gave **Canadian Marconi Ltd.** a contract to develop a lightweight airborne navigation system. The company came up with a radar system based on the Doppler effect and the resulting export sales now exceed \$300 million.

If Canadian firms can move aggressively to take advantage of the opportunities, it is estimated that business in the field of aerospace technology could be quadrupled within the decade.

Our expertise in this area has already been proven. A Quebec firm built the landing gear for the first spaceship on the moon. **SPAR Aerospace**, a company which started by making antennas, was given a contract for one of the most complicated pieces of the space shuttle — huge computer controlled manipulator arms, a kind of space crane.

Canadians have also developed expertise in the area of off-shore oil and gas equipment, largely because the harsh climate of the North and North Atlantic demanded the development of new techniques and equipment.

The field of health care products



is also expanding rapidly, and opportunities for Canadian firms have been recognized here.

There are also strong possibilities in industries where growth rates are not expected to be high, such as metals and minerals, forest products and plastics processing. There are opportunities in the mature automotive, textiles and clothing industries for the 1980s, but unless we act now, our companies will be left behind.

I believe that industry has a responsibility to recognize these opportunities and take advantage of them. This is already happening in some areas. For instance, **Canadian General Electric** has recently halted

production of television sets and switched emphasis to heavy-duty generators and hydraulic turbines.

Electrohome Canada Ltd. is now emphasizing commercial electronic-display systems such as the ones used in hospitals and airports.

Canada Wire and Cable Ltd. is concentrating future efforts on fibre optics, and **Domtar** is strengthening its construction materials business.

These companies recognized the opportunities of the future and adjusted accordingly. Others must follow these examples.

The federal government intends to become an active player in this industrial thrust, not a bystander.



talented workforce. We will encourage the kind of high technology development that is recognized throughout the world as vital to contemporary economic growth and prosperity.

A major part of the government's strategy is to build an international expertise now so that our companies will be internationally competitive by the 1990s. Success in the 90s will be based on the ability to adapt to emerging technologies today. Industry no longer has 50 to 60 years to mature. The cycle is much shorter, and if a company wants to be in on the action in the year 2000, it had better start planning now.

Another key in the government's plans centres around R & D by foreign companies in Canada. For too long the R & D programs of these firms have been carried out in the parent plants — leaving the Canadian operations to simply produce and not create.

Another key in the government's plans centres around R & D by foreign companies in Canada. For too long the R & D programs of these firms have been carried out in the parent plants — leaving the Canadian operations to simply produce and not create. We intend to change this pattern by taking the steps necessary to persuade our companies with foreign ownership to have more R & D done in the Canadian operations.

Government support will also include increased emphasis on industrial assistance programs for R & D and on marketing. This will include providing an increased level of assistance in identifying export business opportunities, and arranging for the participation of Canadian firms in export markets, through the Program for Export Market Development (PEMD), the Promotional Projects Program (PPP) as well as the Trade Commissioner Service. In addition, to assist in improving the technological capabilities of Canadian industry there will be increased

support available through the Enterprise Development Program and the Defense Industry Productivity Program. Also, ways of increasing the supply of private venture capital are being actively considered.

Inter-action between universities and colleges, research institutes and industry will also be of prime importance. Government responsibility includes the setting up and maintenance of structures to facilitate this interface. The research institute programs of the department provide funds for the establishment and administration of Centres of Advanced Technology, Industrial Research Institutes and Research Associations which carry out contract R & D, as well as assist in the transfer of technology from universities to industry. In addition, the department is funding the establishment of two Industrial Innovation Centres at the Ecole Polytechnique and at Waterloo University. These centres will provide assistance to inventors, entrepreneurs and small business in developing new products and in the start-up of new companies.

We intend to let the marketplace identify where the opportunities lie, but there will be increasing emphasis placed by government on ensuring that Canadian companies, and particularly Canadian owned companies, are given every opportunity to develop and participate in growing international markets.

We believe that there will continue to be outstanding opportunities arising in every industrial sector, even in mature industries, and we intend to help companies in these sectors in every way we can.

I mentioned earlier that Canadian industry has by no means achieved its full potential over the past 15 years. However, we in government firmly believe that the future is bright, that the opportunities are there. We all know that we have the skills and the know-how to exploit these opportunities, but we must seize upon them now or accept the position of follower instead of leader.

Our plans for industrial development were described in the Throne Speech and included a commitment to increase Canadian R & D from 1.0 per cent of GNP to 1.5 per cent by the mid 1980s. To achieve this the government intends to put increased emphasis on promoting the creation and expansion of Canadian owned high technology companies and on ensuring that foreign multi-nationals are encouraged to expand their product development efforts in this country.

Cabinet is currently working on the detailed strategy to meet this challenge. We intend to identify and use Canada's strengths — strengths such as the natural resources and

In the early hours of the morning you suddenly wake up with a fantastic idea second only to the Pet Rock. You don't want to tell anyone about it (in case they steal your idea). But where do you go from here?

Innovation Canada Inc. — It Wants to Make You a Millionaire

Just a decade ago, a group of concerned people held a seminar — the first of its kind — at Elgin House, Port Carling, Muskoka.

They were a formidable group that included General Motors, MacLaren Advertising; the Creative Research Group; Consultants Booz, Allen & Hamilton; Martin Goldfarb and the University of Western Ontario.

This group, representing leading practitioners of the creative arts, had gathered together to probe the problems connected with product innovation for some 75 delegates from industry, government and education.

"It was soon apparent," said W.O. Munns, President, Innovation Canada Inc., **"that in addition to the technologies of innovation management, our participants were interested in the application of the art in Canada, the ferreting out of constraints to innovation."**

At the second seminar in 1972, the position papers reflected this trend in their titles — **Towards a Model for Innovation in Canada, Innovation Institutes for Canada and Designing an Industrial Policy for Canada.**

"With the co-operation of the Ontario government, we were able to include a leading Japanese economist, Dr. Ryokochi Hirono, who gave personal details on how the Japanese foster innovation. Dr. Terry Gaudin from the Government of France told delegates how the French went about supporting innovation."

Other seminars followed — all made possible by the generosity of the Chemical Institute of Canada's Silver Anniversary Trust Fund (SATF). The original idea was to run seminars on product innovation once annually for five years.

The seminars, in fact, developed into an annual platform for the discussion of innovation management in Canada with alumni in hundreds of Canadian organizations. And Innovation Canada was the natural outgrowth of SATF.

Established early in 1977 as a federally chartered non-profit organization, its purpose was to

- **promote interest in and the study of product and service development in the private and public sectors;**

- **publish documents dealing with the subject of innovation; and to**
- **promote interest in and the study of entrepreneurship.**

Later in the same year the organization received the green light from Revenue Canada and became a Canadian charity.

Since then, Innovation Canada has grown and broadened. The first ICI programs appeared at annual meetings of Canadian professional organizations to establish a dialogue on innovation and entrepreneurship. This was important because many Canadians in the forefront of innovation are members of these organizations. Their greater understanding of what really constitutes innovation is essential to increasing their chances of successful Canadian innovations.

Many a budding innovator has access now to ICI's published proceedings in libraries both in Canada and abroad. They constitute the single most continuous writings on the subject of innovation. In fact, it is not uncommon to find complete sets on library shelves across the country.

ICI works with provincial governments on one-day seminars that act as a catalyst to focus additional attention on innovation and job creation.

With the growing lists of unemployed, ICI philosophy goes a long way in helping those with fertile imaginations create lucrative jobs for themselves and others.

"Through the years," explained Munns, **"Innovation Canada developed the concept of Innovation Management being a process — just like any other business process — such as marketing or production, and that it can be visualized in the form of a model."**

Innovation management covers the gamut from identifying the innovative opportunity to developing and implementing the new product or service that successfully meets this need.

"When we talk of innovation management, we are really referring to a detailed process, every step of which is designed to reduce the risk of failure. This broader concept of innovation must be understood thoroughly if we are to be successful entrepreneurs."

Certain types of information will be required at fairly predictable points during the development of a new product or service. As the development of the "idea" progresses, the assessment process becomes less and less subjective. ICI helps you progress through a number of reasonably well defined stages which are designed to reduce the innovative risk:

- **Initial screening. Subjective, so usually handled through rating forms;**
- **Early Stage Concept Testing — idea evaluated by consumer panels.**
- **Market simulation.**
- **Initial Market and ROI Analysis — financial verification of the idea.**
- **Refined concept testing.**
- **Product/service use and purchase testing — increasingly sophisticated prototypes are evaluated by consumer panels.**
- **Mini market and test marketing.**

Since innovation encompasses the whole process of creating, offering and having accepted goods and services that are either new, better or cheaper than those previously available, innovators should then consider the external resources outside their own organization.

"The most significant of these is probably the government source," advises Munns. **"This should be done not only in relation to its financial assistance programs but for a whole range of services, not the least of which is its significance as a purchaser. Understanding and utilizing the government resources is essential to optimizing results."**

Innovation Canada Inc. is a federally-chartered non-profit corporation created under the umbrella of the Chemical Institute of Canada. It is well known for its seminars held in various centres across Canada. For information, write **Innovation Canada Inc.**, 533 Arbor Road, Mississauga, Ontario, L5G 2J6 or Telephone (416) 278-8848.

ICI's 1981 Program

Seminar I on May 21-22 in the Frontenac Room, Macdonald Block, Queen's Park, Toronto. Subject: **Opportunities in Canada for Research, Consulting, Manufacturing and Investment in Developing Our Natural Resources.**

Day 1 — Thursday a.m. + p.m.

— **Opportunities in Research**
— **Opportunities in Consulting**

Day 2 — Friday a.m. + p.m.

— **Opportunities in Manufacturing**
— **Opportunities in Investment and Financing**

For Seminar II and other information, contact: W.O. Munns, Innovation Canada Inc., 533 Arbor Road, Mississauga, Ont., L5G 2J6. Telephone: (416) 278-8848.

Dollars and Sense of Energy Conservation

The old adage "A penny saved is a penny earned!" has a special meaning today for thousands of Canadian businesses from coast to coast. But when the penny saved is in a program of energy conservation, the net result is in millions of dollars and represents a classic example of industry-government co-operation.

Manufacturing Sector Mobilizes Voluntary Forces

by Bob McDonell

While much attention has been focused on the search for new sources of petroleum and alternate sources of energy over the past number of years, Canadian industry has tackled on a massive scale a program of energy conservation.

When it became apparent in early 1975 that cheap and abundant sources of crude oil were a thing of the past and supply could be threatened by political unrest in the major producing countries of the world, the Canadian government convened the first Government/Industry Conference on Industry Energy Conservation. At this first conference, the Ministers of Energy, Mines and Resources, Industry, Trade and Commerce and Finance met with 50 chief executive officers from industry to explore the feasibility of mobilizing the manufacturing sector of Canadian industry into an organized program for energy conservation.



In March 1976, some ten months after this first Government/Industry conference, industry presented the federal government with an ambitious voluntary industry program for energy conservation. They agreed to set industry-efficient goals for 1980 and to report to the government on their achievements.

Essentially the program calls for the establishment of voluntary energy conservation committees in each major industrial sector. The 16 sectors now participating account for some 80 per cent of the energy used by industry in Canada.

By May 1980, these industry conservation task forces were able to report savings ranging from approximately 10 per cent to more than 25 per cent.

While comparisons of results between industry sectors is not fair or possible due to the varying conditions in each industry, the following list provides an insight into the excellent overall

results of the voluntary program: Percentage savings to 1980 are in brackets while the second figure represents the sector's goals for 1985.

Food & Beverage (14.5) 23 per cent
Electrical-Electronics (15) 20 per cent
Machinery & Equip't (15) 22 per cent





Textiles (21) 25 per cent per kilo of product
Transportation (19.2) 24.5 per cent
Plastic Processing (10) 23 per cent
Pulp and Paper (12) 30 per cent per ton of product
Wood Products 15 per cent
Industrial Minerals (11) 16.3 per cent
Petroleum Refining (19) 25 per cent
Ferrous Metals 7.1 per cent
Mining and Metallurgy (11.9) 15 per cent
Chemical Industry (22) 31 per cent

Some industry sectors have not reported their achievements to date either because of difficulties in establishing a base rate for their industry or because they have recently joined the program.

In addition to the sectors described above, the General Manufacturing Task Force under the wing of the Canadian Manufacturers' Association in co-operation with Energy Mines & Resources, Conservation & Renewable Resources Branch, has developed a pro-



gram to alert manufacturers to the cost savings possible through effective energy management and in co-operation with the federal and provincial governments.

A three-part CMA program of workshops and seminars, plus a series of booklets "Energy for Canadians," bridges the information gap that confronts many small and medium-sized companies in trying to use energy more effectively. The program also encourages industrial sectors not now identified with an industrial task force to become active members of the General Manufacturing Task Force or to form new vertical task forces where common factors exist.

At the Third Government/Industry Conference on Energy Conservation, industry outlined 12 points they wanted to see addressed by government. These points, and proposed answering government action, are as follows:

Industry:

- 1. Continued government endorsement of the voluntary approach to industrial conservation, and**
- 2. Specifically, continued government support for the task force program**

Government:

Both Energy, Mines and Resources Minister Marc Lalonde and Industry, Trade and Commerce Minister Herb Gray assured the conference that the government would continue to give high priority to the task force program of voluntary industry efforts.

Industry:

- 3. Greater public recognition by government of industry's efforts and achievement.**

Government:

In co-operation with the voluntary publicity committee of the task forces, the government is supporting a countrywide publicity campaign outlining industry's success in energy conservation. The Energy Bus program is to be continued and workshops and seminars stepped up

to encourage more industries to participate in the program. As well, the federal/provincial cost-shared agreement, the Enersave Program for industry and commerce, will be continued.

As an example of this close industry-government approach, a newspaper supplement "Energy Times" will be distributed through daily newspapers from coast to coast in March 1981.

Energy Times will feature a number of industrial conservation success stories from a wide range of industries.

Industry:

- 4. An understanding by all parties that capital investment will be the "name of the game" in the future as industries strive to achieve greater energy efficiencies.**

Government:

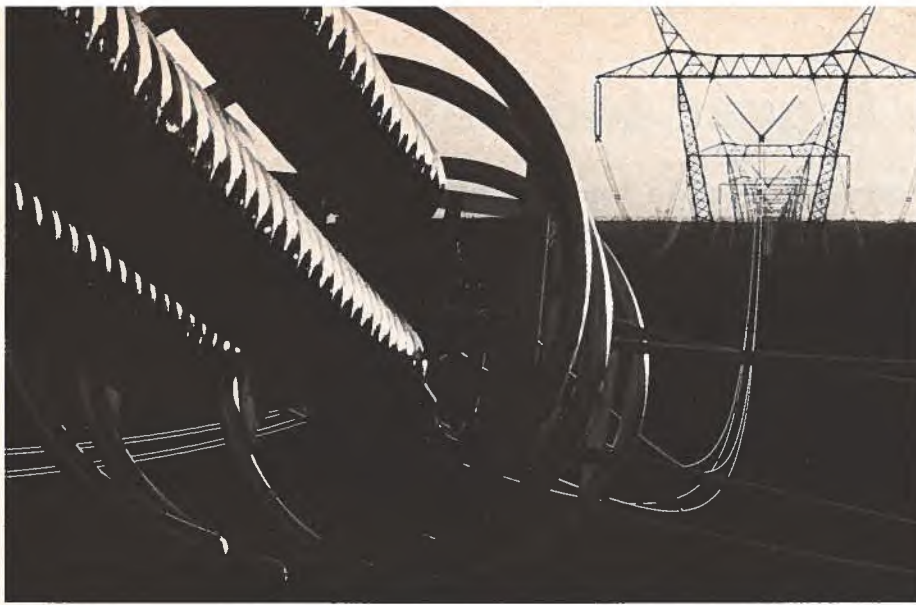
It was well recognized by the ministers and senior government officials that most of the easy "housekeeping" energy saving opportunities had been achieved by industry in reaching the initial five-year targets and that improvements for the second five-year program would involve higher capital costs and process improvements to reach its goals.

Industry:

- 5. A thorough analysis, and if warranted, a sound and effective government financial incentive program to accelerate energy conservation investments with minimum bureaucratic entanglement.**

Government:

The government has expanded the Energy Conservation Equipment Fast Write-off under Class 34 added to Schedule B of the Income Tax Act. Qualifying assets acquired by the taxpayer after May 25, 1976 and before 1980 were eligible for this special two-year write-off. Whereas in the original regulations the write-off covered the cost of co-generation equipment (provided certain restrictions on the efficiency of oil use



are met) and district heating projects or systems designed to utilize biomass or garbage as a significant primary energy input, the amended regulations have been broadened to include:

A. Solar equipment used in systems providing water heating or process heat, and solar equipment used in space heating new buildings

B. Heat recovery equipment

C. Small scale hydro equipment used in projects with a maximum planned site capacity of 15 MW or less

D. District heating equipment in systems using natural gas, coal, etc. as the primary energy source.

In addition, Class 34 has been extended to assets acquired prior to 1985 and the extended provisions apply to assets acquired after Dec. 10, 1979.

To qualify for placement in Class 34 for taxation purposes assets must be certified by Energy, Mines and Resources as part of a capital project that conforms to the Income Tax Regulations pertaining to Class 34. Prior opinions on project eligibility can be obtained from the department.

Further information can be obtained from:

**Tax Incentives Program Secretariat
Conservation and Renewable Energy
Branch**

Energy, Mines and Resources
Ottawa, Ontario.

K1A OE4

Industry:

6. A stable economic environment which is conducive for investment and therefore for energy conservation investment.

Government:

Like motherhood, all governments are committed to this goal.

Industry:

7. Displays of longer term price and

supply information to assist industry in its investment planning.

8. Price policies which consider the impact of price escalations on the competitiveness of Canadian industry.

Government:

Both of these concerns have been addressed in the National Energy Policy announced by the federal government. The policy proposes a graduated increase, which while substantial, will assure that Canadian energy prices will remain significantly below world prices. The blended price will never exceed 85 per cent of the international price or the average price of oil in the United States, whichever is lower. Other measures in the policy assist firms to switch from oil to lower cost natural gas.

Industry:

9. Fair treatment for conserving firms during periods of energy supply allocation.

Government:

The Energy Conservation Allocation Board has generally agreed that industry which has applied energy conservation methods should not be penalized in the event supply allocation becomes necessary, however the Board does point out that it must be provided with the necessary statistical background on which a fair analysis and allotment can be based. Both industry and government are finding this a difficult assignment.

Industry:

10. Reasonable environmental regulations which consider and balance their energy implications.

Government:

Regulations dealing with the environment are the responsibility of the Department of the Environment but EMR through its various programs such as FIRE (Forest Industry Renewable Energy) program assures that the equipment necessary to meet pollution requirements are included in the grant structure.

Industry:

11. Recognition of the uniqueness of individual industrial sectors, thereby avoiding unfair comparisons between sectors or countries.

Government:

This has been an underlying principle of the Voluntary Sector Task Force approach to energy conservation in Canada. For this reason, each industry sector has been encouraged to set its own targets for that sector rather than have arbitrary guidelines set out by government for industry as a whole. For the achievements registered to date it is quite apparent that this approach is working. The government also realizes that Canadian conditions due to climate and other causes such as smaller markets, distances between markets, etc., make comparisons with other countries difficult if not impossible. Yet, on balance, it appears that Canadian industry compares favorably with similar industry in other countries.

Industry:

12. Industry is seeking to continue to play a leadership role in encouraging the most efficient use of energy as a means toward limited dependence on foreign crude oil.

Government:

Through its support of the industry task forces the government is assuring industry that it supports these aims. As an example, C.A. Wolfe Jr., Chairman of the Co-ordinating Committee of the Voluntary Industrial Task Force Program, will represent Canada at the upcoming International Energy Conservation Conference to be held this spring in Brussels. Mr. Wolfe will act as spokesman for the Canadian program, although most of the delegates attending are representatives of the governments of the participating countries.

While these industry task forces, the Conservation and Renewable Energy Branch of EMR and the corresponding provincial government agencies are the principal players involved in current energy conservation programs for industry and commerce, there are many other participants in the field. In coming months, Canada Commerce will be taking a look at them.

As shown by industry's success to date, it is possible to save up to 25 per cent of energy demands from industry — a sector which has traditionally used 40 per cent of Canada's total demand — savings which amount to millions of dollars and greatly reduced dependence on imported oil.

For further information please see listing on inside back cover of this issue.

PEMD Just Gets Bigger and Better!

Since its inception in 1971, Industry, Trade and Commerce's Program for Export Market Development (PEMD) has helped numerous Canadian businesses establish themselves in a variety of export markets. Now, having undergone some major changes, PEMD has bounced back bigger and better than before! Chief of the PEMD program, A.D. Monkhouse, explains to Canada Commerce's Don Wight the changes introduced and how they will further benefit Canadian business.

Commerce:

On January 5th the Honourable Ed Lumley, Minister of State for Trade, announced a doubling of the PEMD budget. Can you tell us what this means to the program?

Monkhouse:

As you know, PEMD is a very popular program with the business community and has been growing at the rate of about 30 per cent a year. Without being able to obtain a corresponding increase in the budget, the program, last April 1st, had to suspend approvals under Section A, Specific Project Bidding — which accounts for 70 per cent of expenditures.

The doubling of the budget meant the department was able to reopen the program in September under new rules and to activate a new section, 'F' — Sustained Export Development.

More important, however, is the fact that a new budget level has been approved! This will increase the program's budget from the doubled figure this year by an additional \$5,000,000 next year (1981/82) and by another \$5,000,000 the following year (1982/83).

Commerce:

All of which bodes well for PEMD and certainly for the companies that are able to take advantage of the program. . . .

Monkhouse:

Very much so. This will allow us to plan for expansion. It will also assure companies that future funding is available with no risk of further suspensions.

Commerce:

You mentioned "new rules." Would you explain what these are and how they will affect companies applying for PEMD assistance?

Monkhouse:

The "new rules" should not affect or discourage any company with worthwhile projects from applying to PEMD for assistance. What happened was this: In order to obtain additional funds for PEMD, the department had to ensure the program was cost-effective.

The department hired a firm of private consultants who subjected the program to rigorous evaluation which proved that, overall, the program was cost-effective. The



Pleased with the changes recently introduced to the Program for Export Market Development (PEMD), Program Chief Ben Monkhouse enthusiastically penpoints sections warranting special emphasis.

evaluation report noted however, that there were two areas where effectiveness was not as great as it might be. These were for "large projects" and "frequent users." It was decided to identify "large projects" as those with a Crown contribution exceeding \$50,000, while any company which had received three approvals in a government fiscal year would be considered a "frequent user."

These rules would affect only about six per cent of the applications received in the course of a year. As well, an exceptions procedure was established which would allow approval of applications in excess of \$50,000 or applications from companies which had already had three approved — providing they met additional criteria of: 1. **incrementality, (meaning the company would probably not have gone ahead with the project without PEMD);** 2. **there would be additional benefit to Canada;** 3. **high risk was involved;** and 4. **there existed the probability of follow-on sales to Canada resulting from the project if it were successful.**

These new rules apply to the way in which the department handles PEMD applications and are not to be interpreted by companies to mean that they cannot receive more than three approvals in a year nor that \$50,000 is the limit which can be approved for a project.

In fact, companies should be encouraged to apply for assistance for all worthwhile projects!

Commerce:

You mentioned that a new Section F — Sustained Export Market Development — is now available. Could you explain how this section of PEMD can help exporters?

Monkhouse:

Personally, I am very excited about Section F and feel it is the most significant addition to the program since it started.

As you know, the program up to now has been limited to providing assistance for specific activities — one-shot deals, if you will. For example, the department may share the cost of a Market Identification trip to country X and, once the company has visited the region, it is up to the company to continue further marketing on its own; or PEMD will assist companies to participate three times in a trade fair; or bid on a specific project — but always the assistance is limited to that initial activity.

Over the years, however, the department has learned that, in order to be successful in penetrating export markets, a company must be prepared to go in for the long-haul efforts and accept the fact that it may take three years or more before they begin to pay off. Section F, Sustained Export Market Development, is a recognition of this fact and enables the department to assist a company for up to three years to really become established in an export market.

Commerce:

How exactly does Section F work then?

Monkhouse:

Section F is divided into two phases. Phase I is administered by the Regional Offices of the department and allows the department to share with a company the cost of providing a Market Penetration Plan. The maximum contribution is \$25,000 and the costs shared can be travel, a per diem in lieu of sharing salary and living expenses, and special costs such as outside consultants fees.

The idea of the Market Penetration Plan is that the department can share the cost when a company undertakes a study to determine its best potential market; to assess reasonable expectations in the way of market share and dollar sales; and, most important, how it can penetrate this market and at what cost.

For example: Is a physical presence in the new market required, such as a sales office or service facility? What would be the cost of establishing and operating it annually for the next three years?

Under Phase II, the department may share in the implementation costs of such a Market Penetration Plan prepared with or without departmental assistance.

Commerce:

Could you elaborate?

Monkhouse:

Yes. Let me give you a couple of examples of Market Penetration Plans in which we have shared:

In one case the company found from its study that it should open an office and hire more salesmen.

Under Phase II we shared in the cost of the salary of the manager (through providing a per diem), his travel and office expenses such as office rent, secretary, telephone, telex and the like. New salesmen were not included as they worked on commission and were expected to cover their own expenses.

In another case, the company discovered it could greatly expand its sales by offering after-sales service like its competitors. Here the department shared the cost for up to three years of salaries for a service manager and technician, and the rental of a vehicle and office space.

On the other hand, if a Market Penetration Plan showed a company needed to offer overnight delivery of its products and the best way to do this was to buy a fleet of trucks, we would send the company to its nearest friendly bank — as PEMD does not contribute to capital equipment costs. Also, if a Market Penetration Plan said that the company should open a warehouse and stock its products in the country in which it is doing business, we would not share these costs.

Were we to do so, it could result in lowering the selling price of the goods and might be construed as subsidising the company in export markets.

Despite these two examples where the department would not participate in the implementation Phase II part of Section F, the help which was given to undertake Phase I greatly assisted the company in determining what it should be doing to penetrate the new market and how much it would cost.

Commerce:

How, then, do you feel about PEMD now that its budget is doubled?

Monkhouse:

I feel PEMD is back in business with an adequate budget to fund all eligible projects and with an exciting new section to help exporters and new exporters in a novel way to tackle export markets.

With this additional help from the department, and the Canadian dollar at a level which should make our goods and services even more competitive, my advice to Canadian businessmen everywhere is to come and see the department; take advantage of its programs — like PEMD — and services; and go and get the export business we know is out there waiting to be taken!

And. . . . Good Luck!

Economists' Corner

Last month this feature dealt with an overview of the foreign sector in the Canadian economy: This month recent developments in the Merchandise Account are reviewed in some detail — particularly Canada's spectacular trade performance in 1980. . . .

Developments in Canada's Merchandise Trade

General (Balance of Payments Basis)

There has been a dramatic improvement in Canada's merchandise trade since the world-wide recession in 1974-75 with the posting of ever-increasing record surpluses of \$3.6 billion (balance of payments basis) in 1978, \$4.0 billion in 1979 and a new all-time record surplus of \$8.0 billion in 1980. The 1980 merchandise trade surplus represented 2.8 per cent of Gross National Product, the highest share since the 3.6 per cent share obtained in 1970.

The impressive trade performance in 1980 was the result of merchandise exports expanding by nearly 17 per cent to \$76 billion while imports rose by only about 11 per cent to \$68 billion. After making allowance for price changes, the volume of exports increased by one-half of one per cent while the volume of imports dropped by about 4 per cent. The record high merchandise surplus was not sufficient to completely offset Canada's traditionally large deficit in the non-merchandise account in 1980. The deficit in the current account balance for Canada's international payments in 1980 was \$1.5 billion, well below the forecasts, and a significant improvement over the deficits of \$5 billion for both 1978 and 1979. This was the lowest current account deficit since the deficit of just under \$1.5 billion in 1974.

CANADA'S MERCHANDISE TRADE

(Balance of Payments Basis)

	1980				Seasonally Adjusted Quarterly, 1980			
	1979	Total	United States	Other Countries	IQ	IIQ	IIIQ	IVQ
(millions of dollars)								
Exports	65,170	76,106	48,505	27,601	18,680	17,950	18,796	20,680
Imports	61,198	68,153	47,706	20,447	17,012	16,685	16,689	17,767
Balance	3,972	7,953	799	7,154	1,668	1,265	2,107	2,913

Canada's spectacular trade performance in recent years, especially in 1980, was the result of a number of recent developments, including:

the improvement in Canada's international competitive position since 1976, largely as a result of the devaluation of the Canadian dollar in relation to foreign currencies, which tended to sustain the volume of exports while reducing the volume of imports in recent years;

the sharp increases in prices on world markets in 1979 and 1980 for resources and resource-based commodities such as wheat and metals which improved Canada's terms of trade with the rest of the world during this period, particularly in 1979;

the economic slowdown in Canada beginning in late 1979 which resulted in a reduction of domestic demand for goods from abroad in 1980;

the sharper-than-expected recovery in the U.S. economy during the latter half of 1980 which brought about an improvement in the volume of Canadian export activity during that period;

the delayed recession in Western Europe and Japan until mid-1980 sustained the volume of Canadian exports in early 1980 despite the U.S. recession then underway;

the continuation in Canada of a surplus in its trade in all forms of energy combined, in contrast to the deficits

in most major industrial countries; and

increased wheat sales to the U.S.S.R. stemming from that country's increased demand following adverse weather conditions there; the hopper car purchase program of the Canadian Wheat Board, the relatively mild winter last year and the strike-free environment were instrumental in Canada's ability to meet this increased demand.

It may be recalled that several years ago forecasters were not optimistic about Canada's near-term trade prospects because of impending slow growth in the United States economy and because some 70 per cent of Canada's international trade was with the U.S. These



forecasts were generally borne out as Canada's traditional large merchandise trade surplus with the United States fell from more than \$2 billion in 1978 to only \$0.2 billion in 1979 and \$0.8 billion in 1980. But during this same period Canada's surplus with "overseas" countries (i.e. with all countries other than the United States) soared from \$1.4 billion in 1978 to \$3.8 billion in 1979 and to \$7.2 billion in 1980. This shift underlines the wider diversification of Canadian exports that has taken place in recent years due, in part, to the relatively sharper decline of the Canadian dollar vis à vis the currencies of Europe and Japan.

Specifically, the improvement in the overall trade balance in 1979 was mainly with the European Economic Community and Japan, whereas in 1980 the more impressive gains were with those EEC countries other than the United Kingdom; the surplus with Japan was some \$370 million lower in 1980. Canada's trade with Latin America as well as with Africa and other Asian countries was in balance in 1979, whereas in 1980 there was a considerable increase in the surplus with the latter group.

Commodity Trade Balances (Customs Valuation Basis)

In order to better understand the contribution of various commodities to the overall merchandise trade balance, groups of commodity exports and imports are often added and subtracted to obtain so-called "trade balances" on a customs valuation basis.¹ On such a basis, there was an improvement in Canada's trade balance in manufactured products (using the proxy of inedible fabricated materials for primary manufactured goods plus inedible end prod-

ucts for finished manufactured goods) from a deficit of \$3.5 billion (including re-exports) in 1979 — a trough of \$5.5 billion was posted in 1975 — to a small surplus of \$0.4 billion in 1980. The surplus for inedible fabricated materials increased from \$12.5 billion in 1979 to \$16.8 billion in 1980 while the deficit in inedible end products increased slightly from \$16.0 billion to \$16.4 billion in 1980. It has been observed for a number of years that this proxy for manufactured goods tracks rather well with the totals generated by allocating commodities to various industries, making use of the Standard Industrial Classification, as undertaken periodically by the Department of Industry, Trade and Commerce.

There was a sizeable increase in the surplus in "foodstuffs" (i.e. food, feed, beverages and tobacco, including live animals) from \$2.1 billion in 1979 to \$3.5 billion in 1980, largely as a result of high wheat shipments. At the same time, there was a reduction in the surplus for inedible crude materials from \$4.6 billion in 1979 down to \$3.5 billion in 1980, due largely to the rising deficit in crude petroleum.

¹ Such measures are not completely consistent with the annual balance of payments measures which are as yet unavailable for all of 1980. To be so, a number of adjustments would have to be made to the customs data. These include timing adjustments to exports of crude petroleum, natural gas and wheat and to receipts and payments for capital equipment; the deduction of transportation changes included in the customs returns; and the reduction of import values calculated for customs duty purposes to values which reflect transaction prices.

In the automotive sector, Canada's traditional trade surplus in motor vehicles declined from \$2.6 billion in 1978 to \$0.8 billion in 1979 but were back up to \$1.3 billion in 1980. Part of the reason for the worsening in 1979 and the slight improvement in 1980 was that U.S. and Canadian consumers recently shifted their demand for automobiles toward small-sized more fuel-efficient vehicles and because automobile production in Canada is concentrated in the medium and full-sized models. This demand shift began in the U.S. in early 1979 and in Canada later in the year. In this regard, the Canadian pattern for imports of motor vehicles varied somewhat between cars from the U.S. and Japan. In the case of larger sized cars from the U.S., Canadian imports expanded dramatically in 1979 before dropping sharply in 1980. In the case of small-sized cars from Japan, there was a sharp decline in imports in 1979 followed by a sharp increase in 1980.

At the same time, there was only a slight worsening in our traditional deficit in automotive parts trade from \$3.4 billion in 1978 to \$3.8 billion in 1979 and a slight improvement to \$3.7 billion in 1980. Overall, then, Canada's balance of trade in automotive goods — i.e. both vehicles and parts — posted a deficit of \$2.4 billion in 1980, better than the \$3.0 billion deficit of 1979 but worse than the deficit of \$0.7 billion in 1978.

Canada is a resource-rich country and commodities of a resource nature have always been important in our trade. In this regard, Canada is unique among industrialized countries in that it has a large surplus in its overall trade in energy materials. While Canada has been a "net" importer of crude petroleum since 1975, exports of natural gas along with such commodities as propane, butane, electricity, uranium, etc. contributed to an overall surplus which in 1979 amounted to \$3.6 billion. The somewhat smaller surplus of \$2.8 billion in 1980 was the result of much higher prices for imported oil and a reduction in the volume of natural gas exports to the United States — due largely to the recession there plus the availability of cheap residual oil to industry for use in dual-purpose power boilers.

Exports

(Customs Valuation)

Canadian exports to all countries in 1980 increased by 15.3 per cent to \$75.5 billion. Exports to the United States rose by nearly 8 per cent to \$47.9 billion compared with increases of some 20 per cent in each of 1978 and 1979. Growth in exports to overseas countries accelerated from about 18 per cent in 1978 to more than 30 per cent in each of the following two years to total \$27.6

billion last year. While Canadian exports to all countries in 1980 were \$10 billion (customs valuation) above the 1979 level, overseas countries accounted for \$6.6 billion of that increase although the much lower percentage increase in exports to the United States still accounted for \$3.4 billion. Of the overseas countries, exports to African and Asian countries (excluding Japan) were \$2.4 billion higher than in 1979 while those to the EEC were up by \$2.2 billion and by \$1.0 billion to Latin America. The relative share of the United States in Canada's total exports at 63.4 per cent in 1980 was the lowest ratio since 1966 while the share for the EEC, other than the United Kingdom, at 8.3 per cent, was at its highest ratio in two decades.

The major contributors in 1980 to the \$10.0 billion increase in the value of exports were a \$2.4 billion increase in non-ferrous metals (largely precious metals), a \$2.2 billion increase in inedible crude materials (primarily natural gas) and a \$1.6 billion increase in wheat. As noted earlier, improvements in exports were largely the result of higher prices although increased volume also played a role in the case of wheat. At the same time there was a reduction of \$1.2 billion in the value of exports of automotive goods (primarily parts).



Imports

(Customs Valuation)

Canadian imports from all countries increased by only 9.5 per cent in 1980 to \$68.7 billion, compared with increases of 18 per cent in 1978 and 25 per cent in 1979. The increase in the value of imports in 1980 was \$6 billion or less than the increase in the value of Canadian exports of \$6.6 billion to overseas markets alone. In the case of imports the

6 per cent increase in Canadian imports from the United States represented \$2.8 billion of the overall increase while the 18½ per cent growth in imports from overseas countries accounted for the remaining \$3.2 billion. Imports from the EEC in 1980 were below the 1979 level although those from the United Kingdom were up slightly. The major gains in imports from overseas countries included a \$1.3 billion increase in goods from African and Asian countries (excluding Japan), mainly oil from Saudi Arabia, a \$1.1 billion rise in imports from Latin America, again largely oil from Venezuela, and finally a \$0.6 billion gain in imports from Japan, mainly cars.

The leading contributor to the \$6.0 billion increase in Canadian imports in 1980 was the \$2.4 billion increase in crude petroleum. Other commodities posting \$1.0 billion increases each were: metallic ores (largely precious metals), industrial machinery, and non-transportation equipment and tools. At the same time, there was a reduction of \$1.9 billion in imports of automotive goods (again largely parts).

In conclusion, forecasts for Western Europe and Japan for 1981 call for a weak recovery from the economic slowdown that started in mid-1980. While the U.S. economy improved in the second half of 1980 following the recession, indications are that there may be another recession in the first half of 1981. If these forecasts are realized, Canada's trade performance in 1981 will not be nearly as favourable as in 1980, although Canada's underlying competitive position in world markets will remain strong.

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Good Product Mix, Diversified Market — Recipe for This Company's Export Success

by Don Wight

Between board meetings, business calls and preparing itineraries for Europe, Lad Javorek — exuberant, jocular and energetic — finds time to discuss aspects of a business he obviously enjoys.

Lad Javorek is export manager of M.W. Graves and Company Limited, a Berwick, Nova Scotia, firm which, since 1921, has been a leading Atlantic Canada fruit and vegetable processor.

Processing both canned and frozen fruits and vegetables, M.W. Graves and Company markets apple juice — one of its best-selling items, apple concentrate, fruit juices, straight and reconstituted orange juice and drinks, pickles, peas, waxed beans and green beans.

The company's raw materials, most notably apples, are grown primarily in the nearby Annapolis Valley, a region noted for its high-quality apples and its excellent growing conditions.

Much of the orange juice is imported from Brazil which, in February, announced a minimum export price of \$1,000 (U.S.) a ton. This is up from the \$450 a ton charged in November, 1980.

Because of this, the price of orange juice will be affected. **"No question,"** Javorek says. **"The bottom line must show profit."** An increase of "roughly a couple of dollars a case" of 24 12-ounce or six 100-ounce containers is anticipated. He's certain this increase will impact upon sales.

"The housewife is the boss," Javorek notes. **"When sugar went up, people cut back on how much they bought. The housewife today is better educated. She is not going to turn a penny without thinking about it."**

Sales will drop initially Javorek says **"but they will recover because of our understanding of the inflationary cycle."**

The positive reaction typifies the man. The incident also points out the sometimes precarious chances a business has to take when relying on an outside source of raw supplies. But more important it's a good example of why the company does not put all its eggs — or, in this case, its apples — in one basket! Nor, for the same reason, does it confine itself to one specific market area.

"You have to have a good product mix, plus a diversified market," states Javorek. **"It's the only way to survive."**



And M.W. Graves is surviving quite nicely. Though the company has been exporting internationally for close to 60 years, it has been able, through various assistances provided by the Department of Industry, Trade and Commerce, to further expand its export base and penetrate new market areas. Today, almost 30 per cent of the company's output is destined for export!

"Since 1973," says Javorek, **"there has been extensive co-operation with federal and provincial governments in our export business."**

He notes that IT&C's Program for Export Market Development (PEMD) has been instrumental in developing existing markets, penetrating new markets — along with attendance at trade shows and international fairs.

Attending and participating in trade missions in foreign countries is, to Mr. Javorek, **"one of the most valuable forms of assistance"** pro-

vided by IT&C. Equally important, he stresses, is attendance at government-arranged in-coming missions from foreign buyers.

"This is very important," he emphasizes, **"because foreign buyers can not only deal with respective businesses, they get to see the operation, the on-the-spot production."**

And, for M.W. Graves, these ventures have paid off. For instance, as the result of buyers being brought in from Japan and Germany, Graves is now selling to the Japanese and is shipping its frozen produce in bulk rather than — as is done with some international clients — in consumer packages. The products going to Japan? No, not apples — but Individual Quick Frozen (IQF) blueberries and peas!

Unlike small businesses, newly formed and just getting off the ground, M.W. Graves and Company Limited is well established with enviable export markets. (Areas include the United States, all of the Caribbean, Britain, Continental Europe, Cyprus and the Far East). Yet, notes Javorek approvingly, government assistance is indispensable.

"Today, travel is very expensive," Javorek concedes. **"Co-operation with governments is absolutely necessary to save time and money!"**

And, Javorek adds, **"the trade commission service of IT&C has been instrumental in enhancing the company's credibility with new clients."**

Gearing up for another meeting, Javorek notes: **"Our company has demonstrated that foreign trade is possible — if you are active!"**

Words of wisdom to other companies possibly considering entering the export field?

In all seriousness, Lad Javorek laughs: **"You have to go to the mountain!"**

Rodents — They're Dancing to a Different Tune

by Shirley Plowman

Not since the legendary Pied Piper of Hamelin played his mesmerizing tune to rid the German town of rats, has there been a really effective method of rodent control. Not at least, until a Vancouver company, Multiple Management Group, tried a different tune and turned rat control into an effective, safe and profitable worldwide business.

Rats! They bite the dogs and chase the cats. Or so it was during the legendary Pied Piper days. And now ancient fantasy has become horrible reality. We are now living in the time of the Super-Rat.

Despite the fact that the world pours \$5 billion worth of chemicals a year on pest control, the threat to human life and precious food supplies grows larger. The new generations of pests are thriving on chemicals and seem immune to every new form of poison.

In Canada alone, a single rat can devour or ruin \$25 worth of food a year. Alberta is the only rat-free province. To keep it that way, the province spends \$200,000 a year to patrol and poison a 300-kilometer area along its border.

New York spends \$13 million a year on rat control, Chicago \$7 million. Mexico City has 10 million rats and India has too many to count.

The world's scientists, the UN and the World Health and Food and Agriculture Organizations believe that exclusive reliance on chemical pesticides is "no longer a viable option," and suggest that we jump off the chemical treadmill.

Says Dr. Dick Frank, Director of the Ontario Agriculture Ministry: "The chemical bandwagon plays too short a tune. It can't last longer than the pests' capacity to evolve and resist."

But there is a brighter note and a longer tune being played out by The Ecology Machine, product of Multiple Management Group (MMG) a Vancouver-based company. And it's not exactly music to the ears of the world's rodent population.

MMG has put its Ecology Machine to the acid test through two responsible Canadian universities — Carleton University in Ottawa and Simon Fraser in Burnaby, B.C. "In both studies," said MMG President Donald Swaby, "the heads of their respective Biology Departments supervised the two month tests and verified the efficiency of our unit through precise 'pre' and 'post' populations of rodents."

Two prominent research agencies are now interested in testing the machines — the Technology Resource Center in the Philippines and the International Rice Research Institute, a worldwide leader in the technology of rice.

From a variety of reports and test sites in Manila, the initial testing revealed "immediate control of cockroaches. . . rats no longer sighted. . . droppings reduced by at least 70 per cent and ricebugs inside the sacks have completely disappeared."

In early 1980 health and agricultural authorities in Manila sent MMG a nine-page report of the rodent problem in Asia — methods of control and damage to foodstuffs. One report from the International Rice Research Institute (IRRI) indicated it was actually more difficult to control rats in warehouses — where the Ecology Machine excels — than in the cropfields.

"According to one IRRI official, if our device were to prove effective they would be willing to buy millions of dollars worth," Swaby said. "Now some months later, they're aware of the initial test results conducted in Manila and are anxious to do extensive tests on their own. You begin to wonder how much testing is required."

Although the message seems to ring out loud and clear: "The Ecology Machine works!" most businesses do not want to admit publicly they have a rodent problem. Privately they are enthusiastic but cautious. The machine is almost in the "too good to be true category."

The real testing, however, is carried out on a practical day-to-day basis through MMG distributors on the international scene.

A leading international food processing company in Bangkok, Thailand, found that "two Ecology Machines are effective in controlling rodents, cockroaches, flying insects and snakes."

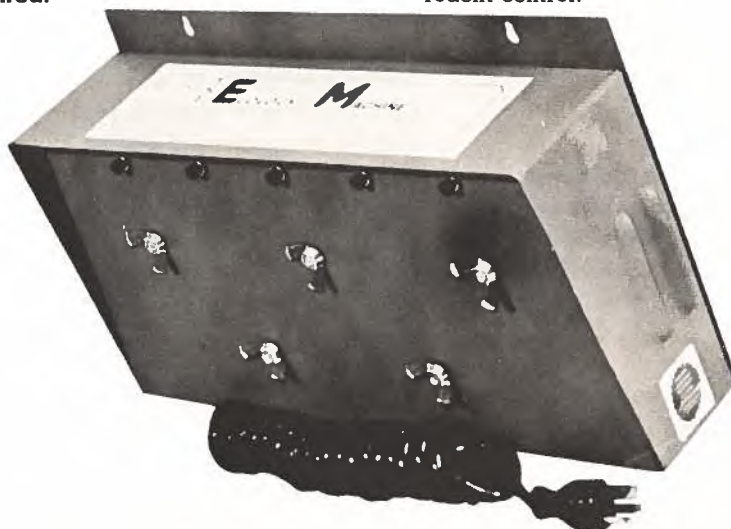
Reported a distributor in Mexico City: "We have initiated tests with two of the largest retail grocery chains in the country. After one month of first hand tests, the results are very favourable and an initial order of 200 Ecology Machines is anticipated."

A serious infestation of rats and mice in a chicken hatchery in Trinidad was completely cleared out of the office complex and almost completely out of the hatchery in a little more than a month. And from Quito, Ecuador: "Cockroach control in both locations was almost instantaneous. Now the military is testing it in some of their installations. Anticipate an order for at least a gross within the month."

Says Paul Smith, MMG's General Manager: "We know our product works. Many tests have concluded this in both scientific terms as well as real life situations. We also know there's a big world out there contending with an even bigger rodent problem."

Unfortunately the big world has not yet heard the big news or the message is somewhat garbled.

In recent years representatives for the \$5 billion dollar chemical industry commissioned tests on some of the ultrasonic sound forerunners to electronic rodent control.





MMG's president, Don Swaby, holds his compact Ecology Machine. Installation is simple; you hang it up and plug it in. The machine can effectively cover from 2708 m² to 4514 m² (3,000 to 5,000 square feet) indoors and with a conducive structure some warehouses will get even better coverage.

"Those we heard of endeavored to generate a single (non varying) low ultrasonic sound that was transmitted through a 'speaker-like' apparatus in the unit," explained Don Swaby. **"Rodents apparently became accustomed to the sound. As these various products were deemed relatively ineffective, their trade bulletins and journals seemed to downplay the value of electronic systems."**

MMG's Machine employs ultrasonic sound at several frequencies combined in constantly changing patterns produc-

ing an irritating "noisa" to which rodents cannot become accustomed. The sound is inaudible to the human ear. Made of sturdy 16 gauge aluminum, the machine measures 35 cm (14 inches) x 8 cm (3 inches) and weighs a mere 2.7 kgs (6 pounds). Canada Standards Association approved, it is easy on power, requiring only a standard 120-volt, grounded power source and consumes power comparable to a 100 watt light bulb. For export orders, the machine can be adapted to different line voltages and frequencies.

The company has invested two and one-half years and nearly one-quarter of a million dollars to develop the project. So far it has 10 distributors in Canada and one in each of 20 countries.

Business is brisk in Canada. Forty to fifty of the machines are installed each month. But since rodent problems are much more serious in other parts of the world, MMG anticipates 75 to 80 per cent of business will be in the export field.

"First year sales were around the \$150,000 mark," revealed Smith. **"Year two produced double this volume and now, with so much interest on an international scale we can project an eight to ten-fold increase."**

Now in its third year, MMG would like to send out its message loud and clear. **"Chemicals for pest control have had their day. They are not effective enough in the 20th Century much less able to satisfy more rigid environmental concerns. We are confident our product will be the answer to the problem of millions."**

But first the message must reach all those who can benefit from it. **"The key,"** avers Swaby, **"is to have the work made known to the right kind of entrepreneurially-minded individuals or marketing-oriented companies in as many markets as possible."**

"I suppose to some degree, the world is beating a path to our door," mused Swaby, **"but we want to have a much more visible door and many more paths."**

"Wagon" Welcomes Big Wheels

For a half century, "Welcome Wagon" has extended a warm personal touch to new families who find themselves alone and a bit disoriented in unfamiliar surroundings. And it's still doing that today.

But at the beginning of 1974, "Welcome Wagon" turned its wheels in another direction — to help the new-in-town executives become more quickly oriented to their urban environment.

The brainchild of Ursula Van Heel, Senior Vice-President, two new packages have been added to the Welcome Wagon service — the "Executive Welcome" and "Business/Professional Welcome." Essentially the same, the Business/Professional applies to persons in cities of under 150,000.

Here's the scenario. Senior executives receive a visit in their office from a charming Welcome Wagon hostess who brings them a token gift and a wagon-load of useful information.

Starting with a welcome from the mayor and city council, the hostess presents a listing of a cross-section of business in the city (one in each of approximately 20 categories) including useful addresses and helpful information on real estate, moving companies, hotels, computer companies, office interiors, travel, restaurants, entertainment, financial advisors and stockbrokers.

"The heads of the companies we represent would like to be able to personally greet the executive and we are the spokesman

for them," says Ursula. **"Through the executive welcome, the hostess becomes their liaison."**

Ursula Van Heel is also enthusiastic about a national product kit consisting of written material, brochures and samples that goes out to a quarter of a million homemakers across Canada each year.

"For product companies, it's probably the most valuable and personalized vehicle in Canada for getting their message across to the consumer."

If you would like to jump on the bandwagon, or in this case another extension of the Welcome Wagon, write for more details to:

Welcome Wagon Ltd.

1815 Yonge Street
Toronto, Ontario
M4T 2S2

Attention: Ursula Van Heel
Tel: (416) 487-2405

As part of its extensive services to small businesses throughout Canada, the Federal Business Development Bank continues to make available to Canada Commerce readers a series of articles designed to help these enterprises improve management practices and methods of doing business. . . .

Managing Your Cash

It is not uncommon for a business to make a profit and yet be in some trouble because it doesn't have the ready cash to pay its current bills. But the business won't stay in business very long if bills go unpaid, so managing cash is a vitally important part of managing a business.

The purpose of good cash management is to have enough cash — in the till, in the bank, or readily available elsewhere — to meet expenses and bills when they come due.

It is true that keeping too much cash on hand means that the resources of the business will not be used as profitably as possible since surplus cash in the till is doing nothing but sitting there.

But it is also true that cash for a business operation is like many other things: It's better to have too much than too little. However, it is better still to have the right amount and the purpose of cash management is to determine as closely as possible just what that right amount is.

There are a number of ways in which cash coming into a business can be controlled:

- 1. Cash register and tape balances should correspond. Cheques received should be deposited in the bank as soon as possible.**
- 2. Care should be taken so that the amount set as a petty cash reserve should always be there in either cash or vouchers.**
- 3. The records of the business and the bank records of deposits and withdrawals should correspond, with provision made for cheques which have been issued but have not yet reached the bank.**

These are checks and balances which should be carried out on a regular basis. Beyond these, however, a cash flow forecast should be prepared to obtain a reasonably good idea of what the cash needs will be, when they will arise and where the money will come from to fill them.

There is a basic distinction to be made between a cash flow statement or forecast and an income statement (operating statement) or operating forecast. A cash



flow statement shows all cash receipts from every source as they are received and all cash payments by the business as they are made. An operating statement shows sales and expenses as they occur but in certain cases before cash has actually been received or paid out. But it does not show changes in the cash position of the business and does not necessarily show all cash transactions.

For example, if more money is invested in a business, this will not show up as income to the business on an income statement but will show up as an increase in capital on the balance sheet of the business. It becomes part of the total supply of cash used by the business during the year and should therefore be included in the cash flow statement or forecast as a cash receipt. Similarly, if it is anticipated that some of the fixed assets of the business will be sold during the year, the expected receipts should be brought into the cash flow forecast.

The list of cash disbursements will not be the same as the list used in an income statement. Because they come out of earnings, loan principal payments and cash payments made for depreciable fixed assets will not show as part of the business expenses on an income statement. But since they are cash payments, they will have to be taken into account when preparing a cash flow

forecast. **Depreciation is not included in the list of disbursements because it is not a cash outlay.**

Basically the cash flow forecast or cash flow budget simply sets out the business' expected timing and amounts of cash income and cash payments; that is, the cash flow through the business. This is sometimes referred to as the "receipts and disbursements" method of cash flow forecasting.

Many businesses compile very detailed cash flow forecasts for periods longer than a year, broken down into periods of less than a month. Generally, though, a cash flow forecast is prepared for a year-long period on a monthly basis, and can be revised as required by developments during the year.

With a manufacturing business, it is undoubtedly necessary to extend credit to customers. Inventories of raw materials and finished products will have to be carried. Possibly, there will be credit obtained from suppliers, and from the bank, and there may also be a loan from a mortgage lender to consider. Equipment may have to be replaced or new machinery or other fixed assets may have to be purchased.

A cash flow forecast for such a business will show expected revenues; when products are sold if the business is a seasonal one; what proportion of sales are for cash; what proportion of sales are on credit, with terms, proportion of customers who meet their obligations and proportion of receivables which might be delayed or never collected; and when raw materials must be purchased and terms of suppliers.

A cash flow forecast may show that at certain times in the year the business will not have sufficient cash on hand to meet its bills. In that case, arrangements should be made in advance with the business' bank to ensure that adequate cash would be available when needed.

In summary, a business can operate profitably and yet have difficulties because it is starved for cash at certain times of the year. A cash flow forecast will help to predict this and will indicate what remedial action might be taken, ahead of time, to avoid cash shortcomings. For example, the forecast will show what line of bank credit is needed.

A cash flow forecast shows the timing and amounts of all cash receipts and disbursements during the coming year. However, an operating forecast, which shows expected revenues and expenses for the year, does not indicate fluctuations in cash position.

No matter how long it takes to prepare, a cash flow forecast can be most helpful in planning for the future of any business. Cash is a vital asset of any business — and, like any asset, it must be managed.

Trade Fair Round-Up

Toronto Furniture Show Success



Some 25 store representatives from Australia, South East Asia, Britain and the United States attended the Toronto Furniture Show, January 12-13, 1981.

The Australia and Singapore visitors, traditionally supplied by Britain, placed orders worth between \$350,000 and \$500,000 with Export Furniture Canada, a group of 20 to 25 furniture manufacturers. Follow-up sales could amount to another \$5 million in 1981.

The two-day Toronto Furniture Show, officially opened by Charles Lapointe, Minister of State for Small Businesses, attracted more than 10,000 trade representatives. The biggest event of its kind in Canada, the show provides a national shop window for the latest products of 200 exhibitors. Orders placed at the

show represent an estimated 20 per cent of the Canadian furniture industry's annual turnover of approximately \$2 billion.

Invitations extended to 25 foreign furniture buyers were made possible by the Promotional Projects Program of the Department of Industry, Trade and Commerce, which sponsors industrial missions to and from Europe, Asia and North America.

Other forms of IT&C support to the Canadian furniture industry in recent years include loan insurance in excess of \$11 million to assist companies to restructure their organizations.

The industry benefits also from the Program for Export Market Development (PEMD) for innovation, productivity improvement and export marketing projects.

SIAL to be featured in film

The SIAL Food Show in Paris caught the eye of the National Film Board and will be included in a project highlighting three trade shows and their effects on Canadian firms and exports.

SIAL was held in Paris November 17-23, 1980, and had 33 Canadian exhibitors representing fisheries products, meats and grocery prod-

ucts. On-site sales amounted to \$4.7 million with estimated follow-on of \$184 million.

Participants, especially those in the fisheries sector, were very enthusiastic about the success of the show, describing the demand for their products as "little short of phenomenal."

Food for thought?

Absence Makes Hearts Grow Fonder for Canadian Textiles

Last May after an absence of five years, IT&C sponsored Canadian textile manufacturers at Interstoff — the world's leading textile fair. Canadian participation was cancelled when industry support was discontinued under the Trade Fairs Program.

After the long absence, exhibitors were pleased to participate under IT&C sponsorship. The reunion took place in Frankfurt, West Germany on May 13-16, 1980 and again on November 4-7, 1980.

The seven exhibitors gleaned on-site sales of almost \$4 million during the two shows and had estimated follow-on sales of more than \$17 million.

The show is valuable not only as a showcase for Canadian textiles but also gives Canadian companies a better view of world market competition in terms of styling, colours, trends and prices.

Caracas Scene of Auto Show

Dr. Luis Herrera Campins, President of Venezuela, officially opened Expo Motrix, the Venezuelan Auto Show which took place November 15-24, 1980.

About 10 exhibitors, agents and distributors were on hand for the show. On-site sales amounted to \$376,000 with estimated follow-on sales of \$2,510,000.

Said a representative from International Precision Industries: "I came to the show to find ways and means of selling in Venezuela and believe I have succeeded. I talked to about 50 companies, 10 at the show, the balance in daytime calls. One 'cold' call resulted in my firmest order and others look promising also. Participation was worthwhile."

Multilateral Project Opportunities

Now is the time to examine the following list of projects which are being considered for financing, or have been approved by the various multilateral development banks and the United Nations Development Program. These organizations spend approximately \$25 billion each year on projects throughout the world. Small firms may be successful in obtaining orders by acting as sub-suppliers or as part of a consortium.

The term "Multilateral" refers to large international organizations where the institution is supported through contributions by several countries. Their goal is to stimulate economic growth and social development in third world countries.

The World Bank is a group of three institutions, the International Development Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), and the International Finance Corporation (IFC).

The common objective of these institutions is to improve the standards of living in developing countries by channeling financial resources from developed countries such as Canada to the developing world.

In 1945, the IBRD commonly known as the World Bank, was established and has a membership of some 134 countries. The IBRD, whose capital is subscribed by its member countries, finances its lending operations primarily from its own borrowings in the world capital markets. The Bank's charter spells out certain basic rules that govern its operations. It must lend only for productive purposes and must stimulate economic growth in the developing countries receiving the loan.

The International Development Association (IDA) was established in 1960 to provide assistance for the same purposes as the World Bank, but to the poorer developing countries on highly concessional terms. These countries normally have a per capita income of less than \$581 (in 1977 dollars). More than 50 countries are eligible. Although legally and financially distinct from the World Bank, IDA is administered by the same staff.

The International Finance Corporation (IFC) was established in 1956. Its function is to assist the economic development of less developed countries by promoting growth in the private sector and helping to mobilize domestic and foreign capital for this purpose. Legally and financially, the IFC and the World Bank are separate entities. The Corporation has its own operating and legal staff, but draws upon the IBRD for administrative and other services.

The Inter-American Development Bank (IADB) is a regional development bank established in 1959 to help accelerate economic and social development in Latin America and, like the World Bank, is headquartered in Washington, D.C. In its 21 years of operations, the Bank has become a major catalyst in mobilizing resources for the development of Latin America. In fact, it has helped to provide, secure and organize financing for projects which represent a total investment of more than \$61 billion. The Bank has also fostered a more equitable distribution of the benefits of development, particularly through its pioneering role in financing social projects designed to improve the quality of life of the lower income sectors of the region.

The Asian Development Bank (AsDB) is located in Manila, Philippines and is considered to be one of the larger regional banks. Over the period 1967-1978, the AsDB has provided an estimated U.S. \$5.4 billion for approximately three hundred projects. Since its inception in 1967, the Bank's lending operations has included projects in the following sectors: irrigation, fishing, loans to Development Finance Institutions, power, water and sewerage, port development, transportation, education, housing and health services.

At present, Canada is a member of the African Development Fund headquartered in Abidjan, Ivory Coast. The Fund finances projects in the African region on concessional terms. In 1978, the Fund approved financing for U.S. \$172.12 million for approximately U.S. \$388.04 million in projects. Over the past year, Canada and other developed countries have been negotiating their membership to the African Development Bank. Canadian firms will be eligible to bid on Bank financed projects in 1981 when Canada will have officially joined the Bank.

The Caribbean Development Bank (CDB), established in 1970, is a relatively small regional bank which is supported by 18 regional members and by two non-regional members, namely Canada and Great Britain. The amount of business being conducted by the CDB is approximately \$92 million. The CDB is headquartered in Bridgetown, Barbados.

The United Nations Development Program (UNDP) is a multilateral development institution affiliated with the United Nations headquartered in New York, U.S.A. Largely, the UNDP offers technical expertise in various industrial sectors.

The preceding information is intended to provide exporters with a brief description of the various functions and activities of the International Financing Institutions located throughout the world.

The project information supplied hereafter provides exporters with advance knowledge of upcoming opportunities and an idea of the sales potential.

If any of these projects interest you, contact:

The Office of Overseas Projects,
Department of Industry, Trade and Commerce,
235 Queen Street,
Ottawa, Ontario.
K1A 0H5

or call the telephone numbers which are listed.

*For other information sources, see note at the end of listings.

Projects Under Consideration

Due to a reorganization in the Department, certain names and telephone numbers are subject to change. Sorry for any inconvenience this may cause.

AFRICA / MIDDLE EAST (613) 995-7752

ALGERIA

Contact: R. Beare
Power III
World Bank (IBRD) — Amount to be determined

BURUNDI

Contact: P.A. Rolland
Engineering Credit: preliminary studies on a nickel project
World Bank (IDA) — \$3.0 M (approx)

CAMEROON

Contact: P.A. Rolland
Technical Assistance II
World Bank (IDA) — \$9.0 M

Reorganization, engineering and technical assistance to establish a commercially-oriented postal and telecommunication corporation
World Bank (IBRD) — \$4.0 M

CENTRAL AFRICAN REPUBLIC

Technical Assistance
World Bank (IDA) — \$8.0 M

EGYPT, ARAB REP OF

Contact: D. Cooper
Population III
World Bank (IDA) — Amount to be determined

GHANA

Contact: S. Reid
Oil Palm II
World Bank (IDA) — \$10.0 M

KENYA

Contact: S. Reid
Power IV — (Kiambere)
World Bank (IBRD) — \$60.0 M

MADAGASCAR

Contact: P.A. Rolland
Petroleum II
World Bank (IDA) — \$20.0 M (approx)

MOROCCO

Contact: R. Beare
Structural Adjustment Loan for agricultural and industrial imports, equipment and spare parts
World Bank (IBRD) — Amount to be determined

RWANDA

Contact: P.A. Rolland
Technical Assistance
World Bank (IDA) — \$5.0 M (approx)

SUDAN

Contact: D. Cooper
Highways II
World Bank (IDA) — Amount to be determined
Petroleum
World Bank (IDA) — Amount to be determined

TANZANIA

Contact: S. Reid
Petroleum II
World Bank (IDA) — \$40.0 M
Urban III
World Bank (IDA) — \$15.0 M

TUNISIA

Contact: R. Beare
Education V
World Bank (IBRD) — Amount to be determined
Irrigation and Agriculture development
World Bank (IBRD) — Amount to be determined

YEMEN, PEOPLE'S DEM REP

Contact: P. Furesz
Water Supply II
World Bank (IDA) — Amount to be determined
Health and Nutrition II
World Bank (IDA) — Amount to be determined
Petroleum II
World Bank (IDA) — Amount to be determined
Education IV
World Bank (IDA) — Amount to be determined

ZAIRE

Contact: P.A. Rolland
Cotton II
World Bank (IDA) — \$5.0 M (approx)

ZIMBABWE

Contact: S. Reid

Manufacturing sector — rehabilitation imports

World Bank (IDA/IBRD) — \$50.0 M

Agriculture

World Bank (IDA/IBRD) — \$25.0 M

Transport sector — rehabilitation

World Bank (IBRD) — \$25.0 M

Power I

World Bank (IBRD) — \$25.0 M

ASIA/PACIFIC (613) 996-8661

BURMA

Contact: Mary Vandenhoff

Mandalay Water Supply

Asian Development Bank (AsDB) — \$16.0 M (approx)

No decision made whether consultants will be required

Tin Mining

Asian Development Bank (AsDB) — \$15.0 M

No decision made whether consultants will be required

INDONESIA

Contact: J. Brenchley

Energy

World Bank (IBRD) — \$10.0 M

Second Irian Jaya Fisheries Development (T.A.)

Asian Development Bank (AsDB) — Amount to be determined

Consultants will be recruited by the Bank

KOREA

Contact: J. MacLeod

Structural Adjustment Loan

World Bank (IBRD) — \$200.0 M

Second Citizens National Bank

Asian Development Bank (AsDB) — \$30.0 M

No decision made whether consultants will be required

Fourth Korea Long-Term Credit Bank

Asian Development Bank (AsDB) — \$50.0 M

No consultants required

Energy Conservation Program

Asian Development Bank (AsDB) — Amount to be determined

No decision made whether consultants will be required

MALAYSIA

Contact: J. Brenchley

Pahang Barat Integrated Agricultural Development

Asian Development Bank (AsDB) — \$30.0 M

No decision made whether consultants will be required

NEPAL

Contact: Mary Vandenhoff

Rural Water Supply (T.A.)

Asian Development Bank (AsDB) — Amount to be determined

Consultants will be recruited by Bank

Rural Power Distribution Network (T.A.)

Asian Development Bank (AsDB) — Amount to be determined

Consultants will be recruited by the Bank

PAKISTAN

Contact: Mary Vandenhoff

Telecommunications

Asian Development Bank (AsDB) — Amount to be determined

No decision made whether consultants will be required

Agro-industries for Small Farmers (T.A.)

Asian Development Bank (AsDB) — Amount to be determined

Consultants will be recruited by the Bank

Rawalpindi Water Supply (T.A.)

Asian Development Bank (AsDB) — Amount to be determined

Consultants will be recruited by the Bank

Mineral Development (T.A.)

Asian Development Bank (AsDB) — Amount to be determined

Consultants will be required

PAPUA NEW GUINEA

Contact: Mary Vandenhoff

Petroleum Technical Assistance

World Bank (IDA) — \$5.0 M

Rural Development

World Bank (IBRD) — \$14.0 M; (IDA) — \$1.0 M

PHILIPPINES

Contact: J. MacLeod

Small Farmer Development (Land Bank II)

World Bank (IBRD) — \$85.0 M

Rainfed Agricultural Development II (Mindanao)

World Bank (IBRD) — \$60.0 M

Second Provincial Water Supply

Asian Development Bank (AsDB) — Amount to be determined

No decision made whether consultants will be required

SRI LANKA

Contact: *Mary Vandenhoff*
 Graphite Development (T.A.)
 Asian Development Bank (AsDB) — Amount to be determined
 Consultants will be recruited by the Bank

Geological Survey
 Asian Development Bank (AsDB) — \$10.0 M (approx)
 No decision made whether consultants will be required

THAILAND

Contact: *J. MacLeod*
 Integrated Energy II
 World Bank (IBRD) — \$80.0 M

Rural Water Supply & Sanitation Master Plan (T.A.)
 Asian Development Bank (AsDB) — Amount to be determined
 Consultants will be required

Loei Multipurpose (T.A.)
 Asian Development Bank (AsDB) — Amount to be determined
 Short list of consultants finalized by the executing agency

TONGA

Contact: *Mary Vandenhoff*
 Vava'u Rural Development (T.A.)
 Asian Development Bank (AsDB) — Amount to be determined
 Consultants will be recruited by the Bank

WESTERN SAMOA

Contact: *Mary Vandenhoff*
 Fourth Development Bank of Western Samoa
 Asian Development Bank (AsDB) — \$4.0 M
 No consultants required

WESTERN HEMISPHERE / EUROPE **(613) 996-5357**

ARGENTINA

Contact: *J.G. Carson*
 Industrial Credit II
 World Bank (IBRD) — \$150.0 M

BAHAMAS

Contact: *F. Spoke*
 Preparation of a forest inventory management plan and a forest industry prefeasibility study
 Inter-American Development Bank (IADB) — \$0.387 M

BARBADOS

Contact: *F. Spoke*
 Structural Adjustment Loan
 World Bank (IBRD) — \$12.0 M

BRAZIL

Contact: *J.G. Carson*
 Credits for micro-enterprises
 Inter-American Development Bank (IADB) — \$0.5 M
 Rural Development, crafts and stockraising
 Inter-American Development Bank (IADB) — \$0.4 M

COLOMBIA

Contact: *F. Spoke*
 Rural Roads
 Inter-American Development Bank (IADB) — \$16.2 M
 National Energy Study (T.C.)
 Inter-American Development Bank (IADB) — \$0.75 M

COSTA RICA

Contact: *F.R. Harris*
 Power VII
 World Bank (IBRD) — \$45.0 M (approx)
 Craft Development
 Inter-American Development Bank (IADB) — \$0.5 M

ECUADOR

Contact: *F. Spoke*
 Education IV
 World Bank (IBRD) — \$20.0 M

EL SALVADOR

Contact: *F.R. Harris*
 Production of construction materials
 Inter-American Development Bank (IADB) — \$0.5 M

GUATEMALA

Contact: *F.R. Harris*
 Rural Water supply program
 Inter-American Development Bank (IADB) — \$16.0 M
 Water and sewage program
 Inter-American Development Bank (IADB) — \$22.7 M

GUYANA

Contact: *F. Spoke*
 Second Technical Assistance Loan
 World Bank (IBRD) — \$1.5 M

HONDURAS

Contact: *F.R. Harris*
 Industrial Credit II
 World Bank (IBRD) — \$30.0 M
 Global agricultural credit program
 Inter-American Development Bank (IADB) — \$20.0 M

JAMAICA

Contact: *F. Spoke*

Export Development Fund II
World Bank (IBRD) — \$30.0 M

Urban Transport
World Bank (IBRD) — \$15.0 M

Export Industries
World Bank (IBRD) — \$20.0 M

Expansion of cement plant
Inter-American Development Bank (IADB) — \$32.4 M

MEXICO

Contact: *J. Pearce*

Second stage of Lazaro Cardenas-Las Truchas steel mill
Inter-American Development Bank (IADB) — Amount to be determined

Program of scientific and technological research and development
Inter-American Development Bank (IADB) — \$50.0 M

NICARAGUA

Contact: *F.R. Harris*

Rehabilitation of fisheries
Inter-American Development Bank (IADB) — \$30.45 M

Preinvestment studies in the private and public sector
Inter-American Development Bank (IADB) — \$4.2 M

Preinvestment studies in the private and public sectors (T.C.)
Inter-American Development Bank (IADB) — \$0.8 M

Program to build and improve water supply and sewage systems in small communities
Inter-American Development Bank (IADB) — \$5.0 M

PANAMA

Contact: *F.R. Harris*

Study for a Shrimp development project (T.C.)
Inter-American Development Bank (IADB) — \$0.145 M

Production of animal feed
Inter-American Development Bank (IADB) — \$0.5 M

PERU

Contact: *F. Spoke*

Mantaro Water and Sewerage
World Bank (IBRD) — \$25.0 M (approx)

Stage two of preinvestment program
Inter-American Development Bank (IADB) — \$4.5 M

Ilo-Desaguadero road construction
Inter-American Development Bank (IADB) — Amount to be determined

ROMANIA

Contact: *Astrid Pacher*

Petroleum I
World Bank (IBRD) — Amount to be determined

Industry XIII (Pharmaceuticals)
World Bank (IBRD) — Amount to be determined

Power V
World Bank (IBRD) — Amount to be determined

South Constanta Agigea Port
World Bank (IBRD) — Amount to be determined

SURINAM

Contact: *F. Spoke*

Oil Exploration Promotion
World Bank (IBRD) — \$5.0 M

TURKEY

Contact: *M. Stolarik*

Cement
World Bank (IBRD) — Amount to be determined



Approved Projects

ASIA/PACIFIC (613) 996-8661

BANGLADESH

Contact: *Mary Vandenhoff*

Third Small-Scale Industry
World Bank (IDA) — \$35.0 M

Bakhrabad Gas Development
World Bank (IDA) — \$85.0 M

Crop Intensification Program II
Asian Development Bank (AsDB) — Amount to be determined

South-East Bangladesh Gas Distribution
Asian Development Bank (AsDB) — Amount to be determined (T.A.)

BURMA

Contact: *Mary Vandenhoff*

Road Improvement
Asian Development Bank (AsDB) — Amount to be determined

Petroleum Refining Industry
Asian Development Bank (AsDB) — \$5.0 M (SF)

FIJI

Contact: *Mary Vandenhoff*

Cyclone reconstruction
World Bank (IBRD) — \$18.0 M

INDIA

Contact: *Mary Vandenhoff*

Bihar Rural Roads
World Bank (IDA) — \$35.0 M

Mahanadi Barrages
World Bank (IDA) — \$83.0 M

Second Madras Urban Dev'l'p
World Bank (IDA) — \$42.0 M

Second Bombay High Offshore Dev'l'p
World Bank (IBRD) — \$400.0 M

INDONESIA

Contact: *J. Brenchley*

Sumatra Fisheries Dev'l'p
Asian Development Bank (AsDB) — \$14.0 M (OC);
Technical Assistance — \$0.2 M

Cibaliung Irrigation
Asian Development Bank (AsDB) — \$35.0 M (OC)

Lower Citanduy Irrigation
Asian Development Bank (AsDB) — \$55.2 M (OC)

Northern Sumatra Irrigation Study
Asian Development Bank (AsDB) — \$5.7 M (OC);
Technical Assistance — \$0.15 M

Fifth Road
Asian Development Bank (AsDB) — \$28.0 M

Second Senior Technical Schools
Asian Development Bank (AsDB) — \$26.0 M (OC)

Small Towns Water Supply Sector
Asian Development Bank (AsDB) — \$32.0 M (OC)

KOREA

Contact: *J. MacLeod*

Small and Medium Industry
Asian Development Bank (AsDB) — \$40.0 M (OC)

Sewage Treatment
Asian Development Bank (AsDB) — \$27.9 M (OC)

LAOS

Contact: *J. MacLeod*

Rural Electrification
Asian Development Bank (AsDB) — \$4.3 M (SF)

Xeset Hydropower
Asian Development Bank (AsDB) — Amount to be determined (T.A.)

MALAYSIA

Contact: *J. Brenchley*

Vocational Education
Asian Development Bank (AsDB) — \$20.0 M (OC)

Negeri Sembilan Timur Integrated Agricultural
Development
Asian Development Bank (AsDB) — \$20.0 M (OC)

Rural Water Supply Master Plan
Asian Development Bank (AsDB) — \$2.96 M

Kemasin Rural Development
Asian Development Bank (AsDB) — \$40.0 M (OC)

NEPAL**Contact:** *Mary Vandenhoff*

Grain Storage

World Bank (IDA) — \$6.2 M

Hill Irrigation Project

Asian Development Bank (AsDB) — \$11.7 M (SF)

Fourth Agricultural Credit

Asian Development Bank (AsDB) — \$15.0 M (SF)

PAKISTAN**Contact:** *Mary Vandenhoff*

Fertilizer Imports

World Bank (IDA) — \$50.0 M

On-Farm Water Management

Asian Development Bank (AsDB) — \$25.0 M (SF)

Second Marine Fisheries Development

Asian Development Bank (AsDB) — \$3.0 M (SF)

PAPUA NEW GUINEA**Contact:** *Mary Vandenhoff*

Primary Education

World Bank (IBRD) — \$6.0 M; (IDA) — \$12.0 M

PHILIPPINES**Contact:** *J. MacLeod*

Second Road Improvement

Asian Development Bank (AsDB) — \$30.0 M (OC)

Mineral Resources Development

Asian Development Bank (AsDB) — Amount to be determined

Negros & Mindanao Power Transmission

Asian Development Bank (AsDB) — \$60.5 M (OC)

SINGAPORE**Contact:** *J. Brenchley*

Vocational and Industrial Training

Asian Development Bank (AsDB) — \$19.0 M (OC)

SOLOMON ISLANDS**Contact:** *Mary Vandenhoff*

Honiara Water Supply

Asian Development Bank (AsDB) — \$1.65 M (SF)

SRI LANKA**Contact:** *Mary Vandenhoff*

Second Rural Development

World Bank (IDA) — \$33.5 M

Anuradhapura Dry Zone Agriculture

Asian Development Bank (AsDB) — \$15.0 M (SF)

THAILAND**Contact:** *J. MacLeod*

Bangkok and Sattahip Ports

World Bank (IBRD) — \$47.0 M

National Agricultural Research

World Bank (IBRD) — \$30.0 M

Bang Plee New Town Project

Asian Development Bank (AsDB) — \$20.0 M (SF)

Nong Wai Irrigation Management

Asian Development Bank (AsDB) — Amount to be determined

Power System Expansion

Asian Development Bank (AsDB) — \$85.0 M (OC)

Highway

Asian Development Bank (AsDB) — \$65.0 M (OC)

WESTERN SAMOA**Contact:** *Mary Vandenhoff*

Second Agricultural Development

World Bank (IDA) — \$2.0 M

Agricultural Development

Asian Development Bank (AsDB) — \$3.0 M (SF)

**AFRICA/MIDDLE EAST
(613) 995-7752****BENIN****Contact:** *P.A. Rolland*

Second Feeder Roads

World Bank (IDA) — \$7.0 M

CAMEROON**Contact:** *P.A. Rolland*

Northern Province Rural Development

World Bank (IBRD) — \$25.0 M; (IDA) — \$12.5 M

Small- and Medium-Scale Enterprises

World Bank (IBRD) — \$15.0 M

EGYPT, ARAB REP OF**Contact:** *D. Cooper*

Western Desert Exploration

World Bank (IBRD) — \$25.0 M

New Land Development (West Nubariya)

World Bank (IDA) — \$80.0 M

Third Education

World Bank (IDA) — \$40.1 M

ETHIOPIA**Contact:** *D. Cooper*

Second Agricultural Minimum Package

World Bank (IDA) — \$40.0 M

GUINEA

Contact: *P.A. Rolland*
Livestock Development
World Bank (IDA) — \$17.5 M

IVORY COAST

Contact: *P.A. Rolland*
Highway
World Bank (IBRD) — \$100.0 M

LIBERIA

Contact: *S. Reid*
Small- and Medium-Scale Enterprises
World Bank (IDA) — \$4.0 M

MADAGASCAR

Contact: *P.A. Rolland*
Agricultural Credit
World Bank (IDA) — \$11.5 M

MAURITANIA

Contact: *P.A. Rolland*
Gorgol Irrigation
World Bank (IDA) — \$15.0 M

MAURITIUS

Contact: *S. Reid*
Urban Rehabilitation & Development
World Bank (IBRD) — \$15.0 M

UGANDA

Contact: *S. Reid*
Technical Assistance Projects
World Bank (IDA) — \$8.0 M

SENEGAL

Contact: *P.A. Rolland*
Technical Assistance to strengthen and improve Govern-
ment's ability for development projects
World Bank (IDA) — \$5.3 M

TANZANIA

Contact: *S. Reid*
Second Technical Assistance Project
World Bank (IDA) — \$11.0 M

YEMEN ARAB REP

Contact: *P. Furesz*
Second Southern Uplands Rural Development
World Bank (IDA) — \$17.0 M

ZAIRE

Contact: *P.A. Rolland*
Kwilu-Ngongo Sugar
World Bank (IDA) — \$26.4 M

ZAMBIA

Contact: *S. Reid*
Medium- and large-scale industrial, agro-industrial and
agricultural
World Bank (IBRD) — \$15.0 M

**WESTERN HEMISPHERE / EUROPE
(613) 996-5357****ARGENTINA**

Contact: *J.G. Carson*
Coal Exploration
World Bank (IBRD) — \$10.0 M

BRAZIL

Contact: *J.G. Carson*
Electric Power System Coordination
World Bank (IBRD) — \$54.0 M

Ceara Second Rural Development
World Bank (IBRD) — \$56.0 M

CHILE

Contact: *F. Spoke*
Highway Reconstruction
World Bank (IBRD) — \$42.0 M

COSTA RICA

Contact: *F.R. Harris*
San José Water Supply
World Bank (IBRD) — \$26.0 M

MEXICO

Contact: *J. Pearce*
Second Medium Size Cities Water Supply & Sewerage
World Bank (IBRD) — \$125.0 M
Fourth Railway
World Bank (IBRD) — \$150.0 M

ROMANIA

Contact: *Astrid Pacher*
Fourth Power
World Bank (IBRD) — \$125.0 M
Bucsan-Buzau-Siret-Prut Irrigation (BBSP)
World Bank (IBRD) — \$75.0 M
Livestock IV (Cattle)
World Bank (IBRD) — \$80.0 M

TURKEY

Contact: *M. Stolarik*
Petroleum Exploration
World Bank (IBRD) — \$25.0 M
Bati Raman Enhanced Oil Recovery Field Demonstration
World Bank (IBRD) — \$62.0 M
Economic Recovery and structural adjustment (supp)
World Bank (IBRD) — \$75.0 M

URUGUAY

Contact: *J.G. Carson*
Industrial Credit
World Bank (IBRD) — \$30.0 M

YUGOSLAVIA

Contact: *Astrid Pacher*
Fifth Industrial Credit
World Bank (IBRD) — \$110.0 M

*** Note:**

Companies may also wish to subscribe to the U.N. publication "Development Forum: Business Edition" which is published bi-weekly and contains timely tender notices and advance information from all the major multilateral institutions. This journal, including the World Bank and Inter-American Development Bank Monthly Summaries, is available for U.S. \$250.00 per annum from either the United Nations, Palais des Nations, CH-1211, Geneva 10, Switzerland or United Nations Development Forum, Liaison Unit, E-1035, The World Bank, 1818-H Street, N.W., Washington, D.C. 20433. Companies interested only in the World Bank Monthly Summary can obtain them for U.S. \$60.00 per annum from World Bank Monthly Operational Summary of Proposed Projects, Johns Hopkins University Press, Journals Div., 34th & Charles Streets, Baltimore, Maryland 21218 U.S.A.

Companies interested in the Asian Development Bank Operational Information, since it is not included in Development Forum, may obtain it from Operational Information, Information Office, Asian Development Bank, P.O. Box 789, Manila, Philippines for a yearly cost of U.S. \$28.00.

Checklist for Export Marketing

Ask yourself these questions before making your approach to a particular market area:

Your Product:

1. How would you describe your product and its application?
2. What type end-user buys your product? Does he buy from you primarily because of price? Quality? Service? Other?
3. Who are your main competitors?
4. What advantages do you have over your competition?

Your Market:

1. What is your present share of the Canadian market for the product you wish to export?
2. Are you already exporting it? To which countries? Export earnings?
3. Why did you choose this market for your current export effort? What are your selling objectives?
4. What currencies do you quote in and in what terms? FOB, C & F, CIF? What are terms of payment? Are there discounts for prompt payment?
5. How do you wish to sell in the export market: direct to end-user? Through commission agent or commission merchant? Stocklist? Other?

Your Representative:

1. What type of representative do you prefer — big or small? Regional or national? Special technical or capital requirements? Willing to stock parts? Selling to what type of retail outlets?
2. What are desirable co-product lines? What are forbidden competitive products?
3. What commissions do you pay in other markets? Do you have any fixed idea on commissions you will pay in this market?
4. What promotional aids can you provide your representative: Literature? Technical training? Promotional budget for trade fairs and advertising?
5. Do you expect to make a final selection of market representative after completing your interview programme in this market?

In order to benefit from federal-provincial energy conservation programs for industry and commerce (including the free services of the Energy Bus), simply contact one of the offices listed below:

NEWFOUNDLAND-LABRADOR

Department of Mines and Energy
Government of Newfoundland
95 Bonaventure Avenue
St. John's, Newfoundland
A1B 2X5

NOVA SCOTIA

Nova Scotia Energy Council
P.O. Box 668
Halifax, Nova Scotia
B3J 2T3

PRINCE EDWARD ISLAND

Ener\$ave for Industry & Commerce
P.O. Box 937
Charlottetown, P.E.I.
C1A 8M4

NEW BRUNSWICK

Research and Productivity Council
P.O. Box 6000
Fredericton, New Brunswick
E3B 5H1

QUEBEC

Ministère des Richesses Naturelles
Bureau des économies d'énergie
1 Complexe Desjardins
28e étage, tour sud
Montréal, Québec
H5B 1B8

For further federal government information write to:

**Energy, Mines & Resources
Conservation & Renewable Energy Branch**
580 Booth Street, 6th Floor
Ottawa, Ontario
K1A 0E4

ONTARIO

Government of Ontario
900 Bay Street
Hearst Block
Toronto, Ontario
M7A 2E8

MANITOBA

Department of Energy and Mines
Conservation and Renewable Energy Branch
200-500 Portage Avenue
Winnipeg, Manitoba
R3C 0E9

SASKATCHEWAN

Office of Energy Conservation
Toronto-Dominion Bank Building
1914 Hamilton Street
Regina, Saskatchewan
S4P 4X4

ALBERTA

Department of Energy & Natural Resources
9915-108th Street
Edmonton, Alberta
T5K 2C9

BRITISH COLUMBIA

British Columbia Energy Commission
1177 West Hastings Street,
21st Floor
Vancouver, British Columbia
V6E 2L7

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Dept. Industry, Trade and Commerce
Ottawa, Canada K1A 0H5

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Indonesia — Opportunities
for Canadian Suppliers**
**Five Year Plans — Reports
from Hungary and Czechoslovakia**
**Succulent Seafood from Canada
Pleases Great Chefs of Europe**



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Industry, Trade
and Commerce

Industrie
et Commerce

Canada