

## B.C. plywood gets stamp of approval

The export of B.C. plywood to Japan requires more than a rubber stamp.

Traditionally, the approval process has been a long and demanding one, requiring costly and time-consuming reinspection in Japan.

However, since 1987 when the Council of Forest Industries (COFI) of British Columbia became the first organization in the world to gain Japanese approval as a Foreign Testing Organization for wood products, business has changed.

Now shipments of B.C. plywood can be stamped under COFI's quality control supervision in Canada with the letters JAS, showing that they meet the Japanese standards for structural plywood and can be used in Japan without further inspection.

Mike Apsey, COFI President and Chief Executive Officer, says: "This is another example of the benefits of the co-operative efforts of the province of B.C., the federal government and the B.C. forest industry to diversify forest products trade overseas".

While acceptances such as this have been achieved previously with the United Kingdom, Denmark, Sweden, the Netherlands, Germany and France, this agreement has been no mean feat.

"Japan is known for its stringent quality control requirements," says Art Kempthorne, Director of COFI's quality control programs, who has been involved with the Japanese in negotiating JAS acceptance projects since 1974.

Now with six of COFI's member mills in receipt of the stamping authorization and more applications pending, the market opportunities for COFI plywood in Japan are steadily widening.

Kempthorne says: "It makes us more competitive with others who export to Japan, particularly South East Asian producers who dominate Japanese plywood imports. Now a small Japanese contractor, who doesn't have inspection and grading capabilities, can easily order and use COFI's plywood."

Japan is now second to the United Kingdom as the B.C. plywood industry's largest export market.

In 1987, over 41 million square feet of B.C. plywood were exported to Japan, more than double the previous year. COFI forecasts that shipments to Japan will increase by 25 per cent each year over the next three-to-four years, with larger increases expected in the 1990s.

Most of the exported plywood is used in the Japanese housing industry, with the growth of Canadian style 2x4 frame house construction accounting for much of the increased consumption. Now with the official Japanese stamp of approval, the quality of B.C. plywood can be recognized the world over.

For further information on the export opportunities for B.C. plywood, particularly as it relates to Japan, contact Louis Boisvert of External Affairs' Japan Trade Development Division (PNJ), tel: (613) 996-2458.

Further information is also available from E.L. Kelly, Manager, Wood Products Division, Department of Industry, Science and Technology (formerly Regional Industrial Expansion, DRIE), 235 Queen St., Ottawa K1A 0H5. Tel: (613) 954-3031.

## Deregulation opens Indonesia's trade doors

A series of new measures intended to deregulate Indonesia's economy bodes well for Canadian exports to that country.

On November 21, 1988 the Government of Indonesia announced a series of deregulation measures aimed specifically at industry, trade and sea commerce.

The announcement followed closely on the heels of the October 27, 1988 banking sector deregulation package and it is seen as the forerunner of further relaxation on foreign investment and state-owned enterprises.

The first steps toward deregulation of the Indonesia economy began in April, 1985 when a simplified tax law was introduced.

Since then, the economy has opened gradually to more foreign competition. The country has responded to these measures and "export performance is remarkable," say Canadian trade officials in Jakarta.

The latest measures increase the prospects for Canadian exports to Indonesia, reducing, as they do, government interference in the country's economic activities.

Under deregulation, many import monopolies have been cancelled and their products are now subject to tariff protection.

Products that move from monopoly to tariff protection are in such sectors as food and beverages (50 items); textiles (110 items); agriculture (46 items); chemicals; plastics (82 items); fertilizers; cosmetics; and steel.

Also, if products fall under the designation "domestic producer inputs," then tariffs on some

86 key items are reduced and nominal tariffs are charged to ad valorem on 22 categories. This means that Canadian exporters can sell specified products directly to Indonesian manufacturers rather than selling through monopoly importers/distributors.

Among the products of interest to Canadian exporters that have moved from monopoly to tariff protection are: smoked salmon; macaroni and other pasta products; sweetened biscuits; jams, fruits and jellies; raw hides and skins; bovine cattle leather; various kinds of paper; a variety of iron and steel products; and such plastics as polyethylene, polystyrene and acrylic polymers.

Not only does the new deregulation package bode well for Canadian exporters, but it also has been heralded as a "courageous and progressive step" by the local importing and manufacturing community.

For more information on Indonesia's deregulation measures or on Canadian trade opportunities in that country, contact John Clapp of External Affairs' Asia Pacific South Trade Development Division (PST), tel: (613) 996-5824.

## Olé to Canada's canola

There's some good news and there's some variable news for Canadian exporters to Mexican markets.

During 1987/88, Mexican oilseed imports decreased by 17 per cent over the previous year's total. The decrease translated into a comparable reduction in Canada's export volume in the oil-seed market.

However, the decrease was offset by an increase in the country's crude oil imports, which rose by 185 per cent over 1986/87 totals.

The change in the import "mix" was precipitated by the government's decision--as part of its program to control inflation--to maintain lower retail prices for vegetable oil.

The move by government to permit industry to import large quantities of low-priced crude vegetable oil firmly establishes Mexico as a seed, oil and protein market for exporters.

Mexico's demand for imported protein meals and animal feeds increased in 1987/88 because the country reduced its crushing of oilseeds.

As well, the 1988 summer drought severely reduced Mexico's soybean crop, causing total imports (including vegetable oil in seed equivalents) to increase between 2.7 and 2.9 million metric tonnes for the 1988/89 oil year.

## *The Canadian government proposes to enhance existing relations between Canadian suppliers and Mexican users through a program of seminars.*

This development represents an opportunity for Canadian exporters to increase exports of canola meal.

To develop the market for Canadian canola seed, oil and meal, the Canadian government proposes to enhance existing relations between Canadian suppliers and Mexican users through a program of seminars, slated to start this month.

For more information on the Mexican market for canola seed, oil and meal, contact Don Butler of External Affairs' Caribbean and Central America Trade Development Division (LCT); tel: (613) 995-0460.

## Canada-Czech venture

Legislation passed last November 8 may boost Canadian/Czechoslovakian joint ventures.

Although a copy of the Czechoslovakian *Law of Enterprises with Foreign Capital Participation* has not yet been released to Canadian officials, it potentially opens the door to greater participation in the country's economy by foreign firms.

The legislation passed by the Czechoslovakian National Assembly dispenses with the previous requirement for a minimum 51 per cent ownership by the Czechoslovakian partner in the joint venture.

A definite change from earlier draft legislation, this new opening should attract more interest from potential Western partners.

The legislation is good news.

The next step will be to see how it's implemented and to access its real impact on the forging of new business alliances.

Effective January 1, 1989, the legislation accords joint ventures full economic independence and allows them to maintain hard currency accounts.

Participation in joint ventures is open to any existing Czechoslovakian organization, including state enterprise, cooperative, bank, or existing joint venture. Only national defence is excluded.

With the new legislation now implemented, the chances for Canadian and Czechoslovakian interests to cooperate in joint ventures appear brighter.

For more information on trade opportunities in Czechoslovakia, contact Renée Levcovitch of External Affairs' USSR and Eastern Europe Trade Development Division (RBT), tel: (613) 992-1449.