

and high initial investment in a trading company as you would in your manufacturing or development of mine, something is wrong. You basically aren't really looking at a corporate trading company or running a corporate trading company as a trading business. In connection with the Japanese, their structure is in place, it has been developed over a large number of years and it is very effective and efficient. However, they are not very effective in terms of their own profitability from the view that a US corporation and a Canadian corporation would take. To give you a quick summation on that, Japanese trading companies earn about 5 to 8% return on equity. That is with the capital structure that is somewhere in the range of 90% debt. It's not so much true now but in most of the past years that debt was at interest rates that were usually 2 to 3 percentage point below world scale price. So if you took a US corporation or a Canadian corporation and try to duplicate a Japanese trading company you would be running at a loss because you wouldn't be paying 2 or 3 percentage point lower nor would you be able to get 90% debt and you are still left with a business that, even though runs as effectively as a Japanese trading company, is still getting only 5 to 8% return on equity. Is that attractive, is that something you devote resources to? I think you would say no, let's use them and believe me they are very effective organization and they can be used very well.

Interesting thing is that they all started out as importing organizations and so have most of your traditional Hong Kong and European-based traders that have been around for a long time, I mean, and you can still say the basic purpose of a Japanese trading company is to import raw materials into Japan at a cost effective basis but most