

Canada Commerce

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Market Development

Canada Commerce

The Honourable Edward C. Lumley
Minister of Industry, Trade and Commerce
and
Regional Economic Expansion

The Honourable William Rompkey
Minister of State for Small Business and Tourism



22
Cover: The Paris Air Show is held this year against a world-wide slump in passengers and freight leaving Canadian aerospace industries in highly competitive stance.



10
Small Business: Bombardier Inc., Canadian multinational, goes out of its way to ensure Canadian suppliers get a large share of its procurement contracts.



26
Across Canada: Moosehead Breweries Ltd., Saint John, N.B., quenches thirst in all 50 states, the fastest growing seller among import beers in the U.S.

Featured This Month:

April Budget Gives Business Sector \$4.8 Billion Shot in the Arm ..	4
Tan Jay International: Close Encounters Add Up to Profits	5
The Sky-Wire: A First for B.G. Checo International	8
Equity Financing for Growth (FBDB)	13
Survey Shows Way to U.S. Tourist Market	14
So You Want to Make an Exhibition of Yourself?	16
Canadian Radar Improves Barbados Air Safety	20
Co-operation at Many Levels: Fisheries Missions Mean Markets	24

Regular Features:
Business Review — 2
List of Regional Offices — Inside back cover

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Business Review

New IT&C/REE Branch Office Opens In Calgary

A new branch office of the Department of Industry, Trade and Commerce and Regional Economic Expansion's Alberta Regional Office has been opened in Calgary.

The new office's prime purpose is to serve the needs of the Calgary business community better and to act as the first point of contact between the Department and the community. In addition to its regular work, the office will be involved in the tourism side of the Winter Olympics scheduled for Calgary in 1988.

Ontario Hydro Process Removes PCBs

Ontario Hydro has developed a process which chemically converts PCBs into common salt and a residue similar to the foam used to make coffee cups.

PCBs — polychlorinated biphenyls — are a class of chemicals found in some electrical insulation oils at transformer and switching stations. Under the Environmental Protection Act, mineral oil with a PCB level greater than 50 milligrams per kilogram of oil must receive special disposal treatment.

The new process treats low-level PCBs with elemental sodium, causing a selective chemical reaction. The PCBs are converted to a harmless residue while the mineral oil may be used again.

National Energy Board Act Amendments Protect Land Owners

Recent amendments to the National Energy Board Act contain measures designed to protect the rights of land owners affected by the construction of pipelines across Canada and power lines under federal jurisdiction.

Under the amendments, new expropriation procedures give land owners the right to local public hearings before their land can be expropriated. The amendments also provide new procedures of negotiation and arbitration to settle questions of compensation arising between companies and land owners.

ILAP Assistance for Kitchener, Ontario, Firm

A Kitchener company, Pebra Inc., has received a \$1.3 million Industry and Labour Adjustment Program (ILAP) interest-free repayable contribution towards the establishment of new plant and manufacturing facilities.

The company, which manufactures protective side mouldings and trim for the automotive industry, will use the money to purchase land, a building, machinery, equipment and tooling necessary to establish its facility and compete in the world market.

Sherbrooke Plant to Produce Medical Supplies

Travenol Canada Inc., Canada's major producer of quality medical supplies, is establishing a new plant in the Sherbrooke, Quebec, area to manufacture administration sets for intravenous therapy and blood solutions. The company will invest more than \$2 million in the project and has received a contribution of \$878 000 from the Canadian Industrial Review Board.

Travenol, in its new Sherbrooke plant, will assemble plastic sets for intravenous therapy. Special products include plastic tubing, clamps and valves which connect the containers to the intravenous catheters.

The company plans to give priority to hiring former textile, clothing and footwear employees to the fullest extent possible given the worker qualifications required can be met.

Automotive Equipment Maker to Expand Plant

A manufacturer of automotive sound abatement material and components for the original equipment market, Beckers Lay-Tech Inc. of Kitchener, Ontario, is planning a comprehensive expansion and modernization of its plant to improve its production capability.

The company has received a \$2 600 000 interest-free repayable contribution towards this program from the Industry and Labour Adjustment Program (ILAP).

First Earth Images Recorded from New Satellite Scanner

The science of remote sensing took a major step forward recently when the first image data recorded in Canada from a new instrument aboard LANDSAT-4, the latest U.S. remote-sensing satellite, became available.

The first scenes from data provided by the new scanner were processed by Canada's Prince Albert Satellite Station in Saskatchewan. Under an agreement between Canada and the United States, the Canada Centre for Remote Sensing (CCRS), a branch of the federal Department of Energy, Mines and Resources, will receive data from LANDSAT-4 and distribute the resulting imagery to various Canadian resource agencies.

Remote sensing is a valuable tool in resource management and CCRS has been receiving, processing and distributing satellite imagery to Canadian resource users and agencies since 1972 when the first LANDSAT satellite was launched.

Canola Oil Refinery for Wainright, Alberta

Canada's largest food processor, Canada Packers Inc., is planning a \$9.1 million canola oil refinery for Wainright, Alberta.

The new plant will produce refined canola oil for shipment in bulk cars and trucks to food processors and large commercial customers throughout Canada. It is expected to purchase as much as \$18 million worth of crude canola oil annually from crushers in northern Alberta.

Canola oil now makes up more than 50 per cent of the raw materials used in edible oil production in Canada and is used in the production of margarines, shortening and salad and cooking oils.

The project has received assistance of a \$1.3 million development grant under the Nutritive Processing Assistance Agreement jointly administered by the federal Department of Industry, Trade and Commerce and Regional Economic Expansion and the Alberta Department of Agriculture.



Markham, Ontario, Company Wins Computer Peripherals Contract

Lanpar Technologies Inc., of Markham, Ontario, a leading Canadian distributor and manufacturer of computer peripherals, has agreed to supply computer cabinetry and related components to

A Triple Threat to Stress

Fighting back against stress. Thought Technology, a Montreal bio-medical company, has developed a fully personalized and portable biofeedback system that monitors three of the body's natural indicators of stress through a lightweight, adjustable headset.

Calmset 3™ monitors changes in muscle tension, skin resistance and skin temperature. The user hears his or her level of stress through a tone which rises as tension increases and lowers as he or she relaxes.

Through practice, the user can learn to lower the tone and thus the tension level at will. The benefits of these relaxation techniques extend beyond the ability to manage stress. They permit a more productive, more efficient use of energy, greater concentration and a higher level of achievement.

Calmset 3™ has sensitivity, pitch and volume controls for monitoring the biofeedback. It is an extremely flexible, portable system.

Momentum Computer Systems International of Sunnyvale, California.

Through Lanpar's wholly-owned manufacturing facility, Northern Technologies Ltd., the company will supply Momentum with its proprietary VISION Series CRT cabinetry to house Momentum's HAWK 32/4 workstation.

Convictions Under Consumer Protection Legislation

In the three-month period from October 1 to December 31, 1982, there were 35 firms or individuals convicted under six consumer protection acts and fines totalling \$44 150 were assessed.

Contraventions of the Weights and Measures Act accounted for more than a third of the convictions with the majority for odometer tampering — 11 firms or individuals paid \$10 450 in fines.

The biggest fine levied was for \$10 000 under the Consumer Packaging and Labelling Act for selling prepackaged meats that were falsely or misleadingly labelled as to net weight. Four other convictions under the same act were for illegally putting on sale prepackaged products also falsely or misleadingly labelled as to net weight.

The remainder of the offences occurred under the Canada Agricultural Products Standards Act; the Food and Drugs Act; the Precious Metals Marking Act; and the Hazardous Products Act.

Lethbridge Canola Plant Expanded

Canbra Foods Ltd., a Lethbridge, Alberta, producer of refined oils including salad oil, margarine and shortening, is undertaking a \$14.5 million modernization and expansion of its canola crushing and oil refining plant.

With the assistance of \$1.5 million jointly from the federal Department of Industry, Trade and Commerce and Regional Economic Expansion (IT&C/REE) and the Alberta Department of Agriculture, the company expects to increase its refinery operation by 20 per cent.

The modernization and expansion will allow the company to compete in markets it has not previously been able to serve.

Library Network Agreements Under Study

The National Library of Canada has undertaken a study of agreements among Canadian libraries and other parties providing computerized bibliographic and information services.

The rapid expansion of automated library services has brought about more complex relationships among libraries and other public and private sector providers of data. The National Library Advisory Board has recognized the need for clear definitions and guidelines in contracts drawn up by data base suppliers, vendors, common carriers and their users, and libraries.

Language Training Allowed

Full time language training will be allowed to those receiving unemployment insurance benefits if the training is needed to obtain employment, it was announced recently.

Effective immediately, the new policy will apply equally to all unemployed Canadians who need language training to find work. Those taking advantage of the policy will receive benefits during training and for up to six weeks following the courses while seeking work. The average training course will last about 26 weeks.

April Budget Gives Business Sector \$4.8 Billion Shot in the Arm

A \$4.8 billion stimulus was committed to the business sector in Finance Minister Marc Lalonde's April 19 budget. The "Special Recovery Program" includes "Special Recovery Capital Projects" and tax provisions.

Highlights include:

- Liberalization of the rules governing the Investment Tax Credit. These measures will provide more than \$1.1 billion to assist private sector investment. An additional \$125 million of support comes from including construction equipment under the Credit.
- Other tax measures — a refundable investment tax credit and a share-purchase tax credit will assist in increasing cash flow and reducing the cost of new equity.
- ITC/REE will administer a Special Recovery Investment Fund of \$300 million to support private projects of economic significance.
- The Federal Business Development Bank (FBDB) will be given a renewed mandate to play a stronger role in assisting small business.
- The Ministry of State for Economic Development (MSED) is charged with overseeing the Special Recovery Capital Projects plan (\$2.4 billion) and implementing a program of support for technology, research and development.

New funding for these capital projects is concentrated in this fiscal year and next to try to move forward many of the already planned public investment projects. This is expected to help strengthen and broaden the recovery from the second half of 1983.

More than 100 capital projects have been identified which will directly support private sector expansion. These will focus on: transportation facilities, \$650 million; ship procurement, \$630 million; research and training facilities, \$290 million; land and tourism development, \$220 million; high technology procurement, \$180 million; and resource development, \$170 million.

A major program of Federal Investment Tax Credits, already in place, gained a new dimension, and \$2 billion in funding, to encourage participation by Canadian business — especially smaller companies — not now in a position to pay taxes because of a weak profit position or losses caused by the recession.

Eligible investment, able to earn a federal income tax credit from a low seven per cent to a high 50 per cent in specially designated areas of high unemployment, was limited under the pre-budget plan to be used as a tax-reducer for no more than five years from the date it was earned.

Under the new proposals, credits may now be back-dated for three previous years of the company's operation, or up to seven years into future profit periods. Previously excluded, heavy equipment used in the construction industry is now eligible for tax credit.

To encourage expenditures in new equipment by companies not now in a taxable position, the budget offered small business corporations and unincorporated businesses 40 per cent of the total amount of unused tax credits earned by these purchases as a direct cash refund to the business. Larger companies in a similar non-taxable situation will be eligible for a refund not exceeding 20 per cent of the credits earned by their eligible purchases.

For purchasers of new shares issued by Canadian companies with expansion plans, a total of 25 per cent of the actual cost of the shares will be claimable by the buyer against taxes payable. Institutional investors, such as pension funds, will be able to claim the 25 per cent of share value as a cash rebate direct from the federal government.

ITC/REE will administer a \$300 million Special Recovery Investment Fund for use as a strengthener of private investment to bring onstream major private investment projects with special national, sectoral or economic significance.

This program will, said the Finance Minister, enable the ITC/REE Minister to "deploy financial resources across the full range of his department's programs with the speed and flexibility needed to bring these major projects to reality".

The budget proposes to replace the current overseas employment deduction with an 80 per cent tax credit. This is intended to improve the international competitive position of Canadian companies abroad.

In addition to the items mentioned above, there are a number of other measures helpful to small business including a provision to carry losses back three years instead of one, and forward seven instead of five. This latter will be important in improving the cash flow for small business.

The Federal Business Development Bank will be able to play "a more dynamic and supportive role in advising small businesses of their total financial needs and in assisting them in meeting these needs," said Mr. Lalonde. New investment banking capability will be added to FBDB's mandate to permit the bank to "deal with the equity needs and other financial requirements of promising companies," he added.

The Ministry of State for Economic Development (MSED) will implement a Special Recovery Capital Project, designed to build, expand and improve public facilities that directly support private sector expansion.

More than 100 projects, already located across the country, will receive more than 30 per cent of the program's \$2.4 billion in funding in the year ending March 31, 1984, and an estimated 70 per cent is expected to be committed by March 31, 1985.

"In addition to creating many job opportunities in themselves, the projects will," said Mr. Lalonde, "provide orders to Canadian firms in the private sector for a wide range of goods and services to complete them."

Immediacy of implementation of all projects is a major factor in the success of the budget's proposals, said Mr. Lalonde.

"There will be no red tape and no delays," he promised. "All government departments will be instructed to give priority attention to the swift implementation of the projects for which they are responsible."

Complete details of all programs will be made available from the implementing departments.

Tan Jay International: Close Encounters Add up to Profits

by Tim Hopkins, Canada Commerce

The success story of Tan Jay International of Winnipeg, Canada's biggest manufacturer of ladies' sportswear, is the story of its Finnish-born owner, Peter Nygård. In 16 years, Nygård has brought his company's annual sales from \$800 000 to over \$60 million, and his intention is to break the \$100 million mark in the next few years.

Entrepreneurial from his childhood days in Winnipeg when he acquired paper routes and sub-contracted them, Nygård did a degree in business administration and took a job with Eaton's. Before long he was the head of 17 of the store's furniture departments across Saskatchewan, Manitoba and northwestern Ontario.

But Nygård wanted to be his own boss, and when the opportunity came in 1967, he was ready for it: he accepted a managerial job with Jacob Fashions Ltd. of Winnipeg, a small manufacturer of blouses and sportswear, announcing at the outset that he was interested in ultimately buying into the firm. Six months after starting with the company, he bought 20 per cent of the firm for \$45 000 with a borrowed \$8 000 and a goodwill agreement to finance the

balance out of future earnings. Over the next seven years Nygård would buy out the balance of Tan Jay, his new name for the company, and take in partners Murray Batte and Pat Alair to build a professional management team who share in the company's success.

Establishing the Market

In the late 1960s, Nygård made a decision that would affect the company right up to the present. Everyone was telling him that half the population was under 25, so he should go after that market. He concluded that if half the population was under 25, then the other half must be over 25, and it was the mature market he was going to pursue.

The results of a clever bit of market research led to another long-lasting trend. Hang tags containing a short questionnaire were attached to 25 000 of the company's garments, asking the customer her age, occupation, size, fitting problems, and the all-important question: "How does this fit?" Respondents were also asked if they could be sent a second, more detailed questionnaire.

There was a remarkable 15 per cent return on the hang tags, and the respondents were sent gift pens to fill out the second list of questions. This time the response rate was 50 per cent and it told Tan Jay what would sell.

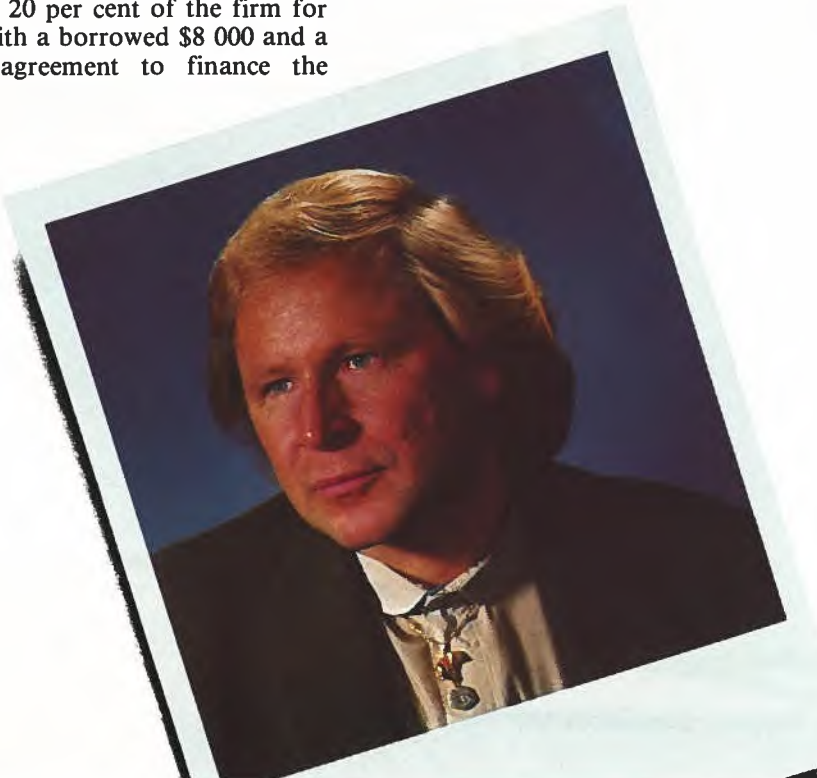
There was certainly a need for garments to fit the woman over 25. She had to buy pants in one size and tops in another, and these combinations were always sold as outfits, not separates. Women wanted more choice and they also wanted the comfort and washability of knits, which were new at the time.

The company had found its niche: medium-priced, conservative-looking lines with an emphasis on co-ordinates which, even if bought separately, would mix and match easily into a complete wardrobe. The customer was free to buy one, two, three or four co-ordinated garments, and when Tan Jay started producing in colours that were compatible from one season to the next, it meant she could buy a jacket this year to go with the Tan Jay skirt she had bought a year earlier.

When the polyester era began, Tan Jay took off with it.

The company went international when Nygård concluded that it was pointless to manufacture blouses and sweaters which could be imported at less cost from Southeast Asia. These garments, which now represent about 25 per cent of annual sales, are manufactured under contract through offices the company has opened in Hong Kong and Taiwan.

Having established a market and an efficient way of serving it, the next thing for the company to do was to expand. In 1978, Tan Jay accepted an incentive offer of \$1.4 million from the Department of Regional Economic Expansion to carry out its proposal for a new \$4-million, 14 400 m² production/design/sales and distribution facility on



Peter Nygård, Chairman of the Board

Inkster Boulevard in Winnipeg. When the facility opened in August of 1979, it was undoubtedly the most modern garment manufacturing operation in Canada, and among the most efficient in the world.

Advanced Technology for Productivity and Quality

The Inkster Boulevard facility is a showcase of state-of-the-art technology in the apparel industry.

A computer for marking and grading patterns — the first of its kind to be installed in Canada — permits a 90-percent use of the fabric to be cut. The computer takes into account such variables as the size of the finished garment, the shapes of the various components needed to make it, the direction of the weave needed for each component, and the width of the material from which the pieces will be cut. Then the computer produces a paper pattern showing the most efficient arrangement of pieces for cutting. "Grading" a size 10 pattern down to a size 8 is an automatic process: the computer produces another cutting pattern with the slightly smaller pieces rearranged for maximum fabric utilization.

The fusing machine was another Canadian first. Temperature-controlled to avoid shrinkage, it applies heat to such things as pockets and collars to fuse them to garments by means of a layer of a sticking fabric.

Matching colours and dyelots — essential for a company which produces co-ordinates and combines imported and domestically made garments — is done by a machine which measures the length of time a beam of light needs to reflect back, and reduces this information to a mathematical equation. Even though slight variations in colour value are not perceptible to the human eye, the machine ensures scientifically that the allowable limits of variation are not surpassed.

This season's styles are restructured for next year's market.

Another piece of computerized equipment in use is the LeMaire pants presser, manufactured in France. Before the pants or slacks are put together, the fabric is tested on the presser to determine the amount of steam, the length of application time, and the degree of pressure required to properly press and crease it. The data are determined for each fabric and memorized so that the appropriate pressing program can be instantly recalled for particular qualities of pants when they are ready for pressing.

Tan Jay improved the presser by developing an automatic pick-up system for the movement of garments through the process — an innovation that impressed LeMaire to the point of incorporating the modification into their own product.

A
Rotating presser allows operator to position pants on one side of machine while another pair is being pressed opposite him.

B
Packing stations are served by an overhead rail carrying ready-made cartons.



Capital investments have been considerable in the last few years, but they have not been made exclusively for increased productivity on the shop floor. In 1981 the company took delivery of an IBM System 38 which, with the subsequent software development, has cost about \$700 000. The system is used for sales-orders processing, accounts receivable, invoicing and the maintenance of a finished-goods inventory and an in-work inventory. The company estimates its reduction in paperwork at about 70 per cent.

Intensive Research and Long-Range Planning

"What you learned last year is old news today," says Nygård. "You've got to look ahead at least five years and make plans." And even though Tan Jay is already a leader in volume and productivity, the plans don't stop.

Last year the firm received a \$2.2-million contribution from the Canadian Industrial Renewal Board (CIRB) for its latest series of projects. One of the purposes of the board — which is funded by the Department of Industry, Trade and Commerce and Regional Economic Expansion — is to help restructure, consolidate and modernize the textile, clothing and footwear industries. Tan Jay's projects, predictably, have to do with modernization.

One project is the development of a computer software program for production planning, scheduling and control. The idea is to collect data on current production and compare it to the previously established production plans so that actual costs become better reconciled with budgeted costs. A second software development project will employ computer-aided design (CAD) to standardize the pattern components of garments and the methodology of putting them together. The intended outcome of this is improved efficiency in pattern making and in production methods.

Two other projects assisted by the CIRB contribution are the development of a gravity-powered overhead rail system to move garments through the production process and the development of an automated pleating machine which will be used primarily for pleating skirts.

Toward \$100 Million

Needless to say, there is no point in becoming an efficient manufacturer of anything if the product doesn't keep on

selling. Nygård himself spends about 40 per cent of his time on product development — a top priority at Tan Jay.

The marketing strategy has been to make sure there is a demand for a product before sinking money into producing it. Salesmen file weekly sales reports on every product, rating on a 1 - 4 scale how size, style and colour sold, and the information is carefully analyzed to determine if products should be modified, continued or dropped. And, of course, there is always a scrupulous monitoring of international developments in fashion.

Although Inkster Boulevard is Tan Jay's showcase, it is only one part of the Nygård empire which over the years has grown to include three production plants in Winnipeg; one in Thunder Bay for the production of jeans wear; a merchandising and product development office in Montreal; a production facility

in Los Angeles; sales offices in Vancouver, Edmonton, Winnipeg, Toronto, Montreal, Halifax and throughout the U.S.; and the offices in the Orient mentioned earlier.

To keep on top of all this, Nygård, whose flamboyant lifestyle frequently provides copy for international gossip columnists, spends a lot of time on planes going to his own facilities and visiting the fashion capitals of the world. Averaging two weeks out of 10 in Winnipeg, he often works 18-hour days. But that's the way he likes it, and that's how Tan Jay was built.

The latest project is one to streamline the whole garment-supply process through a computer system linking the weaver and dyer of textiles to the garment manufacturing facilities to the cash desks of the retailers!

And there's always the \$100 million annual sales mark to meet.

D
To protect the nap, velvet and suede jackets are pressed by blowing steam and air through them.

C
Cutting room at Inkster Boulevard facility.



The Sky-Wire: A First for B.G. Checo International

by Pierre Simard, Canada Commerce

Who, on an outdoors excursion, has not dreamed of taking a little power from a wire suspended from towers to run a small heater, a lamp or a hot plate?

Until quite recently, this dream was mere wishful thinking and few people saw the usefulness of it. Nevertheless, for people in isolated areas, improvement in their living conditions was linked with having such a dream come true. Think of the small communities remote from the major power distribution networks but near 735 kV lines serving the large urban centres.

The modest power requirements of these people do not justify the costly construction of secondary distribution plant. Diesel generators are therefore used to supply some communities with electricity. This method, however, has the disadvantage of incurring substantial costs for transport, the price of fuel and periodical generator maintenance.

In the developing countries, the situation is worse still since most people live without electricity. Rural electrification is a slow process and requires hard work when traditional methods such as distribution circuits are used.

To channel the power from a high-voltage line economically for use in run-

ning low-voltage electrical equipment is a tremendous challenge which has been taken up by the IREQ (Hydro-Québec Research Institute).

The purpose of the research conducted by IREQ a few years ago was to solve a specific problem facing Hydro-Québec. When planning the 735-kV lines that were to link the James Bay hydro-electric complex with the Montreal area, it was necessary to provide for a reliable telecommunications network for supervising the operation of lines and power stations from the control centre in Montreal. Consequently, the work performed by IREQ was concerned with power supplies to radio relay link telecommunications network repeater stations. These stations, which operate on low-voltage electricity, are often powered by generators. The idea was to eliminate this cumbersome, expensive and not always reliable equipment. The research covered use of the sky-wire as a source of electricity, for it was seen as an economic energy substitute.

But what is a sky-wire?

It is the topmost wire on a power line which is connected to the top of the towers by insulators and serves as a conductor when lightning strikes. This wire is mechanically connected to the tower but does not touch it. Normally connected to an earth plate, the sky-wire is not designed to carry power. However, since it is only a few metres away from high-voltage conductors, it does carry current by induction.

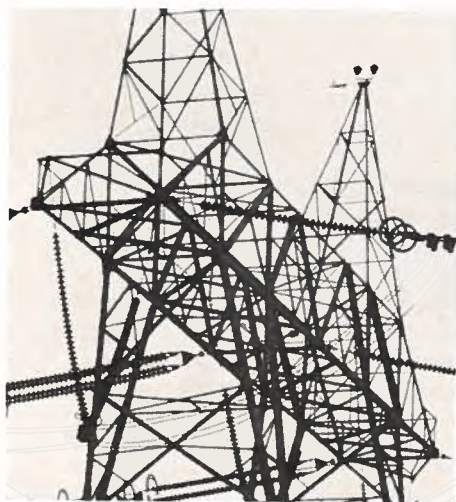
The work done by IREQ has made it possible to develop a capacitive coupling system (CCS) between the principal conductors on a line and the sky-wire.

B.G. Checo International Limited, which has been specializing for years in the transmission and distribution of electric energy, has been selected by IREQ to develop and market the system because of its abilities in the design, manufacture and international marketing of advanced technology products.

The function of the system is to shunt-feed 5 to 35 kW from the insulated sky-wire, connected to the primary of a step-down booster transformer, over a length of a few spans. The working load is run from one of the low voltage secondary windings. To regulate the power supplied in this way, a shunted switching circuit on the transformer secondary is controlled by an electronic regulator. This circuit of patented design makes it possible to achieve the reliability required by a telecommunications network.

The IREQ research work on the use of the capacitive coupling system for supplying the repeater stations at the James Bay complex quickly spread into other areas as low-voltage energy requirements in remote locations are many and varied.

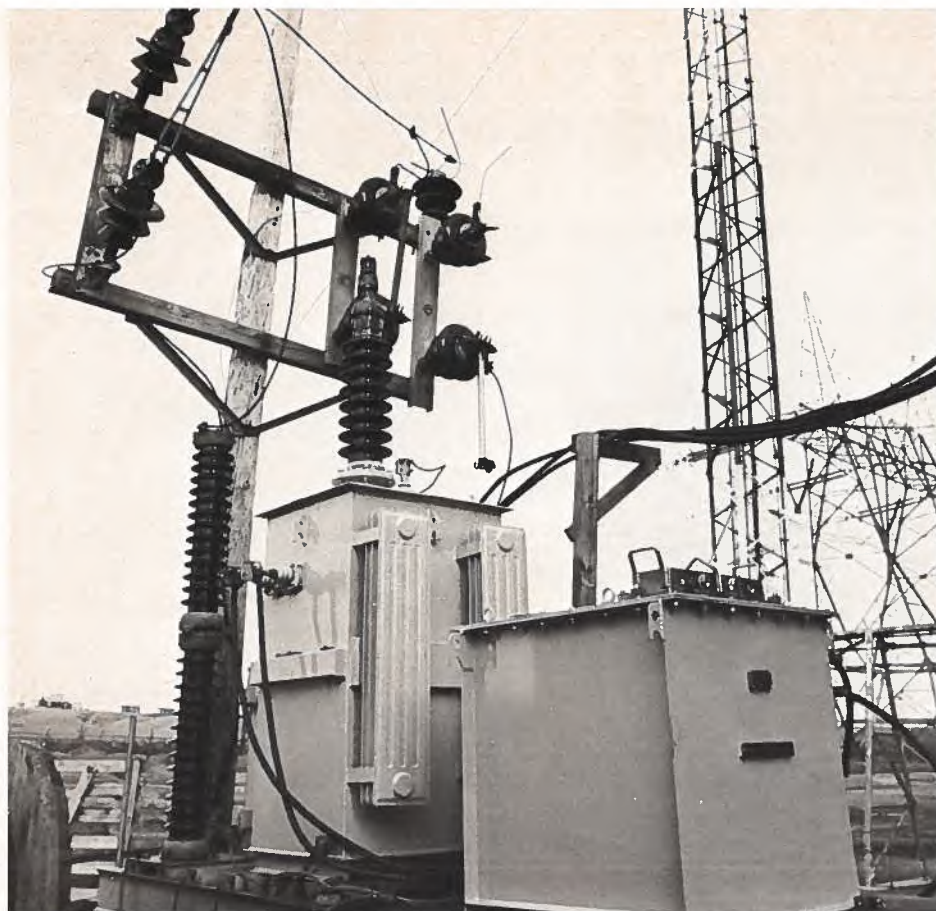
IREQ subsequently tackled Hydro-Québec's problem of providing power economically for the incandescent safety beacons to be installed at the top of the towers. These beacons are numerous and are used to warn aircraft pilots and boat captains of the presence of high-voltage lines. Electricity supplies to the beacons in remote areas were provided through secondary distribution circuits or generators.



A sky-wire at the top of a pylon.



A light beacon.



A capacitive coupling system (CCS) makes it possible to use electricity in a high tension line through a guard wire.

To cut the installation and maintenance costs associated with supplying electricity for the beacons, the CCS was adapted to meet this requirement. As the quantities of energy required to supply the repeater stations and beacons differ considerably (35 kW and a few hundred watts respectively), it was necessary to design and develop a smaller CCS device.

From that point, it took only one more step to find another application for the sky-wire: rural electrification in developing countries. A new and extremely attractive export market then opened up for B.G. Checo International which is the exclusive producer of functional CCS equipment used both in Canada and abroad.

In September 1981, B.G. Checo International Limited signed an initial contract with ElectroPeru for the provision of CCS equipment to supply the village of Nahuimpuquio in Peru with electricity. This village is located in the central province of Tayacaja, deep in the Andes, at an altitude of almost 4,000 metres. With a population of 1,373 divided among 342 families, the village had requirements amounting to 56.2 kW of electricity. A 220-kV high-voltage line from Mantaro to Lima passes about 6 km from the village.

The CCS equipment intended for this pilot installation was assembled in Montreal in the shops of B.G. Industries, a division of B.G. Checo International Limited, and successfully tested in the IREQ facilities at Varennes where the actual conditions for its use, less the altitude, of course, were reproduced as accurately as possible. The equipment was shipped to Peru in August 1982, but it has not been possible to instal it so far because of the torrential rain and flooding which have occurred in Peru during the past few months. However, the rainy season should come to an end soon. The pilot installation is expected to be in operation at the end of April or by early June 1983.

Owing to the experience gained during the study and manufacturing of the pilot equipment and the close co-operation of ElectroPeru, B.G. Checo International Limited is currently making the final adjustments to the second generation of CCS equipment, especially designed and adapted for rural electrification. This new type of equipment, which is to be introduced in the next few weeks, is already the keystone in a number of major contracts worth many tens of millions of dollars in the process of being negotiated with Peru, Venezuela, Colombia and Bolivia.

It is very interesting to note that in places where planning for the use of CCS equipment is possible, it is highly advantageous to plan the lines with due consideration for their geometry and lay-out. By so doing, better service is provided for the small communities located near the lines and the cost of electrification is reduced. B.G. Checo International Limited can thus offer all the services required, from providing the actual CCS equipment, through the planning and construction of high-voltage lines, to nation-wide turnkey rural electrification. B.G. Checo handles the supervision of equipment installation while the actual work is entrusted to local labour.

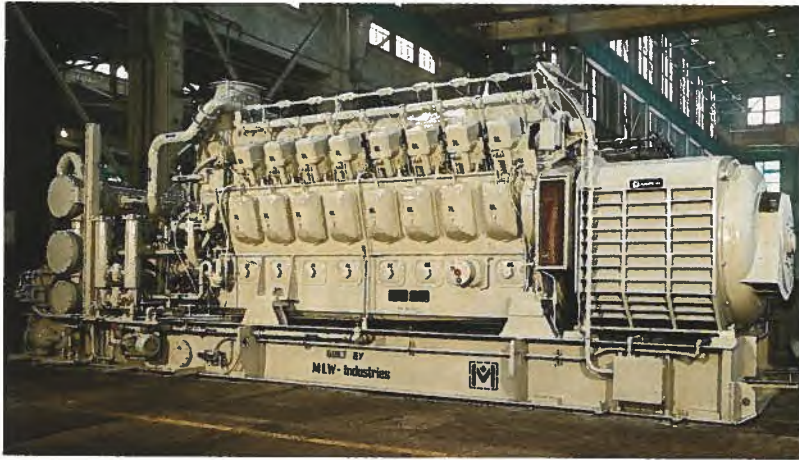
Each order is processed separately in accordance with the client's needs. B.G. Checo furnishes the client with a detailed questionnaire which enables it to decide what type of equipment is most advantageous and most economical. Consideration is given to the height of the towers, line voltage, the topography of the land and the power desired. B.G. Checo engineers will be using a computer to decide exactly what type of equipment is required and what size it will be.

Whether supplying electricity to power stations, survival shelters or beacons is involved, the sky-wire (CCS), the economic current connector, can be relied upon.

B.G. Checo International Limited and its subsidiaries developed out of the merging of two firms each with 50 years of experience — Checo and Bédard Girard. The combined experience of these two groups and constant research work has today produced an influential group of experts in the design, manufacturing, installation and maintenance of electrical networks and electrical, electronic and mechanical material and equipment.

The sky-wire and its applications account for only one field among B.G. Checo's various sectors of activity.

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The chassis of an MX615 locomotive is lowered onto trucks, top left, while below is one of 16 cylinder "V" type diesel engines manufactured at Montreal Locomotive Works plant. At right, LRC (light, rapid, comfortable) locomotives in production for VIA Rail Canada.

Small Business

Sub-Contracting, An Economic Way of Life

by Bob McDonell, Canada Commerce

For hundreds of small and medium-sized Canadian companies throughout the country, sub-contracting is a way of life. But their work is also important to their industrial partners, the prime contractors, whose products become household words.

One such prime contractor is Bombardier Inc. of Montreal which is constantly on the outlook for new Canadian sub-contracting partners to bolster its worldwide chain of supply.

Bombardier is truly one of Canada's impressive industrial success stories. Through development and acquisition, it has carved a niche for itself in domestic and world markets for rail and diesel products, mass transit, recreational products: industrial equipment and products and military vehicles.

Since the early 1940's when J.-Armand Bombardier started his first factory at Valcourt, Quebec, a few miles west of Sherbrooke, for the manufac-

ture of snowmobiles, quality of workmanship has been a company tradition.

This same tradition of quality is carried through in the company's relationship with its suppliers.

In the words of Doug Marshall, vice-president, Government Relations, "It is very critical that we work as closely as possible with our suppliers to assure quality control, good servicing capabilities and the ability of their products to move in step with Bombardier.



"Taking this approach we have found Canadian suppliers can compete in both price and quality. This is important to our competitive edge in world markets.

"And, of course, Canadian suppliers save us a considerable amount of time and effort in logistics — that is in assuring that parts are on hand when needed and not held up in customs or by changing trade conditions," Marshall explains.

"Canadian suppliers can compete in both price and quality," says Doug Marshall.

"Of course, in a company the size of ours, with such a diversified product line, it would be unrealistic to expect Canadian suppliers to be able to supply all our requirements. In some cases, economies of scale are not large enough for the Canadian company to compete. In others, it is a lack of the proper technology or a failure to obtain a licensing agreement with the patent holders.

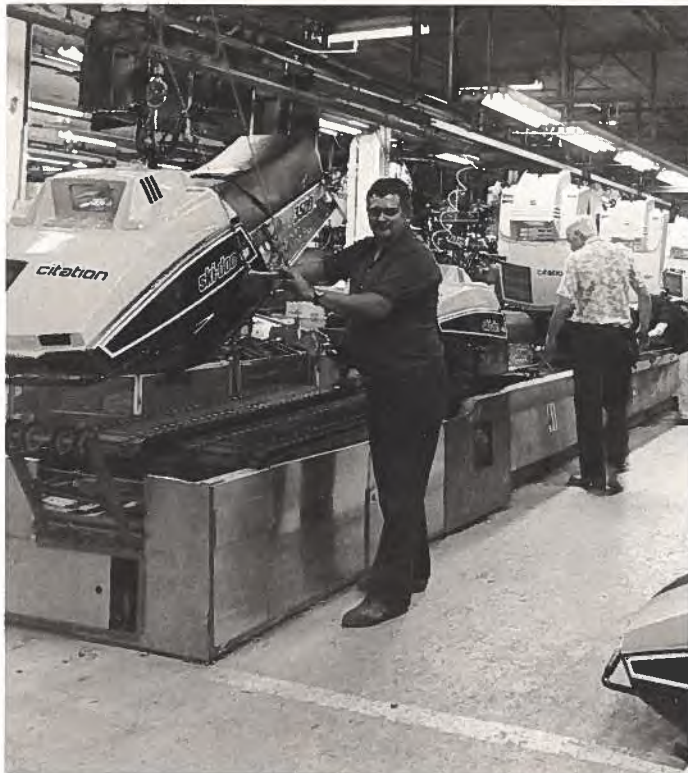
"However, it is company policy to increase Canadian supply capabilities to the largest extent possible in line with good business practices."

For example, when it started development of a new 2.5-ton military truck for the Canadian armed forces, Bombardier aimed for 43 per cent Canadian content. But, by the time the first vehicles rolled off the assembly line, Canadian content from 110 suppliers had increased to 67 per cent, and was providing work for 1 200 workers in five provinces. And this was accomplished under budgetary estimates.

While recreational vehicles are still an important factor in company plans, emphasis in recent years has switched to the transportation sector. It is not only experiencing the greatest growth it also offers the greatest potential for development.

Producers of the only large Canadian diesels, Bombardier's Rail and Diesel Products Division (formerly Montreal Locomotive Works) is now North America's third largest locomotive manufacturer and sells its product throughout the world. By building on its own and its suppliers expertise, the company has maintained Canadian content in this division in the 90 per cent range. As a result, some 13 000 direct jobs, both in-house and among its suppliers, have been created and maintained.

Indeed, the 8 000 locomotives that Bombardier can supply directly with parts and components, including engines, constitute a large and secure market for the Division. This is enhanced



Skidoo production line at Valcourt is shown at left while, top right, workmen complete Skidoo cushions. Bottom right, is the new Canadian Forces Military truck, a contract which will be worth \$230 million.



since most users have a policy of extending their vehicles' operating lives to the maximum, thus requiring a steady supply of spare parts and, eventually, rebuilding programs.

The growth sector of the company is undoubtedly in the mass transit field — the LRC (Light, Rapid, Comfortable) trains now in service with VIA Rail, its line of commuter cars, subway cars and articulated tramways. From the beginning of the Mass Transit Division of Bombardier with a contract to supply the Montreal Subway system with rubber wheeled subway cars, Bombardier has expanded its product line and market penetration to a number of centres in the U.S. and in Mexico. The most notable contract being the multi-million dollar contract for New York City.

This business will give a long lasting impetus to Bombardier's growth and thus to that of its suppliers. For the Mass Transit Division alone there are

over 4 000 suppliers listed with the division.

Not content to rest on its laurels, Bombardier is actively working on market opportunities around the world. As these export opportunities materialize the scope of Canadian sub-contracting will increase.

For example, on the Mexico City subway contract Bombardier was successful in reaching a Canadian content level of 80 per cent.

At the same time, the company is actively seeking new Canadian suppliers with whom it can work closely over an extended period of time.

To assure this the company operates at three levels:

1. Through close contact with provincial and federal departments of trade and commerce who keep the company abreast of Canadian developments or alert Canadian suppliers to Bombardier's requirements.

2. Through negotiations with off-shore suppliers to set up or license Canadian contractors to supply their products, particularly those with new technology.
3. Through direct contact with the supplier initiated either by Bombardier or the sub-contractor.

Probably the most direct route for the sub-contractor is the third. Write to or visit one of the Bombardier divisions and explain your capability. If this matches the production needs of the company, you will enter into a long term relationship which includes engineering expertise, quality control and delivery criteria, and a part in the development of world markets for Canadian products.

While it may seem altruistic to some, from Bombardier's point of view it is anything but, and Canadian suppliers continue and will continue to be the company's most important asset.

Equity Financing for Growth

Federal Business Development Bank (FBDB)

Now is the time for owners of small and medium businesses to plan for growth — not just the growth that comes with an improving economy but growth that adds significantly to the value of their company.

Such growth can be pursued in many ways — by developing new markets or by obtaining a larger share of the existing market; by introducing new products or by improving the present ones.

Whichever way growth is pursued, the odds are that new financing will be needed. And that, for some small and medium-sized businesses, such as junior industrials, often poses a problem.

Business owners know where growth opportunities are to be found and what must be done to make the most of them. But if their personal savings are already fully committed and to borrow more would be imprudent, they feel they have no other choice but to put those growth opportunities on hold.

They have, in fact, another choice if they are prepared to take it and that is equity financing. Unfortunately, many owners whose businesses would qualify for equity financing are reluctant to seek it.

Some are afraid that an outside interest in their business would compromise their independence. Others think their businesses are too small. These and other objections to equity financing, however, frequently arise from a misunderstanding of what it is and how it works.

The essence of equity financing can be stated quite simply: all the business owner is doing is selling a predetermined share in his company and the profits it should generate for a price established by the present value of the company and the present value of the future profits.

Suppose a successful manufacturer sees the opportunity to double sales by introducing a new product. Development capital will be needed which the manufacturer doesn't have and isn't in a position to borrow. Further suppose a buyer can be found for a 25 per cent interest in the business.

By doubling sales with the new product, the manufacturer expects to double profits — from \$1 000, say to \$2 000. Of those doubled profits, the outside investor will qualify for 25 per cent. The manufacturer is farther ahead with 75 per cent of \$2 000 than with 100 per cent of \$1 000.

There is more to be gained from equity financing, of course, than quick cash. The increase in equity capitalization usually makes for better balance in the financial structure of the business. With a strong balance sheet the company has greater flexibility to select from a wider range of options upon which it can capitalize on the growth opportunities that it has identified.

If such a company is privately owned and has pursued these aims intelligently and effectively it can also look forward to a time when it can consider the advantages of publicly listing its shares on a stock exchange. By thus gaining access to Canada's structured capital markets and through widening its share ownership it may also be able to fund its corporate borrowings on a longer term basis.

In addition a public quotation will facilitate estate planning for the founders and provide, through key staff options, credible incentive plans for attracting and retaining key personnel. It is important to note, that although the percentage of ownership that is retained by the founders may decline, this should be offset by the growth in assets over which they will be exerting control.

So far, equity financing has been considered here within the context of an on-going business. However, the obtaining of equity financing may also be feasible in the case of new businesses with genuine growth potential.

Equity financing can be raised from a variety of sources — from family and friends at one extreme, venture capital institutions at the other. One of the largest sources of such financing for small and medium-sized businesses is the Federal Business Development Bank. Usually regarded only as a lender, the Bank has been making such investments for eight years.

At the end of fiscal 1982, the Bank had more than \$49 million in equity financing outstanding to 133 small and medium-sized businesses. Most of that investment, 59 per cent, was to help existing businesses expand and develop. More than 24 per cent was investment in new businesses and the balance was for the purpose of strengthening the financial structure of the business.

The Bank is prepared to consider investing in any type of business providing that the proposal meets its criteria, policy and objectives. However, its investment aims have a finite purpose and once these have been successfully completed, the Bank would wish to redeploy its capital elsewhere. Consequently the business must have a corporate plan which will demonstrate that, after a certain period of years, the Bank will be able to sell its investment position to others at a return that will provide compensation commensurate with the scale of risk initially assumed. Accordingly the possibility of growth needs to be clearly evident for the Bank to be in a position to consider investment.

The Bank, in other words, is making every effort to meet the equity financing requirements of those businesses which have growth potential and which may be experiencing difficulty in attracting private sector participation. The Bank is prepared to join with other sources of venture capital in the provision of equity financing in individual businesses and, in appropriate cases, the Bank is also prepared to take a most active role in attracting such sources of capital.

It is important to realize that when the Bank becomes a shareholder it expects to be considered like any other shareholder, i.e. assuming similar risks and participating, pro rata, in similar returns. It would usually expect to be represented on the company's board, voting like other directors, and would take an active interest in the affairs of the company.

Equity financing can be a vital catalyst for new growth and the possibility of resorting to it should be included in every business plan. Indeed, it is not unusual for the growth of small and medium-sized businesses, particularly high-tech companies, to exceed their founders' expectations and, in such instances, equity financing is often the only means of fully exploiting the potential of these companies.

Survey Shows Way to U.S. Tourist Market



Courtesy at the border. The Canadian Customs Service at St. Stephen, New Brunswick.

American visitors make up the largest tourist market to Canada by far with 10.9 million tourists arriving for overnight and longer stays and 21.5 million for visits of less than 24 hours. In 1982 they brought into Canada an estimated \$2.4 billion.

But their numbers are dropping. The 1982 figures for overnight and longer are 3.6 per cent lower than the previous year. Why? And what is being done about it?

The recently released *U.S. Potential Market Survey*, a telephone survey conducted by Market Facts of Canada in 1982, plus subsequent ongoing surveys of U.S. cities reveal that Canada has a high profile with American visitors, particularly for the outdoors-oriented traveller. However, such travellers are concerned with comfort as well as outdoors and there is also concern that such comfort is not readily available.

Some Americans are not sufficiently aware of the resorts and hotels which make outdoor Canada easily and comfortably accessible. As one lady from Los Angeles stated in one of the survey

interviews, "I want to experience the Canadian wilderness but I don't want to have to shoot, clean and cook my own food."

There are, of course, many reasons why the American tourist market for Canada is declining, not the least of which is the recession which has forced many to curtail travelling. It is possibly some comfort that the domestic travel inside the United States has declined even more than American travel to Canada.

The Canadian Government Office of Tourism (CGOT) is making full use of the various recent surveys in developing its strategy towards the American tourist market.

There is a new approach to the marketing of Canada as a travel destination in the U.S. It is based largely on the evaluation of long-term trends in the American market and on the interpretation and analysis of the research surveys.

The market research has indicated that most U.S. tourist groups seek both a wilderness and urban experience (the "dual principle") with wilderness variously defined as mountain climbing on one extreme and scenic motor coach tours on the other.

Further, the research showed that Americans are basically unaware of Canada's cities and of the elements that make them different from their American counterparts.

U.S. travellers are broken into four categories by the surveys according to what they seek in a vacation. The "outdoor" and "touring" groups, the largest, seek the scenery and outdoor experiences Canada offers as well as first-class accommodation and high-quality restaurants. The "resort" group wants fine restaurants and accommodation but with more emphasis on nightlife and entertainment. The "urban" group favours big cities, cultural activities and a cosmopolitan atmosphere.



Vacationing in the Rockies. Cameron Lakes Road, Waterton Lakes, Alberta.

The four groups are agreed on the basics they want — value for the vacation dollar; a variety of things to see and do; friendliness on the part of the local people; and good service. Canada is seen by most as offering all of this and is thus attractive to all four groups.

The challenge, which CGOT is taking up, of developing this American market, is to emphasize the dual nature of vacation experiences and to round out the incomplete image of Canada in the minds of potential U.S. visitors.

At least, CGOT no longer has to try to correct the misconception of Canada as a cold, inhospitable country with nothing to see or do. The surveys showed that most American travellers no longer believe that.

In fact, the surveys demonstrate that most Americans see Canada as often a better tourist attraction for many of the vacation experiences they want than other possible vacation destinations — or at least fully as competitive.

Past experience and word of mouth can be highly effective and most past visitors hold strong, positive views of Canada. More than a third of them speak of friendly people and more than half praise the scenery. Fully 65 per cent had no negative reactions while only 12 per cent thought that Canadian prices were higher than the competition and only six per cent definitely did not like the climate.

CGOT's 1983-1984 advertising campaign is concentrating on the "dual principle" (wilderness-urban combination) tourist attraction. It shows how close Canada's outdoors are to vibrant, clean, safe and exciting cosmopolitan cities. It stresses the differences between the United States and Canada with a campaign theme of "Discover a Different World" and a slogan "America Borders the Magnificent — Canada" to promote the "next-door-neighbour" aspect of that "different world".

The surveys carried out have many implications for the development of Canada's tourist product. Accommodation and other tourism facilities, events and attractions should be planned with the awareness of the needs by region of the four groups noted within the potential market in the U.S. Travel trade and transportation companies, in the meantime, should be relating the planning segments to the development and marketing of Canadian tourism and travel products.



Welcome to Canada — with class. The Royal Alexandra Theatre in Toronto.

Statistics presented by the surveys show that the United States is currently the origin of 85 out of every 100 overnight and longer visits to Canada. In 1982 there were 12.7 million such world visitors to Canada of which 10.9 million came from the U.S. In addition, there were 21.5 million visits from the U.S. of less than 24 hours.

The peak year for American tourists in Canada was 1972 when 13.1 million visitors came for stays of 24 hours and more. Since then there has been a decline of 16 per cent in this traffic. Overnight and longer visits by automobile have decreased a sharp 32 per cent which has, fortunately, been offset by an increase of visitors coming by other

means of transportation. The accompanying table shows the comparison of visits by differing modes of transportation.

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U.S. RESIDENTS ENTERING CANADA AND STAYING ONE OR MORE NIGHTS

	1972 (’000)	1982* (’000)	Volume Change (72-82)	% Change (72-82)
Person-Visits	13 067	10 974	- 2 093	- 16%
Mode of Transportation				
— Automobile	11 151	7 621	- 3 530	- 32%
— Aeroplane	1 054	1 681	627	60%
— Autobus	684	709	25	4%
— Train	37	64	27	73%
— Boat	141	479	338	240%

***Preliminary Figures**

Source: Travel between Canada and other countries, Statistics Canada Catalogue 66-201.

The staff of the Offices of Trade Development of the Department of External Affairs has been involved in assisting Canadian industry to put on exhibits at fairs throughout the world for a number of years. These offices have considerable expertise and highly experienced project managers who co-ordinate the 1 001 details which go towards a successful presentation. This article was written by the Director of the Trade Fairs and Missions Division of the Office of Trade Development — Europe, himself a former project manager.

So You Want to Make an Exhibition of Yourself?

by J. A. Quarrington

Plan Well in Advance

Taking part in a trade fair or exhibition is considered by many to be an essential part of a marketing program.

Thorough planning well in advance of the event, however, is essential to avoid such pitfalls as an exhibitor who arrived on site with a small model of a steam engine which was driven by compressed air. Unfortunately, the exhibitor forgot to include a pressure reducing valve so that when 7 kg/cm² (100 psi) compressed air was applied to the model designed for 0.7 kg/cm² (10 psi), it took off with a sound resembling a wild banshee's wail and we were lucky that parts did not fly over half the exhibition hall.

On personal matters, attention to formalities is necessary.

One company representative, for example, failed to obtain the proper visa for entry into Australia and only some remarkably hectic maneuvering on his behalf by the local trade commission staff prevented him from being thrown to the sharks or some other equally dreadful fate.

One of our own staff neglected to keep an eye on his visa in a Middle East country so that when the time came for him to depart his baggage passed through and made the plane without problem. But the body was stopped at passport control as it was found his visa had expired and he was sent back into the country with the impression that he was going to spend the next few weeks looking after the camels and picking dates. Once again, by some persuasive work of local staff, he was able to leave the country three days later and join his baggage in a West European destination.

Why Attend a Fair?

First of all, the question has to be raised "Why attend a trade fair at all?" In many parts of the world, trade fairs have been a means of doing business for centuries and, to a certain degree, the tradition continues. Much more important in this day and age is that exhibiting at selective trade fairs may form an essential part of an overall marketing strategy. A trade fair may be likened to a shop window. If you have goods to sell and you display them attractively, a potential customer will come in and inquire about your goods. On the contrary, if you don't show what you have to sell, how is the customer going to know what you have unless you act like a door-to-door salesman and peddle your stuff around? A trade fair is a rare phenomenon where the customer will come to you!

Trade fairs offer many various opportunities to make direct sales, to continue contact with old customers and to introduce your goods to new customers. They also offer the opportunity of comparing your own products to those of competitors and an important feature is the extent of business generated between exhibitors. In some parts of the world, such as Eastern Europe, trade fairs are the only way in which products can be introduced to potential end users without getting involved in a tortuous maze of bureaucracy. Additionally, certain countries, such as some Middle East nations, make 50 per cent or more of their annual offshore purchases directly at, or associated with, their trade fair.

In certain other instances, nations look upon their international trade fairs as events of great national importance and prestige and if one wishes to do

business in such a country, some form of presentation at its national trade fair is most desirable to establish or maintain an essential good will.

More and more trade fairs are presentations to world markets. For example, at trade fairs in Europe sales were made to the United States, Venezuela, the Middle and Far East and Australasia as well as throughout Europe and Africa.

Choosing a Fair

Obviously, one of the first moves is to determine whether any given trade fair fits into the marketing strategy of the company. This calls for a determination of the suitability of the company's products in the area served by the fair, an assessment of the type of visitors expected to attend and whether the allocation of personnel and the costs of taking part are justifiable.

Throughout the world, fair organizers are convinced that their promotion is by far the most important in the field and constantly will try to persuade anyone they can speak to that this is so and that they should exhibit in this fair.

The Offices of Trade Development of the Department of External Affairs most carefully analyze all solicitations received from throughout the world, in consultation with officers at overseas embassies and many sources in Canada. From this wealth of information careful selection is made of those fairs at which it is felt maximum benefit can be gained per dollar expended both from government sources and from industry.

There are basically two types of fairs to be examined. There is the vertical exhibition — an exhibition oriented towards a specific industry and at which

the products and capabilities of this industry or others closely associated are shown. Then there is the horizontal or general exhibition at which everything from buttons to bulldozers is accepted.

A vertical exhibition is usually easier to evaluate and indeed easier to organize once participation has been decided. By sheer diversity of scope, a horizontal exhibition generally tends to be more difficult. In particular, sometimes a horizontal exhibition comprises a number of halls, each assigned to specific products, so that the situation arises where there are effectively a number of "vertical" exhibitions (each in its own hall) taking place at the same time and on the same fairground. This can result, for example, in a Canadian presentation from a number of different industry sectors being scattered all over a fairground in individual halls and making any type of co-ordination most difficult without a good pair of legs or even a bicycle to continuously make the circuit between our exhibitors.

Planning Essential

Whatever the type of fair, advance planning in detail is absolutely essential. It is sometimes difficult for a manufacturer of, say, a small but highly sophisticated piece of hardware about the size of a radio clock to realize that full details of his product, company, promotional literature, etc., are required six or more months in advance of the fair date.

But it may be understood that this exhibitor is part of a national stand at which anything from eight to 40 companies may be showing their equipment.

In the first instance, a number of prestigious fairs have all their space booked up to two years in advance and, in many cases, space for the succeeding fair is reserved during the course of the current fair. It is essential, therefore, to have at least an idea of the facilities for an exhibition far in advance so that the best possible space can be obtained.

Prime space obviously goes first and late application for space could result in our national exhibit being in a secluded area of an exhibition hall bounded by the ladies' washrooms and the hot dog stands. While such two adjacent facilities may have some convenience, they do not add stature to our national exhibit.

In the same vein, it is sometimes difficult to realize that material for publicity is required six to eight months

ahead of the exhibition. This is particularly the case when the publicity onslaught is to include advertising in prestigious international magazines, inclusion in the fair catalogue, approaches to potential customers with direct pre-show mailings, interviews in the media, etc.

It will be appreciated that in a number of instances much of this publicity material has to be translated into a language relatively unfamiliar in Canada so that such work has to be sent to the distant country for translation and then possibly returned to Canada for printing and binding into brochure form.

Getting Down to Details

Let us consider then that a company has made a market survey perhaps with the assistance of departmental officers located in the areas into which an exhibition is supposed to bring penetration, and that this company has received an offer to participate on a national stand being organized by the department. What then are the next moves?

A package of documents will be sent to the company by the department making an offer to participate. This package includes an "Application for Space and Participation Agreement" which will eventually form a contract between the company and the department. It is usual for some sort of data bulletin giving a brief description of the fair itself to be included and which also outlines assistance which can be provided and gives some information on the market areas covered by the fair. Also, there are forms for application for hostess/interpreters if required and, in certain instances, applications for accommodations reservations. This package is sent to a company at a time period sufficiently in advance of the fair for the necessary preparatory work to be carried out.

It should be noted that this advance time period can vary widely depending upon the location of the fair. For example, in Western Europe six or seven months are usually adequate to set up and organize participation. However, in Eastern Europe or perhaps the Middle East this period can be up to a year.

As a general principle, the department understands that many companies are reluctant to make commitments six, nine or 12 months in advance and effort is made to avoid sending the document package at too early a date. However,

a company intending to participate is urged to return the documents as soon as possible. First of all, in all probability it has only been possible to book a limited amount of space. Secondly, preparation of the necessary publicity activities, design of the stand, construction of the stand and graphics all have to be carefully scheduled to meet a clearly defined shipping date.

It is most important that the company intending to take part in a show clearly indicates right from the start *all* of the material it proposes to exhibit. Departmental policy is that a minimum booth area is 10 m² (100 sq. ft.) but even so that is no great space and it can rapidly become cluttered. One doesn't like to see gangway space so limited that a potential buyer has difficulty worming his way towards the item of particular interest to him!

Products on Display

As far as possible, actual products or even models of products should be displayed. No matter how attractive photos might be, they are more or less dead and, in certain parts of the world, visitors like to have the opportunity of kicking, punching or even biting some of the exhibits just to see that they are real. Furthermore, an operating piece of equipment is an added attraction — something that moves, flashes, twirls or bobbles will always attract more attention than a static object. Obviously, this is not possible in every case but whenever it can be achieved it should be done.

Another critical factor now comes to the fore — the provision of essential services for an exhibitor's display. If the unit requires electricity it is important to realize that, outside North America, in most areas of the world not only is the voltage different (220 instead of 110) but the frequency of supply is usually 50 cycles (50 Hz) instead of our North American 60 cycles. In many cases this difference in frequency is not important but certain items are tied to the frequency and equipment can suffer bouts of indigestion if fed the wrong one.

Requirements for additional services should be indicated — for example, three-phase electric power or heavy current, water supply and drain and, perhaps, compressed air. Regarding this last point, compressed air is not always available in exhibition halls and it is of great importance not only to give the required pressure but also volume need-

ed. The tiny amount of air needed to rotate a dentist's drill is a far different proposition from the needs of heavy metal forming equipment which might be used in the automotive industry. It should also be borne in mind that safety requirements vary enormously from country to country. Where a small fan providing ventilation might be adequate for a soldering unit in some countries, in other areas it is necessary to provide elaborate ventilation and ducting. As far as possible, the relevant information should be given, as noted above, at an early date and every effort made to avoid changes close to the time of the exhibition when they inevitably cause disruption and additional costs.

Exhibit Design

The information relating to the exhibitor's promotion will be fed to a professional designer whose job it is to ensure that the company's products are shown in the most advantageous manner. The department always uses the services of a professional designer for the combined stands. In those instances where companies wish to take part in fairs either on their own or to have an additional presentation of their own, it is strongly recommended that a professional designer be brought into the project team.

Exhibition stand design is much more of an art than is generally realized. Design requirements vary enormously from exhibition to exhibition. The gaudy pizzazz which might be appropriate to certain exhibitions related to the entertainment world are quite unsuited to a highly technical exhibition. In the latter, which forms the majority of our presentations, the greatest care must be taken that the product itself is emphasized — it must not be overwhelmed by an exuberant stand. At the same time, a certain amount of flair is necessary to avoid that hospital corridor look.

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

So far we have looked into the requirements for designing a stand and presenting the company's capabilities in

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

It is an undoubted fact of marketing that, in the majority of areas around the world, the potential customer expects to be offered a cup of coffee or maybe even some form of nerve tonic during the negotiations on site. With respect to such hospitality, it is most important that this be restricted to the enclosed area of the discussion lounge. Empty coffee or beverage beakers do not enhance the appearance of an exhibitor's stand.

Shipping for a Fair

Let us revert for a moment to one of the preparation phases — shipping. Obviously, large and heavy items for display will need to be sent by surface transport. Usually the department will arrange for consolidation of the shipment through a Canadian port so that it can be sent to the fair site by container if possible. This means reduced possibility of damage and pilferage and, furthermore, it is often easier to get a consolidated shipment through the Customs of most countries than a variety of individual crates. Nevertheless, the exhibitor has to take the greatest care to ensure that his equipment is adequately packed and very clearly marked.

The Canadian Government Exposition Centre (CGEC), working in close liaison with this department and shipping agencies, has made a practice of issuing precise shipping instructions where they are involved in trade fairs. Certain companies who use exhibits repeatedly have even got to the stage of providing ingeniously designed knock-down crates so that these can be packed flat and put into storage on the stand. Normally, crates are collected the day before and put into a central storage

area by the shipping agent at the fair site. Unfortunately, it is not unusual for crates to be damaged and there is always uncertainty when they are going to arrive at the stand after the fair closes so that, at times, there are delays before packing can commence. This is a factor to be kept in mind when we later discuss the period of time that company personnel should be on site.

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

This brings up another matter of considerable importance — exhibiting companies should always adequately insure their material sent to any exhibition for both the outgoing and return journeys and the duration of the fair.

Company Representation

Having considered some of the physical aspects associated with taking part in an exhibition, we should also realize the great importance of having suitable representation on the stand. The representatives should be senior qualified sales personnel with a thorough knowledge of the equipment being shown and company products generally with the capability of answering all queries, carrying out negotiations, making appropriate decisions, and generally representing the company in a credible manner. It is preferable also that they should stand during fair hours so that they appear attentive to any prospective customer.

In any fair of more than three days duration, it is most essential that more than one representative be on duty. Of course, it is usually possible to hire people locally to act as stand attendants, interpreters or hostesses and such personnel can be trained to a certain degree.

However, even in such instances, when shows sometimes last 15 days or more and under conditions with facilities less than we are accustomed to, looking after a stand can be very arduous.

There are widespread beliefs that sales personnel who travel to exotic places have a glorious life, are constantly in delightful company, and eat and live off the fat of the land. The facts are usually totally different. Sometimes more than 12 hours a day must be spent on the stand, eating food of dubious quality which has the habit of creating convulsions or worse in the inner organs, and putting up with kamikaze taxi drivers. Such conditions are far from the glamorous ideal!

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

Arranging Accommodation

Arranging suitable accommodation sometimes necessitates booking rooms almost a year ahead of the event. Certain trade fairs are so popular that they overtax accommodation facilities in the host towns and people requesting accommodation at a late date might find themselves sharing a rather dilapidated room in a farm house quite distant from the actual fair and having problems with transportation. Furthermore, when arranging accommodation it is most important to allow sufficient time before the opening date for correct setting up of company equipment and for stopover

at the end of the fair to pack up the equipment properly. It should be emphasized that only company representatives have the adequate expertise to look after these matters.

During the show, the company representative, in addition to answering numerous inquiries, perhaps demonstrating equipment, negotiating with potential customers and arranging for local agents and representatives, must also keep a record of all inquiries for subsequent follow-up.

As noted earlier in this article, participation in a trade fair must be looked upon as one phase of a co-ordinated marketing activity. Follow-up is of vital importance. With many industries the product is of such a nature that direct sales cannot be expected the first time around. Indeed it is not unusual that a commitment should be made for at least three presentations at a given trade fair to allow a thorough try at the market.

On the first occasion, the company shows its products and makes a few contacts. At the second, the contacts made previously might return and make serious inquiries and ask for bids for specific purposes. At the third presentation, it is possible that following negotiations in the intervening period, orders will in fact be placed. Such orders are often signed during the fair as this provides good publicity for the fair itself and indeed for the company concerned.

The foregoing gives but an outline of all the activities involved in putting on an exhibit at, let us say, an important international fair. The Trade Fairs

and Missions Division of the Department of External Affairs has been involved in assisting Canadian industry to put on exhibits at fairs throughout the world for many years. The Division has acquired considerable expertise in meeting the problems encountered even in some of the out-of-the-way parts of the world and can certainly ease the path of many companies entering into a fair activity, particularly for the first time.

A Co-Ordinated Effort

It is normal that a highly experienced project manager is placed in charge of the "Canadian" pavilion at such fairs and this project manager has the responsibility of co-ordinating the many activities and details which go towards making a successful presentation. When a company accepts the offer to participate, its officers should realize that whenever they have questions to raise they are free to contact the project manager who, in co-operation with experts from various industry branches and with offices overseas, can usually provide detailed information and assistance.

The idea that one can simply walk onto a fair site, open a suitcase of goodies and, from this base, make sales which will bring benefit to the company and the country is somewhat remote from reality to say the least. Only as a result of detailed planning and co-ordinated effort by all parties involved can the best picture of Canadian capabilities be presented to overseas customers in order to expand Canadian exports throughout the world.

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Canadian Radar Improves Barbados Air Safety



At the hand-over ceremony the Honourable H. Bernard St. John, Minister of Industry, Trade and Tourism and of Civil Aviation, shakes hands with Raytheon Canada's President John M. Stewart, while Alan Roger, Canada's High Commissioner for Barbados, watches approvingly.

Canadian high technology and financing from Canada's Export Development Corporation are jointly making flying in and out of Barbados even safer.

On January 19 the Civil Aviation and Tourism Division of the Barbados government officially accepted a new radar installation from Raytheon Canada Limited of Waterloo, Ontario, the company which provided the original radar equipment for Canada's civil airports, and one of the two finalists for the Radar Modernization Project (RAMP) to replace the enroute and terminal radars across Canada.

The primary and secondary radar systems of the new installation at Grantley Adams International Airport were provided under contract by Raytheon Canada at a cost of CAN. \$2 567 000. The Government of Barbados made a down payment of 15 per cent of this amount, or CAN. \$385 050. The remaining 85 per cent — or balance of the financing — was provided by the Export Development Corporation. This is to be repaid over an eight-year period.

The new installation provides a substantial improvement over the old



Airport Surveillance Radar at Grantley Adams International Airport, Barbados.

primary and secondary systems. Ground and sea clutter and weather interference have been greatly reduced by the incorporation of a moving target detector and adaptive clutter map.

The new radar systems have a range on the primary of 120 nautical miles and 200 nautical miles on the secondary, compared with 80 nautical miles and 150 nautical miles previously.

Phase One

The Grantley Adams installation is essentially the first phase of a two-phase program designed to update the radar system. The second phase, which is still under discussion with Raytheon Canada, will result in new radar displays in the airport terminal.

Although the implementation of phase two will bring the display technology up to the level of the new system's radar input, John Stewart, President of Raytheon Canada, said at the hand-over ceremony that the installation of the new primary and secondary radar already gave Grantley Adams the best and safest civil air traffic control in the Caribbean.

Mr. Stewart pointed out that the success of the installation provided great satisfaction to him personally and to the management of Raytheon Canada. "Although our company is part of a much larger corporate entity — Raytheon Company of the United States — radar for civil airports is very much our special area of expertise. We benefit from and have access to the considerable resources of our parent company, but the technology for your new equipment was developed solely by Raytheon Canada with Canadian government support."

Two-Way Benefit

Mr. Stewart praised the programs of Canada's Export Development Corporation and specifically his government's backing for this particular installation. "In this way not only is the government able to provide assistance to our good neighbour Barbados, but through this program it is simultaneously assisting in providing employment for Canadian workers and in developing very specialized high technology."

"For me," said Mr. Stewart "the icing on the cake is that through our work here we will also be making a contribution to the travelling safety of many of our countrymen. Barbados is deservedly one of Canada's favourite holiday resorts and will undoubtedly be more popular than ever when our economy starts an upward swing again."



Three satisfied officials of Raytheon Canada inside the radar installation. Left to right: J.M. Stewart, F.T. Gilmore, J.R. Punchedard.

In his address of acceptance of the Air Surveillance Radar Type 8410 system, the Honourable H. Bernard St. John, Barbados Deputy Prime Minister and Minister of Trade, Industry and Tourism and of Civil Aviation pointed out Raytheon Canada had been chosen after the Barbados government had examined a number of bids. The contract between the government and Raytheon Canada was executed on February 28, 1980, and since then the company has honoured all the provisions of the contract to the letter.

The decision to install new radar had actually been made in November

1979, when the Planning and Priorities Committee of the Barbados government noted that the radar systems then in use were more than 20 years old and were nearing the end of their useful lives. The cost of maintenance was high and continued to rise as the equipment became older.

Further, these particular systems were no longer being manufactured and spare parts were difficult and expensive to acquire. Maintenance of the systems at high costs was no longer considered to be economically sound. Again, the capacities of the older radar systems were very limited and they were not able

to utilize a large portion of the information being provided by modern aircraft, the most important being height information.

Gateway to Barbados

The Minister underlined the importance of the new installation for economic reasons: "Aviation plays a crucial role in my government's strategy for development of the Barbadian economy, especially because of its inter-connection with tourism which is still our leading industry. Grantley Adams International Airport is the main gateway for visitors to Barbados and is the hub around which traffic in the Eastern Caribbean revolves. It is therefore necessary to develop our airport infrastructure to allow Barbados to maintain comparable standards with the rest of the world, especially in the light of changing aircraft technology."

"Grantley Adams International is the main gateway for visitors to Barbados," says Minister of Tourism.

In his address, Mr. St. John not only acknowledged the assistance of the Canadian government in the present project but pointed out that the Canadian government had already loaned BDS. \$18.5 million to the Island Government for development work on Grantley Adams International Airport. Further aid may be forthcoming.

The surveillance radar is located approximately 1.6 km (one mile) from Grantley Adams International Airport, and is 18 m (60 feet) tall and 17 m (55 feet) in diameter. Raytheon Canada has assured the Barbados Government that the life expectancy of this equipment is 15 years and has also guaranteed that spares will be available during the life of the radar systems.

Guests at the January 19 ceremony included Canada's High Commissioner for Barbados, Alan Roger, and air traffic control representatives from other Caribbean nations.

Chill Trade Winds Forecast for Paris Air Show



An example of the flight simulation technology produced for Western air forces and airlines by CAE Electronics Ltd.

For publicists entrusted with the job of promoting Canadian aerospace, the perfect opportunity presents itself during the Paris Air Show which opens on May 26. Twenty nine Canadian companies will be represented at the world's largest assembly of flying machines and the people who make them, buy them and fly them. Staged at Le Bourget, the airport that welcomed Charles Lindbergh when he completed the first non-stop flight from New York to the French capital in 1927, the Paris Air Show plays host to almost half a million visitors. They converge on Le Bourget, lured by an array of aircraft and related hardware exhibited by something like 800 manufacturers representing 25 nations.

Canada's twenty nine standard bearers are certainly not overwhelmed by the numerical superiority — 27 to 1 — of foreign rivals: this country ranks fifth among the free world's aerospace suppliers, and in the specialised field of short-haul commuter aircraft and turbine engines, Canada is an internation-

al leader. That pre-eminence is reflected in the fact that fully 80 per cent of the industry's 1982 sales of \$3.08 billion was earned in export markets. It is this overwhelming dependence upon foreign buyers which makes the 35th Salon International de l'Aéronautique et de l'Espace a landmark event for more than 40 000 Canadians employed in the manufacture of aircraft and ancillary equipment. When their prospects are bright, the residual benefits are shared with all strata of Canadian society, from bank clerks who handle aerospace salary cheques to main street traders, restaurateurs, gas pump attendants and convenience store attendants.

That ripple effect can also work in reverse: if storekeepers and tradesmen suffer because their customers in the aerospace industry are feeling the pinch, it follows that fewer butchers, bakers and armchair makers can afford to make airline reservations. Air Canada, for example, experienced a 20 per cent drop in passenger traffic during the 12 months ending in February. Two of the

national airline's Boeing 747s are in storage; the remaining five 747s and 18 Lockheed wide-body 1011s are not being overworked. Canada's second global carrier, CP Air, has also been operating in the red and asked Boeing to delay delivery of four 220-passenger 767s — each costing approximately \$50 million — and is reported to be considering the disposal of at least two of its Boeing 747s.

The 35th Paris Air Show may prove to be a decisive event for the aerospace industry. Never before have chill economic winds grounded so many passenger planes. Last year, two major airlines, Braniff International in the United States and Britain's Laker Airways, declared bankruptcy. U.S. carriers lost an estimated \$550 million in 1982, and three of them, American, Eastern and United, have revised orders or delivery dates for wide-body jets worth more than \$2.7 billion. Boeing is, of course, the world's largest planemaker, with more than 100 000 employees and an annual turnover in excess of \$9 billion, or almost three times the gross earnings of the Canadian aircraft industry. When Boeing of Seattle finds the going hard, so do the giant's suppliers, among them many of the 125 Canadian companies engaged in aerospace manufacturing. Boeing of Canada, based in Winnipeg, is not wholly dependent upon the Pacific coast parent. On the other hand, the Canadian subsidiary, specialising in advanced composites, fibre-reinforced plastics and thermoformed products, is among the 101 listed suppliers of equipment and components for de Havilland's all-new 36-seat DASH-8.

A highlight of the Paris Air Show is the daily air display, part of it devoted to supersonic military machines bristling with the impedimenta of war. Ironically, the quest for the supreme air weapon sustains many of the world's most technologically advanced planemakers, and from their research and development laboratories designers of passenger aircraft acquire new techniques to better guarantee fail-safe flight.

The Canadian aerospace industry invests 10 per cent of sales income in research and development and accounts for fully 20 per cent of all R. & D. undertaken by domestic manufacturers. Because no Canadian supplier can hope to win an United States contract except with a product that offers a technological advantage, and at a highly competitive price, Canadian aerospace companies committed to defence programs enjoy the support of federal government departments. During the period 1972-81 the Department of Industry, Trade and Commerce contributed 30 per cent of the \$1.8 billion invested in aerospace research and development. Government funding is also made available to help defray the overall cost of the Canadian pavilion at de Bourget.

There is a strong vein of confidence in the aerospace industry for a future that stretches beyond 1983.

Although the economic climate for this year's international air show is far from favourable, there is in the aerospace industry a strong vein of confidence in the future that stretches beyond 1983.

The largest single market for aerospace products is the United States, and according to some Washington forecasters, the industry's growth rate during the next five years will be somewhere between 3 and 4 per cent. Such estimates take cognizance of the fact that more than one third of the world's large transport aircraft is well past its prime and major replacement contracts must be concluded well in advance of 1986, when more stringent noise regulations will be enforced. Meanwhile, as existing fleets get older, the greater is the demand for replacement components. It is this last mentioned sector of the market that holds most promise for the majority of Canadian aerospace manufacturers.

The Aircraft That Comes in a Crate

In terms of the number of units sold per year, Canada's most successful aircraft is the Ultraflight Lazair, a twin-engine machine in the new microlight sector of aerospace. Production at the Port Colborne, Ontario, plant is currently averaging 10 aircraft per week. The Lazair is shipped in kit form, in a single crate measuring 6 m x 50 cm x 50 cm, and weighing 210 kg. Total cost \$6 450. Assembly time is estimated at 100 hours.

The Ultraflight Lazair is not a toy. President of the Microlight Owners and Pilots Association of Canada is Ron Dennis, captain of an Air Canada 747. Hugh Whittingham, editor of Canadian Aviation, investigated the Port Colborne manufacturing operation and commented: "The future looks promising for the microlight movement. The sport continues to grow in popularity and the industry and regulators are working in concert to make it safe without regulating it to the ground." Responsibility for microlight aircraft safety regulations rests with Transport Canada. That body has not been faced with tricky problems in respect to the structural or mechanical properties of the Ultraflight Lazair. International awards have already been earned for its designer, 25-year old Dale Kramer, a former engineering student at Toronto University.

Aircraft-grade aluminum is used for the main structure, and power is supplied by two 185 cc engines (made by a Bombardier subsidiary in Austria) which develop 9.5 horsepower at 5 800 r.p.m.

Take-off is at a leisurely 32 km/hr. in still air, and landings into the wind can



be as slow as 16 km/hr. Lift-off is achieved in approximately 30 m, with a similar distance required for landing. The Lazair climbs at 120 m per minute, cruises at 64 km/hr., and the 20-litre fuel tank will keep the pilot aloft for a maximum of four hours.

Dismantling for storage between flights is a simple 30-minute operation for two people. With wings (span 11 m) removed, that Lazair occupies approximately 5.5 m x 1.5 m x 1.5 m.

The Canadian microlight will be demonstrated at the Paris Air Show by its creator, Dale Kramer. Looking out for new European distributors will be 25-year old Mrs. Linda Kramer, general manager of the Port Colborne company. Launched less than five years ago with cash resources of \$4 000. Ultraflight gives regular employment to 21 personnel and has established Canada as a world leader in a small but highly specialized corner of the aerospace industry.



"Filets Florentine", one of the many tempting dishes made of Canadian fish.

Across Canada

Co-operation at Many Levels: Fisheries Missions Mean Markets

by Arlene Holden, Canadian Consulate General, San Francisco

The leading fish wholesalers and brokers from Northern California gathered with Canadian seafood exporters not once, but twice last year in San Francisco's sophisticated Four Seasons Clift Hotel. They dined together on epicurean dishes created by internationally renowned chefs especially for the occasions.

The star of the evenings was Canadian fish, freshly flown into San Francisco that very day — in one instance from Atlantic Canada, and in the other from Pacific Canada.

The Four Seasons' innovative menu, impeccable service, the guests themselves, and the behind-the-scenes planning, provided an elegant and cordial U.S. showcase for this product of Canada — Export Fish. Air Canada ini-

tiated and sponsored the Eastern Seafood Exporters Promotion, while the Canadian Consulate General in San Francisco, the provincial government of British Columbia and Canadian Pacific Airlines co-sponsored the Western Export Promotion.

The story of these two successful San Francisco promotions illustrates how federal and provincial governments can and do work with small and large businesses to promote sales of Canadian products and services internationally.

To the businessman contemplating selling into foreign markets, exporting may seem complex. Where to start? How do you effectively identify and reach potential buyers in different markets? Resolving these problems alone can keep the smaller manufacturer/sup-

plier from attempting what the more sophisticated corporation undertakes with aplomb.

However, supportive services provided at both the federal and provincial levels can help you become an exporter. Information regarding government programs, including financial assistance and marketing services is available from the Department of External Affairs, the regional offices of the federal government's Department of Industry, Trade and Commerce and Regional Economic Expansion (IT&C/REE), as well as from the economic and trade departments of provincial governments. To see how these programs work, it is useful to examine these two recent Export Fish Promotions that took place in San Francisco.

The Atlantic Promotion

In September 1981, Air Canada, working with the various Atlantic seafood associations and the federal government, hosted a reception and dinner at the Four Seasons Clift Hotel in San Francisco. All participants, including Air Canada's Maritime cargo managers, were flown in by the airline. San Francisco is one of two Consulates General in the United States that Air Canada chose to sponsor this promotion of Eastern Canadian fish.

In San Francisco, the commercial officer of the Consulate General identified the key trade participants in the area to be invited — fish brokers, wholesalers and other prospective buyers. The Maritime seafood exporters and their potential buyers met and dined together (on fresh Maritimes seafood flown in that day by Air Canada) in an atmosphere conducive to establishing new business relationships. In the weeks following the dinner, the commercial officer forwarded a complete list of all the local brokers to the exporters and followed up on a number of specific sourcing opportunities.

Pacific Exporters

The success of the Eastern Canadian seafood promotion in 1981 inspired the San Francisco Consulate General to request federal government budgeting for a similar Pacific Canadian Seafood Promotion in 1982. This followed discussions with the federal government's regional office in B.C. to verify the Western Canadian Seafood Exporters Association's interest in such support.



The fishing fleet.

The main function of Canadian commercial officers, to bring exporters and importers together, is well illustrated by the promotions.

The San Francisco Consulate General approached CP Air in San Francisco to establish its interest as well as the provincial government of British Columbia.



Fishing off Canada's coasts.

Officials in B.C.'s Ministry of Industry and Small Business Development then talked with CP Air's home office in Vancouver. Both the province and CP Air agreed to participate.

In B.C., the provincial government worked with the manager of the Western Canadian Seafood Exporters Association to recruit the participating exporters. CP Air arranged their travel and the fresh B.C. "catch" was flown to San Francisco the morning of the dinner. As an added touch, British Columbia wine was served.

Prior to the promotion, the Consulate General's commercial officer spent several weeks canvassing prospective seafood importers. Every known fish broker and wholesaler was personally telephoned, and in some cases vis-

ited. A series of individual appointments was arranged for each of the exporters. As well, the Consulate General was able to arrange a meeting at Safeway's U.S. corporate buying headquarters here with the manager of Safeway's Fish Department and one of his buyers. The five seafood exporters, the manager of the Western Canadian Seafood Exporters Association and the B.C. government representative benefited from a presentation outlining Safeway's policies and buying procedures.

Colorado, as part of this Consulate General's territory, was included in the promotion. The Colorado fish buyer of a major multi-state chain store as well as his supplier, one of the two major wholesalers for the state, accepted invi-

tations. The chain had recently opened a warehouse in Denver which gave much more significance to buying contacts in that city.

The principal function of Canadian government commercial officers abroad — to introduce exporters and importers to each other — is clearly illustrated in the context of these Fish Promotions. The immediate result was increased penetration of the San Francisco and Denver market areas by the seafood exporters. Additional benefits of these meetings between buyers and sellers included the identification of such mutual problems as U.S. customs delays in airport clearances of perishables. They also provided the exporters with a greater insight into the demands of this marketplace.

They Talk — and Drink — “MOOSE” In all 50 States

by Charlie Foster, Moncton Office, IT&C/REE

Bob Randolph, of Allstate Liquor Distributors of Atlanta, Georgia, says the Saint John, New Brunswick, water used in making Moosehead Canadian Lager Beer is what has made it the fastest growing seller among import beers in the United States.

Paul Lohmeyer, president of All Brand Importers, whose company convinced Moosehead Breweries Ltd., of Saint John and Dartmouth, Nova Scotia, that they had a product the Americans would “lap up”, says the difference is a special strain of yeast.

Neil Van Bostelen, a Canadian trade commissioner and consul in the United States, says Canadian hops give Moosehead its unique taste.

Al Hirt, the renowned New Orleans jazz musician, who always has a bottle of Moosehead on his music stand “to lubricate the throat and trumpet” says he doesn’t care if it’s the water, the yeast or the hops. “All I know,” he said, “is that it’s the best.”

Back in Saint John, where the Moosehead export bottling plant spews out 1 500 bottles a minute filled, labelled, capped and packed in six-packs and cartons, the only thing they know for sure is that their product is a distinct hit.

“We certainly produce a beer with a distinctive Canadian character,” said Moosehead’s president, Derek Oland. If he knows whether it is the yeast, the hops or the water, he isn’t saying.

Moosehead, one of the few remaining independent breweries, moved into the United States marketplace in 1978 after two years of sales and promotion planning. “Paul Lohmeyer first talked to us in 1973,” said Mr. Oland, “but we weren’t ready for such a big move. When he approached us again in 1976 we thought the time was right.”

At Lohmeyer’s suggestion the “Moose” moved into 26 States simultaneously. “Now we are in all 50,” says Derek Oland with some pride.

The years 1978, 1979 and 1980 brought steady growth to the Moosehead export charts. “The beer took right off from the start,” said Mr. Oland.

“In 1981 and 1982 we continued to increase, both years close to 40 per cent,” said Mr. Oland, “despite the fact that our promotional budget was so small it would boggle the mind if people knew how little we did spend.”

Although Derek Oland lauds the superb promotion advanced by All Brand Importers in the United States, he credits a great deal of the “Moose” sales to unpaid advertising that has put the lager beer “on everyone’s lips”.

A paid “Moose” T-shirt promotion was enhanced when singer Willie Nelson’s office called from Hollywood asking for one of the shirts. “Thanks to the quick thinking of someone in the T-

shirt production plant, to whom we referred the query, we received tremendous exposure,” said Mr. Oland. “The production plant decided that if they sent a dozen shirts, by the time everyone in his entourage had taken one, it would be fortunate if one got through to Nelson. So they sent a gross, and the result was that Nelson wore one for 30 minutes in his film, *Honeysuckle Rose*,” he added.

The Oland family’s connection with brewing goes back more than 115 years to 1867 when Susannah Oland began making an ale in her rented Dartmouth, Nova Scotia, home. It was so tasty that a family friend, Colonel Francis de Winter, offered to put up the necessary cash if Susannah would enlarge her productivity and make ale exclusively for the military.



Derek Oland, Moosehead president, stands beside the company’s giant kettle in which Moosehead beer is produced.

In 1869 Susannah, her husband John (who had arrived in Nova Scotia in the early 1860s to help establish the Intercolonial Railway, and was by then out of a job) and Colonel de Winter, opened the Army and Navy Brewery. In 1877, after John's death, Susannah purchased control of the growing brewery, brought her three sons, aged 14 to 21 into the business, and changed the name of the company to S. Oland Sons and Co.

The Halifax munitions ship explosion of 1917 razed the waterfront brewery and literally blew the Oland family to Saint John. There, Susannah's son, George, then in charge, used his disaster compensation to buy the small Red Ball Brewery, already established more than 80 years. As it prospered under his direction, he expanded back to Halifax with a second brewery.

In 1928, one year after the repeal of prohibition in New Brunswick, George and his son, George B. added the Ready Beverages Ltd. brewery on Main Street, Fairville — at that time outside the Saint John boundary — and changed the company name to New Brunswick Breweries Ltd. It was in the Ready files that they found the name Moosehead, a registered title the company had never used.

When George Oland Sr. died in 1933, his three sons, George B., Sidney and Geoff, agreed to split the business. George B. and Geoff remained in Saint John with the Red Ball and Moosehead Breweries. Sidney took over the Oland and Keith's breweries in Halifax.

Sidney Oland and his sons Victor, Don and Bruce took over the Red Ball Brewery in Saint John in 1957 and later added a new brewery in 1965. They sold to Labatts in 1971.

George B. and Geoff remained with the small Moosehead brewery, from which today's independent giant has grown.

Philip Oland, son of George B., took over the Moosehead brewery in 1937. He refused to yield to the tempting offers dangled before him. Since then — and he is still active as chairman of the board — armed with nothing more than a quality beer pistol, he has made more than few dents in their armour.

Moosehead Canadian Lager Beer started at the bottom of the heap when it entered the U.S. market in 1978. The Big Three, Molson, Labatt and Carling



Quality control is a major factor in Moosehead sales and Bill Ryan, quality control manager, double checks a six-pack on the assembly line.

O'Keefe, plus major European imports such as Heineken, were already big sellers.

By 1981 the "Moose" was outselling most of the imported brands, and had moved past Carling O'Keefe into sixth place.

"If the demand continues to increase we may make it into third place in the imports this year," said Derek Oland.

The old red brick building on Main Street, now part of the city of Saint John, still stands as a tribute to the early

generations of Olands who built a stronger foundation than perhaps they ever realized. But the adjoining new buildings, which the company built in 1979 and 1980 with help from the then federal Department of Regional Economic Expansion, look internally like a scene from some science fiction movie with their gleaming automated equipment and operational technology that is among the most modern in the world of brewing.

More than 160 full-time employees keep the plant running three shifts every day at the Saint John plant. Construction is scheduled to start immediately on a new brewhouse which will more than double the capacity of that phase of the operation.

To work at the Oland plant is often to work for a lifetime. More than 30 employees with 25-year gold watches are on the plant's payroll. Gene Mason, a forklift operator, who got his 25-year-watch 11 years ago, says, "I'm thinking of bringing it in for polishing." The brewery honored its first 25-year female employee this year when secretary Helen McCurdy reached this plateau. Bill Ryan, manager of quality control, will receive his gold watch later this year.

Wages are good, conditions of work in the spotlessly clean plant and office complex are excellent, and when the word got around in 1981 that new jobs were about to be created, hundreds applied.



Sports figures have loomed large in the Moosehead success story, both in New Brunswick and the United States. Bobby Orr is used in some promotions in the United States. Another hockey great, Danny Grant, who makes his home in nearby Fredericton, is the company's most famous Atlantic area salesman. "But we didn't hire Danny because he was a hockey star," said Derek Oland. "Sure his name has opened a lot of doors, but once inside, as a salesman he is first class."

Prohibition of beer advertising in New Brunswick has freed an estimated \$1-million annually in the province to support sporting activities. Few communities have not benefitted in some way

industry, Ross Johnson, president and chief operational officer of Nabisco Brands Inc., now owner of All Brand Importers Inc., presented a cheque for \$300 000 to St. Francis Xavier University in Nova Scotia to create the Philip W. Oland Scholarship for Exceptional Achievement.

Derek Oland is following in his footsteps. Chairman of the Dartmouth 'Y' fund raising group (he makes his home in Nova Scotia, travelling to Saint John by air two days each week) and chairman of the Art Auction which will help in the restarting of the former Atlantic Symphony Orchestra, he is never behind closed doors when his services are needed.

in the Smurfs he saw at the Ice Capades show, and the eldest is totally immersed in sports," said Mr. Oland.

The Moosehead Brewery in Saint John is a contrast of old and new. The futuristic production lines are the direct opposite of the oak-beamed hospitality room where dignified links with Oland's English heritage are evident.

A picture of the 1st Regiment, Canadian Artillery, 1905, including two members of the Oland family, Lieutenants S.C. and G.B. hangs proudly alongside a huge picture of the Queen. The Oland's Canadian loyalty is emphasized by large reproductions of the official declarations of the arrival of the Canadian flag and the recent repatriation of the Constitution.

The Moosehead Brewery is a constant target for would-be buyers. "We could sell any day we wished and certainly live comfortably ever after," says Derek Oland. "But my father and I both believe very strongly that it is much better to be working for yourself than for somebody else. I can foresee no possibility of our selling."

Moosehead drinkers in the Atlantic region, who total (together with other Moosehead products) some 45 per cent of the market, should neither expect to see the familiar Moosehead bottle or label, nor expect to quench their thirst with the product they are used to in Canada when they order a "Moose" south of the 49th parallel.

"In the Atlantic provinces Moosehead is an ale," said Derek Oland. "In the United States it is a lager beer, much like our Alpine lager in Canada. But the name Moosehead seemed more promotable and so we used that. The bottle and label were specially designed to suit the export market."

A "Moosehead Society" started as a promotion in the United States has now many thousands of card-carriers who individually boost the Saint John product. Hundreds of thousands of bumper stickers and close to two million T-shirts have been sold bearing the Moosehead name and insignia.

The number of cases of Moosehead Lager Beer — each containing 24 bottles — sold in the United States is a company secret. But Derek Oland is happy to admit it runs into the millions of cases annually.

"And we are only just beginning," he said. "The future is really unlimited."



Gene Mason, Moosehead employee for 36 years, stacks cases ready for export to the growing U.S. market.

from Moosehead generosity. In a recent oldtimers' hockey tournament in Moncton no less than eight of the 64 competing teams bore the names Alpine (the brewery's other Atlantic region big-seller) or Moosehead.

Community involvement by the Oland family is a tradition. Philip Oland was a founding member of Saint John United Way and the New Brunswick Youth Orchestra. He is national campaign chairman for the Confederation for the Arts in Charlottetown, Prince Edward Island, a freeman of the City of Saint John and an Officer of the Order of Canada.

In 1982, to honor Philip Oland's 50th anniversary in the brewing

It was Philip Oland who spearheaded the drive to reduce the drinking age in New Brunswick from 21 to 19. Derek Oland, with four growing sons, the eldest 15, supports this move. "I believe it is not the age at which young people drink but the way in which they control their drinking that counts," he says. "We spend, through the company, a sum of money each year on programs to show young people the perils of drinking the wrong way. We believe it is better to teach them how to drink rather than taking on the impossible task of refusing them the opportunity."

Right now the Oland sons are not thinking of coming into the family business. "The youngest is more interested

Regional Offices

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