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Canada's Export Market Report on  
**Australia**



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# Canada's Export Market Report on Australia

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July 1985

## FOREWORD

This export market report provides information on market opportunities by sector, as well as advice to companies on areas to consider in the development of their own Australia export marketing program.

Readers will be aware of the variety of services and assistance available to them from the posts in Melbourne, Perth, Sydney and Canberra through the various departments of the federal government, as well as through provincial ministries of industry and trade and trade associations. Should the market opportunities section in this report provide encouragement to your company, you are urged to take advantage of these services whether you are a new exporter to Australia or one considering expansion there.

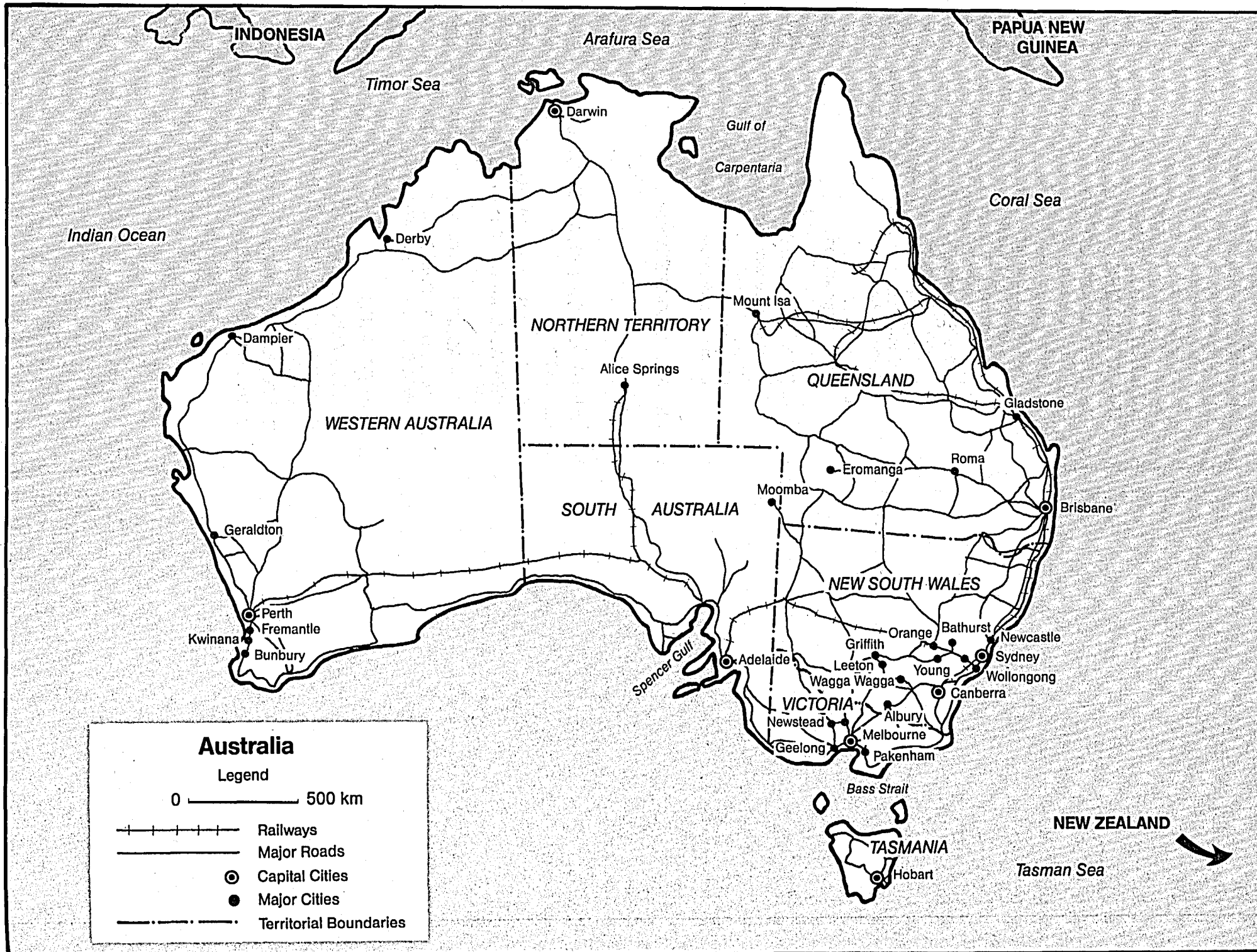
Readers may wish to refer to *Export Roadmap*, a publication of the Canadian Export Association which clarifies for exporters the points of contact in the various federal government departments and agencies responsible for export promotion. Other market reports in this series are available for the United Kingdom, the Association of Southeast Asian Nations (ASEAN), and China.

The Department of External Affairs is anxious to ensure the continuing relevance of market reports to the needs of the Canadian corporate community. Readership surveys are undertaken to measure the utility of these reports and if you are contacted in this regard, your co-operation in providing information is appreciated. Companies wishing to make comments directly to this department should contact the Trade Development Policy and Planning Division, Department of External Affairs, L.B. Pearson Building, 125 Sussex Drive, Ottawa, Ontario, K1A 0G2.



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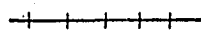
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## Australia

### Legend

0 ————— 500 km



Railways



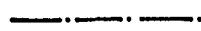
Major Roads



Capital Cities



Major Cities



Territorial Boundaries

# I. SUMMARY OF MARKET OPPORTUNITIES

## Objective

*Canada's Export Market Report on Australia* is intended to help the Canadian business community to expand its economic relations with Australia in terms of exports of goods and services.

This document is a part of the federal government's policy and programs to help Canadian exporters better focus on Canada's export market opportunities.

## Introduction

Australia ranks as Canada's 14th largest trading partner. In 1984, Canada's trade totalled \$1.0 billion, representing an increase of \$211.5 million over 1983. This market report presents an optimistic view of the Australian market and its importance to Canada in the hopes of helping sustain Canada's trade interests in that country.

## Future Market Opportunities

In recognition of the rising level of business in the Australian market, this document points to manufactured products and resource exports as having the greatest sales potential for Canadian goods and services in the Australian market. This potential may be tapped through various means, including using Australian nationals as part of company staff, establishing a local presence through joint ventures, setting up a local sales or service presence, possibly using a local agent or distributor, and demonstrating a product or service that is adaptable and appropriate for Australian requirements.

In marketing overseas it is essential that all companies develop in-house experience in dealing with international business and demonstrate that their products or services are sensitive to the Australian market. *Agricultural equipment* is a case in point where some adaptation of equipment is necessary to meet the conditions of the growing agricultural market. A key requirement to penetrating the market is having a capable agent or distribution company assist in marketing your agricultural equipment.

*Packaging and labelling equipment* is in high demand. A representative of your company can make inroads in this growing market if the company is prepared to promote packaging that is adaptable for industries such as the food, pharmaceutical and confectionary industries.

*Forest Industries Equipment and Services* opportunities are present for Canadian companies willing to enter into partnership with local pulp and paper firms. Sawmill equipment is in high demand. Effective representation through a regional sales operation is required to satisfy Australian concerns of servicing and repair of equipment.

Although the downturn in *oil and gas activity* has affected sales, Canadian companies should be ready to provide field production equipment, feasibility studies, specialized engineering services, reservoir modelling,

advanced seismic processing, and software packages when the upturn begins. An essential ingredient to success is establishing a visible presence, be it through a joint venture or a local office.

*Instrumentation and industrial control equipment* are required for the mining, steel and aluminum industries. Growth areas include sensing and measuring equipment, electronic data processing equipment, converters, and data display instrumentation and devices. Local service availability is of prime concern to the Australian buyer and should be incorporated in any marketing effort.

Supply of *electronics, information processing and special application software packages* is of particular interest to a market that currently has a low level of computerization. *Telecommunications* via satellite potential is very high.

Although Canada/Australia trade is weighted heavily in favour of *resource products*, there are significant export opportunities for primary wood products such as lumber, pulp and paper, and paper products; chemicals such as sulphur, potash, plastics and health care products; and fabricated metal products such as specialized fasteners and pipes.

There is growing evidence of secondary export market opportunities for Canadian products in addition to the foregoing. The Australian market for *aftermarket and Original Equipment Market (OEM)* autoparts is limited for Canadian manufacturers by Australian protective measures and by the dominance of U.S. and Japanese auto and truck makers located in Australia. What export potential does exist for Canadian companies might best be realized through intercorporate transfers with General Motors and International Harvester in Detroit.

If Canadian companies are prepared to pursue opportunities in the agri-food sector, they are to be found in *specialty foods*, including jams, canned cherries and asparagus, frozen peas, white pea and dried beans, and preserved pickles and relishes; *livestock bloodlines*, including live breeding swine and dairy cattle, as well as semen and embryo transplants; and *meat products*, including the possibility of pork.

There is good potential for increased Canadian sales of *fishery products*, including Greenland turbot, flatfishes and smoked salmon. Between 1982 and 1984, Canadian fish food exports to Australia consisted mainly of canned salmon, herring, sardines and cod blocks.

## Industrial Co-operation

Industrial co-operation is one means of expanding export sales to Australia, since the Australian industrial profile resembles that of Canada. Canadian companies will discover that collaboration with Australian firms, for example through licensing, technology exchange or joint research, can provide increased market sales both within and outside the Australian market. In addition to increased sales, industrial co-operation can be an important vehicle to uncover new products, processes and technology, which may enhance a company's marketing and sales in Canada as well as other overseas markets.

## **Tourism**

Canada experienced a 5.7 per cent growth in the number of visitors from Australia in 1981 and is the destination of approximately 1 per cent of Australians travelling overseas. The main appeal of Canada as a holiday destination is the outstanding scenery, in strong contrast to Australia's generally arid landscape.

## **A. EXPORTS OF MANUFACTURED PRODUCTS**

### **MACHINERY AND EQUIPMENT**

#### **Agricultural Equipment**

##### **The Opportunity**

The four-year drought broke in May 1983. Indeed, the 1983 harvest was one of the largest in Australian history. It had a positive effect on sales of agricultural equipment in the latter half of 1983 and resulted in a significant increase in the first half of 1984.

The severity of the drought has had at least one good side effect — that of renewing interest in innovative dryland farming techniques to help conserve both moisture and soil. Since most Canadian equipment is designed specifically for this purpose, and since the Canadian marketing strategy for the last five years has emphasized its suitability for this type of farming, the opportunity for increased sales of Canadian equipment is excellent.

The continued expansion of the grain-growing areas is creating a need for more conservation tillage equipment. The bulk of the expansion, in Queensland and Western Australia, is into areas considered marginal for traditional Australian agricultural methods. Farmers moving into these areas tend to be innovators and are looking for innovative solutions to the problems of soil and moisture control.

##### **Recent Canadian Marketing Activity**

Canada has been an active participant in the Australian agricultural equipment industry for the last six years. Canadian participation in field day exhibitions has been a major element of Canada's marketing activities.

Canadian marketing strategy has been based on promoting Canada as a world leader in the manufacture of stubble mulch farming equipment. This equipment is particularly suited to Australia as it is designed to conserve moisture and prevent soil erosion. In order to help promote this image, a special technical manual on stubble mulch farming was printed and 25,000 copies distributed over the past three years. An audio-visual presentation was prepared and shown to thousands of farmers who attended the Agricultural Field Days. In order to provide a personal source of technical information on stubble mulch farming, a series of seminars was started using expert speakers from the Canadian industry.

##### **Market Considerations**

Most tariffs are 15 per cent, with a reduced tariff of 7.5 per cent applicable to parts of certain agricultural implements. Even at those rates, Canadian exporters

are competitive with Australian manufacturers. A modest recovery in the value of the Australian dollar in relation to the Canadian dollar since 1983 has been a factor in increased Canadian sales. A problem facing Canadian agricultural equipment exporters is finding capable agents and distributors.

Differences in land-clearing practices and the nature of the soil mean that Australian agricultural conditions are harsher than those in Canada. To succeed in Australia, Canadian manufacturers will have to develop equipment suitable to local conditions: they must not expect that all equipment produced for the home market is suitable to conditions in Australia.

##### **The Competition and Competitor Activity**

Canada's main competitor in the Australian market for large four-wheel drive agricultural tractors is the United States, with companies such as International Harvester, John Deere, and Steiger.

Canadian soil preparation and tillage equipment faces its main competition from domestic Australian companies — only 25 per cent of required equipment is imported. Canadian exporters generally have been able to compete effectively on price and quality.

The success of Canada in the Australian market has encouraged other countries, such as the United States and the Soviet Union, to increase their marketing efforts in Australia. The result of this international marketing activity is that Australian farmers have come to expect that countries that are serious in their marketing efforts will be represented at major Australian agricultural equipment shows.

#### **Packaging and Labelling Equipment**

##### **The Opportunity**

With a market of approximately A\$2 billion yearly, the Australian packaging industry is well-developed by world standards, with sophisticated machinery available for the various requirements of all packaging and labelling materials consisting of plastics, aluminium, tin, glass, paper and board.

Until very recently, machinery has been bought on a "one off" basis as required. Manufacturers now realize that a complete system, although more expensive at the outset, will reduce labour costs and result in better packaging at a faster rate.

The Australian packer is still unused to "systemized" equipment but is learning the high cost of using labour-intensive methods. He will respond favourably to better, cheaper equipment systems that will eliminate man-made stoppages and delays. Computerized systems with process controls, from the arrival of the product until it leaves the premises, packed, sealed, labelled and if necessary, coded, will be the way of the future in this market. This trend is already becoming obvious in the food, pharmaceutical and confectionery industries with such companies as Heinz Food Canning, Tooth's Breweries and Cadbury's Confectionery.



According to the Australian Institute of Packaging, local packaging requirements include the following:

- multi-head computerized weighers linked to form-fill-seal equipment;
- all forms of ink-jet printing on products and outer packs;
- laminated tube lines;
- high-speed equipment for packing of tablets into blister platforms;
- cartoning and case packing machines;
- aseptic lines for dairy and citrus products;
- high-speed filling lines for beer bottles and cans in particular;
- stretch-blow moulders for soft drink bottles;
- all forms of "bubble" and "blister" packing machinery; and
- stretch and shrink film packing machinery.

Developments in tamper-proof packaging equipment are becoming increasingly important in Australia for content protection, proof against interference, and child protection.

### **Recent Canadian Market Activity**

The Post maintains a wide contact with both users and agents (and potential agents) in the packaging and labelling industry to assess future opportunities and to ensure current acceptability of Canadian equipment. New agents have been identified in conjunction with visiting company representatives; Canadian company literature was made available in cases where Canadian company personnel have been unable to visit Australia.

Press items of interest in Australian packaging activities (e.g., company mergers and takeovers, the dates of a particular exhibition) have been sent to Canadian companies for their information and future action.

### **Market Considerations**

It has been the experience of Canadian packaging equipment manufacturers that little needs to be done, in the technical sense, to comply with Australian requirements such as wiring to Australian industrial standards (415 volt 3-phase), fitting of metric threads where required, and adherence to safety regulations.

Canadian companies have found that a considerable degree of trade advertising and personal representation is necessary, together with presentation of their products at suitable exhibitions and agricultural shows.

*Marketing* — Buyers of packaging equipment advise that competition in all machinery areas is fierce and only very sophisticated equipment presented to form a complete system or to replace units in such a system will be successful. The major considerations are quality, landed price, cost to operate and labour necessary to operate.

*Bar Coding* — is now in use. By and large the packaging industry is ready, but the supermarket chains are reluctant to invest in electronic equipment for fear it could be superseded by newer technology almost before it is installed. Printers and designers are still making mistakes with their colour contrasts. It is now possible to have bar codes diagnosed so that individual

lines and spaces of the code can be verified. Pressure-sensitive labels carrying bar codes are still in demand.

*Distribution* — Marketing of imported packaging machinery is usually through local agents representing overseas manufacturers. These agents have tended to confine their activities to one area of the industry (e.g., shrink packaging, sealing, labelling) and thus limit the range offered to the end user. It is apparent that this method is changing. Eventually the agent will handle a complete range of packaging equipment requirements in order to offer the user a "one buy" package embracing a complete system.

Canadian packaging machinery manufacturers who wish to enter the Australian market would be well advised to consider offering complete systems, capable of performing all of the required functions of the clients' packaging, sealing and labelling needs.

*Servicing* — Packaging machinery does not require a heavy servicing program. What is required is usually undertaken by the agent who carries spare parts and has one or more trained mechanics to send into the field.

*Metrification* — Australian packaging engineering is now in metric measurements, and this is specified in orders to Canada. A conversion program has been carried out on some older machines with both locally manufactured parts and parts from Canada.

*Regulatory* — Each Australian state controls packaging laws. A committee of the Weights and Measures Authority in each state works to standardize state laws and the laws of deceptive packaging.

At the time of writing, South Australia was the only state to have legislation for a deposit on beverage cans and bottles. In New South Wales, a "voluntary" levy system has operated for some years and is now in its second three-year period. The money collected from the canners and can manufacturers is earmarked for an educational program and a pollution control TV campaign entitled "Do the Right Thing". The results have been dramatic. The Government of Victoria is examining the merits of a unique South Australian system.

All plastic forms are made in Australia, but products such as film plastic supermarket bags are mostly imported from Southeast Asia because of cheap labour and low tariffs on these items. Food packing is subject to strict government control, and protective coatings are required on some food plastic packs. Some 40 to 50 per cent of aluminium drink cans are recycled, and the machinery for filling is imported from the United States and West Germany.

The Australian industry is confronted with almost 1,000 separate regulations affecting packaging and labelling in some way. The purchaser should be aware of the need to comply with various state and territorial regulations.

*Tariff* — While the duty rates imposed by the Australian government on packaging machinery range from 2 to 20 per cent, 90 per cent of imported equipment items incur a duty of 15 per cent with no preference for

Canada. Exceptions to this ruling are generally specialty machinery performing dual roles of formation and packaging of plastics products.

**Sales Tax** — This tax is levied at a nominal rate of 20 per cent on all packaging machinery except:

- (i) where an agent or distributor avoids such tax by producing a sales tax exemption licence number, which is issued when machinery is for resale; or
- (ii) when a manufacturer purchases machinery as an "aid to manufacture" and is thereby granted exemption.

**Possible Development** — A particular pressure point in Australian packaging is the likely inroads of linear low-density polyethylene (LLDPE) which has become available in volume. This plastic product, in which there is potentially a two-fold saving, is now selling in Australia for about the same price as low-density polyethylene (LDPE).

**Associations** — There are two major packaging associations in Australia: the Packaging Council of Australia (PCA) and the Australian Institute of Packaging (AIP).

The news, views and activities of the local packaging industry are reported in a monthly journal, *Australian Packaging*, which reports on companies, personnel and products within the industry.

### **The Competition and Competitor Activity**

It is estimated that 75 per cent of packaging trade items are locally manufactured. As the tariff for this type of machinery is 15 per cent and the Australian labour rates have risen substantially over the last three years, the opportunities for imported machinery have been quickly taken by machinery manufacturing countries. West Germany, the United States, Italy and Switzerland in particular are very active through established agents. Their presence at trade shows and exhibitions is well organized, and their agent advertising in trade magazines is prominent.

The changing demands of the packaging industry, the requirement for greater flexibility in packaging of new shapes of containers, increased protection against thieving and tampering, and, for the labelling industry, demands for varying sizes and shapes of different materials all constitute a challenge that appears to have been met by the overseas rather than the local supplier. Recent presentations would indicate that Canadian companies are abreast of overseas machinery production innovations, but the present degree of penetration in this market is limited.

In addition to strong import competition, the Australian packaging industry is facing challenges from the implementation of the Closer Economic Relations Agreement with New Zealand. New Zealand offers Australian buyers a host of packaging materials and product supply sources at very competitive prices. This applies particularly to plastics and many types of steel products where, unlike the Australian converters, which are locked into expensive local raw-material supply sources, the New Zealand producers are able to import the raw material duty-free from the lowest cost sources throughout the world.

## **Forest Industries Equipment and Services**

### **The Opportunity**

Activity in the *pulp and paper industry* has centred around consolidation, rationalization or increasing productivity with minimal capital expenditure.

The need for partnerships in future major *pulp and paper projects* in Australia was highlighted at the recent annual conference of the industry association where the keynote speaker was Mr. Stan Wallis, Managing Director of Australian Paper Manufacturers Ltd. (APM).

Mr. Wallis saw the possibility of one or two pulp mills being built in Australia, each costing in excess of \$500 million. For projects of this magnitude, he felt that there should be a consortium approach including involvement by customers in loan financing. Mr. Wallis suggested that there could be partnerships with firms based in New Zealand with whom Australians could share export markets.

Business in the *sawmilling sector* has picked up with improvements in housing starts coupled with easier and less expensive money available for loans. The earlier slowdown in this area led to a succession of takeovers, mergers and reallocations of resource quotas. Equipment suppliers report a gradual improvement in business activity as this section of the industry recovers from the recession. Within the *softwood timber industry*, the Radiata Pine Association of Australia and the New Zealand Timber Industry Federation recently agreed that the two organizations would

- work together to develop a preservative treatment policy that would lead to a unified branding of products treated for specific end uses;
- launch a promotional and educational program for radiata pine centred in the eastern states of Australia; and
- seek a rationalization of standards and sizes, especially for timber being exported to third countries.

With the development of Australia's softwood timber resources, a potential market for Canadian sawmilling equipment, chain saws and handling equipment is anticipated.

### **Recent Canadian Marketing Activity**

Owing to the lull in business activities generally, the earlier promotional thrust by Canadian interests has tapered off in recent times. Several Canadian equipment suppliers have effected changes in their representation in the Australian market that should give them a stronger foothold when the market improves.

These changes include entering into a manufacturing-under-licence arrangement and the establishment of regional sales operations in Australia in order to provide better representation in this market.

## Oil and Gas Equipment

### The Opportunity

Oil field activity in Australia has subsided as funds for new drilling and exploration have dried up and as oil prices have dropped.

With the downturn in activity, it is difficult to predict likely expenditure patterns in oil field equipment. Suffice it to say that optimism prevails and that Canadian companies should investigate the Australian oil patch to take advantage of a future upturn.

The industry's target is to drill some 250 wells each year, spend about \$1 billion a year in exploration, and find an average of 200 million barrels of oil annually.

Current production is approximately:

- 350,400 BPD oil (90 per cent from Bass Strait);
- 17,600 BPD condensate;
- 55,700 BPD L.P.G.;
- 1.1 billion cubic feet/day natural gas.

The oil market of 570,000 BPD is met by domestic production (65 to 67 per cent of requirements) and imports, largely of heavier end-type crudes from the Middle East and the spot market (33 to 35 per cent).

Domestic gas from the northwest shelf to Perth, Western Australia, was due to be delivered in 1984. Contracts for Liquefied Natural Gas (LNG) are still being negotiated with Japan; the target date for the start of deliveries is October 1989.

Natural gas development in Western Australia will be determined largely by export LNG potential and on developing a better gas-use grid and greater penetration within Australia.

The Phase 2 portion of the northwest shelf project includes an LNG plant, cooling water system, LNG ships, product jetty and associated works and is expected to cost A\$8.8 billion.

### Oil and Gas Development

Major developments include the following:

- continuation of the Bass Strait Expansion Program in Victoria;
- ongoing activity in the northwest shelf project in Western Australia;
- Cooper and Eromanga Basin Liquids projects, including work on the Jackson Field in South Australia and Queensland;
- first production activity in the Amadeus Basin in the Northern Territory;
- further expansion of the Barrow Island oilfield and of the Surat Basin oil and gas fields in Queensland;
- installation of field production facilities at Blina in Western Australia; and
- feasibility studies to bring Western Australia's 149 oilfields into production.

## Oil and Gas Exploration

Recent trends in exploration activity have for the most part been focused onshore where well costs and risks are considerably reduced. Australia is at a crossroads in resource development. Explorers are reprocessing old seismic or reshooting basic data under new parameters.

The industry is undergoing a shakeout. A few small supply and service companies have ceased operations as a result of the recent recession and undercutting by the multinational service companies.

New discoveries at Jabiru in the Timor Sea by BHP and in the Barrow Sub-Basin by Mesa and several discoveries in the Eromanga Basin in Queensland look promising.

Canadian exploration companies are already active in Australia, and most have formed joint ventures with Australian companies. Canadian expertise in geology, geophysics and reservoir engineering are notable examples of Canadian technology at work in Australia. There will continue to be a market for Canadian professional expertise, which could take the form of specialized engineering consulting, reservoir modelling, advanced seismic processing, software package sales or specialized well services.

### Pipeline

A review of the major pipeline projects, proposed and under construction, include the following:

#### *Western Australia*

Under Construction:

- Dampier — Perth  
1415 km of 660 mm diameter and 85 km of 500 mm diameter natural gas pipeline for the State Energy Commission. Principal consultants are Fluor-Maunsell and the construction contractors Saipem/ICC.

Proposed:

- Laterals from the Dampier-Perth natural gas pipeline.
- Dampier to mining area of Pilbara — 190 km of natural gas pipeline for the State Energy Commission.
- Geraldton — a survey of potential gas demand is in progress.
- Kwinana — a lateral will be constructed to provide gas to the Kwinana industrial area and the Kwinana power station.
- Worsley — a lateral to the Worsley Alumina refinery is planned to supply gas for calcining purposes.

Southern Extension:

- A lateral will be constructed to supply gas for domestic, commercial and industrial purposes in the Bunbury area. This lateral may be extended to Capel to provide gas for mineral sands processing.

### *South Australia*

#### Under Construction:

- Toolachee — Strezlecki — Della  
37 km of 750 mm diameter pipeline for Santos. Construction contractor is Prentice Bros. and Minson.

#### Proposed:

- 240 km pipeline from Stony Point to Gillman dependent on the go-ahead for a A\$1,000 million petrochemical plant at Gillman.

### *Northern Territory*

#### Under Construction:

- Palm Valley — Alice Springs  
150 km of 200 mm diameter natural gas pipeline for Bulkships/TNT. Fluor Australia are principal consultants and the construction contractor is Interstate Construction.

### *Queensland*

#### Under Construction:

- Jackson — Moonie  
790 km of 300 mm diameter crude oil pipeline for a consortium of Santos (operator for the partners in the Jackson Field) and Moonie Oil. Project construction management: Williams Brothers — CMPS Engineers. Construction contractors: McConnell Dowell Constructors (Jackson — Blairmore Station Section) and PBM Queensland (Blairmore Station — Moonie Section).

#### Proposed:

- Newstead  
30 km of natural gas pipeline to bring the Newstead Gas Field into production for Hartogen Energy. Engineering management is by Pipetech and the construction contractor is A.J. Lucas. Constructions using "ZAP-LOK".
- Denison Trough Area — Roma or Gladstone  
160 km of 200 mm diameter natural gas pipeline from the Denison Trough area to Roma or 300 km of 300 mm diameter from the Denison Trough area to Gladstone plus gathering systems for AOR (CSR subsidiary). Engineering and construction management is by Pipetech.
- Revamping Moonie — Brisbane oil pipeline.  
Engineering design and construction management is by Pipetech.

### *New South Wales*

#### Proposed:

- Moomba Sydney Pipeline — Griffith and Leeton  
130 km of 100 mm or 150 mm diameter and 30 km of 74 mm diameter natural gas pipeline for the pipeline authority.
- Wagga Wagga — Albury  
132 km of 324 mm diameter natural gas pipeline for the pipeline authority.
- Young — Orange, Bathurst and Lithgow  
138 km of 150 mm and 200 mm diameter natural gas pipeline for the pipeline authority.

- Botany Bay Submarine Pipeline System  
One 89 mm diameter, two 200 mm diameter and one 350 mm diameter submarine pipeline, approximately 4 km, across Botany Bay from Kurnell to Bumberah Point for AOR and Caltex. Engineering and design is provided by Pipetech.

### *Victoria*

#### Under construction:

- Pakenham — Yellingbo  
27 km of 750 mm diameter natural gas pipeline for the Gas and Fuel Corporation of Victoria. Construction Contractor: Harnett Constructions.

#### Proposed:

- City of Knox and Shire of Sherbrooke  
6 km of 150 mm diameter natural gas pipeline for the Gas and Fuel Corporation of Victoria.
- Wandong to Kyneton  
59 km of 300 mm diameter natural gas pipeline for the Gas and Fuel Corporation of Victoria.
- Pakenham — Wollert Stages 2 and 3  
65 km of 750 mm diameter natural gas pipeline for the Gas and Fuel Corporation of Victoria.
- Offshore pipelines in Bass Strait for ESSO/BHP  
Flounder Platform/Tuna Platform  
16.7 km of 250 mm diameter oil pipeline  
16.7 km of 250 mm diameter gas pipeline  
Snapper Platform — Marlin Platform  
15 km of oil pipeline.

### **Market Considerations**

Because Western Australia, where many of the country's oil and gas projects are located, is geographically isolated from the country's industrialized centres, many of the competitive advantages normally accruing to domestic producers from market proximity are weaker in this sector.

Relative distance also puts Canadian suppliers at a disadvantage. Conversely, the proximity to Australia of such competitors as Japan, Singapore and Korea, particularly for the larger and more expensive pieces of equipment used in marine activities, constitutes a significant cost advantage.

In addition to the distance factor, the Japanese are able to reduce shipping costs by placing freight on otherwise empty bulk ore carriers for the back-haul routes between Japan and Australia.

A significant barrier to entry for new Canadian exporters is posed by the sourcing behaviour of buyers in Australia, who prefer to buy from local companies whenever they can. International operators and the subsidiaries of multinational corporations, when they are not encouraged to secure their supplies domestically to meet local-content targets, usually rely on their established supply networks overseas.

Canadian companies will need to establish a visible presence in Australia in order to sell there. Facilities need to be established to provide buyers with after-sales service and technical support, since these are



key factors in selling to the Australian oil and gas industry. Furthermore, it is vitally important that potential suppliers be prepared to establish a long-term commitment to the Australian market. For the equipment buyers, significant cost savings are possible when supply is secured from a single firm for a broad range of related operations. Assured delivery times and quality control are also improved through product standardization. Firms seeking to enter this market with the intention of supplying on the basis of single contracts are not likely to be successful.

It is important for exporters to Australia to bear in mind the increasing significance of standards and regulations as market considerations in that country. Product standards are generally based on U.S. (API) or international codes. Local standards and regulations exist in the electricity and safety areas. Electrical wiring on products is usually rewired to local standards after being imported. Safety regulations are the responsibility of each state and vary considerably between states. Union regulations regarding safety and comfort are increasing.

One element requiring close attention is the effect of the Resource Rent Tax (RRT) on exploration and offshore projects. Canadian exporters should be fully briefed on the possible ramifications to their projects of the RRT and of standards and regulations.

Australia is still a net importer with 25 per cent of its trade deficit attributable to imported oil. There is nearly a 200,000 BBL per day shortfall in the Australian market for oil companies to pursue.

## **Instrumentation and Industrial Process Control Equipment**

### **The Opportunity**

There are some signs that the mining, steel and aluminium industries may be emerging from recently depressed conditions. Other industries are expected to follow, and the need to update old systems with more efficient equipment will place a great demand for instrumentation and process control products.

Users are becoming more aware of the need and benefits of electronically controlled equipment and are turning to suppliers with the individual requirements of their companies and their industries.

Australia does not have a fully developed manufacturing capability in this field. While the assembly and adaptation of overseas equipment will probably increase, any other input will probably be limited to marketing and servicing a relatively small but sophisticated area of future opportunity and growth.

The Australian market is estimated to be in the order of A\$200 million, but the bulk of instrumentation and industrial process control equipment is imported from the United States, the United Kingdom, West Germany, Switzerland and Japan, with the Australian contribution consisting of assembly and some limited manufacturing of components required to suit local conditions.

Approximately 60 per cent of the Australian market is dominated by 12 major instrument companies:

Bailey Controls	Fischer Controls
Leeds & Northrup	Siemens
Rosemount	Honeywell
Kent Instruments	Taylor Instruments
Fisher & Porter	Foxboro
K.J. Baillie	Westinghouse

This market includes

- industrial instruments (field and panel);
- process control systems (both analogue and digital);
- analytical instruments;
- valve actuators (included as part of instrumentation and process control systems);
- panels and desks (forming part of process control systems);
- installation and commissioning;
- after sales service; and
- spare parts.

Specifically excluded are

- digital systems (other than those that are an integral part of a process control system);
- control valves;
- medical instrumentation; and
- scientific instruments (other than those that could also be classed as industrial).

United States exports dominate the Australian market for *industrial electronic controls*, a position that is expected to be maintained in the foreseeable future because much of the manufacturing carried out in Australia is by wholly owned subsidiaries of U.S. corporations. The majority of the activity classified as manufacturing consists of the assembly of imported components into custom-built systems or of locally produced casings and cabinets and imported componentry. This has resulted in few or no tariffs on the imported equipment components.

Continuing increases in wages and salaries have resulted in a rising popularity for labour-saving technology, including *electronic process control equipment*. Increasing costs in other areas such as energy and raw materials have produced awareness in industry of the need to optimize scarce resources.

Despite a demand for a more sophisticated generation of instrumentation and process control equipment, the "Australian made" input to the entire market is considered to be in the order of 20 per cent. This dependency on foreign technology and capital has not escaped the attention of the Australian Government.

Because of the reduced activity in Australian resource industries and in Australian steel making and its associated industries, the instrumentation and process control industry has also suffered. The 1983 market was only 75 per cent of that of 1982, with little improvement in 1984, continuing into 1985. Since it is a costly item of capital expenditure, potential buyers are now demanding proof of operational cost savings and adequate servicing before

purchasing. The market is thus increasingly competitive. Skilled labour is necessary to install and maintain instrumentation and process control equipment. Industry demand is for "fail-safe" products that, in turn, can identify, locate and correct problems in complete plant systems.

In Europe, the United States and Japan, the petrochemical and pharmaceutical industries are very large and manufacture an extremely wide range of products. In Australia, they are relatively small and are mainly concerned with base products (gasoline, fuel oil, base plastics, simple drugs). They are not, in general, involved in the manufacture of additives, stabilizers and essences. As a result, the market for industrial instrumentation in Australia is different from that in other Western nations. Over the past decade, the average value of each sector of the market for industrial instrumentation and process control equipment has been the following:

Power generation	20%	Food and sugar	7%
Water and waste		Iron and Steel	8%
water	18%	Manufacturing	6%
Chemical and		Miscellaneous	4%
petroleum	18%	Pulp and Paper	4%
Mining and			
minerals	15%		

From the above list it can be seen that the public utilities sector (power generation and water and waste treatment) is dominant in this sector of the Australian market.

The chemical and petroleum sectors represent less than 20 per cent of the Australian instrument market, whereas in the United States it is probably nearer to 40 per cent. The 18 per cent figure for this industry contains a large proportion of instrumentation supplied for distribution networks (e.g., pipelines, farms).

The mining and minerals sector is divided into mining and mineral processing. The instrumentation in the mining sector is small compared to mineral processing (e.g., alumina, coal preparation, non-ferrous metals).

Australia has a few very large mineral processing plants and not a general spread of smaller plants.

The majority of users of instrumentation are located in a band around the coast of Australia, rarely extending more than 100 miles inland. Mt. Isa Mines, for example, is not far inland from the Gulf of Carpentaria, nor is the iron ore mining area of North Western Australia. There is a concentration of industry in and around the major capital cities, in particular, the Newcastle/Sydney/Wollongong area and the Melbourne/Geelong area.

All of these circumstances make it expensive to service the market nationally. It is currently thought that the cost of supporting national sales of industrial products such as instrumentation is as high as 25 per cent of the sale price of the goods. This percentage is reduced if the company only operates in a single state and is in the capital metropolitan area.

Overseas companies find it difficult to service the Australian market without an established base in the country. In general, the headquarters must be in Sydney or Melbourne, with branch offices, distributors or agents in other states.

Incoming overseas suppliers are advised to form an association with an Australian company so as to benefit from local experience and also to present an Australian presence. While Australian economic indications were for an upturn late in 1984, it may be 1985 before capital expenditure on such items as instrumentation and process control equipment is evident.

#### Four growth areas stand out as follows:

*Sensing/Measuring Instruments* — Sales potential of temperature flow and liquid level devices is assessed as being good as a result of the aluminium smelters and power stations that are likely to be built in the 1980s. On-line chemical composition analysis is an area that should have good potential on the basis of expansion plans announced in the chemical industry and the expansion being forecast for the non-ferrous smelting and refining industry.

*Electronic Data Processing Equipment* — It is estimated that this classification of products will be a major growth area of industrial process control systems in Australia in the 1980s. Australian industry is becoming increasingly aware of the enormous benefits that can be obtained from computer-based process control systems in order to avoid very high labour rates.

*Converters* — Good sales potential is assessed for this category of products primarily because of the expansion plans forecast in the primary metals and power generation industries.

*Data Display Instrumentation and Devices* — Sales potential in this category is related to the demand for automated process control systems and as such is a prime opportunity area. The best equipment sales potential is for analogue recording/indicating devices and analogue panel meters. Although the majority of Australian industries using this type of equipment presently appear to prefer analogue, this position is changing as digital equipment and interfaces become more popular.

#### Recent Canadian Market Activity

Industrial demands for sophisticated instrumentation and process control are expected to continue to expand. The attention of agents and distributors has been drawn to the availability of quality products and new developments from Canada so that the best representation for Canadian companies may be obtained.

The editors of local trade publications including *Process Engineering* and *Process Control and Engineering* have been informed of the presence in Australia of Canadian trade missions, and attention has been drawn to special Canadian products. This has led to valuable national publicity directed toward particular

trade sectors, resulting in many enquiries from worthwhile contacts.

### **Market Considerations**

Although smaller Australian manufacturers are well serviced and quite satisfied with pneumatic-type instrumentation and indicators, the advent of the microprocessor, allowing central control of a complete multi-point system with a graphic CRT display, has effected a complete change in process control thinking. Flexibility is achieved through the modification of control schemes via keyboard entry of configuration data that can be linked to a central computer. This development leads to greater plant efficiency by simultaneously metering, measuring, weighing and counting at many points and offers a more reliable system of warning, locating and identifying in the event of trouble.

Such systems require a high degree of modularity of software packages, which are general in nature and which may be configured and interconnected to a given application by the simple addition of input/output assignments and scale factors.

Each state government tends to give preference to equipment manufactured in that state. These preferences are in addition to any preferences given to Australian manufacturers.

The Australian local preference policy does not apply to any great extent in this industry, however, as Australian manufacturers cannot offer competition to imported items. Many small Australian firms are very capable in the activities of assembling and servicing, and some Australian "content" would be desirable in entering the Australian market.

### **Tariffs**

Because there are so few Australian manufacturers in the area of industrial instrumentation and process control equipment, imported equipment is generally allowed into Australia duty free. As this is a diverse field with ever-increasing complexities, it is considered advisable for Canadian exporters to study the rulings of the Australian Customs Authorities in each particular case.

### **Servicing**

Since the Australian user is exposed to imported instrumentation and process control equipment, the essential requirement is local service availability. The great distances in Australia, as in Canada, mean that the local representative must be able to travel anywhere on the continent to effect efficient service repairs.

Most of the 12 major suppliers in Australia have a strong in-house assembly/engineering support for their products in Australia. From the user standpoint, there is a high level of resistance against using specialized equipment imported into Australia through a small agency company. Almost every company in Australia has had bad experiences with purchasing such equipment and, when servicing is

required, find that the importing company is no longer in existence. The user is left with no after-sales back-up. Thus a permanent presence in Australia that will guarantee back-up for the life of the equipment is of the utmost importance. For this reason it is advisable for an overseas company to consider expanding nationwide by setting up regional service bases to maintain their equipment and, where appropriate, grow into sales offices.

### **Competitive Activity**

Australian industry tends to import its technology. This either takes the form of placing orders for capital plant with overseas plant designers and builders or by employing overseas consultants, often in conjunction with an Australian consulting organization, to design the plant.

Large European and Japanese plant builders are very active in Australia, while the presence of the Koreans is increasing. The Japanese are active in industries in which they have a large trading interest with Australia (e.g., mineral processing, iron and steel, wool processing). Japanese interests are heavily involved in many coal mining projects, for example; indeed in some cases the Japanese are buying the entire project output.

The Japanese share of instrumentation supplied to the Australian market is increasing and is currently running at about 10 to 15 per cent of the total. The main Japanese thrust into Australia has been with low-cost temperature controllers, low-cost laboratory and industrial analytical instruments and high-volume products such as recorders, indicators, etc. Companies such as Hitachi and Toshiba, however, are increasingly successful in supplying instrumentation with major plant items, particularly to the power generation industry. In addition, Toshiba, with its Tosdic digital control system, is becoming a force to be reckoned with.

The American share of the Australian market has declined in the past decade. This has been the result not only of the rising imports from Japan and also from Taiwan, Korea and other low-cost Southeast Asian countries, but also the increasing activities of both European and British suppliers.

### **Defence Products**

#### **The Opportunity**

The armed forces of both Australia and Canada are undergoing major re-equipment programs. In this context, opportunities for greater co-operation between the respective defence industries should be explored.

The environment for increased co-operation has been established on excellent Service-to-Service links and built up over many years of close military association in times of both war and peace. Most recently, increased co-operation in the defence industrial sector has been an objective expressed in meetings of Australian and Canadian ministers.

The Australian defence industry is quickly developing capabilities and competitiveness in selected areas, largely under the propulsion of substantial offset work from the F/A-18 project and other major purchases from U.S. firms. The defence industry has now developed extensive capabilities in the manufacture of complete items or systems and in the conceiving, designing and manufacturing of complete systems.

The defence industry is composed of elements diverse in ownership, size and performance, which present the Australian Government with a range of problems in the maintenance and development of capability. The outward orientation of the defence business, however, is an important characteristic that differentiates it from most other sectors of Australian industry. By necessity Australia has become a sophisticated purchaser of new weapons systems technology and has developed, largely in the Government Defence Research Laboratories, a capability to make careful choices between technologies and to adapt new overseas equipment to Australia's physical and strategic environment. This capability has reduced the technology knowledge gap. However, it is largely confined to public defence science of little immediate benefit to the manufacturing industry.

In 1982-83, 70 per cent of the defence outlay for capital equipment was spent overseas, largely in the United States, with the remaining 30 per cent in Australia. Conversely, of the expenditure on replacement equipment and stores, 70 per cent was spent in Australia and 30 per cent overseas.

Overseas purchases cover major items including the Orion P3C long-range maritime patrol aircraft, the FFG guided missile frigates, and the F/A-18 aircraft. The 30 per cent local expenditure is very significant, but with few exceptions is based on the production of equipment designed overseas.

In prospect are the construction of new submarines, the new family of light armoured fighting vehicles, the new basic trainer aircraft, the family of small-arms weapons and ammunition for the Phalanx close-in weapon system, and the implementation of new strategic and tactical communications systems. In most of these projects, Australia is trying to take advantage of overseas experience and involve Australian companies and Australian design, engineering and production capability. Where practicable, an Australian firm is preferred as the prime contractor.

The important point from the Canadian perspective is that it is simply not realistic to assume that Australia can become totally self-sufficient in supplying equipment to satisfy its defence requirements.

Opportunities exist, therefore, for Canadian defence industry to search out areas for co-operation in research and development, production and marketing in sub-systems and possibly in complete systems.

The most promising areas for co-operation between Canada and Australia lie in naval equipment. New construction programs are scheduled for Follow-On-

Destroyers and submarines. The Australian Government announced in October 1983 that it had accepted in principle a proposal by Williamstown Naval Dockyard, Melbourne, for the construction of two patrol frigates (FFG Class 7) similar to the guided missile frigates (FFGs), which have been under construction by Todd Shipyards, Seattle, Washington. This program comes generally within the time frame of the Canadian Patrol Frigate Program and should offer opportunities for Canadian firms to explore Australian interest in sub-systems and complete systems such as internal communications, command and control systems.

Australia's Oberon submarine fleet of six vessels will be replaced in the early 1990s. In November 1983, tenders for the definition study were submitted by seven firms, mainly European-based. A short list is expected to be announced, followed by award for the contract definition phase in 1985. It is expected that the first submarine will be constructed overseas in 1986-87, with the additional ones to be built in Australia from 1988 onwards.

The Royal Australian Navy has a modernization program underway for the River class destroyer escorts. Modernization work on the three Charles F. Adams-class guided missile destroyers is planned to start at Garden Island Dockyard, Sydney, in late 1985.

In aviation, opportunities may exist in software development for the F/A-18 and P3C Orion aircraft for computerized maintenance, overhaul and repair activities.

For land forces, the replacement program for M113 armoured personnel carriers, scheduled for the early 1990s, and the replacement program for the family of small arms may offer areas for exploration between Canadian and Australian firms.

Marketing advantages of mutual benefit for the Australian and Canadian defence industries should be further explored in relation to Australia's participation in ASEAN and in Canada's membership in NATO. Australia is linked to Malaysia, Singapore, New Zealand and Britain through Five-Power Defence arrangements. Australia is keenly pursuing marketing initiatives in Southeast Asia with friendly countries. Canadian firms in joint ventures with Australian counterparts would gain by Australia's experience and presence in this area. Likewise for Australian firms, Canada's participation in NATO and Canada's track record in the U.S. and European markets could offer advantages in partnership arrangements.

### **Market Conditions**

There is a strong emphasis in Australia on the need for self-sufficiency because of a fear that necessary supplies might be cut off in any conflict. Equally important, there is a desire to reap the benefits of expanded investment and employment in Australia.

These needs have led to offset requirements and Australian Industry Participation (AIP) on major defence purchases as a means of expanding both employment and the capability and capacity of the



defence industrial base. A minimum of 30 per cent offset is usually required, and the total order value threshold for offset purposes is usually US\$1 million. Offsets are often in similar areas of technology to that of the equipment being purchased overseas. Offsets in other areas of technology are also acceptable. Following are some types of offsets:

- manufacture in Australia of parts of the equipment being purchased;
- manufacture of similar equipment for sale to other customers of the overseas supplier;
- collaborative proposals in which the prime contractor arranges for Australian industry to participate through conceptual, design, development and production stages;
- purchases of Australian products of defence or technological significance that are arranged by the overseas supplier;
- transfer of technology to manufacturing industry; and
- research programs of benefit to manufacturing industry.

The Australian offset policy applies to all forms of contracts for goods and services with all departments, statutory authorities, or in any case where there is Commonwealth government involvement in the purchasing decision. In 1984, the Australian Government undertook extensive studies of the offset policies and practices of other nations, the results of which were due by the end of 1984.

The extent to which overseas suppliers are willing to enter into offset arrangements and the technical worth or the monetary value (or both) of their proposals may be significant factors in deciding the award of the contract.

The Offsets Section of the Australia Department of Defence Support offers general information and advice and maintains a record of the capabilities of Australian companies interested in working with overseas suppliers. The Section can be contacted at the following address:

Director, Offsets  
Marketing Branch  
Department of Defence Support  
Canberra, A.C.T. 2600  
Telephone: (062) 482726  
Telex: AA62063

In recent years, Australia has turned increasingly towards the United States as its main source of military technology and hardware, and it maintains procurement offices in Washington and Los Angeles. The Australian interest in U.S. equipment has helped Canadian defence products exporters, since many are involved in the development or manufacture of products for the U.S. military and have sold these same components, sub-systems or spare parts to Australia. There is, however, a need to encourage Australia to consider Canada separately from the United States as a source of supply for sophisticated or high-technology products.

Opportunities for the direct sale of complete major equipment or systems are declining because of Australia's insistence on local production or joint ventures. Nevertheless, there are cases where Canadian technology complements that in Australia. Canadian companies can co-operate with Australian firms in the development and production of military products to compete in the Australian and world markets. In other cases, co-operation with Australian firms can allow Canadian firms to take advantage of the well-established Australian marketing ties to Pacific Rim countries.

### **The Competition and Competitor Activity**

The American-British-Canadian-Australian (ABCA) standardization agreement provides for a substantial two-way flow of information on our respective military operations, plans and equipment. While these close ties and similarity of requirements offer considerable potential for increased defence trade, they also offer information flow for our major competitors.

In the past, Australia has purchased most of its equipment from Britain. However, with the Korean conflict and subsequent involvement with the United States in Vietnam, American firms, particularly the large multinationals, have become the major source of equipment for Australia's forces. These firms have an excellent capacity in the offsets area and often are able to submit proposals, including transfer of advanced high technology. They are also able to provide technical assessment as well as production and quality control assistance to help Australian firms compete more effectively for export business or conduct offset work.

The Japanese maintain close commercial ties with Australia and have established a presence in Australia for a diversified range of high-technology products. If they decide to become involved in the Australian defence market, either through exports or in joint ventures, they could provide keen competition to Canadian firms.

Canadian firms must devote particular attention to the offsets area and to the desire of the Australian Government to encourage joint ventures to be in a position to challenge the strong presence in Australia of large multinational firms that have diversified interests across a range of products.

## **ELECTRONICS**

### **Telecommunications**

#### **The Opportunity**

The Australian market penetration for Canadian telecommunications equipment remains modest despite early hopes that this sector would open up to a wide range of Canadian products.

TELECOM Australia appears to have adopted a sympathetic view of outside influences. For example, no longer is it necessary for a private subscriber to be referred to use a TELECOM technician to install a

handset in a home. Now there are a variety of telephones with features never before available in Australia that the consumer can purchase at a retail level. As long as the equipment is "TELECOM type approved", there is no problem in connecting to the line.

In its promotional role, TELECOM Australia is offering the business community more than was hitherto available. Its Datel service, for example, provides switched network and leased line services to a wide range of data transmission facilities. A new synchronous leased line service for the larger user, where long-distance communications are required, is provided by its digital data service with multiplexing facilities. TELECOM is actively promoting AUSTPAC, the new packet-switched data communications network, using packet switching technology purchased from France. TELECOM's two-node AUSTPAC network (one each in Melbourne and Sydney) was expanded to an eight-node network in 1984 to take in other capital cities.

Where it had been expected that Australia might soon be introducing a cable television service, as recommended by yet another enquiry, the Labor government in Canberra has effectively blocked this move for the time being.

Canada has been heavily involved in assisting Australian government ministers, departments and interested organizations in assessing the potential of having its own domestic communication satellite in the hope that there would be a spin-off to the Canadian satellite industry. Hughes was awarded the contract for the satellites due to be launched in July 1985. The major earth stations contracts have been awarded to Mitsubishi and NEC. Through its involvement in the South Australian-based manufacturer, Codan Pty. Ltd., the Saskatoon firm of SED Systems has been successful in providing sub-systems required for ground stations.

TELECOM Australia was given approval by the Labor government late in 1983 to establish a national videotex system for Australia. Tenders were issued in January 1984 for a system compatible with the British Prestel Standards. According to TELECOM Australia, their service, to be known as VIATEL, was to be operating by December 1984.

Initially VIATEL will be capable of working with existing Prestel terminals and databases now operating in Australia. It is possible that it may be able to provide access to other videotex protocols as these capabilities are developed. No definite assurances on this score have been received in response to representations made to the Australian Department of Communications and TELECOM Australia.

According to TELECOM Australia, any organization may set up a videotex system of a standard of their choice, and TELECOM's telephone and packet-switching networks will be available to them at standard TELECOM tariffs. TELECOM's immediate goal is to provide a gateway service to be used by the Prestel-compatible videotex systems already established in Australia.

Westpac Banking Corporation, with its Videonet System, and the CAS division of Mayne-Nickless Limited, which is the Australian agent for Infomart in Toronto, are the only effective users and promoters of Telidon/NAPLPS technology in a field dominated by Prestel-based systems. Mayne-Nickless has been joined recently by the Fairfax Group and the Rural Press as partners in its Agentel videotex project. Marketing opportunities are opening up for the provision of additional software, and possibly terminals, to this system. Competition for the terminal market is appearing from AT&T International with a compatible terminal. Opportunities for Canadian-supplied terminals and software are still considered to be good.

Several new videotex systems, aimed primarily at the rural sector, have recently been announced:

- Elders established a national videotex network covering 400 branches in June 1984, with a subscriber public service available by the end of 1984. The Elders system will use Aragon Prestel-compatible software and will be able to offer both colour and graphics. Digital equipment will provide a Vax 11/750 as the main driving computer for the Elders system.
- Agri-Data Australia Pty. Ltd. will provide a specialized rural videotex service in Australia. It will use TELECOM's special data transmission system, although it will have the capacity of tying into TELECOM's Viatel system when this comes on stream. However, the sponsors of this system are not as well positioned as Mayne-Nickless or Elders.

### **Canadian Marketing Activity**

The Canadian marketing strategy for videotex has been to concentrate on specialized applications such as agriculture, weather, tourism and audio-visuals. These approaches have been profitable in the North American market. However, the strategy alternative of offering a broadly based service with many categories of information, directed at a wide spectrum of users, has yet to be proven profitable. Because the Viatel service is broadly targeted within the Australian business community, it carries with it a number of risks. If Viatel succeeds, there will nevertheless be opportunities for Telidon/NAPLPS applications based on the graphics capability. If difficulties are encountered by Viatel, TELECOM could reasonably be expected to show a greater interest in Telidon/NAPLPS. In effect, TELECOM Australia has not ruled out future involvement with Telidon/NAPLPS either in addition to or as an alternative to Prestel.

Recent marketing activity by Canadian telecommunications companies includes participation in the high-technology exhibition and seminars held in Melbourne and Sydney during late February and early March 1984. The mood concerning potential business in the telecommunications field both through TELECOM Australia and the private sector was generally optimistic.

The central marketing objective for Canadian firms should be to seek creative ways of functioning within

the Australian telecommunications environment. For example, initiatives might include Canadian attempts to get on the main stream of TELECOM Australia and on Australian purchasing strategies, including the acquisition of superior technology, assembly in Australia, and development in Australia of products for international markets. Also, the new interconnect policy of TELECOM may provide opportunities for various network attachments. In the final analysis, the Canadian commercial presence needs to be more consistent and sustained in order to increase order volumes.

### Market Impediments

To date, TELECOM Australia has been the biggest impediment to possible sales of Canadian communications equipment in Australia.

Cable television equipment suppliers and operators who had hoped to obtain a share of a new market potential in Australia have had their prospects curtailed by the Australian Government's decision not to proceed with the introduction of a system in the foreseeable future.

The decision by TELECOM Australia to set up a national videotex system operating on Prestel-compatible equipment will have detrimental short-term effects on business opportunities for Telidon/NAPLPS technology in some specific areas. For example, for their AFTEL videotex service, the Australian Federation of Travel Agents had originally courted the French system, changed to NAPLPS, but finally came down in favour of a Prestel system. Their ultimate choice was made after approval had been given to TELECOM to establish their network. Nevertheless, opportunities are opening up in other areas such as weather information.

Overriding all aspects in introducing Canadian technology to the Australian market is the emphasis given in Australian government contracts to local content and to offsets.

### The Competition

Multinational companies such as Philips, STC (an ITT subsidiary), Plessey, Siemens and L.M. Ericson dominate the telecommunications industry in Australia along with the locally based AWA and the Japanese NEC. These companies get most of what is offered from TELECOM Australia, which purchases some 90 per cent of its requirements from local firms or local subsidiaries of the multinational groups.

For Canadian consultants or equipment suppliers to enter the Australian market it is vital to establish an agent or joint venture partner in Australia who will provide the much-needed "local content" when dealing with government departments or with other authorities, including TELECOM Australia.

### Information Processing

#### The Opportunity

The Australian market for information processing products and services presents a number of excellent opportunities for Canadian firms that have

specialized, state-of-the-art capabilities and are prepared to market aggressively in a highly competitive environment. For several years Australia has lagged behind the rest of the industrialized world in the application of computer technology to business and manufacturing processes and, even in 1984, exhibited one of the lowest levels of computerization of all the OECD countries both in terms of the number of computer installations per capita and in expenditure on computer hardware, software and services as a percentage of the gross national product. Nevertheless, during the past two to three years, Australians have become increasingly fascinated with new technologies (for example, Australia has the highest home market penetration of video cassette recorders). Business and the general public have become conscious of the rapid evolution of the microelectronics industry. The present government has enunciated policies and programs designed to encourage greater participation of Australian firms in this rapidly growing domestic market.

The Australian information processing market for 1984 was estimated to be some A\$4.2 billion (in terms of total industry revenues), of which 43 per cent represented sales of computer hardware (including processors, peripherals and application unique terminals); 20 per cent represented sales of telecommunications-related and office products (including PABXs, electronic typewriters, copiers, word processors, facsimile machines); and 37 per cent represented software and services. A very small proportion of this market is served by local production as can be seen in the following import percentages:

Product	Imported (by value)
Computer hardware	95%
Peripherals	100%
Word processors	100%
Software packages	80%

Most custom software, services and consulting is undertaken by local firms that in many cases are subsidiaries of overseas firms. The lack of a significant indigenous hardware industry and the demand for a variety of special software application packages provides opportunities for Canadian firms to market a number of products, particularly in areas where export success has already been achieved in other mature markets.

Estimated 1984-85 growth rates for various segments of the information processing market were as follows:

	Annual Growth Rate (%)
1. Personal computers (PCs)	50
2. Packaged software	30
3. Office automation products	30
4. Terminals	29
5. Desktop computers	28
6. Small business computers	22
7. Minicomputers	22
8. General purpose computers	6

Within these sectors, there are a number of sub-sectors where demand is expected to provide significant new opportunities for overseas products during the next few years. In the hardware area, these opportunities include

- (i) *Application unique terminals* particularly in banking, insurance, wholesale trade, retail trade and government;
- (ii) *Special printers*, particularly involving colour and high resolution;
- (iii) *Communication interface* boards and dial-up hooks as the network revolution takes place; and
- (iv) *Graphics products* with colour, high resolution and associated software.

In the software area, opportunities should arise in

- (i) *Financial modelling* packages in the microcomputer area;
- (ii) *Word processor* packages that will permit microcomputers to compete with dedicated word processors;
- (iii) *Communication packages* that allow portability of microcomputers onto networks while maintaining independence from mainframes;
- (iv) *Fourth generation language* packages that provide relational database capability on multifile structures, together with good English commands and report writers;
- (v) *System and utility software* packages with user-friendly attributes;
- (vi) *Graphics* packages in the business area;
- (vii) *Vertical market* packages for virtually all hardware makes and configurations; and
- (viii) *Home user* packages such as intelligent games, shopping, banking, and news dissemination for home microcomputers.

The opportunities that hold greatest promise for Canadian firms are those that relate most directly to proven Canadian expertise and performance in the marketplace, that is, where there is a "match" between perceived demand in a particular sector of the Australian information processing market and Canadian supply capabilities in that sector. A recent survey of a cross-section of Canadian companies and an examination of product literature indicate that the general areas of greatest potential for Canadian companies in the Australian market are

- special application software (e.g., financial, library and health care packages);
- application unique terminals;
- communications hardware;
- input/output devices, particularly as regards CAD/CAM, CAI and graphics; and
- communications/network processing systems.

In addition, there are other areas where existing competition is fierce (e.g., personal computers, consulting services) and where individual Canadian companies with "leading-edge" technology and expertise could successfully penetrate local markets.

Viewing the Australian information processing market from an industrial user perspective one can see that

financial institutions, government and manufacturing account for some 50 per cent of processing activity:

#### Australian Installed Computer Base Value Percentages

	1979	1982
Financial institutions	17.4	19.9
Government	20.7	18.4
Manufacturing	12.2	13.3
Services	12.4	11.8
Chemical/petroleum	11.1	10.1
Professional	8.0	8.2
Transportation/utilities	7.9	7.1
Wholesale/retail	4.8	6.7
Other	5.5	4.5
	100%	100%

Results from 1983 surveys indicate that the fastest growth areas in terms of *new computer installations* were mining and construction (27.6 per cent), finance and insurance (16.4 per cent), and professional services (16.0 per cent).

End-user sectors that have been slow to adopt information processing technology in the past but that now present significant new market opportunities in Australia include retailing, health care, leisure industries and publishing.

Although the rapid convergence of computer and communications technologies has not been evident in Australia as in other industrialized countries, the establishment of a packet-switching network (AUST-PAC) in late 1982 and the planned launch of a domestic satellite system (AUSSAT) in 1985 have given further impetus and incentive for the development of data communications between computers and for the integration of voice, text, data and visual communications technologies. These developments combined with the expected growth in local area networking and distributed data processing systems will result in increased demand in Australia for third-generation PABXs and a variety of interface devices such as modems, acoustic couplers, communications processors and multiplex equipment.

#### Recent Canadian Marketing Activity

Although a number of Canadian information processing firms with considerable experience have visited Australia during the past few years, it is only recently that the Canadian industry has begun to make its presence felt in the local market. A number of well-established firms such as Gandalf, Systemhouse, Cognos and Memotec have established agency arrangements and are now looking to increase their penetration of specialized market sectors. I.P. Sharp has been operating a subsidiary company in Australia quite successfully for the past few years, providing its users with access to a wide variety of domestic and international databases and associated programs.

Of particular interest was the establishment in December 1982 of DMR and Associates (Australia) Pty. Ltd. in Melbourne, a subsidiary of its Canadian



parent, DMR and Associates. DMR is a consulting firm operating within the general sphere of information systems, providing services to clients in strategic planning and education, management consulting, project management and development and technical services. The Australian company was officially started after DMR had more than three years' experience in Australia by operating projects remotely from Canada. DMR already includes among its clientele one of Australia's major banking groups, a major oil company and the State of Victoria. The company forecasts continued growth in the near future including the opening of an office in Sydney.

### Market Considerations

There are a number of features of the Australian market that are particularly suited to the experiences of Canadian firms, for example:

- (i) the small population base relative to geographic size;
- (ii) the concentration of population, business and industrial activity in large urban centres;
- (iii) the large distances involved in communicating information;
- (iv) the structure of industry, primarily based on natural resources;
- (v) the similarity of institutions — government, financial; and
- (vi) the relatively small size of firms — both potential users and representatives for Canadian information processing products.

Because a great variety of hardware and software products are exported to Australia from many countries, Australian users have become very astute, value-appreciative and demanding in their requirements. Since the Australian market has been "downstream" for new product introduction and innovation from the rest of the Western world by as much as a one to three-year lag (the IBM Personal Computer, for example, was introduced 18 months behind the North American release), Australian users have been able to choose products that have proven to be successful and well-supported.

In this fast-growing sector, tariffs have not posed a significant barrier to market access. Most computer hardware meeting 75 per cent Canadian content would be duty free. CRTs, however, are dutiable at 15 per cent. Imported software is subject to Australian Customs at a rate of 5 per cent on disc packs and cartridges and 35 per cent on flexible diskettes and magnetic tapes. Of more recent interest, a federal court appeal decision has established that computer programs "imbedded in hardware" can be protected under present copyright law in Australia.

The two most significant market disincentives are

- (i) the requirement that purchases of computer hardware valued at more than \$1 million include 30 per cent Australian participation; and

- (ii) the monopoly power of TELECOM Australia with respect to approvals of equipment where there is any interconnect with the Telecom national telephone network. With the convergence of computer and communications technologies and increasing TELECOM involvement in data communications (for example, through the AUSTPAC network and TELECOM in the domestic satellite system), overseas suppliers of equipment such as modems, certain terminals and PABXs may have to ensure that they are associated with local firms who have experience, expertise and influence in dealing with TELECOM authorities. It is important that potential Canadian suppliers of information processing products and services to Australia find capable, dependable and visible distributors who have the ability to finance the marketing of products in the face of considerable competition.

As regards government policies, the Labour Government has stated that it will aggressively support a number of specific local "sunrise industries" including application software packages. The government recently announced a new measure that would permit a 100 per cent tax write-off for funds invested in venture capital companies whose activities would come under the purview of a new licensing board. In addition, the government has pledged A\$18 million towards upgrading computer education in secondary and tertiary institutions.

### The Competition

The Australian market for information processing products is dominated by imports from the large U.S., Japanese and European firms. As for hardware, imports are currently valued in excess of \$500 million with market shares, based on somewhat limited data, as follows:

	Percentage
United States	56.1
Japan	20.3
U.K.	5.3
Italy	3.1
Canada	2.6
Others	12.6
	100.0

There are no detailed, reliable figures for imported software, but again the market is dominated by American products. There is only a small, though emerging, local hardware industry; however, the Australian software industry has developed steadily (20 per cent of the market in packaged software) and has been earmarked by the present government for special support.

As to specific hardware companies, market shares by installed units for 1983 were as follows:

MAINFRAMES		%	MINICOMPUTERS		%
IBM		41.0	DEC		46.5
FACOM		13.2	PRIME		15.2
HONEYWELL		9.7	HEWLETT-PACKARD		9.8
BURROUGHS		8.6	DATA GENERAL		8.8
OTHERS		27.5	OTHERS		19.7
		100.0			100.0

SMALL BUSINESS SYSTEMS		%	DESKTOPS (PCs)		%
IBM		30.8	APPLE		42.1
WANG		13.8	TANDY		20.1
NCR		7.3	HEWLETT-PACKARD		8.1
BURROUGHS		4.4	ICL		8.0
OTHERS		43.7	OTHERS		21.7
		100.0			100.0

With the introduction of the IBM Personal Computer to Australia in early 1983, followed by the October 1983 decision by IBM to manufacture PCs in Australia, IBM's share of this market has risen dramatically, as it has elsewhere. There are currently more than 200 different brands of PCs being marketed in Australia. Undoubtedly this situation will "shake down" soon, as it is in North America.

A particularly interesting aspect of competitor activity is the Japanese approach to Australia as a "test market". Because Australia is geographically remote from the large United States and European markets yet has a Western-style economy with large urban centres, Japanese firms have tested new products at very competitive prices prior to full-scale, high-profile product launches in larger markets where initial failure is more likely to receive worldwide, adverse publicity.

Given that competition in the information processing industry is fierce and dominated by the large industrialized countries and firms, there remain many opportunities for Canadian firms to penetrate the Australian market successfully. Australian companies are aware of and admire the growth of the high-technology industries in Canada and are receptive to high-quality products. A recent study by the Australian Industries Assistance Commission of the Australian computer industry indicates that local purchasers are much more concerned with technical capabilities and the ability of a computer system to perform the desired task with the greatest operational efficiency than they are with price. This observation reinforces the view that Canadians selling into the Australian market must be able to provide potential customers with top-rate technical support and service through a local partner or agent.

## B. CANADIAN RESOURCE EXPORTS RESOURCE PROCESSING INDUSTRIES

### Forest Products

#### Primary Wood Products — Lumber

##### *The Opportunity*

Australia's demand for forest products from abroad will depend to a large extent on the development of

its domestic softwood plantations and on the degree of access that is provided to imported materials. As a result of the planting of large areas with pine trees, the percentage of domestic sawn timber that plantation conifers account for has grown from about 8 per cent in 1951 to more than 37 per cent in 1982. By the early part of the next century, Australia is expected to be self-sufficient in wood fibre, and Canadian wood products will be competing increasingly with domestic plantation-grown softwood products. However, there will remain a need for larger and longer timber products typical of North American West Coast species.

Lumber imports account for about 25 per cent of Australian consumption and about half these imports come from North America. Most North American-sourced materials, such as western red cedar or heavy cuttings of clear material, are of a type not available in Australia. The net effect of this for Canadian exports to Australia in the next decade is that current volumes should be maintained for Douglas fir and cedar. Hemlock, on the other hand, will suffer severe competition from New Zealand radiata pine.

##### *Market Considerations*

Australian building codes and wood product standards are complex and generally not compatible with North American standards. Lumber produced and graded in Canada must be re-graded to Australian standards, mechanically stress graded, or sold as unsorted material. Standard Australian softwood lumber sizes are different from North American sizes; as a result, standard span tables in building codes cannot be used for Canadian lumber sizes.

The tariff structure for softwood products is under review. Rough-sawn western red cedar lumber, large timbers, shingles and shakes face moderate duties.

Australia is expected to remain an important market, especially for large-sized long lengths in the British Columbia coastal species. In addition, cedar lumber and panelling will also remain important commodities as long as the price remains attractive.

### **Pulp and Paper — The Opportunity**

The future for pulp and paper suffers from uncertainties. Under the New Zealand-Australia Agreement for Closer Economic Relations (CER), Australian users are urged to treat New Zealand as the preferred supplier for pulp and newsprint to the extent that supplies sought from third-country suppliers will be limited. As softwood plantations continue to mature in both Australia and New Zealand and new mills are established, the agreement will have an increasingly restrictive effect on imported products.

So far as other types of paper are concerned, the Australian industry is a relatively mature and efficient one. This fact, combined with continuing demands for protection against imports, has tended to limit opportunities in conventional markets for fine papers. The industry does not produce specialty products, such as glassines and greaseproof papers, where opportunities may exist for small tonnages to be exported from Canada.

### **Converted Wood and Pulp and Paper Products — The Opportunity**

Continuing and profitable opportunities exist for specialized paper products. These include wallpaper, computer paper, products for the fast food and consumer market, as well as converted products such as masking tape.

Domestic capability in the production of other wood products is high, and there is believed to be a considerable amount of excess plant capacity available. For this reason, opportunities tend to be limited. The local prefabricated housing industry is providing competitive products in all but certain specialty house types. One area of possible activity in this regard — so long as the prices of cedar and other materials stay reasonable — is in the ski areas where substantial investment is expected in both hotel and chalet-type accommodation. Substantial demand is also expected for such products as knocked-down kitchen cabinets.

## **Chemicals**

### **Health Care Products — The Opportunity**

A substantial portion of the Australian market for health care products is supplied from overseas sources. Most of the trade is in the hands of multinational companies; this fact limits the opportunities for independent Canadian promotional activities. Traditionally, Canadian sales of pharmaceuticals and other health care products are relatively minor, accounting for only 2 per cent of total purchases abroad. These were directed mainly by multinationals through their head offices in the United States. Limited opportunities exist for direct sales of health care products by Canadian companies to Australia.

### **Sulphur — The Opportunity**

Canada ships about half a million tons of sulphur to the Australian market annually and is by far the largest supplier of sulphur to Australia. Shipments

have been handled in three ways: by a Canadian sulphur offshore marketing consortium (CANSULEX); by the International Sulphur Company (representing Shell); and by Petrosul, which represents a number of producers. Demands for future Canadian sulphur exports to the Australian market will depend on the need for additional phosphate fertilizer plants.

### **Potash — The Opportunity**

Historically, Canada has supplied two-thirds to three-quarters of Australia's annual potash consumption, with the United States supplying the remainder. Canada exports potash only in the potassium chloride form, whereas the United States exports both potassium chloride and potassium sulphate.

Australia's Dampier Salt Ltd. is planning production of potash (sulphate) by 1985 from brine lake and salt pans. Production levels will be between 60 and 120,000 tonnes per annum and are intended for export to Japan and other Asian consumers. This production will most likely affect Australia's potassium sulphate imports, but exports of Canadian products to Australia may also be affected.

### **Australian Imports of Canadian Potash**

	<b>Metric Tonnes</b>	<b>Value \$'000</b>
1984	164,847*	20,098*
1983	197,214	21,894
1982	204,911	24,748
1981	182,204	21,407
1980	187,560	18,259
1979	133,517	9,187
1978	148,089	7,949

\*January to August 1984.

Source: Statistics Canada 65-002.

### **Plastics Processing Industry — The Opportunity**

Australia has a relatively well-developed plastics processing industry; however, there are some gaps in its capabilities. A number of limited opportunities exist in certain product lines, and several agents are anxious to represent Canadian firms. At present, competition is chiefly from the United States, New Zealand, Japan and Israel. For the less specialized products, price is a critical factor in obtaining orders.

The Australian Government has undertaken an investigation of self-sufficiency in the local plastics industry with a target date of 1985 for submitting a final report. This report may have a restrictive effect on any market opportunities for plastics from offshore.

## **Metals and Minerals**

### **Metals and Minerals Sector — The Opportunity**

Australian and Canadian resources of metals and minerals and related products are similar and competitive in many respects. Consequently there are few significant trade opportunities in the metals and minerals category, with the possible exception of fabricated metal products.

### **Fabricated Metal Products — The Opportunity**

There is significant interest in Canadian metal-fabricated products in Australia. New products or products offering some design advantage appear to have the best potential. Some Canadian products, such as specialized fasteners or pipe, could be competitive. Interest in standard-type products is hard to find and the field is competitive, although the need for alternative suppliers exists. Canadian prices appear to be competitive.

One of the fundamental differences between Canadian and Australian manufacturers of metal products is that the latter are usually heavily involved in the distribution of supplementary (or sometimes very different) products made by other firms. Often these products are imported. Revenue from this distribution can amount to 40 to 70 per cent of the total business for some firms. To expand business, most if not all manufacturers are keen to consider new products, either through direct import or joint venture manufacturing.

## **C. INDUSTRIAL CO-OPERATION**

### **The Opportunity**

Canadian firms, particularly those with products including sophisticated systems, high technology, engineering, metal fabricated or otherwise bulky content, may wish to explore the prospects of collaborating with an Australian company, establishing a subsidiary, or purchasing an equity in an existing company. Collaboration could take the form of licensing agreements, technology exchange, joint research and development projects, manufacturing exchanges, marketing co-operation or exchange to complement lines, commission agent or service representative arrangements, general consultant agreements or consortium partnerships.

### **Market Considerations**

Over the last four or five years, comparable products to Canada from third countries have been making strong inroads into the Australian market through corporate linkages. In many cases, this phenomenon has been most apparent through the medium of multinational enterprises (MNEs) whose nominal headquarters are in the United States, Japan or E.E.C. but which have subsidiaries in Australia.

Most small to mid-sized Canadian firms cannot compete with MNEs. However, as the Australian industrial profile so closely resembles that of Canada, there are many comparably sized local firms that would welcome a collaborator to strengthen their own overall capability to compete both at home and abroad. Presence "on the ground" in Australia has many advantages in marketing or winning contracts over trying to make "opportunity" sales from a distance.

Apart from the important sales aspects, the collaborative approach is recommended as a vehicle to uncover valuable products, processes or technology

in Australia that would add viability to firms at home. In this sense, any marketing objectives Canadian companies have through this process in Australia can be fully reciprocal in assisting the Australian firms' marketing aspirations in North America.

The possibilities of establishing a market "presence" in Australia through industrial co-operation are as follows:

- (i) partial manufacturing or assembly behind a relatively high tariff wall;
- (ii) possible access to existing warehousing, distributive and marketing networks;
- (iii) possible augmentation of product lines or systems through a complementary collaborator;
- (iv) early intelligence on market opportunities available through local collaborators, particularly for major projects;
- (v) easier compliance with local preferences and Australian industry participation requirements on major projects such as defence procurements;
- (vi) greater facility in offering local contact, life-cycle service and support for equipment systems; and
- (vii) prospects of third country marketing (not least in New Zealand) in areas where the Australian collaborative partner has specialized knowledge or access. Thus there appears to be ample potential in the area of joint venture engineering between Canadian and Australian firms for construction and contracting opportunities in the markets of Southeast Asia.

## **D. TOURISM**

### **The Opportunity**

Australian residents spent the equivalent of \$2,159 million on long-haul travel in 1982. Of that amount, \$28.6 million was spent in Canada by 60,091 Australian visitors. This represents an increase of 5.7 per cent over the number of visitors from Australia to Canada in 1981. Over the long term (since 1972), the number of visitors to Canada from Australia had increased by 201 per cent.

The results of an Australian Market Probe Study undertaken in 1980 indicated that in the three-year period studied (1977, 1978 and 1979), more than one-third of those surveyed did not take any holidays. Just less than one-half took at least one holiday trip in Australia. Nearly two out of every five Australian adults took a trip outside Australia in the period covered, and it is this group that constitutes the target overseas market.

According to Australian statistics for 1982, Canada, as a main destination, attracted about 1 per cent of Australians travelling overseas. Australian statistics do not reflect visitors to Canada as part of a major trip elsewhere. Europe and the United States, as long-haul destinations, are Canada's major competitors, although Canada's location with respect to these destinations offers possibilities for combined destination holidays.

From a Market Probe Survey in Australia, socio-economic characteristics of the Canadian market were determined and found to concentrate in

- the younger age group, 25-39 years;
- upper-income households;
- high school or better in education; and
- "A" social class.

By far the main appeal of Canada as a holiday destination was outstanding scenery (62 per cent), possibly because Australia is an arid land without high mountains. Other features which appealed were outdoor activities, scenic beauty close to cities, interesting local people, lots of historical and cultural interest, and a quiet, unspoilt atmosphere.

Thirty-two per cent of Australian visitors to Canada visited British Columbia, closely followed by Ontario (28 per cent). Alberta holds third place (20.2 per cent), followed by Quebec (10.8 per cent). With respect to pleasure trips, 33.3 per cent went to British Columbia, followed by 25.4 per cent to Alberta, 23.1 per cent to Ontario, and 10.2 per cent to Quebec. More than four-fifths (80.7 per cent) of Australian visitors to Canada arrived via the United States — a percentage that has increased steadily from a low in 1975 of 67.1 per cent.

### Recent Canadian Marketing Activity

Because of Canada's geographic location, Tourism Canada's marketing activities traditionally have been focused on the travel trade in partnership with the airlines and the major tour operators. Eighty per cent of Tourism Canada's human resources have been directed to informing, educating, motivating and supporting travel influencers, while 20 per cent of the activities have been directed to the consumer. On the other hand, budgets have been about evenly split between travel trade and consumer activities, including

- (i) Advertising program for both the consumer and travel trades;
- (ii) Visit Canada Program (Media) — approximately 10 travel journalists from Australia are invited to Canada annually;
- (iii) Agents' Educational Tours — approximately 40 travel influencers from Australia are invited to Canada each year;
- (iv) Trade Promotions — approximately 10 major seminars called "Canada Corroboree" are conducted in the larger cities in association with CP Air, Qantas, Air Canada and selected tour wholesalers;
- (v) Consumer Promotions — nil; and
- (vi) Trade Information Program — 20,000 Package Tour Books produced locally each year.

### Market Considerations

Australian tour operators and wholesalers plan and market their products in a variety of ways. For the most part, tour planning takes place in April and May, but may start as early as January. Pricing and itineraries are generally finalized by August and Sep-

tember, and products are launched over October and November. Many of the brochures cover an 18-month span.

Almost all tour operators and wholesalers have a retail operation, some of which are very wide reaching. Australian banks have an extensive network of travel agencies. There are also a number of franchise operations. For example, a smaller agent can become an American Express or Thomas Cook outlet as a franchise. Some tour wholesalers offer overriding commissions to travel chains such as bank travel agents if those agencies agree to sell their product in preference to others on the market. They become the agency's "preferred product" for a specified destination, and other wholesalers' tour brochures are generally not put on the stands or sold unless a client specifically requests it. Tour wholesalers also offer an incentive override commission for sales of more than a specified target.

Some of the larger tour operators, which have retail travel chains, and the large bank travel chains advertise frequently on television, radio and in the print media. Many international and domestic airlines operate large tour booking offices and advertise their services and destinations heavily in all media. Consumer brochures are generally the most widely used sales tool. Large consumer travel shows are gaining popularity and attract wide audiences.

Bookings generally commence in February and increase throughout March and April. The trend has been for very late booking, possibly because of uncertainties in the economic climate.

Most sales are handled through a network of travel agencies. From surveys made of travel agents' attitudes towards Canada, retail knowledge of Canada as a destination is often insufficient. This may be partly owing to Australia's relative isolation from Canada.

Travel agents would not normally influence anyone to visit Canada but act only when a client expresses an interest to visit. In other words, agents are generally order-takers. Tour operators should aim their promotions towards influencing the consumer and continue to increase agents' awareness of Canada through seminars, press releases, newsletters and so on.

### The Competition

Carriers with direct service to Canada are Canadian Pacific, Cathay Pacific and Qantas. Indirect service is provided by Air New Zealand, Continental Pacific, Pan American and U.T.A. There are 26 online carriers and representation by 53 offline carriers. Twenty-nine countries maintain national tourist offices in Australia; in addition, 25 countries and U.S. states are represented in Australia.



## II. OVERVIEW OF THE AUSTRALIAN MARKET

### OBJECTIVE

This document on Australia

- outlines the market opportunities in Australia for Canadian exporters and constraints to Canadian exports; and
- serves as the basis for co-operation and consultation aimed at enhancing the export marketing activities of the federal government, the provinces and the private sector.

### A. CANADA - AUSTRALIA ENVIRONMENT

Although Australia is Canada's 14th largest trading partner, there is a particularly close relationship born of the Commonwealth heritage. We share a common language and similar political institutions. Attitudes toward doing business with Canada are positive.

### B. CHARACTERISTICS OF THE AUSTRALIAN MARKET

#### Population and Environment Characteristics

Australia has a land area of 7,682,300 km<sup>2</sup>, and an average elevation of less than 300 metres. Forty per cent of its area is tropical, with the remainder in the temperate zone.

Its population is just over 15 million people, and 70 per cent live in capital cities with the remainder scattered, as in Canada, through the outback and along the coast.

The major cities are Sydney (population 3,310,500), Melbourne (2,836,800) and Brisbane (1,124,200). Immigration has been a major factor in Australia's growth since World War II, but its population growth now averages only 1.2 per cent annually.

Australia's transportation system is well developed. It has approximately 70 ports and has regular shipping services, including container services, to all continents. It has two major domestic airlines as well as several regional carriers, and one that provides international services. More than 20 international airlines fly into its major cities.

Australia has three time zones. The time difference between Ottawa and Canberra is 14 hours from April to October.

#### Economic

The Australian gross domestic product (GDP) was estimated at A\$185.5 billion in 1983, of which foreign trade (exports and imports) accounted for approximately 27 per cent.

The rapid economic recovery experienced in the second half of 1983 continued through 1984, but the prospects for real GDP growth (3.1 per cent according to Wharton) in 1985 are less promising. This rate of growth may not be sufficient to spur substantial

investment or to cause a significant reduction in unemployment.

The current growth is based on the recovery of agriculture, on increased government spending, on the restocking of depleted inventories, and on house construction. A number of factors inhibit a more broadly based and sustained recovery. The manufacturing sector, which suffers from obsolete technology, a small domestic market, and inefficiencies fostered behind a high protective tariff, is engaged in structural adjustment and labour shedding. The resources sector faces weak world demand. Australia's international competitiveness is being weakened by the appreciation of the Australian dollar, which has been allowed to float freely since December 9, 1983, and by an inflation rate of 8.6 per cent, which is well above the OECD average of 5.3 per cent.

#### Australian Trade Policy

Highest priority is being given to relations with Australia's neighbours in the Asian and Pacific region and to the major industrialized countries with which Australia shares significant relationships, especially the United States and Japan. This priority ordering is reflected in the list of countries visited by Mr. Hawke in his official trips abroad since becoming Prime Minister: Papua New Guinea, Indonesia, the United Kingdom, France, United States and Canada; Thailand and India (to attend the Commonwealth Heads of Government Meeting); and Hong Kong, Japan, Korea, China, Singapore and Malaysia.

During his tour of Asian capitals, Prime Minister Hawke promoted his initiative for a possible regional approach to the multilateral trade negotiations (MTNs), which are projected to commence in 1987. Mr. Hawke is concerned that the "dominance" of GATT by the established industrial countries has led to the denial of the interests of food-exporting countries (like Australia) and newly industrializing countries like all of the ASEAN members in respect of labour-intensive exports. There is also concern that the "majors" (i.e., the United States, the E.E.C. and Japan) may settle trade disputes on a bilateral basis, which may ignore the interests of smaller trading nations. Ostensibly, the objective of Mr. Hawke's regional initiative is to bring the countries of the Asian and Western Pacific region to apply their united weight to achieving a reduction of non-tariff barriers to trade in industry and agriculture.

Australia's most important trading partner is Japan, which accounts for 27.5 per cent of total Australian exports, equal to Australia's total exports to the United States, New Zealand, the United Kingdom and China.

On January 1, 1983, the "Closer Economic Relations" (CER) agreement with New Zealand came into effect. The CER provides automatic procedures for the gradual elimination of tariffs, performance-based export incentives, and quantitative restrictions on trade between the two countries, culminating in the establishment in 1995 of a free trade area.

## Foreign Investment

Australia's policy on foreign investment is designed to make use of foreign capital, particularly when it is accompanied by new technology and expertise, as an integral part of Australian economic and social development. A major emphasis is placed on Australian participation in new projects without preventing projects that are clearly not against the national interest from proceeding.

The Australian Government considers it neither appropriate nor desirable to establish a specific Australian equity guideline for all sectors of the economy, nor to require majority Australian equity for new projects of businesses. There are specific guidelines for Australian participation in place for new natural resource projects. Certain proposals by foreign interests are subject to examination by the Foreign Investment Review Board (FIRB).

The Australian Government has recently taken a number of significant steps to deregulate foreign involvement in the financial sector. In June 1984, the Australian Treasury granted 40 new foreign exchange licences, and is presently considering applications for the establishment of full commercial banking operations for 6 to 12 foreign banks, including an application from the Royal Bank of Canada.

While Australian equity requirements of at least 50 per cent have been established for trading banks, on September 10, 1984, the Treasury Board announced a moratorium on existing foreign investment guidelines for merchant banks.

## C. CHARACTERISTICS OF BILATERAL TRADE

### Trends in Canada-Australia Trade

Canada's total trade with Australia amounted to \$827.1 million in 1983 and \$1.0 billion in 1984. This represented an increase over 1983 of \$211.5 million. Since the mid-1970s, Canada has enjoyed a trade-surplus position with Australia. Canadian exports accounted for \$657.8 million in 1984, for \$468.7 million in 1983, and for \$696.8 million in 1982.

In 1983, Australia slipped to 14th place among Canada's export customers, from 11th place in 1981 and 1982. Factors responsible for the decline included the Australian recession, the depreciation of the Australian dollar, import substitution (for example, a new Australian newsprint mill displaced some imports from Canada), and the reduction or elimination of some of the tariff preferences accorded Canada. By sector, the largest declines were in finished goods, such as automobile engines and parts, earth drilling equipment, tractors and computers. Sales of newsprint, cedar, fir and larch lumber, kraft pulp and potash also dropped off. (Refer to Appendix A for details.)

Reductions in the delivery of earth drilling machinery, motor vehicle parts (n.e.s.), wheel tractors, and carpets were major factors in the decline. Nineteen eighty-four figures are encouraging, reversing many

of the 1983 losses and adding commodities that were not significant items in the past. (See Appendix A.)

Canadian exports to Australia differ significantly from the exports to most other countries in one way: manufactured goods account for a larger-than-average share of the total. In 1983, these goods represented 35.4 per cent of sales, and in 1982, 42 per cent. Australia usually ranks third, behind only the United States and the United Kingdom, as a market for Canadian finished goods.

Bilateral trade is governed by the General Agreement on Tariffs and Trade (GATT) and by the *Canada-Australia Trade Agreement* (CATA) of 1960. As the CATA provides for preferential tariffs on a number of products, it has enhanced the competitiveness of some Canadian manufactured goods in the Australian market. In 1980-81, 24 per cent of Canadian exports to Australia benefited from preferential tariff margins, but this proportion has declined to between 15 and 20 per cent as a result of a series of tariff decisions, including the revision, effective January 1, 1983, of the *Australian Customs Tariff Act*, which, *inter alia*, reduced the number of tariff items providing preferential margins for Canadian goods. The Canadian and Australian Governments have accepted the principle that the trade and economic relationship should be re-examined, and consultations have been underway for some time to determine the shape of future intergovernmental arrangements. Trade initiatives in Australia include the following:

- (a) a review of *Canada's Export Market Report for Australia* in light of changing economic conditions and priorities;
- (b) planning and implementation of an active trade fairs and missions program (approximately 25 events annually);
- (c) the opening of a Consulate General in Perth, Western Australia, a state where 40 Canadian firms have established offices and 3,000 Canadians reside; and
- (d) planned co-operation in the areas of defence production, fabricated metal products, and high-technology industries.

### Investment Relations

While Canadian investment in Australia has been directed to many sectors and industries, the major area of Canadian interest has been in resource exploration and development, even though foreign investment in resources in Australia is closely regulated.

A major area of activity is in Western Australia, particularly in the Canning Basin. Despite the high costs of wildcat exploration in Australia, Australia has attractive fiscal and royalty arrangements in place.

Joint-venture relationships with Australian resource firms can also provide a solid competitive base for activities in the regional markets of the Pacific and Asia. Australia has certain advantages over other

locations as a regional base for Canadian companies, with its similar regulatory, financial and cultural milieu.

## **D. TRADE DEVELOPMENT ASSISTANCE AND INDUSTRIAL CO-OPERATION**

### **Trade Promotion**

Australia is an excellent market for Canadian products. It offers a broad range of commercial opportunities, as its import requirements are often in areas where Canada has demonstrated export capabilities.

Canada maintains a High Commission in Canberra (the Post) and Consulates General in Melbourne, Sydney and Perth. The representatives in the Commercial Division of these Posts can provide assistance to the business community in such areas as joint production licensing and third-country marketing.

Many of the provinces also have active promotional export programs specially targeted at Australia.

The federal *Program for Export Market Development* (PEMD) is a facility for Canadian exporters to explore markets with some financial assistance. (A brief overview of PEMD is provided in Appendix B.)

### **Trade Fairs and Missions**

Attendance at Australia trade fairs is a key means of promoting Canadian products and services. In Australia, most trade fairs open doors to other prospective buyers from other Pacific markets including New Zealand. The Department of External Affairs (DEA) provides support to Canadian companies under the *Promotional Projects Program* (PPP) and also under PEMD to participate in international fairs. The objective is to assist Canadian companies to make direct sales at the fair sites, to establish agents or representatives, and to initiate contacts with potential clients. (Brief program information on PPP is found in Appendix C.)

The following are some typical trade fairs and exhibits in Australia:

- International Furniture Fair, Sydney (May 1985)
- International Packaging and Printing Exhibition, Melbourne (May 1985)
- Forest Industries Fair, Brisbane (June 1985)
- AIEE '85 — Australian International Engineering Exhibition, Melbourne (July 1985)
- Food Preparation and Catering Equipment Show, Melbourne (August 1985)
- Mallee Machinery Field Days — Agriculture Machinery Show, Speed, N. Victoria (August 1985)
- Perth Royal Show — Agriculture Show, Perth (September, 1985)
- Process Control Engineering Exhibition, Melbourne (PACEX) (October 1985)
- PTA '85 — Petroleum Technology Association Show, Perth (November 1985)

### **Export Financing**

The Export Development Corporation (EDC) provides financial services such as loans and insurance to Canadian companies pursuing business in Australia. Canadian exporters are encouraged to seek details on these services from EDC at the following locations:

#### **HEAD OFFICE**

110 O'Connor Street  
P.O. Box 655  
Ottawa, Ontario  
K1P 5T9

Tel.: (613) 237-2570  
Cable: EXCREDCORP  
Telex: 053-4136  
Facsimile: (613) 237-2690  
Rapidfax: (613) 563-9738

#### **WESTERN REGION**

Suite 1030, One Bentall Centre  
505 Burrard Street  
Vancouver, British Columbia  
V7X 1M5

Tel.: (604) 688-8658  
Telex: 04-54223  
Facsimile: (604) 688-3710

#### **ALBERTA REGION**

Suite 2380  
East Tower, Esso Plaza  
425 - 1st Street South West  
Calgary, Alberta  
T2P 3L8

Tel.: (403) 294-0928

#### **ONTARIO REGION**

Suite 810, National Bank Building  
P.O. Box 810  
150 York Street  
Toronto, Ontario  
M5H 3S5

Tel.: (416) 364-0135  
Telex: 06-22166  
Facsimile: (416) 360-8443

#### **QUEBEC REGION**

Suite 2724, 800 Victoria Square  
P.O. Box 124  
Tour de la Bourse Postal Station  
Montreal, Quebec  
H4Z 1C3

Tel.: (514) 878-1881  
Telex: 05-25618  
Facsimile: (514) 876-2840

#### **ATLANTIC REGION**

Suite 1401, Toronto-Dominion Bank Building  
1791 Barrington Street  
Halifax, Nova Scotia  
B3J 3L1

Tel.: (902) 429-0426  
Telex: 019-21502

### III. APPENDICES

#### APPENDIX A

#### AUSTRALIA — FACT SHEET

Area: 7,682,300 km<sup>2</sup>. Australia is the sixth largest country and has an area 77 per cent the size of Canada, the second largest country.

Population as of 30 June 1984: 15,369,200

Capital: Canberra; Population (June 1984) — 230,800

Currency: Australian Dollar equivalent to Canadian \$1.10 (December 1984)

Gross Domestic Product (GDP) in Australian dollars (millions) as of July 1984:

	1981-82	1982-83	1983-84
	\$147,942	\$160,806	\$185,457 (estimated)

#### Foreign Trade (Exports and Imports) as a percentage of GDP, 1982:

Australia 29.0 per cent (Canada 44.1 per cent)

#### Value of Canada-Australia Trade:

	(millions of Canadian dollars)				
	1980	1981	1982	1983	1984
Canadian Exports	678.7	827.7	697.8	468.7	657.9
Canadian Imports	519.9	497.6	443.6	358.4	380.8
Balance	158.8	330.1	254.2	110.3	277.0

Source: Statistics Canada, External Trade Division, 1985

Australia was Canada's 14th largest export market in 1983, taking 0.5 per cent of Canada's exports. Australia was Canada's 16th largest source of imports, supplying 0.5 per cent.

From Australia's perspective, Canada was its 18th largest export market in 1982, taking 1.6 per cent of Australia's exports. Australia's five largest markets were Japan, the United States, New Zealand, the United Kingdom and China. Canada was Australia's 11th largest source of imports, supplying 2.3 per cent. Australia's five largest suppliers were the United States, Japan, the United Kingdom, the Federal Republic of Germany and Saudi Arabia.

#### Major Canadian Exports to Australia (\$000,000)

	1982	1983	1984
Lumber, softwood	\$ 53.7	\$ 43.8	\$ 74.5
Motor vehicle parts, except engines	\$ 71.7	\$ 38.7	\$ 61.7
Sulphur	\$ 58.2	\$ 37.9	\$ 50.8
Newsprint paper	\$ 33.9	\$ 20.7	\$ 40.7
Wood pulp and similar pulp	\$ 27.7	\$ 26.5	\$ 36.1
Fertilizers and fertilizer material	\$ 22.1	\$ 21.9	\$ 28.6
Fish, canned	\$ 15.8	\$ 15.5	\$ 20.8
Office machines and equipment	\$ 23.3	\$ 19.7	\$ 19.9
Other inorganic chemicals	\$ 1.1	\$ 4.7	\$ 15.6
Tractors	\$ 24.1	\$ 5.4	\$ 15.5
Total principal exports	\$331.7	\$234.9	\$364.3
Total all exports	\$697.8	\$468.7	\$657.8

Source: Statistics Canada, External Trade Division

### Major Canadian Imports from Australia (\$000,000)

	1982	1983	1984
Aluminium, ores, concentrates and scrap	\$ 61.9	\$ 56.2	\$ 81.2
Raw sugar	\$115.2	\$ 77.4	\$ 78.3
Other metals in ores, concentrates, scrap	\$109.0	\$ 82.5	\$ 66.5
Meat, fresh, chilled or frozen	\$ 62.7	\$ 46.8	\$ 44.7
Fruits, dried or dehydrated	\$ 20.9	\$ 23.1	\$ 25.4
Fruits and products, canned	\$ 12.8	\$ 14.3	\$ 15.6
Other special transactions, trade	\$ 4.8	\$ 4.1	\$ 5.6
Wool and fine animal hair	\$ 2.7	\$ 4.1	\$ 5.3
Plate, sheet and strip, steel	\$ 2.6	\$ 4.9	\$ 5.2
Other meat and meat preparations	\$ 6.7	\$ 4.8	\$ 3.6
Total principal imports	\$399.2	\$318.1	\$331.5
Total all imports	\$443.6	\$358.4	\$380.8

Source: Statistics Canada, External Trade Division

**System of Government:** Head of State is H.M. Queen Elizabeth II. Parliamentary system. Federal state. Commonwealth (federal) Parliament consists of 64-member Senate and 125-member House of Representatives. Elections are held at maximum intervals of three years, by compulsory ballot. There are six states: five have bicameral legislatures and one (Queensland) has a unicameral legislature. There are two territories: the Australian Capital Territory and the Northern Territory.

**Governor General:** The Rt. Hon. Sir Ninian Stephen, K.B.E., Q.C.

**Prime Minister:** The Rt. Hon. Robert James Lee Hawke, M.P.

## APPENDIX B

### PROGRAM FOR EXPORT MARKET DEVELOPMENT

PEMD helps incorporated Canadian businesses to develop, increase and sustain their activities by sharing with them the costs of specific export marketing efforts. It is geared to

- encouraging businesses that have not exported previously to begin exporting; and
- encouraging established exporters to expand their activities in new markets.

PEMD provides up to 50 per cent of the costs incurred by a company in its penetration of new markets. These contributions are repayable if sales are made to that market.

The Program has nine sections, each designed to meet a specific circumstance that may result while developing or expanding new or existing export markets.

- Section A: Specific Project Bidding
  - Section B: Market Identification Trips
  - Section C: Participation in Trade Fairs Abroad
  - Section D: Incoming Foreign Buyers
  - Section E: Export Consortia
  - Section F: Sustained Export Market Development
  - PEMD FOOD: Export Markets for Agriculture, Fisheries and Food Products
  - PEMD FISH: Export Markets for Atlantic Groundfish and Herring and West Coast Fisheries
  - Section S: Contributions to non-profit organizations involved in the promotion of exports
- Contact the nearest DRIE Office for more details on PEMD (see Appendix D for addresses).



**APPENDIX C**  
**PROMOTIONAL PROJECTS PROGRAM**

The Promotional Projects Program (PPP) is a vehicle through which the federal government plans and implements exhibits and trade fairs abroad, outgoing and incoming trade missions, and incoming trade visits by foreign buyers and government delegations.

The Program underwrites some of the cost to industry of participating in promotional events that are organized by the Department of External Affairs. These events are designed to increase the knowledge of foreign buyers about Canadian products and capability and to undertake export market intelligence gathering operations.

For more information on the Program for Australia, contact the Pacific Trade Development Division (PPT) at the Department of External Affairs, Pearson Building, 125 Sussex Drive, Ottawa, Ontario, K1A 0G2 or call (613) 995-1281.

**APPENDIX D**  
**USEFUL CONTACTS**

**CANADIAN GOVERNMENT**

**DEPARTMENT OF EXTERNAL AFFAIRS**

Mailing Address: L.B. Pearson Building  
125 Sussex Drive  
Ottawa, Ontario  
K1A 0G2  
(Telex No. 05-33745; Answerback EXTERNAL OTT)

***For information on general trade development  
for Australia, including trade fairs and missions:***

**Pacific Bureau**  
**Pacific Trade Development Division (PPT)**  
Trade Development — Tel. (613) 995-1281  
Trade Fairs and Missions — Tel. (613) 995-1676  
Tariff Matters — Tel. (613) 995-1281

***To obtain quick information on export support services and programs (federal):***

**Info Export (Trade Information Centre)**  
(Toll free) 1-800-267-8376  
(in B.C. 112-800-267-8376)

**DEPARTMENT OF REGIONAL INDUSTRIAL EXPANSION (DRIE)**

Mailing Address: Department of Regional Industrial Expansion  
235 Queen Street  
Ottawa, Ontario  
K1A 0H5  
(Telex No. 05-34123)

**Regional Offices**

The Department of Regional Industrial Expansion maintains regional and local offices in each province for your convenience:

**Newfoundland**  
P.O. Box 8950  
Parsons Building  
90 O'Leary Avenue  
St. John's, Newfoundland  
A1B 3R9  
Tel.: (709) 772-4884  
Telex: 016-4749

**Prince Edward Island**  
P.O. Box 1115  
Confederation Court Mall  
134 Kent Street, Suite 400  
Charlottetown, Prince Edward Island  
C1A 7M8  
Tel.: (902) 566-7400  
Telex: 014-44129

**Nova Scotia**

P.O. Box 940, Station M  
1496 Lower Water Street  
Halifax, Nova Scotia  
B3J 2V9  
Tel.: (902) 426-2018  
Telex: 019-22525

**New Brunswick**

P.O. Box 1210  
Assumption Place  
720 Main Street  
Moncton, New Brunswick  
E1C 8L9  
Tel.: (506) 388-6400  
Telex: 014-46140

**Quebec**

C.P. 247, Tour de la Bourse  
800, Place Victoria, Bureau 4328  
Montréal (Québec)  
H4Z 1E8  
Tel.: (514) 283-8185  
Telex: 055-60768

**Ontario**

P.O. Box 98  
1 First Canadian Place  
Suite 4840  
Toronto, Ontario  
M5X 1B1  
Tel: (416) 365-3737  
Telex: 065-24378

**Manitoba**

P.O. Box 981  
400-3 Lakeview Square  
185 Carlton Street  
Winnipeg, Manitoba  
R3C 2V2  
Tel.: (204) 949-4090  
Telex: 075-7624

**Saskatchewan**

6th Floor  
105 - 21st Street East  
Saskatoon, Saskatchewan  
S7K 0B3  
Tel.: (306) 975-5314  
Telex: 074-2742

**Alberta**

The Cornerpoint Building  
10179 - 105th Street, Suite 505  
Edmonton, Alberta  
T5J 3S3  
Tel.: (403) 420-2944  
Telex: 037-2762

**British Columbia**

P.O. Box 49178  
Bentall Postal Station  
Bentall Centre, Tower IV  
1101 - 1055 Dunsmuir Street  
Vancouver, British Columbia  
V7X 1K8  
Tel.: (604) 666-0434  
Telex: 04-51191

**Yukon**

Suite 301  
108 Lambert Street  
Whitehorse, Yukon  
Y1A 1Z2  
Tel.: (403) 668-4655  
Facsimile: (403) 668-5003

**Northwest Territories**

P.O. Bag 6100  
Precambrian Building, 10th Floor  
Yellowknife, Northwest Territories  
X1A 1C0  
Tel.: (403) 920-8568 or 8571  
Facsimile: (403) 873-6228

**PROVINCIAL GOVERNMENT CONTACTS**

For information on provincial programs and services please contact:

**New Brunswick**

Marketing and Trade Services Division  
Department of Commerce and Development  
P.O. Box 6000  
Fredericton, New Brunswick  
E3B 5H1  
Telex: 014-46100

**Nova Scotia**

Market Development Centre  
Department of Development  
5151 George Street  
P.O. Box 519  
Halifax, Nova Scotia  
B3J 2R7  
Telex: 019-22548

**Quebec**

Direction générale de l'expansion des marchés  
Ministère du Commerce extérieur  
770, rue Sherbrooke ouest, 6<sup>e</sup> étage  
Montréal (Québec)  
H3A 1G1  
Telex: 055-61760

**British Columbia**

Ministry of Industry and Small Business Development  
Suite 315, Robson Square  
800 Hornby Street  
Vancouver, British Columbia  
V6Z 2C5  
Telex: 04-55459

**Ontario**

International Marketing Branch  
Ministry of Industry and Trade  
Hearst Block, Queen's Park  
Toronto, Ontario  
M7A 2E1  
Telex: 06-219786

**Alberta**

Trade Development Branch  
Department of Economic Development  
11th Floor, Sterling Place  
9940-106 Street  
Edmonton, Alberta  
T5K 2P6  
Tel.: (403) 427-4809  
Telex: 037-2197

Market Development Branch  
Alberta Department of Agriculture  
3rd Floor, J.G. Donoghue Building  
Edmonton, Alberta  
T6H 5T6  
Telex: 037-2029

**Manitoba**

Trade Branch  
Department of Industry, Trade and Technology  
5th Floor, 155 Carlton Street  
Winnipeg, Manitoba  
R3C 3H8  
Telex: 07-587833

**Saskatchewan**

Department of Economic Development and Trade  
2103-11th Avenue  
4th Floor  
Regina, Saskatchewan  
S4P 3V7

**Prince Edward Island**

P.E.I. Development Agency  
First Street, West Royalty Industrial Park  
P.O. Box 1510  
Charlottetown, Prince Edward Island  
C1A 7N3  
Telex.: 014-44109

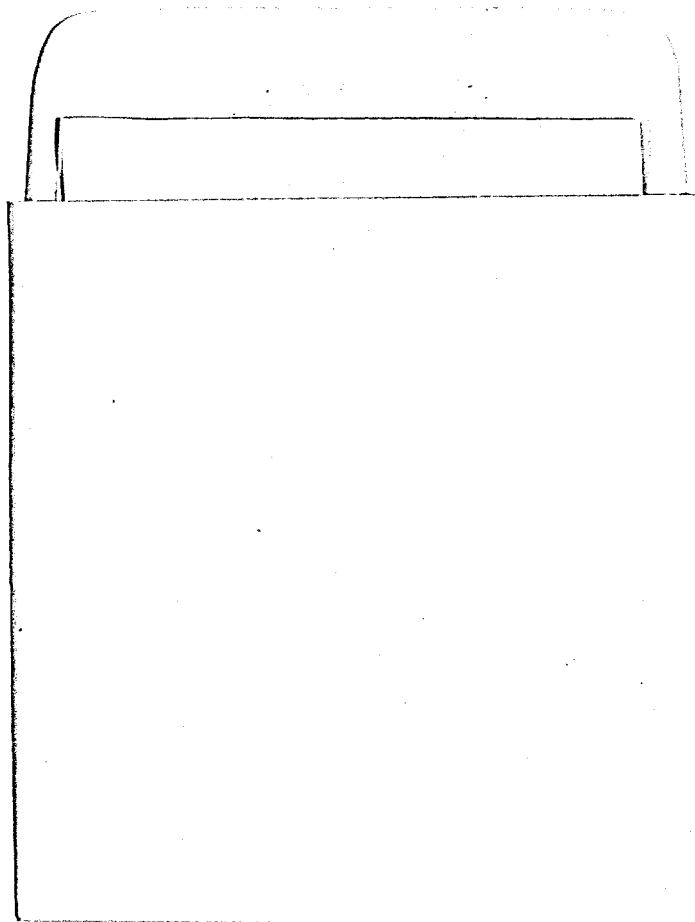
**Newfoundland**

Department of Development  
Atlantic Place, Water Street  
P.O. Box 4750  
St. John's, Newfoundland  
A1C 5T7  
Telex: 016-4949

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