THE DEVELOPMENT OF CANADIAN TRADE WITH LATIN AMERICA

by

George Ashwell Allen.
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**PART A**

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CHAPTER I

INTRODUCTION

Washington is quoted as saying, on the occasion of his farewell address to the American people, "The rule of conduct for us in regard to foreign nations is, in extending our commercial relations, to have with them as little political connection as possible. So far as we have already formed engagements, let them be fulfilled with perfect good faith. Have let us stop." This was the attitude of the American nation towards foreign trade for almost a century. The time of Washington, however, is not our time. Progress has marked all industry and the domestic past must give way to the international future.

There is fundamentally no difference between international, or what is often termed foreign trade, and domestic trade. Under normal conditions both represent a private merchandising activity which is carried on for profit and consists of the purchase and sale of commodities. In international trade the objects of exchange are sent from one country to another, they usually cover greater distances than commodities moved in domestic trade, and on their way to and from markets they must cross political boundaries of states. These facts make the carrying on of foreign trade a more complicated pursuit than domestic transactions. They necessitate the consideration of the habits and the tastes of different peoples; their language and business customs; differences in currency, weights and measures; import duties and customs regulations, fluctuating foreign exchanges and the many other details peculiar to export financing.
With all modern states absolute national economics, self-sufficiency and independence are utter impossibilities, and it is necessary that we take cognizance of these facts. The economic interdependence of all nations is a living reality and this makes the pursuit of foreign connections and foreign trade the dominant aspect in the lives of many citizens of every nation. No longer should the Canadian manufacturer be satisfied to produce for Canadians alone, and to restrict his sales to the confines of the Dominion. Canada needs certain foreign raw materials and manufactures which she is unable herself to produce, but these commodities can only be obtained by exchanging our products for them.

According to a well-known expert manufacturer, "export trade is national insurance." Foreign trade offers to the Canadian producer and manufacturer and opportunity for greater independence from cyclical business conditions, profits, and, in a sense, for greater service. His foreign trade will tend to make him independent of domestic conditions. To speak colloquially "his eggs will not all be in one basket." As similar conditions do not prevail all the world over at the same time he will be able if his trade is properly diversified, to withstand a period of financial depression without reducing his staff or curtailing his output. His increased production to meet his foreign orders will keep his business running smoothly even in times of domestic panic. But foreign trade should never be entered into spasmodically and once acquired must be carefully nursed. Although a policy to do business

1 C.S. Cooper "Foreign Trade; Markets and Methods." page 12.
wherever business can be done, and in any market of the world, furnishes an effective trade insurance, this business will not look after itself. The value of foreign trade has not, until recently, become apparent to the average Canadian or American exporter. Too many firms have been content to take a dip into foreign trade only when business was slack in this country or when some particular opportunity appeared abroad. These firms have made no intensive effort to maintain their trade connection thus won, but have dropped them as easily as they acquired them, to devote their attention possibly to more lucrative or less competitive markets. This is a very serious indictment against Canadian dealing methods and causes foreigners to look with apprehension upon Canadian quotations and Canadian attempts to enter the market. The failure to cultivate markets once entered has caused Canada to be termed "uninterested" in foreign trade. The damage done to Canada's national name by such policies is inestimable, and it is no wonder that with such a background the Canadian exporter of to-day finds it extremely difficult to enter certain markets.

But with all this, trade with foreign countries beckons to us and every method should now be made by Canadian exporters to extend their relations and secure a larger percentage of the world's huge total of thirty billions of dollars of international trade. "No other business is so broadening, no other aspect of affairs so draws a manufacturer or merchant from the uninspiring humdrum rut into which he is all to apt to fall. In conducting business with China, with South Africa, or with Chile, he is brought face to face with new conditions and new problems." ¹

Si learns a good deal about the nations of the earth, their peoples, their commerce, their ways of doing business, so different from our ways. He learns new aspects of business which could never be acquired through domestic trading. He becomes acquainted with ocean shipping, marine insurance, international banking and exchange. "The successful exporter will become, must become, a broad-gauge business man in the highest sense of the term. The man of small or petty ideas cannot be successful long or continuously in doing business with the biggest and best merchants of other countries, in competition with the ablest manufacturers and producers of the world." 1

According to Chapter 5, Cooper the first principle of successful business abroad is what Confucius used to call "mental hospitality"—the "faculty of projecting your imagination into the viewpoint (sic) of the people with whom you are to deal." The exporter will be facing a variety of conditions differing from those to which he has been accustomed and must, therefore, keep in mind the men to whom he is selling in order to be successful. These conditions will largely be the outgrowth of dissimilar historical developments of countries. Prejudices, traditions and peculiarities must be understood and catered to, so that the old maxim "what is good enough for us is good enough for them" must never be followed in export trading.

The price of success in the foreign field is most careful and constructive preparation. "Efficiency will demand the establishment of expert policies to insure that under the same circumstances identical steps

1 B.C. Hough "Practical Exporting" Chapter 1 page 2.
will be taken, the same quotations will be made and favors granted, not after extended and time-wasting investigation, but as a matter of course, Export policies will make certain a well-balanced development. Markets will be sought and secured in orderly sequence, and the future will never be handicapped. Logical markets will not be neglected, and the tempting but unwise sales opportunity will be examined by rule and rejected by rule, not accepted and regretted.  

Footholds gained by such policies will be quickly strengthened into strongholds for future development and expansion. It can be stated with emphasis that success in foreign trade will depend upon the correct formation of such export policies and not upon governmental subsidy or paternalistic legislation.

"Get-rich-quick methods are not the ones to pursue in foreign trade. The latter has a technique of its own which must be mastered. The exporter must study his market and build for the future. He must not treat his foreign department as a dumping ground for what he cannot easily dispose of at home. He must seek business intelligently, for no longer does foreign trade seem unexploited. He must be ready to make a substantial investment of time, money and energy. The results will amply justify the expenditure."

One of his chief requisites of success is knowledge - specialized, expert knowledge. An international trader should take as his fundamental maxim, that the most valuable information is that which is acquired on the ground and personally by one who will participate in the planning of a selling campaign. It is only in this way that local conditions affecting

1 Walter F. Wyman "Export Merchandising" chapter 3 page 13
2 Herbert Savay "Principles of Foreign Trade - page 4."
sales can adequately be studied. To acquire this knowledge either a travelling representative or some high personage in the export department should, if possible, be dispatched to the market before the first sale is made. He will best be able to learn the character of the people, their ways, their business conditions, tastes and habits, the psychology and structure of the market, as well as the source and extent of demand and supply, of existing competition and the possibilities of trade expansion. Personal knowledge of credit standing of foreign clients will always be found to be more valuable and reliable than second hand knowledge. This personal knowledge, supplementing the second hand knowledge acquired at home, should enable a manufacturer to draw final plans for an active commercial campaign. All such data should be filed away, easy of access, and should be revised at frequent intervals; for only in this way can they be kept up to date so as to be of value in meeting the changing needs of the changing times.

Although success in foreign exporting is largely dependent upon the judgment of the manufacturer in selecting the proper market and method of distributing his commodities, much else besides is necessary, and this will form the subject matter of subsequent chapters. Here let me state that many mistaken impressions pervade the minds of the Canadian exporters. In the first place might be mentioned the matter of price. It is felt by a great number of Canadian manufacturers that they are not in a position to export because they cannot meet foreign competition, foreign prices. This is only in part true. Although to-day there are many markets known as "price" markets, where cost of the article alone determines possibilities of sales, there are far more numerous markets in which a second factor enters into consideration. This second factor
is quality and it is with this weapon that Canadians should make most headway in capturing foreign markets. Reputation and reliability of the article count for more in most markets than the price differential. In every city in the world high priced goods and cheap goods are bought and sold. Buenos Aires, Valparaiso, Rio de Janeiro or Lima are no different in this respect from London, Paris, New York or Montreal. Always there are some merchants who want the very best, irrespective of price, while others sell only the very cheapest. As we cannot hope to compete with certain foreign countries in the sale of low grade, cheap, tawdry goods we should specialise on the sale of the quality product. Canadian quality goods can compete successfully in any market of the world, as witness the sales of Canadian rubber manufacturers in every country of the globe, of Canadian footwear in France, of Canadian machinery and agricultural implements in Argentina, and of a Venezuelan flour importer who boasts that the well known brand of Canadian flour he handles is the most costly in the market. All that is necessary is to demonstrate that the quality of the product justifies the price asked for it. The reluctance manifested by some Canadian manufacturers to seek foreign sales for their goods, because their goods are not "cheap" or because they fear European competition is lamentable. It is quality, not price, that builds up business and it is in these goods that Canadian firms excel and have made their footing firm in foreign markets. No buyers of experience outside of Canada should ever be made to look to Canada for cheap and trashy goods. It should remain the ambition of every manufacturer who enters foreign fields to maintain the standing and prestige of the Canadian nation in this respect. The slogan that "Canada sells quality goods" or "Good goods only" might well be adopted by all Canadian exporters.
In connection with this, a very interesting editorial from the pen of M.C.J. North appeared in "Commerce Reports" of February 18th, 1924. Quoting from this editorial he says "Some time ago a certain manufacturer of Europe decided to go into the foreign field. The article that he produced was a certain type of patented knife. The chief selling points in marketing this article should have been the quality of the steel, which virtually gave it a guarantee of hard and long service, and its attractive appearance. At the same time the selling price of the knife, due to advantageous conditions for manufacturing, was lower than that of competitors of other European nations. The manufacturer, therefore, instead of mentioning the price merely as an added reason for purchasing, and stressing the quality features, chose to base his entire selling campaign on the low price of the article. By this method he obtained a large foreign business. However, due to unforeseen circumstances he was later forced to raise the price to a point slightly higher than the knives (sic) of similar designs offered by his competitors. The inevitable happened. His customers abroad, because they had been 'sold' on a price basis and had not been taught to recognize anything favorable about the knife except its price, immediately turned to his competitors."

"This analogy applies to nations as well as men. Certain nations have let themselves become known in the eyes of the world as countries which produce many articles of indifferent quality and low price. In their attempts to capture foreign trade and foreign markets they have always put a premium on the price factor. Another nation in particular has become known for the excellence and quality of its handicraft and its goods sell irrespective of price. The goods of the former nations are now losing ground to those of quality and this factor may be
expected to become truer and truer as the years pass. It is quality and not price that builds business. The cheap goods are also the first to be affected by tariff restrictions and when the nations can no longer sell these goods and are forced to turn to the manufacture of the better made quality goods in order to surmount the tariff barrier, the name earned by them as being suppliers of cheap goods sticks and does inestimable harm." Canadian manufacturers, then, will be best repaid by confining themselves to a policy of emphasizing quality and service rather than price, and they stand a good chance of making permanent customers of importers who formerly bought elsewhere. "Good value for the money" is just as sure a claim to favor abroad as at home.

Another frequently recurring misapprehension of foreign trading is that foreign exporters give long time credits while Canadian firms are not willing to do so. This is an entirely erroneous belief, but more will be said of it in Chapter seven. Here let me just state that European houses do business on very much the same basis as do Canadian firms, on a sane policy of credits of sixty or ninety days. Only in a few instances such as with the piece goods trade and machinery trade are excessive credits granted. Where excessive credits have been granted in the past by one particular European country the effects have in nearly every instance been disastrous. Trade might be won at the outset but it was soon lost through the firm passing into the receiver's hands. But, with all this, there is no universal rule that can be laid down in regard to credits. Canadian "short term" credit transactions give a moderate amount of elasticity to sales, yet embody a comparatively high degree of safety. Such terms are the universal ones in international trade and are more often than not demanded by our European competitors.
No conservative or successful business house in any country will grant extended credit to a new or unknown customer in any land. At times, however, because of some temporary embarrassment extensions may be necessary to well known firms. Such extensions are entirely reasonable and safe and must not be confused with the erroneous claims that our competitors extend credit facilities over long periods. Such is not the usual practice anywhere, so that Canadian firms adopting the principle of short term credits need not have any fears that by so doing they will be losing sales in foreign markets. Rather are they merely adopting the universal means of carrying on foreign exchanges.

Although the absence of an extensive network of Canadian branch banks abroad and of Canadian sailings to every port of the globe militates against the extension of our trade, it is not nearly so serious as many would like to make out. Canadian exporters are fortunate in having branches of our chartered banks in most of the important countries of the world and these, together with their correspondents and agents, will give Canadian exporters adequate facilities in all parts of the world. We are in a much better position than were the American exporters prior to the passage of the Federal Reserve Act in 1913, yet American trade by that time was fully established everywhere. Branch banks abroad certainly aid in the development of a nation's foreign commerce, but the lack of them does not necessarily prevent it. Foreign banks will always be found to be willing to handle Canadian transactions. Thus this matter is only of minor importance when considering the handicaps of the Canadian exporters.
In the matter of shipping facilities we are confronted with a much more formidable obstacle. It is certainly true that Canada, at the present time, lacks the shipping and sailings to some parts of the world that certain enthusiasts consider necessary, but it is also true that it is not profitable business for a ship to carry tonnage only one way. Under the ordinary laws of supply and demand such facilities can only be secured when increased business will warrant it. It will be necessary then for Canada to import commodities from, as well as export them to, all parts of the world. It is only through such a reciprocal development of trade that the proper number of sailings from Canadian ports can be expected. At present we shall have to rely upon sailings from New York or San Francisco to those ports where direct Canadian sailings have not yet been instituted. An added expense to the Canadian exporter will naturally be entailed by this procedure but not such a great expense as to bar him from foreign markets. This method will have to be embraced until sufficient cargo tonnage will make direct Canadian sailings profitable and justifiable. That this process is rapidly taking place can easily be shown from the increased, and more diversified, sailings from the ports of Montreal, St. John, and Vancouver each year. Many ports that in 1924 and 1925 were inaccessible to Canadian exporters via Canadian ports are now connected by direct sailings and the number of these inaccessible ports may be expected to decrease year by year. We are less dependent on American and foreign shipping now than we ever were before, so that the old assertion that the lack of Canadian sailings to carry Canadian goods abroad is throttling our foreign commerce is not the bugaboo now that it formerly was.
Finally I shall consider the criticism that the "small" Canadian manufacturer is unable to compete against the huge foreign combines. This argument is the reason given by a great many Canadian manufacturers for not attempting foreign business. A prominent eastern Canadian business man has stated from his experience that there are hundreds of articles made in Canada which can be exported to advantage, and at very little more expense than it takes to sell the same goods in Canada. He has stated that the majority at least of the goods produced in Canada can be exported to advantage. The small manufacturer has certain advantages over the huge concern especially in producing special goods exactly to the requirements or customs of the foreign purchaser. It may pay the small manufacturer to turn out these special goods whereas the large concern may not consider that it could spare the time or machinery to deviate from its standard output.

Another factor that must be considered is that only a few industries lend themselves to huge standardized production. In the majority the "small" concerns predominate, sometimes organizing for export into "pools" or "combines." This is a possibility open to Canadian manufacturers and if they do not wish to consider it they have only themselves to blame. Combines have not proven entirely successful in export trading but their possibilities should be considered by Canadian manufacturers. The fact that the "small" manufacturer is not debarred from competing for foreign trade can easily be seen if the proper statistics can be procured. Through a research recently instituted by a committee of the United States Government this fact was admirably set forth. They took examples from almost every industry and showed that whereas one large concern
might ship $5,000,000 of agricultural machinery, a dozen smaller concerns together might ship upwards of $10,000,000 of the same, much of it in direct competition with the machinery of the large concern, and in the same markets. It was effectively shown that the small manufacturer was not being displaced from foreign trade and that he need not fear the competition of his larger brother. Both appeared to be thriving and the fact that the large concern is already in the field need not prevent the smaller exporter from entering the same field and securing business. If this is true of the small American concern in competition with the larger American concern it should also be true of the Canadian firms. If the small American firms can secure trade in foreign fields surely Canadian manufacturers of like capital and approximate producing costs can also secure markets for themselves. Foreign trading is not limited to a few large concerns, but is at the beck and call of all intelligent, keen, far-sighted manufacturers. It is time more Canadians recognized this and took their proper position amongst the manufacturing and exporting nations of the world.

The promotion of the export of Canadian manufactured goods depends entirely upon the efforts and the activity of Canadian exporters. They will have to get out and secure trade by their own efforts, give service and "nurse" the trade when once it is secured. To entrust sales to the initiative of foreign agents and connections is no longer sufficient. There must be an active interest shown from headquarters, else the foreign agents will grow disinterested and their energies will lag. "Impatience for quick returns, ignorance of conditions in the foreign field and the lack of sustained effort have hindered the successful building up of foreign
trade in many instances. Obtaining a first order is often the easiest step in building up trade. Upon the satisfactory execution of the order may depend every future possibility. Upon the selection of customers and the arrangements made for the thorough cultivation of a territory and the supply of its requirements may hinge the profits, as well as the volume of business, to be obtained." 1 Export trade to be profitable must be permanent and growing every year; initiated orders must be repeated for years to come.

Successful trade relations depend largely on full and complete confidence between buyer and seller. This is particularly true in foreign trade where contacts are largely confined to the medium of correspondence. Confidence and reputation are so closely related that the one depends upon the other; reputation gained and maintained begets confidence. Canadian foreign traders who have attained success in overseas trade have earned it largely as a result of their applying the Golden Rule to business, by treating the foreign buyer as they would like to be treated if the positions of seller and buyer were reversed.

Meticulous attention to details; willingness to arbitrate any differences that may arise; an eagerness to assist, these are qualities that establish the prestige of the seller and give to him the confidence of his customers abroad. If he is to be successful this confidence and reputation so attained must always be lived up to.

Let me now briefly turn my attention to Canada. Here we have a young country, very sparsely populated, but with an extremely bright future. Canada is at the moment on the threshold of a great industrial expansion and development. Closely allied to that great country to the south of us, we are feeling the spirit, the urge, that made that country one of the greatest nations the world has ever known, and it will not be

1 B.C. Hough "Practical Exporting" - Chapter 1 - page 14
surprising then if in the next few decades Canada finishes her transit-stage and emerges definitely as an industrial nation, emerges into that higher plane of economic development, as the great German, Friedrich List, would have us believe. As he claims that "Manufactures are the basis of domestic and foreign trade, navigation, and of improved agriculture — and hence of civilization and power." It may be of extreme interest to some to learn of recent Canadian statistics taken from the Canadian Year Book.

The fact that Canada is rapidly emerging as an industrial nation can be gleaned from these facts. In 1910, out of her total exports of $301,356,529, 51.2% were raw materials; 16.1% semi-manufactured goods, and 32.7% wholly manufactured goods. By 1914 Canada's position was respectively, out of a total export of $478,997,928, - 63.3%; 10.1%; 26.7%. In 1928, the last year for which I have been able to get complete figures, Canada exported $945,295,237 worth of goods, and out of these 44.7% were raw materials, 16.2% were semi-manufactured goods and 39.1% were fully manufactured goods. That is, by 1923 Canada was exporting approximately $500,000,000 of goods either partially or fully manufactured.

In that year exports of this nature totalled 55.3% of total exports compared with 63.7% of exports of the same nature from the United States. Surely, then, Canada can no longer be classified as an agricultural nation, but must be given its place amidst the industrial nations of the world.

In aggregate value of foreign trade Canada normally holds fifth place, being exceeded regularly only by Great Britain, the United States, France, Germany and occasionally by India and Japan. Exports for the past

1928 figures. Exports $1,328,537,137 - of these 15.1% were partially manufactured and 40.2% fully manufactured.
decade have fluctuated around the billion dollar mark, but have lately been over the billion and a quarter mark, the figure for the calendar year 1925 being $1,283,098,795. Imports for the same period have been well over $800,000,000 annually, with a tendency of late to approximate to the billion dollar mark. Thus Canada's total trade may be placed at over two billions of dollars yearly. This is certainly a huge jump from the 1900 figure of $372,699,039 and over double the pre-war figure of 1913 of $1,085,264,449. But with all this, Canada is not what I should term a diversified trading nation. Although she trades with all the nations of the earth, her trade is by no means balanced. The great bulk, too great a bulk, is with two nations, Great Britain and the United States. For the fiscal year ending March 31, 1924 - 75.7% of Canada's total exports went to these two countries leaving only 24.3% to be distributed among the other nations of the world, and of this percentage a large proportion was absorbed by the British Dominions and Colonies. Thus Canada may almost be said to be trading with only two peoples, the inhabitants of the United States and those of the British Empire. Her position, though, is materially better than it was ten years ago and much better than at the opening of the century, when the figures were 87.8% and 91.3% respectively.

But Canada's trade is gradually becoming more diversified, and our trade connections are stretching out and being strengthened in all quarters of the globe. This thesis has been written to point out possibilities for Canadian trade expansion in that great, undeveloped

* For the fiscal year 1926 they had risen to $1,328,531,737

* 1926 percentage going to these two nations was 74.6% a drop of 1.1% from the previous low figure of 1924.
continent to the south of us, South America. Others may harp upon Canadian trade with the Orient, with Australia, or with the Empire, but I shall confine my attentions strictly to Latin America. This one field in which Canadian trade is almost negligible but should be larger. I have selected this field because few Canadians seem to know very much about it, or have evinced much desire to trade there. The feeling has been that there are easier markets at hand so why bother ourselves in trying to trade there. The result has been that for the fiscal year 1924 Canada exported to South America only $15,655,120 or 1.5% of her total exports. Of this amount nearly half went to one country, Argentina. Compare this figure with the huge total of $315,000,000 exported to South America by the United States in 1924, and which was increased to $408,000,000 in 1925. These figures comprise 6.9% and 8.2% of the total exports of the United States for those respective years. For the year 1924 7.3% of all Great Britain's exports went to that field. It can easily be seen, then, that Canadian participation in the foreign trade of South America is extremely low and stands in need of encouragement and extension. It is for this reason that I have selected this field for my work and by pointing out many tangible possibilities for the expansion of specific commodity sales in South America I hope I may evoke in the Canadian manufacturer a desire for a greater knowledge of the trading opportunities, and for an increased activity in the commerce, of these Latin American republics.

* Our exports to this market are growing steadily. In 1925 they reached the figure of $20,606,000 - or 1.9% of our total export trade. In 1926 this figure was further increased to $27,400,000 - or 2.1%
In general, my analysis of the subject will be:

**PART A**

Chapter 1 Introduction.

2 Market Analysis and Investigation.

3 Advertising for Foreign Trade.

   sales letter
   circular letters
   samples
   trade marks
   newspapers
   expert papers and journals
   catalogues.

4 Distribution channels in Foreign Trade.

   direct to consumer through correspondence
   and mail order houses.
   Direct to retailers and wholesalers.
   Through travelling salesmen.
   Branch offices.
   Agents.
   Export commission houses.
   Export merchants.
   Through cooperative efforts.
   Through connections in London and New York.
Chapter 5 Packing for Export.

Shipping and shipping papers.
- bill of lading.
- marine insurance policy.
- commercial invoice.
- consular invoice.

Chapter 6 Financing the Foreign Trade of Canada.

PART B

Specific Trade Opportunities in the Separate Republics of Latin America.
"Success in foreign trade, like success in domestic trade, is dependent upon a careful analysis of the possibilities of the different markets which the manufacturer wishes to cultivate". It is absolutely essential for the exporting manufacturer to select the proper market and the proper marketing method in order to procure the greatest benefits from his foreign trading. For this, specific, statistical data of all markets will be necessary so that a comparison can be made between them and deductions as to market possibilities drawn. One of the best methods of acquiring the needed information regarding a foreign market is to have it investigated by a competent observer. This method will entail considerable expense, however, so that it is usually deemed advisable to subject the market to a preliminary survey from home, before sending the personal investigator abroad. Through such an analysis many of the outstanding facts which directly, or indirectly, affect the demand and supply conditions in the market will be brought out and such localities as can not be of any interest to the exporting manufacturer, and in which there is no reason for conducting personal investigations, can be eliminated. Through such methods many valuable facts may be learned and costly mistakes prevented. From such data a manufacturer could learn that, because of domestic production and tariff barriers, Chile and Venezuela are extremely poor countries in which to try and market shoes, Brazil a comparatively poor market for Canadian

flour, while Argentina imports many foreign shoes and Colombia procures most of her lumber from abroad.

For this preliminary investigation at home many sources of information are available. For the Canadian exporter two very good government publications are easily procurable, the Canadian "Commercial Intelligence Journal" and the American Commerce Reports." Both are weekly publications containing a wealth of invaluable information and no enterprising exporter should be without the services of these publications. The "foreign trade opportunities" listed in the back of each have been more than once termed "cash premiums" by large exporters. Similar publications or reports edited by foreign governments will also be found useful for specific markets. Besides these, much data can always be procured from trade associations, banks, mercantile agencies, and trade journals and books. All data possible should be procured, scrutinized for possible inaccuracies, exaggerations and inconsistencies, and then carefully filed away for future reference. It should be renewed at frequent intervals and supplemented by any personal knowledge or dealings that the exporter may subsequently have.

The information secured in this way, and at a comparatively slight cost, will supply the manufacturer with much material on which to erect his conclusions. Amongst the many facts which such an investigation will bring out will be those of supply and demand, purchasing power of inhabitants, tariff barriers, size of field, methods of doing business, terms to be extended, competition to be met. The personal investigation that might well follow would include the political conditions in a country, the nature and stability of its government, the degree of protection it offers to foreign enterprises, the commercial law of the land and how
it is administered, condition of transportation facilities, state of
banks and other financial institutions, and the credit ratings of
prospective clients in the country. All these are matters that should
be thoroughly looked into before even a dollar's worth of goods is
sold in the market. This will entail considerable time and initial
cost without, seemingly, being of much use, but as it prevents future
losses it has time and time again been proven to be a highly profitable
undertaking.

Many firms consistently refuse to spend a cent on investigating
possibilities in foreign countries. They consider it money thrown away.
Yet in order to develop a business in the home market they spend many
thousands of dollars before the business becomes profitable. Why, then,
is the same principle refused to foreign countries, and salesmen sent
eut wholly unprepared and with no knowledge whatever of conditions?
Such haphazard and slipshod attempts to do business with foreign countries
are from the outset doomed to disastrous failure. In the future the
most successful firms will be those whose departments of trade invest­
igation are the best organized and who, before any salesmen are sent,
will thoroughly study the situation.

The starting place in analyzing the problem of marketing
Canadian products abroad is the study of foreign demands. These demands
can be shown by the quantity sales over a number of years it can be
shown whether it is permanent, insistent, increasing, or fickle. Much
will depend on the facts discovered here for if the demand for the
product is capricious then this market will be a poor one in which to
try and create sales. There is also the potential or latent demand, the
possibilities of creating a much larger demand than exists through extensive propaganda or through a slightly lower price. Along with this might well be considered the eventuality of a slight increase in price and the effects of it. Would the demand fall off sharply or would a substitute be readily acceptable? The wise exporter will investigate all these facts and will be prepared for any possibility.

Closely allied with the demand side of the problem is that of the size and nature of the population and its purchasing power. It is much more important to know the buying power of a population than almost any other one fact. Mere population figures alone mean little. For instance, it is of small value to the exporter to know that the population of Peru is about 4,000,000. He is interested in knowing, however, that of this population 50% are Indians, 32% half-breeds; 2% negroes and 1% Chinese. The nature of the population tells him much. It should tell him that the bulk of the population of Peru has a low buying power and therefore a very small demand for manufactured products. The total purchasing power of this market would not be any in excess of a fair sized Canadian or American city.

In making an analysis of the foreign market, it is not enough for the Canadian exporter to know the general purchasing power of the foreign country. He must know especially the buying power and the peculiar class he is desirous of reaching. He should be able to estimate approximately the price which he can command for his specific product. From this he can form some estimate of whether the development of the market is worthwhile or not. In the special report "Chile as a Market for Hardware," issued by the Bureau of Foreign and Domestic Commerce of the United States Government, the following significant statement is made regarding the buying power of the population of Chile.
"Being a new country and having many people with little money, Chile uses much that is cheap and of poor quality, in which the European manufacturer ....... not only can compete easily but can almost control the market. As the higher quality is demanded the opportunity for American competition increases rapidly, and the future for the articles made in the United States seems bright, always provided that steps are taken to give the buyer the thing he asks for and business facilities comparable to those afforded by the European exporter." This statement, intended for the American exporter, is of equal interest to Canadians and should give them an optimistic conception of the future possibilities of this South American Republic.

Another factor demanding attention is that of special conditions and prejudices in the market. These special conditions may necessitate some adjustment in the product exporter, but of this I will say more later. The problem then becomes not so much, can I export, as, will it pay me to change my machinery in order to cater to the desires of this market? Prejudices affect sales to a large extent and if an export firm cannot get around or overcome these prejudices it need not expect sales in those countries. An example of the type of prejudice that cannot be overcome is that of green wrappers in certain parts of China. This color is believed to be a sign of impending misfortune and as no amount of propaganda seems to be able to remove this superstition, articles wrapped in green are doomed to the retailer's shelf. On the other hand, until recently there has been a distinct prejudice against tractors in Peru. This has now largely been overcome through consistent demonstrations of their utility and by expensive propaganda. Prejudices
play such an important role in influencing demand, particularly in backward countries, that they should never be overlooked in analyzing the market for sales. In certain markets there is a distinct dislike for the products of certain nationalities but as I have been unable to find that any South American country is prejudiced against Canadian goods I need mention it no further here.

The fact that purchases usually go to the country controlling the investment situation is one of major importance in undeveloped countries, and this is essentially true of Latin America. The old maxim "Trade follows the flag" is not nearly so true to-day as "trade follows the dollar." The country controlling another nation's investments is certainly in a favorable position but this fact applies only to purchases of such materials as railroad equipment, rolling stock, construction machinery, oil well and mining machinery, etc. Any company dominated by foreign capital is going to procure its supplies as far as possible from the foreign shore from whence the money came. Thus if the market is already monopolized and controlled by a competing creditor nation, it might be questionable in the mind of the exporter whether he can successfully develop sales of such products in that territory.

The other big factor to be met with is the source of supply. This will tell the Canadian exporter the foreign competition he will have to face. The amount and possibilities of local production should be studied. Ordinarily it will be easier to meet foreign than domestic competition. The prices, at which the imported and the local product sell, will have to be considered. The exporter will also have to have complete knowledge as to the best methods of supplying the market, what is the best means of importing into the country. He will have to
consider what units of supply are most easily handled. An examination of the methods employed by his more successful foreign competitors will be of great value to any exporter just entering a market. After examining the source of supply of goods offered for sale in any market the Canadian manufacturer must determine whether there is anything in the tariff laws or commercial treaties or transportation facilities which would effectively debar him from competing there. As far as Latin America is concerned Canadians compete with other nations on the same footing in regard to import duties that must be paid. We have not the same transportation facilities to this market that other nationals have but the nature and the extent of the handicap can only be determined by each Canadian exporter for himself. This handicap, however, is decreasing each year as newer and more frequent direct sailings are being inaugurated from Canadian ports.

The above analysis will be incomplete unless it is supplemented by data which presents the broad economic background on which the fundamentals of trade rest. The economic and social conditions change and supplementary data must be continually gathered in order to keep up-to-date a market analysis once made. It will be necessary to know each market separately, its fashions and manner of doing business. In selecting a first market to enter the safest rule to observe is to enter only those markets where the demand for a particular product is already established and clearly defined. Its extent, quality and quantity can then be determined in advance and the inexperienced exporter will not have the added burden of propagandizing a virgin market in order to make the inhabitants familiar with the kind of articles he is selling.
One other matter should here receive the attention of the Canadian exporter and that is the feasibility of adapting goods to market requirements. The policy of trying to force on foreign buyers what we think they ought to have instead of meeting their wishes and making the goods they want is an extremely harmful one in foreign trade. There is no speedier method in killing trade than that one. The "take it or leave it" policy of British and American exporters has been severely criticized the world over, but Canadian exporters are no more immune from it than are our trade rivals.

While adaptation of the product is desirable and is usually conductive to an increase in sales, it is sometimes impossible and often not profitable for a manufacturer to carry his adaptability to meet all requirements and all criticism. Canada has followed closely in the wake of our great industrial neighbor to the south so that large scale production of standardized goods is one of the distinguishing characteristics of our factories. There is heavy expense and loss of time if any change is made from the routine schedule. As a rule, our manufacturers are willing to make changes in order to meet requirements if they are satisfied that the volume of business will repay them. Otherwise they cannot well depart from their routine and must lose trade to those concerns and those countries that use proportionately more hand labor than we do and who can thus adapt with greater ease and with comparatively little additional expense, their output to the demands of the buyers in different parts of the world.  

If the demand is sufficient it is usually advisable for the manufacturer to adapt his product to the demand of the market. Where only a slight deviation is necessary from Canadian standards this should be complied with. Where definite specifications are submitted by the foreign buyer differing slightly from the Canadian standard never ship the type common to ourselves as then the whole consignment may be useless to the foreign purchaser. The same may be said of shipping machinery abroad when no provision has been made for spare parts. If the customer neglects to order duplicate parts the manufacturer should not fail to bring the matter to his attention. This will save the loss of much time and the consideration shown by the exporter will be sure to make a favorable impression on the mind of the importer.

A refusal on the part of our manufacturers to meet foreign demands has been due partly to the fact that until recently very few of them considered foreign markets in any other light than as places where they could occasionally dispose of goods unsalable for one reason or another at home. However, the value of foreign trade as a permanent source of demand is beginning to be recognized by an ever increasing number of our manufacturers, who are willing to meet reasonable requests of our overseas customers. The rational mode of procedure is to study the requirements of a given market and if possible standardize the product to suit these requirements. Find out just what the consumer wants, learn how near the product comes to it, and decide whether in view of the extent of the demand it is practicable to meet the want. Unless changes which would be found necessary can be made it is best not to attempt to enter the market.
Business men have now come to realize that a successful export business is not to be created overnight and that in order to develop it, carefully evolved plans must be put into action. Such plans cannot be made without much serious study, not only of the conditions prevailing in Latin America, but of the merchant's own business in relation to them. In order to develop the market it will be necessary to expend large sums before any noticeable returns are received. Specific information in regard to the market is indispensable.

Naturally the first requisite to the understanding of the possibilities of South America is an acquaintance with the geographical features of the field. No attempt to develop a trade with Latin America should be made without a thorough study of the physical conditions prevailing there, its people, trade, distances, topographical features and means of transportation, the strategic business points, etc. These facts can easily be learned by a thorough study of the countries in which it is proposed to develop trade.

In considering the adaptability of one's product to special market requirements, Mr. E. B. Filsinger in his valuable book, "Exporting to Latin America" sets forth a dozen questions the answering of which are of extreme importance to every exporter. These are:

1. Which items among our products can be exported to Latin America?
2. Can they be marketed in all the Latin American countries or only in certain ones?
3. Are they adapted to the needs and requirements of all sections of a country, or only to a certain limited field therein?
4. Can they be sold just as they are now made, or are certain
changes necessary in shape, size, appearance? If changes are essential can we make them?

5 Are the labels, finish, color and other details the most appropriate for the market?

6 To what classes of the population can they be sold?

7 If no demand already exists can one be created? In that case what is the best method to pursue?

8 Will our product compete successfully with foreign products of a similar character?

9 How do the tariffs in Latin American republics affect the sale of our product? Has the European manufacturer any advantage in this respect? If so, how can it be overcome, and what means must be taken to meet any peculiar tariff restrictions?

10 Does the matter of freight or transportation charges affect the possibilities of sales?

11 Are there any local conditions which would make it impossible to place our product in certain countries or districts? In that case, what are these?

12 What is the most desirable field in which to make a start?

In considering the foregoing questions, the manufacturer will have a foundation on which to base his study of the export situation, and of the adaptability of his goods to foreign markets.

But the ability of a merchant to create an export business is dependent upon important factors other than a careful study of the problems already mentioned. These factors are of equal importance and
and should have careful thought. The earnest business man who believes himself in a position to export to Latin America must determine where to make a start. Latin America is so vast a field and the difficulties of properly effecting sales to all parts of it are so great, that it is highly desirable, in making a beginning, to enter a market that offers the least amount of difficulty. Only careful study and a consideration of all details will enable the beginner, with no expert knowledge, to decide where his efforts will be productive of results in the shortest possible time. The same conditions will affect this market just as they do in domestic trade and may be roughly outlined as follows:

1. Size of the field
2. Methods of doing business
3. Terms to be extended
4. Competition to be met
5. Immediate prospects and future possibilities
6. Organization of the exporter
7. Sales methods

The business man must determine the most advantageous methods of making sales in Latin America. He will naturally consider direct sales or agency arrangements in relation to payments. Under certain conditions it may prove more desirable to deal with a general importer who undertakes distribution and is responsible to the manufacturer for all payments, than to sell on credit to individual small buyers. Export commission houses where maximum sales and efficient representation can be assured may likewise prove the best means for certain fields.
Exportation direct to individual merchants may, in other countries, offer the greatest opportunities.

An important factor in export business is the subject of terms. To the beginner it would be preferable to sell his merchandise direct to responsible merchants on terms averaging sixty days, such as prevail in markets like Cuba and Mexico, in preference to marketing them through an agency in Colombia or Bolivia at four to six months. Generally speaking Latin American merchants desire time for making their payments, chiefly because of the agricultural situation of the countries and to the general methods of doing business.

Competition is another important factor. In some fields it will be found to be less keen than in others. In a country developing as rapidly as Latin America a virgin territory may be the one to approach. But competition should not necessarily prove a deterrent. It will frequently be found that because of the educational work done in other fields sales can be made much more easily there. In such instances competition is rather a boon than a handicap to sales.

The farseeing business man, accustomed to look upon expenditures in the development of his business not as a dead expense but as an investment, will take into serious account not only the immediate prospects in a given territory, but more particularly its future possibilities. It is a recognized fact in foreign markets that much introductory missionary work must be done. As this is a condition faced daily in the domestic field it should not frighten the manufacturer who seeks foreign business. A country which does not offer brilliant immediate prospects may, nevertheless, because of the character of the work to be done first, afford the finest possibilities for the future.
If a conscientious and earnest effort is made, and if it is decided to establish a business on a firm foundation by intelligent work, then the prospects of large immediate sales may well be put aside in the knowledge that the future is full of promise.

Here it might be well to mention the essentially intimate and personal contact necessary for sales to Latin American customers. This should be a matter of careful study in seeking Latin American business and due regard to the little niceties of commercial intercourse will greatly help sales in that field. Too often in the past this market has been considered as a unit by foreign exporters who fail to realize that tastes and customs differ in these countries and that national individuality is quite as dear to the Argentinean and Chilean as it is to ourselves.

By far the greater amount of all this data necessary for the Canadian manufacturer to carry on business in Latin America can be secured at home. When, however, all such information has been collected a good plan is to send an intelligent representative into the field for a certain period to get acquainted with the clientele and familiarize himself with local practices before real operations are begun. At the moment such a procedure may seem to entail an unjustifiable expenditure of time and money, but when one considers the advantages to be derived from a proper beginning, it no longer appears in such a light. It must be realized that there are no "get-rich-quick" countries in South America and that only by steady and intelligent effort can reasonable returns be expected. If an experienced traveller, equipped with catalogues describing the products and giving adequate price information, is sent out to cover the more important markets, direct contacts with reliable South American importers may be arranged which
in the end will bring in substantial returns. Such a method should be thoroughly studied by all firms actively interested in the market.

It is only after a careful analysis of all the factors outlined in the preceding paragraphs that the Canadian merchant will be able to determine which field offers the best opportunities. Where one country seems to hold forth great advantages because of low tariff and little domestic competition, it may be adversely affected by peculiar local conditions or by inaccessibility. In the same way the reverse may be exactly true of markets that on a cursory examination would seem to be poor ones to enter. The most minute study and analysis must determine the course which the manufacturer should pursue. Too much stress cannot be laid upon the advisability of such study.
CHAPTER III

ADVERTISING FOR FOREIGN TRADE

After subjecting the different world markets to a careful analysis and selecting those he thinks most suitable, the exporter must study the best means of developing them, of acquainting the inhabitants with his products. Naturally what is necessary is some form of advertising. "This is practically the only method for reaching the foreign buyer direct at relatively small cost and it has been the means by which nearly every American manufacturer now exporting on a large scale made his first beginning." This quotation is from the pen of a foremost American exporter and appeared in "Office Appliances" of not many years back.

We must, then, analyze the different forms of advertising and discover the proper methods to be employed in exploiting the different markets. In the larger and more advanced republics with a high degree of literacy amongst the population most, if not all, the methods adopted in Canada may be used. In other markets only one type of advertising may be at all feasible. As the object of advertising is to introduce products, and the firm that sells them, to the buying public, it requires great art in its composition because of the number and variety of people to whom it is addressed. Certain media will only reach certain classes of people so that a different method is necessary for other classes. It is to ascertain what these different
media are and to what general class of people they cater that this chapter has been written.

Results from advertising, foreign as well as domestic, must primarily depend on the copy, so far as enquiries go. Actual business will almost invariably depend on subsequent correspondence with prospects thus discovered. In order to stimulate enquiries from abroad it is evident that the advertising copy must contain a catch line of some sort to attract the attention of the kind of buyer wanted. It is the article advertised that is important, not the name and address of the maker. The illustration of the article will often attract if strikingly set out. Too much copy is bad and nothing is to be gained by boring the reader with minute details of the goods advertised. As it is impossible to relate everything in an advertisement it is usually desirable to tell only enough to stimulate the curiosity of the prospect and compel him to write for further details. Hence the advertiser's shrewdness and ingenuity is called into play to select those few phrases or sentences which will be most effective and which the space at his disposal enables him to use in striking form. Highly technical copy should never be used as it is not understood by foreigners. The same applies to literal translations. They are usually meaningless for it is the "idiom" that counts in every language. It is never wise to quote any price in an export advertisement as this only leads to confusion, it being very easy to settle the matter of price in later correspondence. Advertising for general publicity is extremely good. As a form of introducing goods, or a salesman, -
it may be very effective. It "makes your goods less apt to be refused when offered" and this is, after all, the great thing in selling.

In general, advertising may be divided into two channels, consumer advertising and dealer advertising, the purpose of the former being self-explanatory and that of the latter to secure agents, inquiries and orders from large foreign importers. Consumer advertising usually comprises correspondence, circulars, the press and outdoor billboards. Dealer advertising is restricted more to the export journal, the export editions of trade papers, and the export catalogues, although consumer advertising may be dealer advertising at the same time. I shall now briefly speak of these different methods.

The medium accorded the highest rank in export advertising is the sales letter. This is the greatest single means of developing foreign markets and the adage that "every letter should be a sales letter" might well be adopted by more Canadian exporters than heretofore has been the case. Every letter, no matter on what subject or how trifling, should convey to the reader the impression that here is a very good, ambitious, Canadian firm, proud of its position and product and one whose manufactures he might well take pleasure in locally distributing. Such a letter will always procure the maximum results from any prospect.

The drafting of a letter to a foreign correspondent requires the utmost attention and care. As its purpose is to break down the barrier which distance has created between buyer and seller, it will
be necessary to present such facts as will secure a favorable reply and at the same time draw out from the recipient of the letter useful information. The letter must be clear and forceful in argument, precise in detail, yet courteous in manner. The spirit of the letter must at all times be friendly, for a letter which is impersonal or stereotyped is cold, and coldness is an atmosphere in which it is hard to transact business. The cold impersonality of the circular letter often repels more than it attracts foreign buyers. It is always best to have an intimate note accompany any circular it may be necessary to send.

As the personal letter is more intimate than the printed advertisement, it should be more carefully studied. One essential in foreign correspondence commonly overlooked by Canadian firms is the use of terms in the address and at the end of the letter which are familiarly used by the people of that particular foreign country. Many of these terms and expressions may appear extremely foolish and sentimental to the Anglo-Saxon but as the omission of such expressions may spell doom for the particular firm no pains should be spared to learn the peculiarities of your clients. "The consideration of the point of view of the people to whom one is writing is extremely important, for the Latin American, as well as the Oriental, is not inclined to be impressed with the short, crisp, and often abrupt notes of the American, Canadian or English business man. A certain amount of polish and ceremony is as necessary in a business letter to these nationals

1 Kidd - "On Foreign Trade, chapter 19 - pp.285."
as would be a personal address. To ignore this through any obstinate prejudice regarding our own ways of doing things is to be shortsighted and is usually a confession of ignorance not easily overlooked by a person of another nation who is inclined to study these small points with care." There are many, many examples to be found on every hand of the tremendous damage a single poorly handled export letter can create.

In dealing with Latin Americans it will always be found necessary to address them in their own tongue. Although many of the large business men can speak English fluently they consider that to receive a letter in our language is a slight upon their native Spanish and they deeply resent it. If English is to be the medium of correspondence permission should be asked of the firm to address them in that manner. Then there is no possibility for ill feeling between the firms.

As the Latin American is almost the exact opposite of the Canadian in temperament and ideals he attaches much more importance to letters than we do. To him letter writing is an art and he is very careful about the stationery he uses. The use of proper paper is often overlooked by the business men of Canada as well as by those of the United States. The paper should be neat, impressive and dignified reflecting credit to the exporting firm. The firm's letter-head should appear but it will not be found necessary to translate this into Spanish. The export manager's name may very profitably appear in the letter-head and
certainly the firm's cable address and names of codes which may be employed in telegraphic correspondence should not be omitted.

Where the letter has first been written in English, translations should always be very carefully done in idiomatic Spanish, (or Portuguese for Brazil) not in literal Spanish. An example of the ludicrous position a firm may be placed in through a literal translation came to my notice some weeks ago. A firm was desirous of selling automobiles in a Latin American Republic but the extensive advertising they did in Spanish told the people that they (the automobiles) "were worth no more than motorcycles."

This is only one example of the glaring inaccuracies that may accompany any literal translation. The use of highly technical words and descriptions is to be avoided except in export catalogues and certain expert trade journals.

Personalities, and above all offensive impertinences, must be studiously avoided in carrying on our foreign correspondence. Imperative phrases show extremely bad taste. At best Canadian letters are not fluent enough, showing a lack of respect to the mind of the Latin American, so that we must be even more careful in our language and correspondence than is necessary for most Europeans, who come closer to the southern temperament than do we.

A signed letter is regarded in other countries as having all the formality and sanctity of a contract. It is for this reason that the stamped signature leaves a bad impression and it will invariably prove advantageous to have a responsible head of the firm sign. Form letters are instantly recognized and should
never be used. Every promise made to the Latin American must be fulfilled no matter at what cost. We are expected to abide by our written word so one can easily see the necessity of leaving no misunderstanding in the minds of either party.

Another point that should be borne in mind is that mail time to South America is still slow which, will obviously necessitate longer letters than at home. We must tell the whole story in one letter, even if it runs to four or five pages, for our correspondents are not mind readers. It is not the bulk or quantity of the letter that counts, it is its quality. Everything depends upon what we say and how we say it, not on the number of lines to which a letter runs. Short sentences are good but care must be taken to develop our arguments consecutively and forcefully. A postscript may lend some special emphasis to some desired point.

The old newspaper rule that the first sentence should be such as to attract immediate attention is a good one to adopt in any correspondence. Then develop your arguments adroitly and clearly. If we say "steel, let us mean steel - not sheet iron."

We will now pass to a brief discussion of circular letters and follow-up systems. All of the remarks just offered apply as well to the circular letter. I am here going to deal not so much with indiscriminate circularization as with special circularization of selected names. The value of the former is extremely doubtful in Canada and it may almost be said to be negligible in Latin American countries, where a comparatively small number of people are literate and interested. Add to this the conservatism of the Latin American
merchant, with his great dislike of the cold and impersonal, and the futility of mass solicitation is readily seen.

Any profitable circularization in Latin American Republics must be done on the basis of selected lists. Desired names of small dealers, etc., may be secured from many quarters and to these dealers interesting circulars may be sent. It might be well for the Canadian manufacturer just entering the field to restrict his efforts in circularizing to the larger firms with whom he especially wishes to establish direct connections. Thus it follows that each market to be circularized should have as careful a study as possible. Circularization is impossible, of course, under certain exclusive agency agreements. All circulars should be rigidly tested as to efficiency for it is only in this way that any approximate estimate of the value of the circular can be made.

All foreign circulars, especially to Latin America, should, as far as possible, be individually typed for I have already suggested that foreigners are apt to insist on being personally addressed. To obtain the best efforts, therefore, at least the appearance of "form" should be avoided. This will leave ample room for the ingenuity of the exporter and the successful firm will find that time spent in devising means of overcoming this handicap will be well spent.

The follow-up system, so extensively employed nowadays, finds a fitting place in Latin America. A list of selected prospects should be made up and the letters addressed to them should be
individual as far as possible. Sufficient time should be allowed to elapse between letters so that they may effectively do their work. Otherwise they hint of haste and impatience and will become a nuisance.

The arrangement and composition of follow-up letters vary, but a very good principle is to emphasize separate selling advantages of the goods in each letter. The following series has been suggested by Mr. Wyman, who is a recognized expert in this sort of work.

"Letter 1 Description of product, terms, prices, references

2 Profit on resale.

3 Sales assistance offered.

4 Quality and exclusive advantages.

5 Summary with special offer.

"In planning such a series the enclosures, and literature accompanying under special cover, should be designed to carry out the idea of the letter itself, not be a cause of distraction from the letter. Thus, with the initial letter a condensed catalogue and list of references as enclosures would be excellent. With the second letter emphasize profit on resale, and a circular proving this would be a tangible addition. Material for your circulars in the dealer's interest, specimens of shelf, counter and window displays or a detailed plan for introductory work would go far to prove the argument of sales assistance on which the third letter is based."
Photographs, diagrams and a circular of consumer testimonials will back up your claims for quality and exclusive advantages made in the fourth letter, while for the final letter a complete catalogue, order forms and if possible a special introductory offer at a new price will usually add to the written appeal.  

The follow-up system, like everything else, has its proper place in foreign advertising but it cannot here be evaluated. It is only after a careful check has been made of all that its value can be estimated and this the exporter must determine for himself.

Mention might well be made here of the value of samples in export advertising and trading. They are tangible evidence of the excellence of many products and are very successful salesmen. Many products, especially bulky and heavy ones, do not lend themselves to samples so that other methods must be adopted by the exporter of these products. But where good samples can be had of the product, they have proven extremely efficient in aiding sales. Distribution should be made to salesmen, agents, wholesalers, retailers, and consumers, but extreme care must be taken with the last. Indiscriminate mailing of samples to uninterested parties costs money and is productive of little result. It is for this reason that distribution amongst the ultimate consumer should be more cautiously undertaken than amongst selected middlemen.

1 B.O. Hough "Practical Exporting" - chapter 5 - pp.147
The value of "sample sets" is considerable. They should be mailed to likely dealers and placed by them in conspicuous places. Permission should usually be asked before samples are despatched, because such a high rate of duty is assessed on them in many countries that many dealers do not want them. Unsolicited samples to these dealers will cost them money and will prejudice them against the Canadian exporter. The samples, when sent, should be carefully wrapped and attractively done up, accompanied by plenty of descriptive material for the dealer to distribute.

The sample is not exclusively a consumer or dealer weapon but may be used to convince both of the value of the product. Its real value though is to convince the dealer of the certainty of profit which the goods will bring upon resale. Samples offer the argument of demonstration and no volume of description can compete against it.

"It can be laid down as a safe rule that if a product possesses any quality which a sample will demonstrate, and if the cost of placing the sample in the hands of the distributing trade and the ultimate user is not prohibitive, that this method of selling should be employed. The sample is a tangible sales argument and though speechless its presence answers questions. There is no one way in which to build world trade more rapidly than by judicious use of samples. They lend themselves admirably to combination with the efforts of salesmen, correspondence and advertising and are the finishing touches to any paper proposition." ¹

For a manufacturer who wishes to create a permanent business in a Latin American country a suitable trade mark is of the highest value.

¹ W.F. Wyman "Expert Merchandising" chap. 22 p. 256.
Those should be used on all literature, circulars, invoices, envelopes, catalogues, etc., for their value lies wholly in constant repetition. A good trade mark has a selling power of its own for it "assists advertising and builds sales with the spontaneous force of its suggestion and appeal." 1 As a trade mark is of extreme value in a sales campaign it will be necessary to protect it from piracy in foreign lands. Whereas great attention is given by most Canadian firms to the protection of their mark here, little thought is given to similar protection abroad. Trade marks will not look after themselves. Canadians are lax in the protection of their trade mark, chiefly because under our law a right in a trade mark is obtained simply through continued use without any further steps on the part of its originator. Thus, when entering upon the sale of their products in foreign countries, they see no need for taking special actions to protect their trade mark there. It cannot be emphasized too strongly, however, that while in a limited number of countries the right to a trade mark is recognized as belonging to the first user, in the majority of foreign markets this right is recognized as being vested in the person who first makes public claim to the mark through local registration. This is true of all Latin American countries and any unscrupulous person there can register any trade mark and procure sole rights in its use, holding the legitimate owners up for blackmail. It is in this way that many Canadian and American firms, with increasing sales in Latin America, have suddenly found themselves confronted with the fact that they can no longer sell their goods in certain countries under the old

1 Bernard Kostki - "Advertising Value of Trade Marks in Latin America."
familiar mark, or that in order to do so they must pay a sum to
some scheming trader. Thus, in order to avoid piracy and secure title
to the mark, registration should be applied for in the name of the
real owner as soon as commerce in that country is contemplated.

As a trade mark must help sales it must be one that strikes
the purchaser’s mind and imagination. He is the one to be reckoned
with, his tastes, his temperament, his understanding must be considered.
Many, if not most, of our Canadian trade marks will be found inappro­
priate for use in Latin America because they are either meaningless or
too hard to pronounce. In such a case the purchaser there may avoid
buying the goods, if others of the same kind please him equally as well,
or else he may resort to describing the appearance of the product by
some distinguishing feature, such as a colored band or illustration.
This procedure, of course, makes for easy substitution.

The greatest need of trade marks in Latin America is
simplicity. Particularly desirable is this when appeal is to be made
to the masses of the people. A pictorial design which has strong
individual features should be selected. The natives become familiar
with that trade mark and invariably call for the article with that
distinguishing feature, refusing to accept any other if that one can
be procured. It is in this way that the conservatism of the Latin
American can be capitalised.

It is safe to say that in the great majority of cases a new
trade mark should be adopted for use in Latin America. A pure
translation of any Canadian mark is almost always predestined to failure.
The most of our trade marks are catchwords, fanciful word combinations, or slogans, and these do not lend themselves to translation. It is advisable to have the trade marks embody the same significance in Spanish as in English, and this can only be done idiomatically. One special pitfall might be indicated here. Words in which the letters "W" or "K" appear should never be used as these letters do not appear in the Spanish alphabet. Vivid or "loud color combinations are the ones most appreciated by Latin Americans. Combinations of carmine and green, black and yellow, or blue and white, have often proven effective. When once a trade mark has been adopted and placed in use it should never be changed, since a change arouses immediate suspicion and resentment and sales will be adversely affected.

A good, legally protected trade mark possesses genuine sales and advertising value in South America, where advertising is a comparatively new development. The trade mark, to a large extent, must gather its own momentum and establish its own popularity. Hence a wise selection or adaptation of the trade mark, when that appears to be necessary, is the first step in the direction of profitable sales.

For the purpose of propagandizing your goods in South America the medium most universally adopted and the one giving the best results is the press. In many of the Latin American countries it is the only method that will be productive at all. It is said that the South American reads only his newspaper and that they (the newspapers) are responsible for the molding of sentiment to a far greater extent than that known in other parts of the world. Especially is their power great among the gentry. The potent power of an advertisement in the leading
daily paper of the country can easily be seen. The market should be carefully studied as to sales possibilities before any advertising campaign is commenced, but once this has been embarked upon it will be well to remember that,

1. The advertising campaign must be reasonably continuous.
2. The original advertisement should be written in the native tongue and not translated from English.
3. Each country should be handled by itself.
4. The choice of media should be given great care.
5. The manner of presenting the advertisement should be the subject of much thought and care. Along with all this it will be necessary to have local knowledge concerning such subjects as the conditions of the market, the population, its buying power, and the kinds of publications which are most naturally adaptable to the traits and tastes of the people one wishes to impress.

Very close to the press in procuring results in South America, especially as a means of dealer advertising, are the export papers and journals of the more advanced industrial nations. In planning an advertising campaign for foreign business the Canadian manufacturer may well give careful study to the opportunities presented by these journals. In the early stages of American export activities these publications were amongst the pioneers in foreign publicity. The foundation of many flourishing export departments has been laid by
advertising in such journals in the opinion of such a well known authority as Mr. A. J. Wolfe. These experts have not been due solely to mere publication of advertisements in these periodicals but also to the efforts made by the publishers to interest Latin American business men in the products of their advertisers. Since there are few, if any, Canadian journals of wide circulation in foreign fields it will be necessary for Canadian firms to use the better American journals. There are still many manufacturers who are just beginning to export. To these firms the publicity opportunities of such journals, both general and specialized, offer an excellent media not only for testing the exportability of their product, but also for building up a nucleus for foreign business.

The value of export publications in trade and good will building is fully recognized by the exporters of British and German goods. A single German export paper is reported as carrying approximately nine hundred advertisements of different German manufacturers in each issue. This is a large number and shows the relative importance of this medium, at least in the eyes of the German people.

These periodicals should be intended almost solely for foreign circulation and need contain little of interest to our domestic population. Their purpose is to appeal to the foreign purchaser of our goods and so we should address him in his own language and in his own manner. Data should be secured of the circulation of the respective journals in the field, and of the analysis of their distribution, to enable the exporter to determine the most valuable publication to himself.
The staff of the modern export paper can aid its advertisers in many other ways than this. It will have on hand for its clients a special list of buyers in foreign markets. It will likely have a separate bureau for the purpose of translating foreign letters into English and for converting the letters of the exporter into the idiomatic language of the country of destination. The staff as well will be experts in the preparation of advertising for foreign fields, knowing what appeals to the domestic inhabitants and the best method of setting out this appeal. They will also be able to supply credit ratings and shipping, packing and marking information.

The use of export journals and papers should be with the collaboration of other means of obtaining trade. The value of correspondence and circular letters is frequently enhanced if the manufacturer also advertises in a reliable export journal of wide circulation.

In the preparation of the copy for these journals frequent changes of illustrations are very necessary and all space should be used in the most intelligent and scientific manner possible. A rational use of "reason why" arguments, in addition to good illustrations and effective translation, will be productive of the desired results. Facts relating to the selling points of the different articles should be strongly emphasized. The prime essential is to win the buyer's confidence and this cannot be done when sensational or extravagant statements are made. Scattered or infrequent advertisements in these journals should never be used, as the occasional insertion of an advertisement is almost certain to result in loss. This fact has been
so thoroughly established that many journals refuse to accept contracts unless for a definite length of time, usually a minimum of six months. ¹ The advantages to a manufacturer of an advertisement in such journals while trade in that country is being developed is indisputable. The constant appearance of the manufacturer's name in journals circulating in Latin American proves of both direct and indirect value. All enquiries from this source, no matter how trivial or insignificant, should be carefully cultivated and attended to for few can accurately guage the source of the inquiry. One can safely say that one can never tell when "Big Oaks from little acorns may grow."

One factor of magazine advertising that is frequently overlooked by the Canadian and American exporter is that of local advertising in foreign fields. This method can be particularly good as a means of consumer advertising. Some of the better papers for such a method in Latin America are "La Prensa;" "La Nacion;" "La Razon" and "Plus Ultra" circulating very widely amongst the better class of readers. It is absurd of course to even think you can advertise your goods locally until they are on the market and available to the consumer. Unless your goods are on hand local advertising will be sheer waste and the Latin American will not be caught a second time in the same trap.

In connection with this means of advertising a very good statement appeared some years ago by Mr. F.B.A. Mos, then foreign advertising manager of the Studebaker Motors Corporation. He said in

¹ E.B. Filsinger "Exporting to Latin America" chap. 17 p.272-3
"American manufacturers are slowly but surely realizing that when they have sold goods to merchants abroad they have only taken the first step in building up a permanent business. The merchandise must be moved rapidly off the counters and floors of our foreign distributors, just as it must in this country, and as local newspaper and magazine advertising in the United States assists in the rapid movement of merchandise, so the same kind of advertising abroad, properly conducted, produces satisfactory results. The use of local foreign media, therefore, is essential to the proper development and securing of increase, in profits from American export business."

There is one last method of advertising for foreign trade that I wish to make mention of and this is the export catalogue. "To think of the export catalogue merely as a condensed card index of products and prices is a great mistake. It is of primary importance to consider the export catalogue as a salesman and not as a necessary evil of the non-productive class. A handsome export catalogue may be of only passing assistance to the salesman's personal attack, but it is frequently the attention-arrester, the desire-creator, and the action-compeller in export sales based on mail campaigns." 1

The preparation of catalogues by Canadian manufacturers and dealers for the use of foreign buyers is a matter of much importance and one that should be studied from every angle. If the subject matter of a catalogue is not clear and unmistakable it will be of little value to the foreign buyer. He is not in a position to afford the time to write to the manufacturer for an explanation of a confusing detail.

1 W.F. Wyman "Export Merchandising" chapter 19 - p.204
The effective catalogue for export trade is one that will span the distance between producer and consumer. It must give to the consumer the exact picture of what he wants and every minute detail as to how to get it. Its chief function is to make buying easy and so it must convince the purchaser that he can obtain the goods he wants only from the publisher of this catalogue. The catalogue must create desire, must be a question answered, and should increase the salesman's efficiency by substantiating his words in black and white. For these reasons the catalogue must be a sales maker and not an illustrated price list. It must be dominated by that one purpose - to sell. As Mr. Thomas A. Wilson says "A mining engineer in Bolivia or a sugar planter in Cuba cannot always go to an agency showroom. The catalogue giving him the most complete and detailed information will receive the order. The type of people appealed to must be remembered in revising a catalogue, as an engineer is interested in portability and ease of working, while a merchant pays attention to packing, price, credit, and time of delivery. Each is interested only in the results to be obtained in using the article and the conditions under which it can be used."

Since the first thing that the catalogue should do is to invite perusal, the cover design, paper, and cuts will be found to be of primary importance and much time and care should be given to them. The catalogue should furnish the prospective purchaser with an accurate impression of the exporter's personality and of the desirability of dealing with him. It should be a tangible proof of the ability of

1 T.A. Wilson - editorial in "Commence Reports" of Sept. 1, 1924
the manufacturer to export well. The importer will admiringly contemplate the well-bound and well-arranged export catalogue. From it he will unconsciously gather an idea of the personality of the exporter, and as first impressions are frequently lasting ones it is extremely desirable to give a favorable first impression.

The export catalogue serves several very important purposes in the foreign field in which it works. It is extremely useful in creating prospects in virgin territory, and if it precedes the visit of a travelling salesman it makes his work much easier. It also serves as a means of both direct and indirect trade relations. It will serve either to open up direct communication with the manufacturer or else it will serve to obtain business indirectly through orders from export commission houses. Possibly its greatest service of all is to aid dealers in placing duplicate orders after initial purchases have been made.

The catalogue should contain neat illustrations and accurate descriptions of qualities. All descriptions must be extremely accurate and honest for further orders to follow trial ones. The great principle, as in letter writing, is the differentiation of the goods, the emphasis placed on their individual qualities, and of how they are different from, or superior to, other goods of the same nature. The stressing of quality and merit in the goods is always very good as most persons are willing to pay for "good" goods. This is essential in the Latin American market because in almost every instance the articles imported are used by the classes that can afford to pay for them, and foreign business can much more
easily be established on the basis of quality than on mere cheapness.

The catalogue should also set out the exact weights and measurements of the different articles as these are extremely important factors when considering freight charges and duty collectable. For the Latin American market all such calculations should be given in the metric system, showing the legal, net, and gross weights. The catalogue should explain as well how the goods are packed and how many to the case. Finally each article should have a separate code word to facilitate cabling for the goods. The catalogue should have a complete index and it should be requested that with all initial orders the purchasers send explicit instructions as to shipping, marking, packing and declaring the goods.

So far I have made no mention of price quotations appearing in the catalogue. This is because there appears to be no general agreement as to the best policy to adopt. Personally I am of the opinion that no prices should be inserted in the catalogue itself but should be contained in special "price lists" or "price forms." In regard to these "forms" I will have more to say in subsequent pages but in case they are not resorted to and actual price quotations do appear in the catalogue, the prices should be the highest, the ones pertaining to the individual consumer. The discounts allowable from these figures to importers will have to be set out in the individual sales letters going to them.

This matter of price quotation is one of extreme importance in the development of foreign trade and particularly so in reference
to Latin American trade. This is a fact of which the average
Canadian manufacturer seems to be unaware, and so much trade is
lost to Canada through this ignorance. In making quotations to
Latin Americans little should be left to the imagination. It must
be remembered that buyers often are located at great distances,
and they must be able to determine very definitely from the manufact-
urer's quotation just what the proposition is. To that end strict
attention to details is essential, and everything should be done to
supply these fully.

Attractive prices are just as essential in winning trade
to the south of us as they are in developing business in any other part
of the world. In fact, in no other phase of the export field is
studious attention to details more important. All future orders may
depend upon the proper quotation of the goods in order to secure the
first trial shipment. Thus price quotations are of extreme importance
in the capturing and development of all foreign fields.

For the manufacturer who is really interested in developing
his export trade a form, known as a quotation form, will be found to
be extremely valuable. This will be a "rather detailed and comprehensive
form on which all quotations, with accompanying discounts, if any,
shall be submitted. This quotation form should also accurately describe
the goods and should clearly indicate the following - where delivery
of the goods will be made; what packing will be supplied with the
goods at the price named; approximate time after receipt of order when
shipment can be expected; what liabilities, only, the manufacturer will
assume; what, in a general way at least, must be assumed by the importa-
what form of marine insurance will be supplied in absence of special instructions from buyers; and finally, the definite terms of payment clearly explained. In addition, each item in a quotation sheet should be given a code word. Quotations should be made to hold good for a certain length of time, or otherwise, 'until withdrawn.' Withdrawal should only be calculated from date of receipt by customers of new quotations. Prices 'subject to change without notice' will not be found a satisfactory means of developing any large export relations."

Along with such quotation forms as the above emphatic reminders to customers should be enclosed stating that whenever special packing or shipping routes are desired specific instructions must be given. Descriptions, markings and classifications of goods for consular requirements should be requested; otherwise the manufacturer can only follow his best judgment.

Most Canadian manufacturers are unaware of the proper manner of quoting prices and they suffer heavy sales losses because of this ignorance. The majority of them quote a price F.O.B some point in Canada. Such quotations are useless in foreign trade and will receive extremely scant consideration from any foreign importer. These importers are ignorant of the distance of the Canadian city from tidewater and the railway rates prevailing in Canada. They cannot then compute the laid down cost of the article to them, so the Canadian quotation is entirely useless. Just so long as Canadian

1 B.C. Hough "Practical Exporting" chapter 10 - page 326.
manufacturers insist upon quoting in this manner they may expect their foreign sales to remain at a fairly low figure. The F.O.B. quotation, whenever used, should never be F.O.B. Canadian factory but should be F.O.B. vessel in some named port. The latter quotation is a distinct improvement over the former as it allows the foreign importer to gauge his costs much more easily, but still this method is not the best means of quoting for foreign shipment. It is, however, the prevailing quotation from exporters on this continent. It would be much better were we to follow the lead set by our European competitors and quote either in terms of G.I.F.

Both G.I.F. and F.A.S. quotations are very attractive, and both have their respective advantages, but as competition in Latin American becomes keener there seems to be a decided preference for G.I.F. prices. If there is this leaning toward any price quotation, Canadian manufacturers, in order to make the most of their opportunities, must capitalize it and quote accordingly. The exporter who plans a serious bid for the Latin American trade must maintain or develop an organization capable of quoting on either basis.

The F.A.S. price (free alongside ship) means that the seller assumes all charges and responsibilities for the goods until they are actually ready to be moved over the rail into the hold of the ship, the buyer to assume all charges and responsibilities thereafter. The F.A.S. price is simpler for the exporter because
Onus of computing ocean rates and insurance charges falls on
the importer. In all but abnormal times, however, the exporter
can easily secure such data and arrive at C.I.F. prices with
little difficulty and no additional risk. That he should do so
would seem to be the more profitable for him.

"For the novice the F.A.S. price is often advisable
because of its simplicity, and in times of radical and sudden
changes the F.A.S. price becomes desirable from the point of view
of all importers, as C.I.F. prices are then necessarily increased
to include an arbitrary protective margin in the nature of insurance
against fluctuation." 1 Apart from these facts, however, although
the additional work involved in quoting C.I.F. will unquestionably
increase the exporter's overhead, it will hardly be in proportion
to the advantages gained thereby.

The C.I.F. price (cost, insurance and freight included)
is the one nearly always preferred by the Latin American. This
price will include all expenses of production of the article until
it is upon shipboard, will include freight charges to the port of
destination, and also the usual form of insurance to be placed upon
such goods. The seller thus pays all charges to the foreign country,
while the buyer's responsibilities begin after the ship docks at
its destination. It is this quotation that is supplied by nearly
all of our European competitors, and it allows the foreign buyer to

estimate more accurately his laid down costs, and, therefore, what his possibilities of profit will be. When competition for business is keen, and all other factors are equal, the Latin American is very apt to consider only the product sold on the "service" or C.I.F. basis.

The C.I.F. price is "nothing more than a refinement in distribution service and a logical step in the evolution of foreign marketing" to use the words of Mr. H.P. MacGowan. Foreign competitors are giving this service and it is becoming increasingly necessary for Canadian manufacturers to do the same in order to secure footholds in foreign fields. The foreigner demands service just as much, and more so, than does the Anglo-Saxon. Such being the case Canadian firms must give this "service" or lose orders.

Returning to the matter of catalogues again, as much care should be taken in the translation of them as was used with personal correspondence. A well arranged and easily comprehensible catalogue in English is much better than a poorly translated compilation in a foreign tongue, though in general it is highly desirable to address a prospective customer in his native language. This will be Spanish for all the republics except Brazil, in which country Portuguese is necessary. To address a merchant of Brazil in Spanish is to cast a slight upon the Portuguese language which he will be very quick to resent. If a catalogue is to be translated the work should be done by an expert who is thoroughly acquainted
with the idiomatic language of the country of destination to
insure that its accuracy and clarity will be unquestionable.

It will frequently be found necessary to send an
accompanying letter with your catalogue. This letter, as well as
any other correspondence, should be carefully phrased as in many
instances the desire to express the same sentiment in Spanish as
in English leads to "dictionary translations." In many cases
these translations result in ludicrous or meaningless phrases, an
example in point being that of a manufacturer of automobiles
advertising in a Cuban magazine of large circulation. The English
copy given to the "translator" pointed out that the cars in question
"cost no more than a motorcycle." The actual Spanish translation,
painted in bold type, told prospective buyers that the car "is
not worth more than a motorcycle." 1

There are certain other expressions common to both Canadian
and American exporters that cannot be translated into Spanish. These
exporters do not seem to be aware of the fact and so many of their
letters convey nothing to the Spanish reader. Such a common
expression would be "we ask you to accept it (catalogue) with our
compliments." This well known stock American phrase has no literal
counterpart in Spanish and such expressions, if translated at all,
must be in an entirely different way, sometimes using many more
words. An example of this is easily given and may be of much
importance to prospective exporters. In Spanish one does not
"acknowledge receipt of your letter of the 3rd inst." but rather

1 H. Lane - Article in "Commerce Reports" - June 23, 1936
"takes pleasure in announcing that we have in our hands your
welcome communication of the third of the current month." 1

The Latin American is accustomed to be addressed as a valued
customer even though his account be small, and he likes to
receive courtesies in circulars and letters. He is extremely
quick and ready to resent anything that may appear to him as
a lack of courtesy or dignity.

Many of our European competitors have long been most
scrupulous in the language of their Spanish advertising, and the
thoroughness and correctness of their method is in no small
degree responsible for their success. Mistakes that could and
should be avoided react unfavorably upon exporters making them
and upon all Canadian exporters in general for the Latin American
judges all exporters by the impression created by one. It would
seem highly advisable then, and certainly well worth the investment,
in preparing all catalogues and printed matter in Spanish, to obtain
the services of qualified persons. These persons, fully conversant
with the idioms and intricacies of the language, will avoid all
the dangers the use of meaningless and even ridiculous expressions
occasion the exporter.

A catalogue, to be of greatest value, should be kept
up to date. It has been suggested that this might be accomplished
by forwarding circulars from time to time of the same size and
type as the pages of the catalogue. In this way it would be possible

1 H. Laza - "Commerce Reports" - June 23, 1924
for a foreign buyer, upon receiving a circular which supplanted some part of the catalogue, to insert it immediately in its proper place. As a matter of fact it might be advisable in many instances for the Canadian manufacturer to have his printed matter standardized in the respects indicated, so that all advertising material could be conveniently filed with the catalogue.

One last note of warning I wish to sound in connection with the distribution of these catalogues. Never include catalogues in any merchandise shipment unless they are expressly asked for by the importer. Always send them under separate cover and at your own expense. This for two reasons. In the first place a higher duty is frequently charged on catalogues than on the merchandise. Many countries assess the total duty on the parcel at the highest duty payable by any article in the parcel. Thus if a higher duty is payable on the catalogue all the merchandise will have to pay this higher charge. It is only natural that any importer would be highly vexed by such a gross error on our part.

In the second place many importers deliver the goods intact to the purchaser and if catalogues, and accompanying discount sheets, are included in the shipment, both the importer and the consumer will be displeased by such a procedure. When shipping catalogues, send them under separate cover and be sure to pay any duty collected on them yourself. No importer likes to have things sent to him unsolicited and on which he will have to pay a duty. This fact explains why many Canadian catalogues never get into the
hands of the importers but are held by the customs authorities
and finally destroyed for non-payment of the duty. In general,
because of the relatively high freight costs and duty charges,
it is not worthwhile attempting to forward any large supply of
catalogues or advertising material unless at the suggestion and
by the instruction of one's customers.
CHAPTER XV

DISTRIBUTION CHANNELS IN FOREIGN TRADE

In considering the possibilities of Canadian trade expansion with Latin America we must reckon with many factors and the same methods are not equally effective in all markets. The Latin American republics offer many startling contrasts and the method of shipping to Argentina would be disastrous if employed in Bolivia. According to Mr. W.C. Downs, writing in the "Quarterly Journal of Economics" of a few years back, the foreign exporter can deal directly with the consumer with comparative safety only in Argentina, Chile, Brazil, Paraguay, Uruguay, Cuba, Mexico and Panama. With the other twelve republics it will be found to be much better to rely entirely upon the indirect methods of selling.

The Canadian merchant or manufacturer who interests himself in Latin American trade does so because of possibilities of gain. One of the fundamentals in considering such trade extensions is the possible future of the southern countries. "Latin American resources have scarcely been touched as yet and the development of these immense resources will make that field a most promising market for the manufacturing nations of the world, particularly for the United States (Canada)."
For an indefinite period the people of the southern republics will continue to import manufactured products, as these republics are essentially agricultural and, with the exception of Argentina, Brazil and Chile, are non-industrial. These fields afford an excellent market for American (Canadian) enterprise. The wise manufacturer who contemplates a Latin American business is he who builds for the future. He does not solely consider in his calculations the question of profit for one or two years, but has in mind the establishment of a business which shall maintain a healthy growth in proportion to the increasing buying power of the Latin American. 1

There are numerous ways of conducting trade with the merchants of Latin America and their respective desirability is dependent upon many factors. The different methods should be carefully studied but when a policy has been decided upon it should be strictly adhered to and the manufacturer should not allow himself to be swayed from a course which careful analysis and study has shown to be the proper one to pursue. An indispensable factor is a sympathetic attitude toward Latin Americans, and an understanding of their customs, methods, ideals, etc. Without such an attitude, coupled with systematic effort, success will be difficult of attainment.

There is no one selling method which will cover all circumstances, the conditions in the respective republics as well as

1 E.B. Filsinger - "Exporting to Latin America" chap. 1 p.7
the problems facing the manufacturer, largely determining what
method will be employed. Every business man who contemplates
the development of that market must discover the best means for
himself through careful study and analysis. Much in this line can
be learned from our European competitors. Adoption of the means
which have made European firms so successful there will often prove
very beneficial. The keynote of European success in the Latin
American field, especially that of the Germans, has been study and
analysis of export conditions by individual manufacturers. Germany's
success in every field of endeavor has been due to painstaking
effort in study, in investigation, and in planning. The German
long since learned the importance of thoroughly qualifying himself
to supply the product required, even under adverse conditions.
The Canadian merchant will likewise find his results in direct
relation to the effort made. 

Amongst the many sales methods that are possible in
developing foreign territories the following may be mentioned as
the most productive:

1 Direct through correspondence and mail order houses.
2 Direct sales to wholesalers and retailers.
3 Sales from efforts of traveling salesmen.
4 Sales from branch offices in the country.

1 Ibid - chapter 4, page 46
Sales through the activities of agents.

Orders from expert commission houses.

Orders from expert merchants.

Sales through cooperative effort.

Sales arising from the maintenance of connections both in London and New York.

We will consider first the development of the market through correspondence and the use of a mail order department. It is only with the more advanced countries of Latin America that such a method can be carried on with any degree of success, but wherever this has been found to be possible or practicable, there exists no field in which the small manufacturer or merchant has so great an opportunity for developing his business. This is due to the fact that the smaller dealer, if in a position to offer quality and price equal to the larger firms, will be on an equality with the larger exporter who contemplates a parcel post business.

Of course this direct to consumer method presupposes that the producing concern has ample capital. The investment required to adequately develop the retail market in such a way is considerable and it will never be economical to use this method except in those markets where a very substantial business may be developed. In the markets of lesser importance it will always prove
more economical to have your articles sold in retail establishments carrying other goods as well, since in this way the overhead borne by each article is reduced. 1

The mail order business has sprung up very rapidly in Canada and the United States because of the favorable postage rates on parcels to the southern republics, amounting to only 12¢ a pound up to a maximum of eleven pounds. Such parcels require few customs formalities or papers and occasion no protracted freight clearances. Parcels sent by the post are not burdened with overhead freight or handling charges. The post affords the cheapest and quickest means of shipping small articles, no charge being made for clearance and only the duty being collected. The mail order business is particularly productive of results in Latin America because of the extreme conservativism and loyalty of the purchasers. Once they have bought from one concern they are extremely loath to change and it becomes very difficult for a competitor to entice them away. Thus with them the mail order business may reach great proportions so long as the Canadian exporter takes care in shipping promptly and packing the articles as ordered.

In order to establish a mail order business with Latin America the Canadian concern will have to prepare catalogues that will win the confidence of the recipient. How this may be accomplished was outlined in the last chapter. After the preparation of these catalogues the next move is to secure an adequate mailing list. Such

1 De Haas "Foreign Trade Organization" - chapter 13
lists may be secured in several ways; from the Canadian government, from responsible listing agencies, and from the head postmaster of several of the republics who will often be willing to submit possible names of interested buyers. Frequently these post office and parcel post officials will cooperate with the Canadian firm wishing to establish a mail-order business by the distribution of its catalogues.

Naturally in the development of such a business the filling of orders exactly in accordance with the illustrations and descriptions appearing in the catalogue is absolutely essential. Never insert a substitute for any article temporarily out of stock unless you first cable for permission to do so. Such substitutions are fertile breeding grounds of suspicion and bad feeling, an impossible atmosphere in which to carry on successful business. The careful wrapping and addressing of these parcels is also essential. The importance of accurately measuring and weighing the parcel must also be stressed as parcels must always conform in dimension, weight and value, to the laws of the country to which they are addressed.

The second method to consider is possible direct sales to wholesalers and retailers. Selling direct to retailers is simpler than selling through a mail order house as it requires less capital investment and a slighter knowledge of local conditions abroad. But the exporting firm is still under the necessity of making a comparatively large investment. It will usually be necessary for
the Canadian firm to undertake the advertising of the product since no retailer can benefit sufficiently from a general advertising campaign to justify his undertaking it. It will also, as a rule, be necessary to open a permanent office in each country. This office will conduct the advertising campaign and in part control the sales force. To maintain this office will necessitate fairly high administrative costs, and the work done will be very similar to, though not quite as comprehensive as, that done by a branch office.

Where the Canadian exporter sells direct to wholesalers slightly different problems are confronted. The marketing of his goods becomes greatly simplified. He will place the development of the local market wholly or principally in the hands of the wholesale firms who undertake to market the goods through their regular trade channels. Naturally, with this method, even slighter knowledge of foreign conditions is required by the Canadian firm that sells the goods, while the wholesalers who market them will obviously know something of local conditions. The local selling effort need not be left entirely to these wholesalers, though, but may be supplemented by the efforts of the traveling salesmen of the Canadian firm, the advertising expenses being apportioned between the two, thus curtailing some of the expenses of the Canadian firm. As these local firms often act as the "agents" of the Canadian house, I shall treat of them under this title a little later in the chapter.
The principal advantages of this method of selling goods may be enumerated as, the relatively small investment required on the part of the producer; the reduction of credit risk by dealing only with a small number of well known firms of considerable capital strength; and the benefits derived from the utilization of the already established channels of distribution of the wholesale firm.

The most effective means of obtaining business in Latin America is through traveling salesmen in the opinion of Mr. E.B. Filsinger. This procedure is likewise recommended by all consuls, chambers of commerce, boards of trade, firms, etc. Mr. W.F. Wyman himself states that "He (the traveling salesman) may be correctly termed the most powerful single force in export selling." Both men relegate the part played by correspondence to second position, but admit that the salesman is at his best when he forms the "keystone of a well-balanced sales campaign, supported by the best of export correspondence, the best of export advertising, and the best of samples and testimonials." The fact that Latin American business men are extremely conservative makes it even more essential that an effort to establish permanent business there should be based upon direct representation.

A traveling salesman should have a thorough knowledge of the products he means to sell, a willingness to conform to the customs

1 E.B. Filsinger "Exporting to Latin America - chapter 6
2 W.F. Wyman "Export Merchandising" "10 - p.95
of the people in the countries he will visit, and he should have, if possible, a knowledge of their language. In the words of Mr. W.C. Shaw "The thing which most salesmen do not realize is that the amount of goods a man sells depends to a very great extent upon his interest in them, his knowledge about them, and his imagination concerning his goods and his customer." 1

The first essential of a foreign salesman then would appear to be a broad and clear knowledge of the field and the facts in the realm of his prescribed activity. "Success in the foreign field comes to the man who knows. Knowledge is power." 2

The expert salesman should be preceded by a most careful preparation of the field he is to cover. These markets should first be canvassed by correspondence, advertising, or agencies before a salesman is sent out. The last is too expensive, as an initial effort. But although it is very difficult to get experienced and competent men, and the traveling expenses are very high, there is no other means that can establish so quickly the business of a manufacturer.

It will be necessary for the salesman to have more than mere knowledge of the goods to be sure of success. Coupled with this knowledge must be an ability to sell goods. You must empty your customers' shelves as well as fill them. In selecting an expert salesman it is always wise to use the same care that you would use in choosing a business partner. The prospective salesman should

1 Ibid - page 33
2 C.S. Coeper "Foreign Trade; Markets and Methods" chapter 3, page 29.
be required to pass a field test at home before setting out for if he cannot sell goods at home he cannot sell them abroad.

Another necessary qualification for a salesman’s success is that absolute reliance be placed in him by his employer. His word should always be respected as far as possible and he should receive frequent letters of encouragement from the home office. A traveler in a foreign field and amongst unfamiliar persons and surroundings is far more easily discouraged than he would be at home. His morale and courage can best be kept up by these friendly greetings from home. He does not then feel that the firm he is working for is a "soulless corporation."

Manners, courtesy and culture will always be found to be invaluable advantages. There is hardly a quality of the foreign salesman more valuable than the reputation of telling the strict truth regarding his goods and his house, for he thereby gains in the long run a confidence that is one of the most valuable assets in foreign commerce.

I have already spoken of the fact that a salesman’s visit should be preceded by a notification to the business men in the field. It is a sheer waste of money and of effort to send a salesman to an unprepared field. The merchants should have been made acquainted with the products he has to offer. They should know the reliability of the maker of the products. They should know the reliability of the maker of the products. They should be convinced of the fairness
of the policies of the exporting manufacturer. Products should be advertised in trade journals, press etc., before the salesman arrives in the market. This procedure will serve to bring the products to the notice of the business men and will make it much easier for the salesman to secure an audience. Immediately preceding his arrival should come mail correspondence serving to introduce him. These letters should be sent to a selected list of dealers. On his arrival the salesman should send his own personal card to these firms announcing that he will call at a certain hour on the following day. Such a procedure is usually recognized to be the correct one to follow in all dealings with Latin American merchants.

The salesman's first visit to a territory may not be a financially paying one, but the securing of even small orders is very desirable. If only small orders are received the Canadian firm should not feel discouraged because such orders are usually test orders alone, to be followed by larger ones if the product proves a success in the market. Repeated foreign trips are essential both for growth of trade and in order to keep abreast of competition. If it is worth while sending a salesman to a market at all, it is even better to follow up this first visit by later ones, though it may be impossible to send a man every year. Trade once established, no matter how, will not continue forever to take care of itself. It must be nursed and cultivated if it is to be developed adequately.

1 W.F. Wyman "Exporting Merchandising" chapter II
One final word needs to be said in connection with the visits of traveling salesmen to Latin America. This concerns regulations and taxes exacted by the different republics from these travelers. Nearly every country has certain regulations, and there requirements have in the past proven a source of great worry and inconvenience to both the Canadian and American traveler, ignorant of their existence and of the "red tape" required to get around them. It is extremely important that the Canadian exporter should familiarize himself with the respective requirements of each republic. Only by doing so can he accurately figure out the expense of conducting a selling campaign in any given territory or of providing his representative with the necessary documents and facilities for carrying out that campaign successfully.

Each republic usually levies a license fee and a tax (federal or municipal or both) on every traveler. Many countries require of them, in addition to these taxes, documents of identity and power of attorney from their principal. These documents will outline their powers and the grounds upon which they may conduct business. They will also show that the salesmen do actually represent some reliable Canadian firm. Letters of introduction from banks and boards of trade will be found to be invaluable in ensuring a salesman a cordial reception in Latin America. Samples without any commercial value are usually admitted free, but a bond or deposit is nearly always required against samples of any value whatsoever. This deposit may usually be regained upon reexportation.
of these samples. Generally speaking, no tax is levied against printed matter carried by the salesman. Such a tax is on the statute books but is seldom enforced. Any information that the Canadian firm may require on the subject of these regulations may be secured from the Canadian Government at Ottawa, from Canadian Trade Commissioners in the field, or upon application to British Consuls stationed there.

The last method of directly developing trade with the Latin American republics is through the establishment of branch houses by the Canadian firm. Such establishments are very good when the time comes for them or when the exporting firm can maintain the expenses of their upkeep. Otherwise the other methods of representation in the market will be found to be productive of better results. Very few Canadian firms exporting to Latin America would appear to be in a position to support such an undertaking as this but with increased trade between the two continents the time may soon come when more and more Canadian firms will be looking to this method of direct representation in the field.

Naturally the establishment of a foreign branch house means a heavy addition to overhead costs. This may necessitate a slight increase in the prices of goods with consequent curtailment of sales. The question to be decided is whether the additional profits will counterbalance the added costs. Another item to be taken into consideration is the local antagonism which the branch house is bound to develop. The Canadian manufacturer
will become an active competitor in the field of the local wholesale importers and distributors. Some trade will be lost in this way and it is only where this antagonism can be overcome or counter-balanced by gains that a branch office should be established.

On the other hand, the establishment of branch houses carries several distinct advantages. It becomes much easier and quicker to supply repairs and spare parts. These can be stocked and will not have to be shipped from Canada as the occasion arises. Branch houses may be able to afford quicker service to customers than could the staff of a general importer. Lastly, branch houses established abroad may be considered as having a certain publicity value for the Canadian firm. Not only will such an office act as a sort of advertisement but it may be of great aid to salesmen in furnishing display windows or demonstration rooms.

I shall now speak of the various indirect methods for procuring sales in foreign countries. These methods are employed when the entering of a foreign market is a new venture; where sales in any market are only spasmodic; when the volume of business of necessity must be small; or when the capital necessary for establishing direct sales methods is lacking. I am considering sales through agents as an indirect selling method although I am fully aware of the fact that many authors would consider these sales as direct.
Where the producer does not find it desirable to tie up a large amount of capital in the development of any particular market, and therefore does not wish to maintain his own offices abroad nor to incur the expenses of sending periodically salesmen into the field, he may appoint some individual or firm as his agent in that market. This agent will assume the responsibilities of selling the article in the field by soliciting orders and aiding the manufacturer to serve his customers satisfactorily. In practically all cases the agent will receive his remuneration in the form of commission.

The advantages of having a reliable representative in a foreign market are obvious. An agent permanently on the ground can look after the interests of the firm much more effectively than a salesman visiting at infrequent intervals. He can keep his principal posted regarding the requirements of the market due to changed local conditions. He will be able to make suggestions to meet these new conditions and can thus generally safeguard manufacturers' interests. He will also be able to supply invaluable assistance by informing the Canadian exporter of the activities of all competing firms in the market. One of the main arguments for the existence of such agents is that they are presumed to have an intimate knowledge of the credit and mercantile conditions prevailing in the market. Such information will serve to cut down to a minimum the bad debts likely to be contracted by the exporter. Agents will usually supervise local advertising for the Canadian firm and
keep the manufacturer's wares before the eyes of the buying public. In this way they serve as a complement to the services of the export commission house in the overseas market.

Writing in the United States "Commerce Reports" in regard to agents in South America, Mr. F.A. Christoph has this to say, "The fact that a firm has agents in any market but continues to receive a major proportion of orders through export commission houses should not discourage them. Agents sometimes find it extremely difficult to overcome customs and send direct orders. The most important function of a sales agent is to push the sale of his principal's products. He creates a demand for these by selling on the merchants and importers. He does the actual selling and is the active means of getting the business. The use of the agent does not conflict with, but, in most instances, increases the business of the export commission house. This is accounted for by the fact that after the agent has "sold" a merchant, the latter will place his order through a New York commission house, because of the shipping and financial facilities which they offer. Merchants in South America in particular, prefer to transact their business through such houses and this makes it almost impossible for the agent to get direct orders himself." 1

The manufacturer who contemplates the appointment of local agents should make clear in all advertisements or letters relative to the subject the following, his facilities for export,

1 U.S. "Commerce Reports" - January 7, 1924.
his ability, and all advantages of his product. In return he should exact references and make clear to the applicant his position regarding commissions, terms, territory, prices and discounts. He should make sure of the agent's purpose in wanting the agency and also see that the agent is not trying to represent too big a territory or too many lines. He should make sure of the standing of the applicant, both socially and commercially. The duties, liabilities, authority and obligations of agents should be expressly stated. Manufacturers should always maintain close cooperation with their agents because the greatest results in the development of foreign trade with Latin America, no matter what method is adopted, will be attained by cooperation. Cooperation will stimulate the efforts of the agent and is extremely desirable inasmuch as competition is becoming keener there and it is essential to obtain a maximum of results with a minimum of time and energy.

The best way to secure reliable agents abroad is through other exporters who have already tried agencies in foreign fields and found them able to withstand all tests. Agencies recommended by such firms will usually be the most reliable and most progressive in the field. Another method, frequently spoken of as the "Holyoke" system is to "seek out a long-established, closely allied, though non-competitive firm - one that has been in exporting long enough to have made its agency mistakes and to have rectified them -

1 H.B. Filsinger "Exporting to Latin America" chapter 6
and to "adopt" their entire agency group from Iceland to Ceylon." 1

This system has the two merits of extreme simplicity and safety.

The Canadian manufacturer in establishing his agencies abroad will frequently be met by the demand that he grant to the firm the "exclusive" agency contract for the field. Far too many such contracts have been granted in the past and manufacturers should be extremely careful in committing themselves to such an agreement. Whenever such an agreement is arrived at the manufacturer should make sure that his "line" gets the attention that such an arrangement merits. The territory given over to these exclusive agencies should be definitely prescribed and limited so that too much power does not fall into their hands. "Wisely selected, with an eye to future decades, and in circumstances which dictate the appointment, the day-in and day-out presence in a market of a personal representative needs no defender. Selected in haste, without thorough consideration of the representative, the product and the market, the exclusive agency is the most decided sales depressant. Haphazard methods do not pay. Manufacturers' specialties and limited markets lend themselves to agencies. General staples and lines carried by all wholesalers and retailers, depending on small sales per person and requiring only small investment, do not lend themselves to exclusive agency contracts. Thus usually the nature of the product or of the market will indicate clearly the

1 W.F. Wyman "Export Merchandising" chapter 29 page 384
It is claimed by business men almost unanimously that the most important single factor in the development of trade with Latin America, next the salesman, has been the export commission house. If such houses have been of such great importance to manufacturers of the United States, England and Germany, then they should be of equal importance to Canadian firms. Unfortunately we have very few of these houses as yet in Canada so it will be necessary for us, for the time being, to depend upon the facilities supplied by American houses in order to secure some portion of such trade with Latin America. Mr. E.B. Filsinger claims that the two chief reasons why the export house has been such an important factor in the trade development of the United States with Latin America are, "Firstly, because of its highly trained organization, many American manufacturers, through it, have been enabled to place their products in Latin American countries at the minimum expense, trouble and risk. This has been so whether the export house sold on commission or for its own account.

"Secondly, the merchants of Latin America have found it of particular assistance to trade with the export commission houses because of the credit facilities thus afforded them. In the rapidly developing Latin American republics there is a general shortage of capital and by making consignments of raw products to the export house a basis for larger credit is established."  

1 Ibid Chapter 29 - page 329
2 E.B. Filsinger "Exporting to Latin America" chap. 5, p.57
The export commission house in the United States serves as the agent there for merchants in foreign countries. They are then primarily representatives of foreign importers on whose behalf they act in the exporting country. In that capacity they act as consignees for the foreign exporter who ships to them raw products to be disposed of in the United States on their account. The main function of these houses today, however, is the purchase of goods in accordance with instructions forwarded to them from the foreign buyers. For this service the importers pay them a commission. These export commission houses are familiar with the best sources from which they may obtain the goods. The instructions sent them may be either to buy from some specific firm or from the firm supplying the best quotation. Since the latter is true of a large proportion of orders it will repay any Canadian firm to keep in close touch with some of the larger of these export commission houses.

Besides purchasing the goods these houses attend to all the details connected with their shipment. They instruct the manufacturer in the proper method of packing and marking the goods. They will then finance the shipment, paying the manufacturer and later collecting from the foreign merchant. These houses will engage cargo space for the goods, prepay all freight charges, insure the merchandise, and even go so far as to attend to the clearance through the customs house. The services of these houses are especially valuable when the foreign concern wishes to make a
number of small purchases from a large number of firms. The saving
in freight charges and other small items effected through the utilization
of these houses amounts to no inconsiderable sum.

When a Canadian manufacturer is represented by an export
commission house he is relieved of all petty details of shipping and proper
reouting. This service is no small item in itself and is the reason
why many small concerns ship almost entirely through these houses. It
then becomes unnecessary for the Canadian firm to make an investigation
of the Latin American dealers or to study packing and customs house
requirements, such details being furnished by the export house with the
order. The manufacturer will receive cash practically upon fulfillment
of the order and the entire transaction will require less care and
thought than the handling of a domestic order. By reason of the volume
of business done by the house the manufacturer may feel assured that his
goods reach his customer more economically than if he shipped them direct
himself on individual bills of lading.

Although the above is the original and acknowledged field of
the export commission houses, today they are branching out into other
spheres of activity. As well as acting as purchasing agent for
foreign importers they are now attempting to act as foreign sales
agents for manufacturers of their own country. Most of the leading
export commission houses maintain branch offices or employ local agents
in foreign markets. Also they send out their own traveling salesmen
in order to keep in more intimate touch with markets and customers, to
watch conditions, credits, etc., and to extend their circle of customers
wherever possible. These men and agents solicit orders from importers in Latin America and thus act as purchasing agents for these firms. It seemed a very simple procedure to expand their work into acting as traveling salesmen for American manufacturers and to introduce new lines into the Latin American field. But their position as purchasing agent for the foreign merchant at terms most favorable to him is incompatible with this second function. Many houses have recognized this fact by operating in foreign fields under different firm or company styles - executing orders on commission as one concern and presenting special samples and urging particular goods under another division of the concern. Departmental specialization has put in its appearance in many export houses to-day and these two apparently conflicting functions are becoming so common as to be the rule with British as well as American export commission houses.

However, the export commission house as the exclusive agent for a manufacturer in a given territory is not likely to develop trade to its greatest possibilities. As a rule it can sell the manufacturer's goods only to its own customers. It cannot very well sell to those concerns that prefer to entrust their orders to other export commission houses. For this reason it is well for Canadian firms to become acquainted with more than one commission house. They will find that their total sales resulting from such a procedure will be much greater than those resulting from the efforts of one house alone.

Another method of developing foreign trade is through the employment of the services of an export merchant. These men perform useful functions for manufacturers who wish to sell abroad without
assuming the risk of such sales, especially in effecting sales in backward countries in which financial facilities are not well developed. The export merchant and the export commission house perform very similar functions and their services are often confused in the mind of the public. The export merchant differs from the export commission house only in that he buys goods on his own account and does not act upon a commission basis. He sells these goods abroad and his profit comes through the differences he can secure in the price of the articles. He assumes the risk of price fluctuations and exchange fluctuations and so he must have keen and shrewd judgment as well as extensive credit facilities. The export merchant will usually handle any and all lines that are likely to be profitable, but usually pushes the sale of that article which brings him the most profit. Thus some merchants' "lines" are sure not to get the fullest attention possible. Since the merchant must receive a profit the price of the manufacturer's goods will be raised in the foreign country thus curtailing sales to some extent. Taking all factors into consideration it would seem to be much more profitable for the Canadian firm to deal with an export commission house, or by some other method, rather than try to develop its trade through the services of the export merchant.

Large Canadian manufacturers engaged in the export trade can maintain their own organization abroad independently. There are, however, a great number of medium sized and small concerns interested in export trade, but are restrained from participating therein by the expense and risks involved. This difficulty is being overcome in an
increasing number of cases through the voluntary agreement among a number of firms in allied lines to cooperate in their sales abroad, either in the maintenance of a combination office abroad, a joint representative for foreign sales, or a combination salesman to represent all and solicit sales for each manufacturer. In recent months several combinations of this nature have taken place amongst hardware manufacturers and machine-tool manufacturers in Canada.

This scheme has much to commend especially to the smaller exporter. Where the group maintains or sends its own representative abroad the overhead expenses to the individual members of the group will obviously be reduced, and, at the same time, they will be able to pay a higher salary and thus secure a more efficient and capable representative. There are, of course, attendant disadvantages with this scheme as with every scheme, but experience thus far has indicated that this method possesses many possibilities to commend it to the serious consideration of all medium sized and small Canadian manufacturing concerns interested in the development of an export trade.

One last means of developing foreign trade remains to be considered. This method is very similar to the advantages to be gained through the use of the expert commission houses. I have reference here to the importance of New York and London as world trade centres. Both have many large export houses through which Canadian firms might well develop their trade. Interviews conducted by the Canadian Government in 1921, 1922 with some two hundred London firms of this class showed that Canadian exporters were not sufficiently aware of the opportunities for developing business with other markets through the medium of these.
Louden houses. Foreign customers of these houses send in their orders and these firms frequently are called upon to buy in all quarters of the globe in order to fill them. It would seem very desirable then that Canadian manufacturers and exporters should make greater efforts to compete in this trade.

The majority of the firms interviewed by the Canadian Government showed a real desire to deal to a greater extent in Canadian products. Many lacked information as to the lines which Canada was in a position to export at competitive prices and it was often pointed out that Canadian exporters did not show the same enterprise in canvassing export business through London as did rival American firms.

The principle governing all purchases for overseas customers by these London houses, which number upwards of three thousand, is to "buy in the cheapest market." All these firms make a point of keeping in touch with ruling quotations in all possible sources of supply and thus to place orders to the best advantage. Canadian firms can bring their source of supply before indent houses by keeping these firms regularly supplied with the latest quotations.

Time is important in filling these orders, or "indents" as they are more commonly termed in Europe. The order will go to the manufacturer giving the best quotation, coupled with the immediate acceptance and filling of the indent. To secure the order it is imperative for Canadian firms to have representatives in London with samples and with authority to give immediate quotations. Unless Canadian firms do so, it is difficult to see how Canadian manufacturers can ever secure their
proper share of the export trade that is annually handled through London.

When the Canadian exporter is properly represented in London and the name and address of the representative is filed with the indent house as a possible source of supply for certain lines, that house will not fail to request quotations from the Canadian representative whenever the occasion arises. The importance of having regular representation in London cannot be over emphasized. There are many London export firms who are open to act as agents for Canadian exporters for a small commission, and with due care and diligence Canadian manufacturers and exporters should be able to find suitable agents to represent their interests and canvass the indent and export houses on their behalf.

What was true of London firms is equally true of the similar houses situated in New York. The latter market is even more important for Canadian firms because of close proximity and because New York is the dominant centre for trade with South and Central America. In the year 1922 New York had 316 houses doing business in South America; 111 with Central America, and 178 with the West Indies.

The following Canadian goods would seem to be capable of a more intensive development in the various markets through the employment of one or more of these large New York houses.

**Raw Materials**
- Asbestos, coal, cobalt, lumber, tin, ores.

**Foodstuffs**
- Apples, beans, butter, cheese and dairy products

1 Article by L.D. Wilgress appearing in the "Canadian Intelligence Journal" of February 6th, 1922.
fish, flour, grain and grain products, packing house products, peas, potatoes, etc.

Manufactured Products
Agricultural implements, autos and accessories, burlap, chemicals, cutlery, coke, drugs, fertilizers, galvanized pipe, hardware, iron and steel products, leather goods, machinery, pulp, paper, printing ink, shoes, tinware, tools, paints and varnishes, wood manufactures, etc.

Many of the New York firms are extremely interested in Canadian goods and are desirous of more up-to-date information as to Canada's export possibilities. The greatest difficulty seems to be to secure quotations from Canadian firms at short notice. Where time cannot be spared to secure Canadian quotations orders will necessarily go to United States manufacturers. New York houses are continually receiving orders of this nature and Canadian manufacturers are often neglected because information cannot be made immediately available. As soon as this oversight is remedied there should be newer and wider opportunities for Canadian goods in foreign markets. The complaint has often been voiced that Canadian firms are slow in answering correspondence, in giving quotations and service. So long as this charge remains true, Canadian firms cannot expect to take any large place in the foreign trade of the world. Service and the prompt and courteous answering of all correspondence are absolutely essential to success in any field, domestic or foreign.

As in London, it has been found to be extremely advisable and beneficial to have a personal representative in New York at all times. The joint maintenance of such a representative there by a group of
Canadian manufacturers has been proven to be very satisfactory. He, or his staff, could supply full information about products available for export, and the latest quotations on goods represented would always be available. In this way the loss of many valuable trade opportunities would be obviated.
CHAPTER V

PACKING FOR EXPORT TRADE

Actual experience in handling export business begins with the receipt of an order for foreign shipment. In the past much negligence and many wilful substitutions have marked the filling of foreign orders by Canadian manufacturers. This complaint is heard on all sides and as the first order is usually only a "feeler" for many more and larger orders that ought to follow, great importance should be attached to the filling of small orders originating in Latin America. The methods of the manufacturer, his ability and desire for export trade, will be measured by the care and promptitude with which he dispatches his first order. The Latin American is an extremely suspicious person and is intolerant of any mistakes in exporting, excuses and apologies being of no avail, so that scrupulous care should be taken with every order.

Export goods should always receive special attention. The manufacturer must also enter the market with the goods the people want and not with the goods he thinks they ought to want. The exporter must always try and conform to foreign customs in order to
succeed in his export endeavours. The theory of "good enough" is sufficient nowhere in foreign trading, and particularly disastrous is it when dealing with Latin Americans. The rule should be to supply goods better, if anything, for export trade than those usually shipped on domestic orders, since it is much easier to rectify any mistakes that may happen in the home market than abroad. More attention should be given to finish and fittings as these are what make the first impressions on the foreign purchasers. Goods may have to be exceptionally tried, or varnish and enamel may have to be especially hardened in order to withstand the rigors of tropical heat.

In order to meet the demand for his product it may be necessary for the manufacturer to slightly change his plant or machinery. The demand factor must be studied very closely and if it appears to be sufficient it will usually be practicable for the Canadian manufacturer to adapt his product to the demands of the market, rather than try and educate the market up to the point of demanding his goods in their unchanged form. It should be needless to say that on no account should a manufacturer change his manner of production unless the extent of the demand for his article warrants it.

When it comes to the packing of the goods diligent care must again be taken. Packing instructions should have been requested from the customer with his initial order. These instructions should
be followed implicitly because the importer is in a much better position to judge of the rigors of travel. The importance of proper packing has been underestimated in the past by most Canadian exporters, largely because shipping companies or marine insurance companies indemnify exporters for the direct losses resulting from pilferage or other damage. This payment has made many shippers indifferent to their share in the problem of getting goods safely and promptly to their destination.

The fact that packing for foreign markets usually calls for methods radically different from those used in preparing goods for domestic delivery can not be too strongly impressed on manufacturers about to enter the foreign field. The experienced exporter makes it a rule to follow the instructions submitted to him, knowing that his customers understand conditions in their own country much better than he does. Methods of marketing in those countries may require units different from Canadian standards. Many Latin American countries have laws calling for special markings on all shipments. Customs duties may call for special containers, weights or classifications. The only safe and sane rule is to give customers the goods they order and to ship them carefully as directed. The recollection of this quality and service will remain with the importer long after the price has been forgotten.

In packing goods for export the Canadian manufacturer must provide for general conditions common to all ocean transportation and...
for special contingencies peculiar to different parts of the world. Particularly in dealing with Latin American merchants must the Canadian manufacturer know the special requirements of each market. In some ports primitive machinery is used for loading and unloading vessels; in others modern facilities are provided. The exporter must thoroughly study climatic conditions; for the goods must be packed to withstand both the heat and moisture of the tropics, which may cause either mildew or rust. The goods must be packed to withstand frequent handling, jolting and bumping. Many of the harbors of South America require ships to be anchored in the roadstead with consequent transference onto "lighters. Such additional handling will require greater protection than would otherwise be necessary. Finally, in transportation to the interior, travelling conditions frequently become very bad. Not only may the climate be tropical but heavy and frequent rains may fall, while the facilities for warehousing may be entirely inadequate. The roads, or rather trails, through the mountains are very rough and extremely narrow, so there is constant injury from scraping against rocks. In order to traverse these trails transportation on pack mules is required more often than not. Since the maximum load that a mule can carry is around 225 pounds packages should be carefully prepared not to exceed this weight. Further precaution is also necessary to prevent pilferage and thieving.
The above are but a few of the problems the Canadian manufacturer must face and solve when he enters upon trade relationships with Latin Americans. These facts can only be learned through personal knowledge of the market or through information supplied by the importer with his order. These data being ascertained the exporter has still to decide upon the practicability of the different materials from which he must choose his shipping package. He may use barrels, crates or cases, depending upon the nature of the goods and the amount of handling it is anticipated they will receive. Whichever he employs the exporter must be sure that the wood is the best, free from knots, and capable of withstanding all the exigencies of the journey. The weights and dimensions of these cases must be considered. On the whole cases that are not too large or heavy are preferred, but they should be large enough to prevent easy crushing. An average dimension much in demand is three feet by two feet. Frequently a number of small cases may be very conveniently crated together into one package.

Where cases or crates are not used, bags or burlap covering will usually be the most suitable. These bags can be made out of either cotton or jute cloth, of different weights and sizes. The proper weight and size can only be determined by the nature of the goods and the nature of the journey. Frequently over all will be placed an oilcloth or waterproof tarpaulin. Such a procedure is becoming more and more common each year and often results in the saving
of losses arising from inadequate protection from moisture. These waterproof wrappings are more expensive than other forms, but the importer will always pay for them since they are in great demand in Latin America and can very easily be sold there. Importers in all the republics have always been willing to pay extra for appropriate and necessary packing rather than suffer loss from inadequate protection.

The progressive Canadian exporter will devote a great deal of attention to investigating market conditions abroad with a view to improving his packages. Experiments and experience will frequently show the superiority of one type of container over another, but the exporter should never change the shipping package without the consent of his customer. The importer will undoubtedly appreciate suggestions made by the manufacturer, but the final decision about the choice of the package should rest with the importer and not with the exporter.

Many complaints are heard about merchandise having been stolen during transit. The goods are removed and the case is then filled up with waste material so that the gross weight will be the same as before. Thieves are now so skilful that great care must be taken to prevent their tampering with the packages. The ordinary packing cases can easily be entered so that better packing has become essential. If, however, heavier or more solid materials are used freight charges are assuredly going to be higher. The prime requisite for improvement in this line then is for a light package with some form of box strapping. Thin steel bands or wire are strapped around
the package both lengthwise and around the ends. Nails or staples should be driven around the strapping at frequent intervals in order to prevent pulling or stretching.

Box strapping greatly increases the strength of the package and makes the task of the pilferer next to impossible. With the use of strapping the thickness of the sides, top and bottom of well balanced and properly constructed wooden boxes can be reduced anywhere from 20 to 40% without reducing in any way the strength or serviceability of the box itself. This device results in lighter containers and therefore in lower freight charges. It actually lowers shipping costs as well for less is expended on materials and labor. This form of packing also helps to insure the safe arrival of goods at their destination, thus eliminating, between exporter and importer, any difficulties concerning the respective responsibilities of the parties. The use of box strapping is, then, in every respect a real economy.

A move of this nature which is designed to lower the cost of distribution and increase its efficiency should receive the careful attention of all Canadian manufacturers and exporters who are anxious to eliminate needless losses or damage to shipments while in transit.

In addition to knowing how goods are handled en route to their destination, it is equally important that the Canadian exporter should have exact information on the operation of foreign tariffs. Information applying to the specific commodities in which the exporter is interested can easily be obtained upon application to the Canadian Government at Ottawa or to such large trade promoting groups as the Canadian Manufacturers' Association.
In regard to Latin America as a field for export the Canadian manufacturer is on an equal footing with exporters of all other nationalities. None of the republics give more favorable treatment to the products of other countries than they do to Canadian commodities. Tariffs in general are high but as they fall with the same severity upon all foreign nations Canadian exporters should not be intimidated by this wall and consider that they are being discriminated against. The all important fact to consider is whether, in spite of this high tariff barrier, the ultimate consumer can still afford to buy the article. If he can, the possibilities for sales should exist; if he cannot the Canadian manufacturer cannot export his product to that particular market.

The fact that the same article is being manufactured and sold domestically at a lower price than the Canadian firm could afford to sell should be no deterrent. The Latin American is keenly appreciative of quality goods and as Canadian goods usually excel domestic manufactures they can command a higher price and still sell in competition with the local product. This statement is particularly true of the more advanced of the republics, being less true for the more backward, but even in these backward regions sales of Canadian quality goods are increasing every year.

Duties, as I have said before, are usually high but the rates vary greatly between the different republics. Thus the possibility of sales may be nullified in one republic because of the tariff while in another a very large business may be possible. It is,
only by careful analysis that the Canadian exporter can determine whether he can export to one or more republics.

In dealing with Latin American republics three methods of assessing the duty will be noticed. The duty may be assessed on the gross weight of the package, the net weight, or the legal weight. With the first the duty is assessed on the complete package, contents and packing both. With the second only the contents of the packages are taken into consideration, while with the third the contents plus the weight of the immediate wrapping of the merchandise (but not the outside crats) are assessable. As most of the tariff schedules in Latin America are based on gross weights, the lightest package, with the maximum degree of safety, will be found the most effective. It is extremely bad policy, however, to try and save down to the point where the goods are likely to become damaged in transit. Thus in shipping to this field, with the consequent rough handling of the merchandise, the exporter must always consider the total weight of his packages and be on the constant lookout for new methods of packing which will ensure the required strength and safety yet at a less total weight.

Even more important than the above is the manner in which you describe your goods. Thousands of dollars are lost annually to importers through ignorance or carelessness on the part of our exporters. This carelessness all reacts upon the Canadian exporter as a direct loss because he will not receive a second order and what might have proven a profitable field will become barren.
The very best procedure to follow is to request the importer to supply an exact memorandum of the declaration he desires in order to secure the lowest possible duty. If you follow his instructions implicitly there can be no possibility of a mistake arising on your side in the filing of the invoices. Accuracy in description and the proper declaration of materials is indispensable, so every effort should be made to ascertain by what name an article should be designated in order to place it in the most favorable classification. The use to which the goods are to be put should also be specified. As a definite example may be cited machinery. In most of the Latin American republics machinery is duty free, but in some few mining machinery is exempt. If the goods, destined to these countries, are described merely as machinery they will be subject to a duty, but the mere mention that they are for mining purposes will allow them to escape this tax. It is in such small matters as these that the necessity of accurately understanding foreign requirements and laws is so forcibly brought home to the Canadian exporter.

In some cases a high rate of duty is charged on a finished product while the component parts would have been admitted at a lower rate. Canadian shippers confronting such circumstances should forward the parts separately and instruct their customers about assembling the pieces after arrival. In many other instances the use of ornamentation or special trimming upon an article will compel the custom house authorities to apply a schedule calling for a higher rate.
Here again it will be found to be a great saving to despatch the trimming under separate cover and to pay the duty upon it separately. One essential fact to remember is never to enclose in the same package articles dutiable at different rates. In most of the republics the duty for the whole package is assessed by the rate applicable to the article calling for the highest duty. Thus if two articles are enclosed, the one calling for a duty of 15% and the other for only 4%, the authorities will in all likelihood assess both articles at the rate of 15%. One can quickly see the enormous loss that may be sustained by the importer through the careless grouping of packages on the part of the exporter. As I mentioned in chapter III never include catalogues or advertising matter in any export shipment unless the importer specifically asks you to do so or unless you have previously secured his permission. One of the reasons why this grouping is so undesirable is that advertising matter frequently calls for a much higher rate of duty than does ordinary merchandise, so where any catalogue or descriptive matter appears with the package the whole contents may be assessed at this higher rate. Care must always be taken in shipping goods to foreign countries and is extremely essential to understand the workings of the foreign tariff laws.

The following are some of the main principles of tariff regulations in the Latin American republics.

1 Filsinger "Exporting to Latin America" Chapter 14 - pages, 232 - 235.
Argentina
Most articles dutiable upon their legal weight. Shipment of articles of different classes in one case to be avoided as all may be assessed the tax on the highest article.

Bolivia
No general rule for application of tariffs. Net, gross, or legal weights all prevail depending upon the different articles. No penalty for mixing shipments.

Brazil
Same as for Bolivia.

Chile
Very complicated duties to be studied separately.

Colombia
Duty assessed upon gross weight of article. Goods subject to different rates of duty may be packed in same container provided the gross and net weights of each kind of merchandise is given. Otherwise highest duty applicable to all.

Costa Rica
Same ruling as for Colombia.

Cuba
Duties levied on all three weights.

Dominica
Dutiable either on gross or net weight according to classification.

Ecuador
Dutiable either gross or net with no penalties for mixing.

Guatemala
Complicated duties with heavy fines for mixing.

Haiti
Dutiable upon net weight with mixing allowed.

Honduras
Same as for Ecuador.

Mexico
Same as for Honduras.

Nicaragua
Ad valorem duties, packing being of little importance.

Panama
Same ruling applicable as for Argentina.

Paraguay
All three rates of duties used with heavy fines for mixing.

Peru
Dutiable upon gross weight, mixing being allowed.
Uruguay

All three rates of duty are in operation but mixing is allowed.

Venezuela

Goods dutiable upon gross weight with the highest duty being levied upon all articles in the one container.

In the above list, wherever mixing is permitted, the articles have to be properly declared, with their respective weights. There are fines for non-compliance with this ruling.

Before actually shipping the goods the Canadian exporter must be sure that the goods are properly stamped to conform to customs regulations, and also that all packages are properly marked so as to be easily identified. Many countries, and amongst them the majority of the Latin American republics, have statutes requiring that all imported commodities bear an indication of the country of origin. Failure to comply with these regulations will subject the importer to fines of varying severity and the goods to detention in the custom house until the proper marking is placed upon them. Since an "importer is not favorably inclined toward exporters who, through ignorance or mere carelessness, cause him annoyance, extra expense and loss of time - and consequently jeopardize the good will of his customers - non-compliance with the marking requirements reacts as a boomerang upon the exporter's business."\(^1\)

These requirements are to protect home industry from the introduction of low quality imported goods to be sold as domestic.

\(^1\) Norman C. Shaw. Foreign Tariffs Division of United States Department of Commerce. Article in "Commerce Reports" of January 14th, 1924.
products. The consumer is also protected in that he can judge from the
country of origin stamped upon the goods the excellence and the quality
of the products he is purchasing. Moreover such markings protect the
honest manufacturer from cheap imitations made to harm his reputation.
Canadian goods are known in the markets of the world as quality goods
and so such measures as these should be welcomed by all Canadian
manufacturers rather than deprecated. These measures should protect
our goods and make it harder for other countries to compete with our
quality goods by subterfuge. The word "Canada," however, is seldom
sufficient and should be preceded by the words "made in" or their
foreign equivalent.

Finally we must consider the proper marks to be placed
upon the packages for expert shipment. Proper marking will avoid
complaints, non-deliveries, losses because of delays, and numerous
other inconveniences. Cases and packages for foreign customers are
never addressed to them personally. All shipments are marked and
numbered with symbols chosen by the importer and exporter. There are
many advantages to this procedure for it allows quicker identification
of packages. Symbols are frequently distinctive or dissimilar whereas
names are not, which makes discovery of the former much more easy
than the latter. The greatest advantage with the employment of
symbols, however, is that it ensures secrecy. It conceals the actual
names of the consignees from observers at the shipping end and from
competitors of the importers at the other end. Also it makes it
much more difficult for thieves to single out packages containing valuable merchandise from those containing cheaper goods. Below are examples of a few symbols:

\[
\begin{array}{ccc}
\text{H} & \text{C} & \text{C} \\
\text{M} & \\
\text{S H C} & \text{M L F} \\
\text{New York} & \text{Genoa} & \text{Barcelona} \\
1/37 & 301/400 & 1/100 \\
(a) & (b) & (c)
\end{array}
\]

In marking and numbering packages it is essential that the marks and numbers conform in every respect to those written in the commercial invoice, the consular invoice, the bills of lading and the other shipping documents used. In many of the Latin American countries the importer is subject to a heavy fine if the marks and numbers in his shipping documents disagree in the slightest with those on the packages. The consecutive numbering of the different packages is essential to check shortages.

None but the absolutely necessary marks should appear on export cases. Anything save the essential particulars serves only to confuse. The essential marks are the symbol, or device of the consignee, with the name of the port of destination beneath. Below

1 M. S. Rosenthal "Technical Procedure in Exporting and Importing" chapter 15 - page 172.
the number of the package will usually be found the gross weight, the legal weight, the net weight and the cubic measurement of the package in the system of measurements used in the country of destination, for Latin American countries, the metric system.

All marks should be clear and legible, in a prominent position, and ineffaceable under all conditions. For this reason packages should never be marked with crayons, tags or cards. Many exporters paint the marks on with brush and indelible ink. Better even than the brush is the use of a stencil and black paint, for the marks are then clearer and more legible. In fact, some few countries, amongst them Chile and Bolivia, make stencil markings obligatory with penalties for any other form of marking. On shipments to the Argentine Republic stencil markings are preferable but in addition to the symbol and other marks must also appear the name of the steamer carrying the shipment.
CHAPTER VI

SHIPMENT AND SHIPPING PAPERS

When the goods filling the export order have been properly prepared and packed the Canadian manufacturer still finds himself confronted with the task of getting them to his foreign customer in the most expeditious and satisfactory manner possible. Export shipping practices differ very little from domestic shipping practices in the preparation of the numerous shipping papers. These papers are very intricate and complex and scrupulous care must be taken that everything be done and noted properly, otherwise heavy penalties will be exacted from the importer.

There is a great deal of detail work in the handling of export shipments. Many Canadian concerns, whose foreign trade comprises a large part of their business, maintain special export departments to handle their foreign shipments. These departments, of course, are familiar with export routine and the special requirements of each foreign market. Far more numerous than these concerns are the many small exporters who ship abroad only a small proportion of their production. The total volume of their export business is not
sufficiently large to warrant the establishment of a separate shipping department, so they make use of the services of freight forwarders, who are among the most helpful middlemen in all foreign trade.

The efficient forwarding concern will maintain an office or will have a correspondent in all the large industrial centres and ports in the world. It acts as agent for both the exporter and importer in the caring for the shipping of merchandise. For our purposes, though, we shall consider only the services that the freight forwarder is able to give to the exporter.

Through the services of the freight forwarder the small export concern will frequently be able to escape from the minimum bill of lading. The steamship companies all exact a minimum charge for the carrying of any merchandise, this charge usually depending upon the amount of space taken up by the merchandise, or upon the weight of the goods. Frequently a firm will receive an order for goods, neither the weight nor bulk of which, will come up to the minimum charge. If this firm ships these goods on a single bill of lading it will be paying a higher ocean freight rate than is necessary. By employing the services of a foreign freight forwarder it can escape this higher cost because the forwarding firm is often able to combine more than one shipment on the same bill of lading. Person "A" in Buenos Aires may have ordered goods from ten separate firms in Canada. If each of these firms despatches its products under separate bills of lading, the steamship company will collect at least its minimum charge from all.
The charge for some of the concerns may fall below this minimum rate so they will be losing money. If the services of a freight forwarder had been employed the goods from all ten firms would have been combined under one bill of lading and the rates assigned on a pro rata basis. The minimum bill of lading clause would have been evaded and all would have saved money. The same is equally true if one Canadian firm is exporting a small order to each of ten firms in Buenos Aires. Here again the employment of a freight forwarder will result in a reduction of charges. The forwarding concern will group all the products under one bill of lading consigned to its correspondent in Buenos Aires. Upon arrival of the steamship this firm will distribute the packages to the ultimate consignees according to instructions.

Besides this indispensable service of the freight forwarders in the combination of small shipments, they afford another great service to the small exporter by attending to all shipment and consular papers. These men know the exact legal requirements of every country and the proper preparation of each document to meet these exactions. This attention to all shipping papers is in itself a very great help to the small exporting concern and one that is all too frequently overlooked by the Canadian manufacturer and exporter.

The charges of the freight forwarder vary with the services rendered, depending upon the port of destination, the volume of other shipments to that port, and upon the volume and character of the individual shipment. Some slight profit will also accrue to these firms because of the slightly advanced prices they may be able to
secure for the carriage of goods entrusted to them. This profit will come through the combination of shipments which would otherwise be subject to a minimum bill of lading.

Canada is a young country slowly becoming industrialised and expanding its exports. Each year we see our foreign trade growing in volume and with it the facilities for its conduct. There are a great number of Canadian firms desirous of engaging in foreign trade that are deterred from doing so through the cost of the individual shipment or through ignorance of opportunities. If these firms would avail themselves to a greater extent of both freight forwarders and export commission houses, in both Canada and the United States, our trade would be even greater than it is and the small manufacturer would no longer have to feel that the door to such opportunities was shut in his face.

I now wish to spend a little time studying the different shipping papers that any concern exporting for itself will have to handle. The papers which must accompany any foreign shipment are: - the shipping permit, the dock receipt, the bill of lading, marine insurance papers, commercial invoices, consular invoices, and sometimes a few miscellaneous minor papers. Different countries require different numbers of these papers and so only general information can be given concerning them. For the requirements of any one particular country the exporter will have to look up some authoritative source dealing with such information.
The first paper necessary for a foreign shipment to go forward is only of minor importance. This paper is the shipping permit and is received from the steamship company with whom the exporter or his agent engages shipping space. This document is in the nature of a notification to the clerk at the shipping dock to accept certain named quantities of freight when tendered between certain dates. Usually goods are not accepted on steamer docks without the production of such a document. When all the goods listed in the shipping permit have been received the shipper will receive a dock receipt, a paper signed by the receiving clerk and acknowledging the receipt of certain goods for despatch by a certain steamer. This paper will usually enumerate the weights and measurements of the goods. This dock receipt is chiefly useful in settling liabilities in case a boat is missed. This receipt has to be later exchanged for the formal ocean bill of lading at the steamship company's office.

One of the most important documents in all foreign trade is the ocean bill of lading. Possession of this bill, properly drawn to a shipper's own order or to a specifically named consignee, conveys ownership in the goods represented by it. Hence it is an extremely valuable document and is of utmost importance in foreign dealings. But before the shipper can receive his bill of lading export goods must be cleared through the custom house. A manifest, or shipper's export declaration must be prepared by the shipper, stating the ship by which the goods are to be despatched, destination of the goods, marks and numbers of the packages, kind of goods contained, their weights and...
values, etc. All these facts must be sworn to and it is from such papers that the government is able to compile their export statistics and statements. After this declaration has been duly attended to the exporter can receive his ocean bill of lading.

Bills of lading must be written by the shipper, or his agent, upon forms supplied by the steamship company. In the blank spaces of the bill of lading the exporter writes the specifications of the shipment. The marks and numbers of the packages are stated in order to identify the goods when the steamer unloads. The ports of origin and destination are also stated. A full description of the merchandise is given including the number and type of packages, the gross weight of the goods and the name by which the merchandise is known and classified. At the foot of the bill of lading a space is left for a statement of the number of bills of lading the steamship company signs. As banks insist upon receiving all the signed copies they use this clause to check up the number of bills of lading which the exporter gives them. The ocean bill of lading is thus both a receipt for the goods stipulated therein and a contract on the part of the carrier to transport them to their destination.

The number of bills of lading to a set varies according to the requirements of the steamship companies and the foreign consular authorities. From three to eight copies usually are necessary, some of them being negotiable and the others non-negotiable. There are usually

two or three "negotiable" copies, these being the ones signed by the steamship company. The banks require every negotiable copy issued to be placed in their hands when they agree to finance a shipment. The reason for this demand is the possession of any one "negotiable" copy of the bill of lading is sufficient, when properly endorsed, to convey ownership of the goods. As the banks have control of the goods until the payment of the draft, and consider the merchandise as collateral for their loan, the bank's security in the goods vanishes if a single negotiable copy is out of its possession. The non-negotiable copies of the bill of lading may be used in several ways but it is only these negotiable copies that are of extreme importance in international trade. All negotiable copies of a set of bills of lading should be endorsed by the individual or firm to whose order they are made deliverable. Unless properly endorsed these bills of lading are useless in the hands of a third party, such as the bank. It is not enough to endorse only one of the negotiable copies. All should bear the required endorsement, but in no event must the endorsement of the original be omitted. Being negotiable, any one copy of a bill of lading provided it has been secured honestly by the person presenting it, is sufficient to give title to the goods.

Today the "order" bill of lading is the form predominating in foreign exporting. Few bills of lading are made out directly in the name of the foreign consignee unless actual cash has been paid to the exporter or when the goods are being financed upon open account.
or some other form of security or guaranty. In any other case the bill of lading should be drawn "to order." That is, the bill of lading will be made out to the order of the shippers and the goods will therefore remain in their possession. No one else can secure these goods until the official endorsement of the shippers appears on the back of the bill of lading. When this "order" bill of lading is employed the steamship company will be requested to notify the consignee upon arrival of his goods. The consignee must claim the goods by presenting a properly endorsed bill of lading that has been despatched through the mails. Otherwise the goods remain in the dock warehouse with charges accruing against the account of the importers.

The only way that anyone can secure possession of the goods, for which he is not able to present a title in the form of a properly drawn and endorsed bill of lading, is to furnish a bond to the steamship company in sufficient amount to indemnify them against all possible claims on the part of others who secure such a duly endorsed document.

Another document of extreme importance in export dealings is the marine insurance certificate. Ocean steamships are specifically exempted by the laws of nearly all countries from almost every form of liability excepting when loss or damage arises from negligence or fault directly attributable to themselves. Practically all other risks have to be assumed by either the shipper or his consignee unless some form of insurance protection is secured. Every manufacturer or shipper of goods must invariably cover his shipments by appropriate insurance or see that others do so for him. Insurance must never be
overlooked or forgotten because then nobody will either handle or finance the shipment for him. Customary procedure demands it even though the importer may feel inclined to take the risk.

Shipments are always insured for the benefit of the consignee, the cost being included in the invoice made out by the exporter, and included in the draft remitted by the importer in settlement of the transaction. Since it is the importer that ultimately pays the insurance cost he should instruct the exporter as to the form of the insurance which he desires and is willing to pay for. Manufacturers should always ask their customers for instructions in this regard, and follow those instructions implicitly. Whenever quoting prices on a C.I.F. basis the Canadian manufacturer should be sure to stipulate what form of insurance applies. This foresight will insure that no complications or bickerings can later arise over a misunderstanding of the insurance protection afforded by that quotation.

The contract which the shipper makes with the underwriter is known as the marine insurance policy. In it are set forth in detail the rights and liabilities of both parties to the contract. The terms of the policy will vary according to the requirements of each individual shipper, but the general principles of marine insurance as outlined herein are sufficiently broad to apply to almost all cases. Marine insurance is intended to protect the merchant against accidental damage to, or loss of, his merchandise and not against damage or loss due to the inherent nature of the goods, inferior packing, negligence in handling the merchandise, or the
general wear and tear to which shipments are subjected. 1

Under the simple marine insurance policy protection
is only given against strictly "marine" perils properly included
under the term "perils of the sea." It is not intended to cover
any other losses. The only damages the underwriters will be liable
for under such a policy are those directly traceable to perils of
the sea. These perils are usually enumerated in the policy and
damages under these heads only can be recovered. The policy can,
however, be extended to include almost all risks by the payment of
an enhanced premium. By doing so it is possible for a manufacturer
to insure his goods from the instant they leave his factory until
they arrive at their ultimate destination; to insure them while being
carried by rail, steamship, or any other means of transportation;
to insure them against fire, theft, leakage, breakage, rain, heat,
and even against mule-back transportation dangers of the Latin
American countries. Wherever possible arrangements should be made
to cover everything and to take out insurance of this last mentioned
variety. The premium charges will be slightly higher, but at the
most the charges are so low in proportion to the risks covered and the
security given that this form of insurance is being adopted more and
more every day. This protection, however, is a matter of agreement
between the importer and the exporter as it is the former that finally
should decide upon the form of marine insurance to be taken out.

1 M.S. Rosenthal "Technical Procedure in Exporting and
Importing" - Chapter 16 - page 180.
In any insurance policy there are certain technical terms that are always used and which deserve some consideration. Usually the policy will preclude the payment of petty damages. Nothing will be paid unless the damage amounts to a certain prescribed percentage, about 3% in ordinary cases. This limit is known as the "franchise" and in such event the policy will read "warranted free from particular average unless amounting to .......

percent." But commodities so insured are nevertheless protected to a certain extent against partial loss. The technical insurance term for a partial loss to a shipment is "particular average." The term "partial loss" is practically never used. The perils actually insured against are enumerated in the policy and if a shipment arrives at destination partially damaged, to a greater extent than the "franchise," by one of these perils the loss is collected from the underwriters. The indemnity collectable from the insurance company is the difference between the "sound value" of the goods and the "damaged value." The former is the selling price of the goods on the market which they would have brought in a perfect condition and the latter is the price they actually do bring in their damaged condition.

Frequently a "general average" loss will be sustained by all who ship by a certain steamer. This loss occurs when it becomes necessary to jettison part of the cargo in order to save the vessel and the rest of the cargo from total destruction. It is obviously quite unfair that the owner of the sacrificed merchandise
should bear the entire cost in order that the other shippers and the owners of the vessel may be able to save their interests. For this reason the shipowner and all the shippers share in the loss arising from the sacrifice on a pro rata basis. The sacrifice of a portion of the cargo or of the vessel must, of course, be voluntary, and must only be undertaken when the danger, the captain is trying to avoid, threatens all the interests in the ship. The loss or expense must be fair or reasonable in proportion to the anticipated danger and the act must be in part successful. No claim for the loss of merchandise already useless is valid. The types of losses which are classified as general average losses are limited in number and are usually enumerated in the face of the marine insurance policy.

If an entire shipment is lost or damaged, but not a general average loss, so that the cost of salvage will exceed the value of the goods after their recovery, the merchant collects from the underwriters the full value of the shipment. In declaring values for marine insurance no proof is necessary. The insured value is accepted as the indemnity value in case of loss. If you evaluate your goods for 25% above their actual value and pay the premium on that evaluation you will receive this extra 25% in case of total loss of the goods. If the goods are undervalued you will receive the price you evaluated them for and no more. The shipper pays his premium upon the evaluation of his goods given in the policy and in cases of loss this is the figure to be reckoned on in the settlement of all claims.
Large exporters of goods to-day use the open policy of marine insurance. The policy may be for a certain period of time or to cover insurance up to a certain prescribed figure. As each individual shipment is made the shipper notifies the insurance company concerned that protection under the open policy is required for certain values. The goods are adequately described, the name of the boat given and the date of sailing. The risk thus covered is endorsed on the open policy and a certificate of insurance is returned to the shipper. This certificate takes the place of a separate marine insurance policy for every shipment, and is the document that is to-day usually handled, sent to the consignee abroad, and used by the banks as one of their documents necessary for the financing of any foreign transaction. Premium charges on such policies as these are usually settled monthly between the shipper and the underwriting company.

When entering a claim for a loss the assured must file certain documents with the insurance company which will constitute proof of the loss and interest in the shipment. The collection of claims for loss or damage is usually assumed to be the duty of the consignees, but will frequently be performed for them by the shipper, usually as a matter of courtesy and convenience. The documents that must be filed with the underwriters are those necessary to prove your claim. The first of these documents is some evidence that the goods have actually been shipped. For this purpose a bill of lading is usually deemed sufficient. Next you must show your
title to the insurance. This title will be conveyed by a
certificate of insurance suitably endorsed to the person
expected to make the collection. The third document necessary
is one showing the amount of the damage sustained. The most
acceptable is the formal sworn statement of the representative
of the insurance company in the port of the importer. Failing
this document, the official statement of the custom house authorities,
certified by the resident consul of Great Britain (since we have
no such Canadian officials in Latin America) may be substituted.
A fourth document required is a certificate designating the cause
of the damage, and lastly, a copy of the commercial invoice is
usually required. If all these documents are submitted in due form,
there is no reason why a legitimate claim should not be promptly
adjusted. If any of them are missing the underwriters on technical
grounds may delay payment until the document is produced. 1

The only other documents necessary for us to discuss in
this chapter are the invoices, both commercial and consular.
These invoices, particularly the consular invoices required by
practically every Latin American republic, are extremely formidable
documents and in no other phase of exporting is exactness so essential.
No indefinite or inexact statement is tolerated, and the smallest
mistake on the part of the Canadian shipper in making out these
documents may be punishable by exceedingly heavy fines. In doing
any business, no matter how large or small, with countries requiring

1 Extracts taken from articles on Marine Insurance taken
from the "American Exporter" from time to time.
these documents customers should always be asked to give explicit instructions as to how goods are to be invoiced. It is far wiser to follow these instructions than to take the advice of anybody else, I do not care who your informant may be. If you follow the instructions of your customer he is the person liable for mistakes and no blame can be attached to yourself.

The commercial invoice is the importer's notation of goods despatched to him. It contains full particulars of the shipment just as did the bill of lading and the insurance certificate. It will be noticed that these details, such as the marks and numbers of the packages and a full description of their merchandise contents, are included in all the shipping documents. Each document must agree absolutely in all the information set forth.

Besides these details the commercial invoice also states the name of the steamer, the name and address of the consignee, the contract number, the code number for the whole shipment, and a code word for each separate item in the shipment if possible, the price per unit of the merchandise and the total amount of the shipment. The terms of the sale, that is, whether F.A.S. steamer or C.I.F. port of destination, and the terms of payment whether sight, thirty day or sixty day draft, are also stated. Abbreviations should never be used as foreign importers are unfamiliar with most of our domestic abbreviations, and besides, the same word has not the same meaning the world over.
The number of copies of these commercial invoices vary with the laws of the different countries and with the needs of the different parties to the contract. They should usually be made out in triplicate, the original signed copy being despatched direct to the importer. For the Latin American republics they should be accurately prepared in Spanish to facilitate the clearance of a shipment and also as a positive means of developing future trade. All these invoices should invariably be signed by someone in authority as otherwise they have no legal force in many countries.

The consular invoice is one of the most important documents in the forwarding of goods to Latin American countries as it is required by almost all of them. "These invoices serve to determine the value of the goods imported, and are virtually copies of the commercial invoices, being an itemized memorandum of the products included in a shipment, their exact value, etc. The importance of these documents is so great that in the case of large export firms in the United States these invoices are prepared under the direction of one employee thoroughly acquainted with the conditions in the various countries." ¹ This care will ensure that every possibility of error may be avoided.

The consular invoice is usually printed in the language of the country of destination of the goods. It must be presented, along with the bill of lading, to the resident consulate of the importing Latin American republic in the Canadian port of shipment. The shipper, or some authorized representative of his, must swear to

¹ E.B. Filsinger. "Exporting to Latin America" chapter 11 - page 177.
the authenticity of the statements made therein. As with the commercial invoices and the other shipping documents that we have dealt with, the number of copies required in the different countries differ, from three in Argentina to seven for Panama.
CHAPTER VII

THE FINANCING OF CANADA'S FOREIGN TRADE

In financing his foreign trade the Canadian exporter will have to decide which of the many forms of payment he will require from his customers. He will find it imperative to adopt a credit policy conforming to foreign customs and conditions and suited to the financial status of both himself and client, and also to the nature of his exported product. In modern business credit is a necessity. Admitting the need of this credit, whereby the buyer will be permitted to pay for the goods at some time after he receives them, the problem is to develop a safe and sane policy.

There should be no doubt in the minds of broad Canadian business men that the future of our export trade depends very largely upon our willingness and ability to extend to our customers liberal credits. The peculiar character of the Latin American markets make long time credits there absolutely imperative. One of the complaints most frequently made by these merchants is that our exporters often refuse to grant credit and insist upon payment before shipment. One has but to realize how difficult it would be to establish a domestic business under such conditions to make it apparent why trade with Latin America cannot be built in that manner.
It is only in countries which are highly developed commercially that payment for merchandise can be secured promptly, but even with these some form of credit is usually extended. Countries whose wealth and commercial transactions depend entirely upon the exportation of products of the soil cannot secure in return the many manufactured products necessary for the further production of these raw materials without very liberal credits. Besides this fact importers are frequently financing the natives and are compelled to wait for their money until returns can be had from the crops. They are extending credit and must demand credit in turn. The greatest need of the Latin American is for capital and credit. European exporters to that field grant from four to six months credit to the importers. If Canadians are to be successful there they must meet competition and grant the same credit facilities. The American manufacturer who has intelligently sought business in Latin America has proven through experience that, by observing caution and by pursuing the same care as in the extension of credits at home, his losses there have been practically nil. If this is the experience of the successful American exporter I can see no reason why it should not also prove to be the same for the Canadian.

The extension of credits is a simple, sound and safe branch of merchandising. Primarily credit is a means to increase business and so the foreign buyer favors the manufacturer and exporter who extends a liberal "line" of credit. But no merchandise should be shipped on credit terms until a thorough investigation has been made of the financial worth and reputation of the consignee and until the
shipper is assured that all credit risks have been eliminated.

Each case must be tested on its own merits, but the important element in the credit is not the amount of the loan, but the time extended. The inexperienced credit man will figure only on the length of time he is willing to extend, while the experienced man looks primarily at the time needed by the buyer. The time element in credit is not merely a matter of whim. Credit, to be effective must enable the buyer to pay his obligations from the proceeds of his sale.

It should not be difficult for the Canadian manufacturer to secure, with little or no delay, reliable credit information about houses in Latin America that send in orders for the first time. The foreign trade departments of the large Canadian banks keep a very complete file of the credit ratings of the large import houses abroad. These lists are kept right up to date at all times. If the bank in question has not immediate information to give upon any person in the field it can quickly procure this information from one or more of its correspondent banks in the country of the importer. In most instances the credit rating given will include a statement of the prospective customer's financial standing in regard to assets and liabilities, but in all cases it gives at least an estimate of his worth and some information about the experience others have had with him. The securing of this data is a very great service that the Canadian banks are in a position to render to their customers but one of which the average Canadian merchant seems to be ignorant or else very slow to avail himself.
Besides the banks the large commercial agencies, such as R.G. Dun and Company and Bradstreet, have on file very extensive credit reports. If a report is not available either will promptly communicate with their foreign agencies and send the exporter a statement as soon as it is received. A small fee will be charged for such information of course. The files of the Canadian Manufacturers' Association or the National Association of Credit Men are two other sources from which very reliable information may be secured, data from these sources being the most reliable and the latest available. These statements show the actual experience which different exporters have had in dealing with an importer and they are of far greater value in determining the amount of credit to be extended than is the general information which is supplied by a bank or commercial credit agency.

There are other sources to which the Canadian manufacturer might turn in his quest for reliable credit information, amongst them being the credit files of the trade papers and journals interested in developing our exports abroad, the references supplied by the importing house with its order, and any data which the manufacturer might have been able to secure from his traveling salesmen or local agents abroad. This information will all be very reliable and good but should be used more as a supplement to other ratings than as a sole basis for the extension of credit.

As a rule credit information about foreign houses is not nearly so detailed as that which the Canadian manufacturer is accustomed to receive concerning his domestic customers. In particular, credit
reports on Latin American merchants are usually extremely terse but very reliable. Financial statements setting forth the assets and liabilities of a concern are rarely given and should not be asked for because the request will be considered as very offensive. The Latin American is extremely sensitive on such matters and great care should be taken to avoid all such allusions whenever possible.

Foreign banks do not give as much information about foreign importers as do the Canadian banks about our own domestic firms. The mere statement by a bank that "the merchant is worthy of credit," because it is usually such an honest and conservative account of his position, is enough to justify the Canadian exporter in granting fairly liberal credits. If he adopts this procedure in the collection of reliable credit data and the outlining of a credit policy the Canadian manufacturer should experience no difficulty whatsoever in financing his affairs or in the collection of his accounts.

The financing of exports is neither difficult nor complicated once Canadian manufacturers understand the basic principles. The transaction can be financed either by the exporter or the importer. I shall consider first the procedure from the side of the former and then speak very hurriedly of the methods by which the importer can finance the business. The exporter has his choice of doing business by open accounts, by cash, or through bills of exchange, the last being the international medium of commercial settlements today.

The demanding of cash with the order is usually very poor in foreign trade. No credit is given and the transaction is frequently spoken of as being cold and impersonal. Under such conditions and
surrounded by such an atmosphere it becomes practically impossible to build up permanent trade relations. The buyer objects to this method of payment because he is paying for the goods possibly three months before he actually receives them his funds are tied up for that length of time, and any farther delays that happen to the shipment mean an added loss to him. Whenever possible, then, the demand for "cash with order" should be avoided.

It will, however, be impossible for the Canadian manufacturer to extend credit unless he has received satisfactory information concerning the financial rating of his prospective customer. No credit should be extended unless an investigation shows that the customer is worthy of credit. Only in dealing with first orders from unknown customers should the demand for cash be necessary. Future orders should be undertaken on a credit basis for by that time the rating of the customer should be known. A possible substitute for the "cash with order," where the Canadian exporter is disinclined to grant credit, is to make arrangements for the importer to open a bank credit in favor of the exporter.

A second method open to the exporter is to grant "book" credits, or, in other words to finance his exports by open account. This procedure is very common in domestic dealings, but the peculiar characteristics of foreign trade make this method the exception rather than the rule in financing imports and exports. Banks refuse to handle this form of account in their discounting business so the average manufacturer cannot undertake to market his products abroad on such

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1 For a discussion of this phase of the question see page 238.
a basis. The capital of the seller is usually tied up for an
indefinite length of time as the open account is virtually an extension
of credit with no time set. It tends to lead to over-extension of
credit as well as involving speculation in the foreign exchanges.
Few Canadian firms are in a position to undertake the financing of
any of their trade by this method, and recourse is made by them
to the bill of exchange.

By far the greater part of the world's foreign trade is to-day
financed by means of drafts or bills of exchange. A definition of a
draft as given in the English Bills of Exchange Act of 1882 is "An
unconditional order in writing addressed by one person to another,
signed by the person giving it and requiring the person to whom it is
addressed to pay on demand or at a fixed or determinable future time
a certain sum of money, to, or to the order of a specific person or
bearer." The shipper draws on his customer, endorses the draft
and then places it with his bank either for discount or collection.

In financing his foreign trade the Canadian exporter may draw
either of two types of drafts on his customer, known respectively as
"clean" and "documentary" drafts. The former is one that is unaccom-
panied by any documents and is only drawn in cases where the credit
of all concerned is beyond the least question of doubt. A "documentary"
draft is one to which the shipping documents are attached. The
negotiable set of the bill of lading, drawn to the shipper's order
and endorsed by him, is the chief document giving the draft its name.
The possession of these bills of lading confers title to the shipment
upon the holder of them, so that the "documentary" draft protects the
shipper's interests, as the consignee cannot secure the goods until the terms of the shipper have been complied with. These documentary drafts may be drawn either "documents against payment" or "documents against acceptance." (D/P or D/A). The possession of the documents is necessary before the goods can be secured by the importer. Under the D/P draft he must pay the draft in full before the documents will be surrendered to him. Frequently, however, the importer will be permitted to secure the documents merely against the acceptance of the draft, that is, by writing "accepted," together with the date and his own signature, across the face of the draft. The draft is thus converted from a mere order to pay upon the part of the importer to a promise to pay, and is then much more easily rediscounted by the bank holding it. The security of the shipper under the D/A draft is not quite so great as under the D/P draft, but since it is still far greater than under a "clean" draft, this form of financing is becoming the accepted one in international dealings today.

Foreign drafts are always drawn in duplicate or triplicate with the term "First of Exchange" or "Second of Exchange," whichever the case may be, stamped upon them. Any of the drafts become void after one has been paid in full. More than one copy is made out in accordance with the usual custom of making shipping papers in duplicate or triplicate because of the possibility that one set of documents will be lost in transmission. Drafts are, as a rule, drawn to the order of "Ourselves" and rarely to the order of a specific payee. They are then properly endorsed and become negotiable instruments of exchange very easily discounted by the banks.
In order for these drafts to be negotiable the maturity date must be definite, either sight or some determinable future date, and the draft must be drawn for a specific amount. Sight or demand drafts necessitate payment immediately upon presentation. However, in dealing with markets like South America, mails move by fast steamers and the goods by slower tramps. The documents always arrive in the market before the goods so the custom has grown up of withholding the documents until arrival of the goods.

The other form of draft is the time draft which calls for payment a certain length of time after sight or after the date on which the draft is drawn. Time drafts are thus drawn either after date or after sight. Foreign bills of exchange are usually drawn at thirty, sixty, or ninety days sight, but because of the slow movements of the ships and the infrequency of the mails, much of the business with Latin America is done on the basis of 150 or 180 days sight. In deciding how long a draft should run the Canadian exporter must take into consideration competitive conditions in the country of his customer, mode of travel inland if necessary, the mail time out and back, and his own ability to have the drafts discounted with his bank or to stand the burden of having his funds tied up until the maturity of the draft.

Before leaving the question of foreign trade finance I wish to mention the procedure that is usually adopted if the importer agrees to handle the financing of the shipment. The importer will arrange with his bank to open a credit in favor of the exporter at some bank in Canada. These credits are usually opened by means of a letter of credit.
Funds will be placed at the disposal of the Canadian exporter subject to the special terms of the contract entered into between the importer and his bank. The usual arrangement is for payment to the exporter to be effected when bills of lading showing actual shipment to importer are presented. The foreign importer knows that his money will be held for him by a responsible banking house until the goods are shipped. The exporter knows that his money is available to him just as soon as the merchandise is despatched. Both the importer and exporter will be duly satisfied by the agreement and the suggestion of a bank credit by the exporter will invariably be found to be more desirable in every respect than an abrupt demand for "cash with order."

There are a great number of forms of foreign credits which may be opened by the importer in favor of the exporter. Essentially, however, all such credits simply require that an importer in a foreign country go to his local bank and arrange with it to instruct its correspondent in Canada to pay a certain amount of money to the exporter in Canada upon the fulfilment of certain specifications. The instructions necessary to be filled before the exporter can get his draft discounted are contained in the letter of credit. It is through the employment of such an instrument that the importer finances the shipment.

"A letter of credit is a letter issued by a bank authorizing a specified person, firm or corporation to draw on a banker for an amount not exceeding a stipulated sum and guaranteeing the acceptance and payment of those drafts if drawn in compliance with the terms set forth in the letter." These letters of credit may be either "confirmed" or "unconfirmed." The former is often spoken of as an irrevocable
letter of credit and it carries with it the guaranty of the banker to pay the exporter when he has fulfilled the obligations set forth in the letter of credit. This form of the credit cannot be cancelled by the issuing bank prior to the expiration date of the letter of credit without the consent of the beneficiary. An unconfirmed or revocable letter of credit carries the same guaranty to pay the exporter under the terms set forth in the letter of credit, but unlike the former, it can be cancelled or revoked by either party to the transaction.

The confirmed or irrevocable letter of credit is the type that should always be requested by the Canadian exporter for under it he is fully protected until the expiration date of the credit. Under the unconfirmed or revocable letter of credit, however, it would be possible for the exporter to prepare shipment and then have the letter of credit cancelled before he had been able to present the necessary documents to the bank and secure payment. Recourse can be had to the law courts but such litigation is usually very expensive and seldom satisfactory. For these reasons all Canadian exporters should insist upon the confirmed letter of credit.

The method of financing foreign trade by means of the letter of credit has decided advantages for both the importer and the exporter and is possibly the most satisfactory method of any yet devised. The principal advantage to the exporter as we mentioned before, is that he is virtually certain that he will obtain cash for his goods upon shipment or else that the time drafts against his customer will be met at maturity. The exporter, with this antecedent agreement that his bills
will be honored, has his credit risk and financial responsibilities reduced to a minimum. Full responsibility then rests with the accepting bank.

The advantages on the side of the importer, while not quite so apparent, are nevertheless real. His funds are always in safe hands until the goods are actually despatched to him and he is relieved of the necessity or danger of supplying "cash with order." Then exporters, as a rule, name more favorable terms to the importer who supplies them with a letter of credit than they would when they are forced to draw drafts and so assume the credit risk themselves.
"The twentieth century belongs to Canada," such was the saying in 1900. A quarter of a century has now passed but it has in no way dimmed the optimism of Canadians. Canada is a new country the resources of which are but now commencing to be realized, comprising every phase of agriculture, lumbering, mining, fishing, trapping and manufacturing. In all the surface has merely been scratched and the developments of the next fifty years should surpass even the remarkable progress of the last half century.

Today Canada is recognized as one of the premier agricultural countries of the world and for some years now has held first place as an exporter of at least one staple product, wheat. Of the total land area of the mind provinces it is estimated that approximately 400,000,000 acres are available for use in agricultural production, less than one half of which is occupied and less than one quarter improved.

Wheat is the crop that in recent years has made Canada famous, the production having increased from 40,000,000 bushels in 1865 to 406,000,000 bushels in 1926. Canadian exports of wheat and wheat flour.
are very heavy, amounting to 250,000,000 bushels and 10,100,000 barrels respectively in 1926. Substantial amounts of both go to the northern South American republics, the southern countries being supplied by Argentina. While wheat is the main field crop of Canada, it is by no means the only cereal produced in large quantities. Oats, barley, rye, flax and buckwheat are all extensively cultivated and yield excellent returns.

Besides these cereal crops truck farming is carried on for domestic purposes and almost every kind of vegetable can be grown in Canada. Forage crops are also important as many grasses and clovers do well, yielding heavy crops of hay.

Fruits grow in abundance in Canada, especially in the provinces of Nova Scotia, Ontario and British Columbia. Canadian apples are international favorites, while other fruits grown are peaches, pears, plums, prunes, apricots, cherries, and berries. Exports are comparatively small, however.

According to Mr. J.H. Grisdale, Deputy Minister of Agriculture in Canada, it is in the development of her live stock and live stock products that the real future prosperity of Canada may be said to depend. Exports of mutton, beef and other meats are slowly expanding, but it is in hams and bacons that the greatest progress has been made. The quality of Canadian bacon has been improving in recent years, the quantity increasing, and the demand more than keeping pace with the output. Our exports are expanding, reaching the figure of $28,590,301 in the fiscal year 1926, and the product is rapidly becoming known in the

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1 Article entitled "Canada Grows in Importance as an Agricultural Country" appearing in Christian Science Monitor of Apr. 16, 1928.
markets of the world, Meats are steadily gaining in popularity as a food with all the peoples of the world. Canada now has 83 packinghouse plants to take care of this expanding demand for meats as an article of diet.

The poultry industry has shown rapid expansion in recent years, but as domestic demand seems to keep, if anything, just a little ahead of production, exportation of poultry and poultry products is negligible at the present time.

Dairying is the really profitable line of live-stock industry in Canada, the value of the products amounting to $122,027,181 in 1924 of which $39,152,862 were exported. Production figures for 1926 have not yet been published, but export figures for that fiscal year amounted to $55,207,928. The most important product of the industry so far as export is concerned is cheese. Cheese exports annually amount to 150,000,000 pounds with a value in 1926 of $33,718,587. Although a considerable demand for cheese exists in Latin America practically none of the Canadian product finds its way there. Butter has not been of much importance as a product of export until recently but the quantity is now increasing with the rapid development of the industry on the prairies. Canadian exports of butter last year amounted to 22,303,900 pounds with a value of $8,773,125. Almost all went to Great Britain, with less than $5,000 to the whole of South America, notwithstanding the fact that they are heavy importers of the commodity. Lack of interest accounts in large measure for the paucity of Canadian sales in the market. A third item in which Canadian exports are fairly
substantial is condensed milk, amounting to $5,000,000 annually.
Most of the Latin American republics are importers of the product, and
Canadian sales to Cuba, Mexico, Panama and Peru are substantial
amounting to $750,000 annually. Even so, the possibilities of
further expansion are very great.

To summarize briefly, Canada is undoubtedly from an agricul-
tural standpoint as far advanced as most countries, and has really
just begun her development in this line. The value of agricultural
production last year surpassed the $1,600,000,000 mark. Canada's
agricultural products, with few exceptions, are the best on the market
and her possibilities of expansion seem almost unlimited. Apart from
the extension of cultivated area by the settlement of new lands,
intensive cultivation, or increasing the average yield per acre
by improved methods, contains infinite possibilities. Considerable
progress in obtaining increased yields per acre has already been
made in Eastern Canada, but as the average yields per acre of the field
crops in Canada are still far behind the best examples of European
agriculture, much will be accomplished in this direction alone in
the future. There is every reason for Canadians to anticipate a
very prosperous future for their country as a producer of cereals,
live stock, and live stock products.

The products of the Canadian forests amounting to slightly
over $400,000,000 in 1925 are exceeded in value only by those of the farms.
The land area of Canada is 3,600,000 square miles of which one third
is covered with merchantable timber of pulpwood or sawlog size.
Unfortunately, however, 75% of this area has been burned over at least
once, so that only 900,000 square miles yet remain to Canada of
her virgin forests. This area gives Canada the second greatest
timber reserve in the world, being surpassed only by the United States.
Total species of trees number 191, according to official computation,
160 being hardwoods and 31 coniferous, the latter, however, form over
80% of the stands of commercial value and furnish 95% of the lumber
and pulpwood produced. Fir, pine, spruce, cedar, and hemlock are the
most important of the trees.

For the past ten years British Columbia has taken the
leadership in production, contributing in 1924 over 40% of all the
lumber cut in the country, Ontario was second with 25% of the total,
followed by Quebec and New Brunswick with 15% and 11% respectively.
These four provinces together supplied over 90% of the total. One
usually thinks of Manitoba, Saskatchewan and Alberta as being prairie
provinces but the forested northern parts of the provinces more than
equal in extent the prairies of the south. This area is a potential
reserve for as yet transportation charges are excessive.

The following table, which is compiled from statistics issued decennially
since Confederation, shows the extent to which the forest products
industry has developed.

<table>
<thead>
<tr>
<th>Year</th>
<th>Production (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1871</td>
<td>44,462,907</td>
</tr>
<tr>
<td>1881</td>
<td>77,673,040</td>
</tr>
<tr>
<td>1891</td>
<td>85,999,499</td>
</tr>
<tr>
<td>1901</td>
<td>80,941,204</td>
</tr>
<tr>
<td>1911</td>
<td>170,600,000</td>
</tr>
<tr>
<td>1921</td>
<td>343,032,597</td>
</tr>
<tr>
<td>1922</td>
<td>361,648,598</td>
</tr>
<tr>
<td>1923</td>
<td>426,696,350</td>
</tr>
<tr>
<td>1924</td>
<td>433,816,948</td>
</tr>
</tbody>
</table>
The sawn lumber production in Canada in 1924 was 3,000,000,000 board feet. In addition to this about 3,000,000,000 shingles, 1,000,000,000 laths and 5,000,000 railroad ties were produced, yielding a total value of sawmill products of $142,000,000. To this large figure must be added the total for pulp, pulpwood and newsprint which amounted to over $250,000,000 in 1924. Miscellaneous items and minor exports bring the figure up to $439,816,948 for 1924.

That the export trade has had a close relationship in respect to the development of forest production naturally follows. During the Great War the trade attained higher figures than during previous years, but it is since the close of hostilities that the most pronounced expansion has taken place in the aggregate value of the forest products exported.

The following table gives export figures for fiscal years:

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1911</td>
<td>$45,439,057</td>
</tr>
<tr>
<td>1912</td>
<td>40,892,674</td>
</tr>
<tr>
<td>1913</td>
<td>43,255,060</td>
</tr>
<tr>
<td>1922</td>
<td>179,925,887</td>
</tr>
<tr>
<td>1923</td>
<td>228,756,205</td>
</tr>
<tr>
<td>1924</td>
<td>273,554,778</td>
</tr>
<tr>
<td>1925</td>
<td>253,619,024</td>
</tr>
<tr>
<td>1926</td>
<td>278,674,960</td>
</tr>
</tbody>
</table>

Over 90% of this total goes to the United States, leaving only small items for other countries. The only forest product going to South America at all is newsprint paper with shipments of $2,000,000 to Argentina, $400,000 to Cuba, and $100,000 to Mexico. Although not heavy importers of forest products, the southern republics are a valuable market and one entirely neglected by the Canadian exporter. Proper
canvassing of the field should reveal a ready sale for Canadian newsprint, lumber, and construction wood.

"practically all countries that have been truly great are those that have had a substantial mining industry." Mining in Canada is already a flourishing industry and should grow to much greater proportions than it is at present. The value of the mineral production for Canada for 1926 is estimated at $242,000,000, the greatest yet recorded, and developments have been taking place recently that seem almost certain to result in a very substantial increase in production in the near future. The development of this industry has only taken place in the last 25 to 30 years, so the mineral industry of Canada must be regarded as essentially a development of the twentieth century.

In a country of such vast extent and of so varied geological conditions one expects to find a great variety of economic minerals and with Canada the expected happens. The list is a long one and includes such important non-metallic minerals as coal, asbestos, salt, gypsum, natural gas, petroleum, feldspar, mica, quartz and talc; metallic minerals such as lead, zinc, copper, nickel, cobalt and arsenic; and the precious metals gold, silver, and platinum.

The value of the coal produced in Canada exceeds that of any other mineral amounting to $49,261,951 in 1925 and $55,164,000 in 1926. Nova Scotia, Alberta, and British Columbia are the chief producers. Asbestos is the non-metallic mineral next in importance, being valued at $9,000,000 in 1925 and $9,777,000 in 1926. Nearly the whole of this comes from Quebec and although there are strong competitors in the market,

1 Mr. G.C. Bateman in an article in "The Monetary Times" January 1927, page 250.
the greater part of the world's supply is Canadian. There is a
great quantity of asbestos-bearing rock in sight, the resources being
sufficient to supply the demand for decades.

The production of natural gas and petroleum is slight in
Canada at present, amounting to less than $10,000,000 annually. But
Alberta, Saskatchewan, and the Mackenzie Basin are vast reservoirs
which will be developed when the Mexican and Californian oil fields
play out.

Ontario, British Columbia, and the Yukon Territory are the
leading producers of metallic minerals and the precious metals. Ontario
is the leading gold producing province, the production for both 1925
and 1926 amounting to nearly $30,000,000 out of a total Canadian
production of $36,000,000. Greater production is expected in the
next few decades. Of the precious minerals silver ranks second with
a value of $14,000,000 for both 1925 and 1926. Ontario is the leading
producer with British Columbia second.

Canada furnishes 90% of the world's supply of nickel, the output
for 1926 being placed at $14,500,000 a slight decline from the 1925
value. In the production of copper British Columbia leads, the metal
coming mainly from low-grade deposits worked on a large scale. The
value of the product attained the figure of $19,270,000 in 1926 compared
with $15,649,082 in 1925. A moderate production of lead and zinc
occurs in Ontario, Quebec and the Yukon, but the greater part of
Canada's output comes from British Columbia, particularly from the
Sullivan mine, one of the really big mines of the world. Canadian
production of lead and zinc was $23,000,000 and $10,850,000 respectively in 1926 a slight increase over the figures for 1925.

Mention has been made of but a few of the leading minerals, there being others of great importance. Discoveries of mineral deposits have recently been made which will result in the establishment of mining and metallurgical industries in new centers, while preparations are also being made for more extensive production in operating mines. The industry has taken on a vigorous growth and it seems safe to say that developments during the next five to ten years should equal, if not exceed, any similar period in the history of Canadian mining.

The fisheries of Canada are, perhaps, the most valuable upon the globe. The fishing grounds are the most extensive in the world but more important than the extent of the fishing grounds is the quality of their product. It is an axiom among authorities that food fishes improve in proportion to the purity and coldness of the waters in which they are taken. Judged by this standard the Canadian cod, halibut, herring, mackerel, whitefish and salmon are the peers of any in the world.

The value of the fisheries of Canada for the last five calendar years and the best pre-war year is shown by the following table:

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1912</td>
<td>$34,667,672</td>
</tr>
<tr>
<td>1920</td>
<td>$49,241,339</td>
</tr>
<tr>
<td>1921</td>
<td>$34,931,935</td>
</tr>
<tr>
<td>1922</td>
<td>$41,800,210</td>
</tr>
<tr>
<td>1923</td>
<td>$42,565,545</td>
</tr>
<tr>
<td>1924</td>
<td>$44,534,235</td>
</tr>
</tbody>
</table>
Among individual fish products the cod and the salmon long disputed the primacy. If the record back to the beginning is taken, the cod is the most valuable fishery. In the past twenty years, however, the salmon has definitely taken the lead, and the heavy pack and high price of lobsters have more than once sent cod down to third place. Halibut, which for a number of years occupied fourth place, has for the past two years taken second place, followed by lobsters in 1923 and cod in 1924.

British Columbia, with her world famous salmon catches, produces close to 50% of the total fish catch of Canada. Nova Scotia is second with a value of $8,777,251 in 1924, or 20%. New Brunswick is third with 10% followed very closely by Ontario. The value of the catch for 1924 was salmon, $13,785,000; halibut, $5,879,000; cod, $5,443,000; lobsters, $4,169,000; herring, $3,147,000; whitefish, $1,747,000, and sardines $1,245,000.

The domestic consumption of fish in Canada is relatively small and the trade depends largely upon foreign markets, 60% of the annual capture being an average export, the United States taking about 45% of our exports and Great Britain another 20%. Exports for the last few fiscal years have been:

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1920</td>
<td>$42,282,035</td>
</tr>
<tr>
<td>1921</td>
<td>$33,561,365</td>
</tr>
<tr>
<td>1922</td>
<td>$29,521,894</td>
</tr>
<tr>
<td>1923</td>
<td>$27,792,481</td>
</tr>
<tr>
<td>1924</td>
<td>$30,866,918</td>
</tr>
</tbody>
</table>
With the exception of Brazil, Cuba, Hayti, Chile, and Mexico, the Latin American countries are small fish eating countries. Even with those mentioned the consumption is low. Possibilities of Canadian sales in South America are not very bright then, and are confined entirely to dried codfish to Brazil and Cuba, and canned salmon to Chile and Mexico. Substantial quantities of these fish are annually exported to the above mentioned countries.

The trapping industry is of particular interest to Canada for many reasons. It was the country's first and is its oldest industry. It was the voluminous rich peltry that the land was fabled to contain that first lured explorers and adventurers to its then unknown and forbidding shores. Agricultural and other forms of development followed in the wake of the fur trade which was the original foundation of Canadian activity. Canada has always produced not only the greatest volume but also the richest quality of peltry, the first by reason of her great northern vasts, and the second because of her brisk climate which brings furs to a thickness and glossy perfection not possible in milder climates. Canada and furs have always been synonymous and the Dominion possesses inherent qualities which give her a distinct advantage in efforts to maintain this priority of position in the fur industry, should it ever be assailed.

The value of the production of raw furs in 1923-24 was $15,643,317 and in 1924-25, $15,442,864. Muskrat pelts yield the largest returns, closely followed by beaver, mink, white fox, marten, silver fox and red fox.
Although manufacturing is today possibly the greatest of Canadian activities, until the later nineties the growth was not particularly rapid, amounting to less than $500,000,000 at the beginning of the century. The influence of the war upon the manufactures of Canada was profound and far-reaching, tending to promote the diversification of product and the production at home of many commodities which had previously been imported. On account of the practical suspension of the importation of manufactured goods of many kinds from Europe, enterprising Canadian manufacturers were given opportunities of entering upon new lines of manufacture with practical control of the market. The world shortage of staple commodities, coupled with a strong domestic demand for manufactured goods, gave Canadian industries a pronounced stimulus toward greater production, and in a great number of cases the capacity of manufacturing plants was increased. Incidentally factory methods became more specialized and a high degree of administrative and mechanical efficiency was attained, and Canada assumed a new position as one of the leading manufacturing countries of the world.

The gross product of Canadian manufactures in 1915 was $1,381,500,000; $3,290,500,585 in 1919 and $3,772,250,057 in 1920. This last figure reflects the highest peak yet attained by Canadian manufactures, the figures for the following years being $2,576,037,029; $2,482,209,130; $2,781,165,514; with the figures for 1925 and 1926 estimated at $3,000,000,000.* The figure for 1920 is very abnormal as extremely high prices prevailed at that time. The physical volume of output from Canadian manufacturing plants in 1926 was higher than...

* 1925, $2,948,545,315.00
that for any previous twelve months, reflecting the stable and progressive nature of the Canadian manufacturing industry.

By far the greater part of Canada's manufactures, of course, is connected with the primary development of her natural resources. On the basis of these products, with some minor accessions from abroad such as cotton, rubber, hides, sugar and wool, the manufacturing industry of the country depends, and produces approximately 40% of the total productive wealth of the country. After deducting the value of raw materials the net product of Canadian manufactures in 1923 was $1,311,025,000 compared with agricultural production in the same year of $1,107,571,000. Thus Canada's role as a manufacturer is more important than its part as a farmer, and there appears to be no reasonable limit for expansion in either capacity.

The number of manufacturing establishments in 1923 was 22,643. This is the latest year for which detailed statistics are available but the position today is known to be considerably better. These industries have been built up largely by Canadian capital, only 34% of the stocks and bonds being held by Americans and 9% by British. Much of the investment of American capital in Canadian industry is in the form of branch factories, of which there are some 750 in the Dominion. These factories have greatly built up Canadian industry and placed Canada fifth among the industrial nations of the world today.

The nine provinces all contribute to the industrial production but Ontario and Quebec together account for more than half of the total. British Columbia stands third, the net income from manufacturing in 1925, $1,360,879,907.00
this province being in excess of $80,000,000, chiefly from logging and fishing. In Prince Edward Island, Nova Scotia, and New Brunswick manufactures account for 23%, 29%, and 36% respectively of net production. Comparatively little manufacturing is done in the prairie provinces but even so, the gross value of manufactures on the prairies amounted to $186,000,000 in 1923, and the net value to $79,000,000.

Statistics for the twenty leading industries for the year 1923 arranged in order of the gross value of production are:

<table>
<thead>
<tr>
<th>Rank</th>
<th>Industry</th>
<th>Gross value of production</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Pulp &amp; paper</td>
<td>$184,414,675</td>
</tr>
<tr>
<td>2</td>
<td>Flour milling</td>
<td>154,090,991</td>
</tr>
<tr>
<td>3</td>
<td>Saw Mills</td>
<td>139,694,677</td>
</tr>
<tr>
<td>4</td>
<td>Meat Packing</td>
<td>128,216,809</td>
</tr>
<tr>
<td>5</td>
<td>Butter and cheese</td>
<td>106,405,412</td>
</tr>
<tr>
<td>6</td>
<td>Automobiles</td>
<td>96,614,176</td>
</tr>
<tr>
<td>7</td>
<td>Hydro-electric co.</td>
<td>91,141,396</td>
</tr>
<tr>
<td>8</td>
<td>Cotton yarn &amp; duck</td>
<td>79,885,285</td>
</tr>
<tr>
<td>9</td>
<td>Sugar refineries</td>
<td>77,004,026</td>
</tr>
<tr>
<td>10</td>
<td>Castings &amp; forgings</td>
<td>70,283,006</td>
</tr>
<tr>
<td>11</td>
<td>Railway and rolling stock</td>
<td>68,212,887</td>
</tr>
<tr>
<td>12</td>
<td>Rubber Goods</td>
<td>56,516,947</td>
</tr>
<tr>
<td>13</td>
<td>Electrical apparatus</td>
<td>51,360,400</td>
</tr>
<tr>
<td>14</td>
<td>Printing and publishing</td>
<td>49,556,041</td>
</tr>
<tr>
<td>15</td>
<td>Bread and other bakery products</td>
<td>48,859,478</td>
</tr>
<tr>
<td>16</td>
<td>Biscuits and confectionery</td>
<td>48,394,175</td>
</tr>
<tr>
<td>17</td>
<td>Hosiery and knit goods</td>
<td>47,521,576</td>
</tr>
<tr>
<td>18</td>
<td>Leather, boots and shoes</td>
<td>45,896,012</td>
</tr>
<tr>
<td>19</td>
<td>Petroleum refining</td>
<td>45,571,506</td>
</tr>
<tr>
<td>20</td>
<td>Steel and rolled products</td>
<td>44,715,176</td>
</tr>
</tbody>
</table>

Today Canada occupies a much better position in international trade than she did in 1913. Then we stood 10th amongst the exporting nations of the world, while today we hold 5th place. The steady progress
of Canada shows no signs of abatement as the following table will show:

<table>
<thead>
<tr>
<th>Year</th>
<th>Canadian Imports</th>
<th>Canadian Exports</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1920</td>
<td>$379,315,199</td>
<td>$228,763,939</td>
<td>$669,062,132</td>
</tr>
<tr>
<td>1921</td>
<td>671,207,234</td>
<td>577,068,355</td>
<td>1,248,275,589</td>
</tr>
<tr>
<td>1922</td>
<td>506,201,294</td>
<td>779,300,070</td>
<td>1,287,501,364</td>
</tr>
<tr>
<td>1923</td>
<td>919,710,705</td>
<td>1,266,765,285</td>
<td>2,186,476,990</td>
</tr>
<tr>
<td>1924</td>
<td>1,056,526,123</td>
<td>1,286,658,709</td>
<td>2,353,184,832</td>
</tr>
<tr>
<td>1925</td>
<td>1,240,156,662</td>
<td>1,210,428,119</td>
<td>2,450,584,781</td>
</tr>
<tr>
<td>1926</td>
<td>747,364,332</td>
<td>753,927,009</td>
<td>1,501,291,341</td>
</tr>
<tr>
<td>1927</td>
<td>602,979,244</td>
<td>945,997,237</td>
<td>1,548,976,481</td>
</tr>
<tr>
<td>1928</td>
<td>893,566,867</td>
<td>1,003,763,297</td>
<td>1,997,329,164</td>
</tr>
<tr>
<td>1929</td>
<td>796,332,537</td>
<td>1,061,261,643</td>
<td>1,857,594,180</td>
</tr>
<tr>
<td>1930</td>
<td>927,420,732</td>
<td>1,323,536,137</td>
<td>2,251,956,869</td>
</tr>
<tr>
<td>1931</td>
<td>926,275,328</td>
<td>1,146,552,399</td>
<td>2,072,827,727</td>
</tr>
</tbody>
</table>

The importance of Canada's position as a factor in the world's industrial trade may be gathered from the fact that during the fiscal year 1925 Canada exported $1,061,361,643 worth of produce, of which 40% were fully or chiefly manufactured goods and another 15% partially manufactured goods. To say that Canada is still in the agricultural stage of development would seem to be erroneous. Canada now exports her products and manufactures to every market in the world and there is a steady expansion in both the variety and volume of goods sold. Canada is the largest producer and exporter of paper and newsprint in the world, stands second in the manufacture and export of automobiles, second in flour, fourth in rubber goods, and takes a leading place amongst the producers of lumber products, meat products, dairy products,

* eleven months only. Table reference to fiscal years ending March 31st.
iron and steel products, electrical goods, leather goods, and textiles. Through taking an active part in the various important exhibitions abroad, and with the aid of aggressive policies on the part of Canadian manufacturers and the assistance of Canadian Government Trade Commissioners, remarkable strides are being made in the development of an export trade in Canadian manufactures.
CHAPTER IX

SPECIFIC TRADE OF CANADA WITH THE

LATIN AMERICAN REPUBLICS

Note In dealing with this topic I found the data obtainable
very meagre, while comparisons could not always be made
upon the same basis. For example all figures pertaining to Canada
are taken from the "Canadian Yearbook" and are for the fiscal years
ending March 31. Figures of the imports and exports of the Latin
American countries are for calendar years, and are taken from the
"1925 Commerce Yearbook," (1926 figures being inserted in every
instance from a chart compiled by Redmond and Company, 31-33 Pine
Street, New York.) The Latin American import and export values are
converted into United States dollars at the average value of the
monetary unit for the year in question. Comparisons then are only
approximate and not upon an absolutely identical basis. The Canadian
Yearbook only shows our trade analysis with the more important of
the Latin American republics, and then only for the past three years.
A. ARGENTINA.

Argentina is the second largest country of Latin America, covering an area of 1,153,119 square miles and having a population very close to the ten million mark. This country is the principal South American customer of Canada and practically every Canadian good that finds a market in that continent appears in our exports to Argentina.

Argentina is primarily agricultural, its principal resources being cereals and animal products. Since, however, these products are very similar to our agricultural produce, no great importation from Argentina is practicable at present. Trade, therefore, takes on a triangular aspect the Argentinian selling his cereals and meats in Europe, buying more and more of Canadian and American goods with the proceeds. Being almost exclusively an agrarian nation the imports into Argentina comprise mainly manufactured and semi-manufactured goods.

Argentina is rapidly becoming industrialized, however, so each year shows a growing demand for industrial equipment and raw materials. Many of these requirements the Canadian manufacturer is in a position to supply. The market is one of the most keenly competitive in the world, with prices cut to the lowest cent. A high quality is demanded, in nearly all imported products, second class goods finding only meagre sales. This fact should prove a benefit to the Canadian manufacturer and not a deterrent. Our quality goods are the equal of any in the world and should find an easy sale in the Argentine. Statistics of Argentinian imports attest to the veracity of this statement as the
figures for Canada are steadily mounting in total each year.

![Figures for Canada are steadily mounting in total each year.](image)

<table>
<thead>
<tr>
<th>Argentinian Imports</th>
<th>Imports from Canada</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Calendar Years)</td>
<td>(Fiscal Years, ending March 31)</td>
</tr>
<tr>
<td>1913 $ 478,859,000</td>
<td>$ 2,251,655</td>
</tr>
<tr>
<td>1921 547,159,000</td>
<td>$ 8,171,980</td>
</tr>
<tr>
<td>1922 564,244,000</td>
<td>$ 3,233,423</td>
</tr>
<tr>
<td>1923 662,549,000</td>
<td>$ 4,445,041</td>
</tr>
<tr>
<td>1924 647,472,000</td>
<td>$ 7,305,866</td>
</tr>
<tr>
<td>1925 801,283,000</td>
<td>$ 10,322,373</td>
</tr>
<tr>
<td>1926 801,439,000</td>
<td>$ 12,639,706</td>
</tr>
<tr>
<td>1927 -</td>
<td>(first 9 months) 10,634,621</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Argentinian Exports</th>
<th>Exports to Canada</th>
</tr>
</thead>
<tbody>
<tr>
<td>1913 $ 500,936,000</td>
<td>$ 4,166,835</td>
</tr>
<tr>
<td>1921 483,224,000</td>
<td>$ 2,552,831</td>
</tr>
<tr>
<td>1922 553,087,000</td>
<td>$ 2,355,100</td>
</tr>
<tr>
<td>1923 606,979,000</td>
<td>$ 3,075,934</td>
</tr>
<tr>
<td>1924 790,206,000</td>
<td>$ 4,173,562</td>
</tr>
<tr>
<td>1925 793,123,000</td>
<td>$ 6,262,738</td>
</tr>
<tr>
<td>1926 793,237,000</td>
<td>$ 3,411,748</td>
</tr>
<tr>
<td>1927 -</td>
<td>(first 9 months) 4,637,414</td>
</tr>
</tbody>
</table>

The percentages that the trade of certain countries bear to the total Argentinian trade are shown in the following table. This table is for "averages" and not for any specific year.

<table>
<thead>
<tr>
<th>Countries</th>
<th>% of Imports</th>
<th>% of Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>Great Britain</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>United States</td>
<td>24</td>
<td>10</td>
</tr>
<tr>
<td>Germany</td>
<td>13</td>
<td>13</td>
</tr>
<tr>
<td>Italy</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>France</td>
<td>7</td>
<td>10</td>
</tr>
<tr>
<td>Canada</td>
<td>1.5</td>
<td>1.1</td>
</tr>
</tbody>
</table>
From the above figures one can readily see that the foreign trade of Argentina is expanding steadily each year, the increase being spread fairly evenly between exports and imports. The latest figures available, those for the calendar year 1928, are the highest on record for either exports or imports. Not only is Argentinian trade increasing but Canadian participation in that trade is also increasing. Our percentual participation is still very low, but at that it is better than the pre-war figure of 1913. Measured in terms of dollars our exports for the fiscal year 1927 will be approximately seven times the value of our exports in 1913, or $2,251,855 compared with an estimated figure of over $14,000,000. These figures should afford some slight satisfaction to the Canadian manufacturer anxious to see Canada’s trade greater in the markets of the world.

Canada’s trade rivals in the Argentine are numerous indeed but the barrier of competition should not prove insurmountable. The greatest competition that the Canadian manufacturer must face is that of Great Britain and the United States. Both countries export mainly high quality manufactured goods that come in direct competition with similar Canadian manufactures. Some of this trade might possibly be secured by Canadian firms if they adopted efficient advertising methods and energetically attempted to cultivate the market. German competition in the Argentine has increased very rapidly since the war and is now extremely active. German chemicals, drugs, toys, scientific apparatus, industrial machinery, and tools comprise the major portion of that country’s exports to Argentina. Only certain of these products are
directly competitive with Canadian goods so German competition with our merchandise is not as large as the figures would tend to indicate. The competition of France, Italy, Spain, and the other Latin American Republics has little effect upon Canadian trade inasmuch as their exports to Argentina consist mostly of "lines" which we ourselves must import. Amongst them would be included olive oil, wines, coffee and tropical fruits, petroleum yerba mate, etc. In connection with the growth of Canadian trade with Argentina the following extract is taken from "Argentine Markets for United States Goods" Trade Information Bulletin #384. "........ Trade between Canada and Argentina is larger than is generally supposed. Nearly two years ago the Canadian trade commissioner to Argentina asserted that a very considerable percentage of certain American makes of automobiles then in Buenos Aires were the product of Canadian factories, as was also much rubber belting, canvas and rubber shoes, and tire casings. Other imports from Canada embraced binder twine, spruce and pinewood, newsprint, paper board, galvanized pipes and tubes, wire of various kinds, malt, many types of agricultural machinery, sewing machines, cement, drugs, dyes and chemicals, and calcium carbide, all important United States export lines. He predicted at that time that it was not improbable that within a year or two this list would include other types of machinery, textiles, electric lighting sets, codfish, salmon, seed potatoes, apples, and domestic appliances, and this has already come to pass, increases being especially notable in exports of cotton textiles and machinery other than agricultural."
Canadian exports to Argentina, in the light of this extract, are not limited to any small or restricted class of goods and Canadian manufacturers who are able to compete can increase the Canadian participation in these various lines suggested.

The chief Canadian commodity exports to Argentina are:

| Commodity                  | 1924   | 1925   | 1926   | 1927 *
|----------------------------|--------|--------|--------|--------
| Malt                       | $208,302 | 94,523 | 114,200 | 52,350 |
| Rubber Mfgs.               | 906,958 | 1,234,048 | 2,056,497 | 1,820,263 |
| Binder Twine               | 118,360 | 138,750 |        |        |
| Wood unmanufactured        | 676,180 | 485,173 | 401,993 | 245,000 |
| Iron pipe & tubing         | 150,546 | 144,567 | 119,224 | 57,004 |
| Agric. Implements          | 2,069,760 | 4,125,243 | 2,976,711 | 3,603,447 |
| Sewing Machines            | 576,620 | 1,120,315 | 2,057,106 | 748,363 |
| Automobiles                | 1,413,546 | 1,096,599 | 3,196,475 | 1,736,008 |
| Automobile parts           | 181,663 | 552,601 |        | 593,460 |
| Paper & Mfgs.              |        | 391,806 | 1,671,126 | 1,195,104 |
| Miscellaneous              | 673,911 | 370,857 | 646,366 | 583,617 |

$7,505,866 10,322,373 12,639,706 10,634,621

* nine months.

From the above statistics it is easily seen that Canada is steadily strengthening her position in Argentina. The figures for the first nine months of the fiscal year 1927 assure us that when complete figures are available the export figure will top the previous "peak" of $12,639,706 made in 1926. This total is certainly a tremendous advance over the pre-war figure of $2,251,655 made in 1913.
The nature of Canadian exports to Argentina should be a matter of great interest to the Canadian manufacturer. Attention will be immediately focussed upon the fact that fully 80% of all our exports to that market comprise fully manufactured or semi-manufactured goods. Automobiles and automobile parts valued at $3,196,475 are the largest single item for the year 1926. In that year over 5,000 Canadian automobiles were shipped to Argentina. Agricultural implements (harvesters, binders, cultivators, drills, harrows, ploughs, seeders, and threshers), sewing machines, and rubber manufactures each have an export figure over the two million dollar mark. Paper and paper products complete the items of a value of one million dollars or more. These are all products that the Argentine needs urgently yet does not manufacture domestically. Canadian sales to this market should increase rapidly in both physical volume and in value. Our manufacturers already have a substantial foothold there and this leverage should not be difficult to maintain or increase. We have in part what the economist would term a "momentum of an early start." The prospects for Canadian trade development are very good at the present time so it behooves all energetic and enterprising Canadian firms with a desire to share in our export trade to "take occasion by the hand" and increase our figure year by year. We should not be content with a figure of $14,000,000 when, through proper advertising and sales methods, that total might well be doubled or even tripled.
B Bolivia.

Bolivia is one of the two countries of South America which possesses no seacoast, hence nearly all trade is done through the ports of Arica and Antofagasta in Chile, and Mellendo in Peru. This fact makes it difficult to state with any degree of accuracy just how much of our goods go to Bolivia. One thing we do know, however, and that is that the amount is small. Although there has been an encouraging increase of imports from Canada in recent years, this increase is mainly accounted for by one article - automobiles - and the many commodities which Canada manufactures and which Bolivia uses have in the main come from the United States, Great Britain and Germany.

The area of Bolivia is largely unsurveyed, estimates varying from 500,000 square miles to 700,000 square miles. The population is not more than 3,000,000 and probably 75% of this number consists of Indians whose standards of living are low and whose purchasing power is small. The market is thus not an extremely important one from the standpoint of Canadian trade.

Every variety of climate and product can be found in Bolivia, a country with so many different elevations. With such a range of climate it is not surprising that the crops are varied. These include wheat, corn, beans, bananas, potatoes, barley, rice, olive, almonds, cocoa and coffee. The breeding of sheep and cattle is carried on fairly extensively. Compared with other South American republics, however, agriculture is in a very backward condition.
Mining is the overwhelming industry in the country, almost all of its exports being minerals. Bolivia has a world monopoly in the production of that valuable mineral, bismuth, and is the second tin-producing country in the world, following very closely after the Malay States. The tin mining industry is the most important one in Bolivia, the annual production being between 50,000 and 60,000 tons. Bolivia is one of the world's greatest producers of silver and copper, the fact that with the former, exports have risen from 12,666 tons in 1913 to 22,063 tons in 1924, and with the latter from 3,513 tons in 1914 to 31,915 tons in 1924, is significant of the probable future expansion in these industries. Other important minerals are zinc, lead, and antimony.

A large number of valuable woods, such as mahogany, rosewood, Spanish cedar, ebony, and lignum vitae, suitable for cabinet making, grow in the country's forests, but do not receive the attention commercially, that they deserve. Rubber from the Bolivian Amazonia has in years gone by been one of Bolivia's most important articles of commerce, but since the decline of the Amazonian rubber industry there has been a very noticeable dropping off in trade.

Bolivia is not a manufacturing country nor is it probable that it ever will be. The essential primary materials coal and iron are both lacking, and since the great altitude makes the cost of importing these prohibitive the prospects for development are not bright. There are a few factories making such articles as cigarettes, chocolates, soap, matches, shoes, beer, and nails, but for the great majority of its requirements the republic has to depend upon imports.
from other countries, and there is no reason why Canada should not have at least a share of these much larger than she is at present enjoying.

<table>
<thead>
<tr>
<th>Bolivian Imports (Calendar Years)</th>
<th>Imports from Canada (Fiscal Years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1913 $ 21,320,000</td>
<td>$ -</td>
</tr>
<tr>
<td>1920 20,403,000</td>
<td>77,037</td>
</tr>
<tr>
<td>1921 16,880,000</td>
<td>125,924</td>
</tr>
<tr>
<td>1922 13,774,000</td>
<td>9,278</td>
</tr>
<tr>
<td>1923 20,081,000</td>
<td>12,329</td>
</tr>
<tr>
<td>1924 19,568,000</td>
<td>62,235</td>
</tr>
<tr>
<td>1925 -</td>
<td>72,354</td>
</tr>
<tr>
<td>1926 23,267,000 (first 9 months)</td>
<td>173,630</td>
</tr>
<tr>
<td>1927 -</td>
<td>53,676</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Bolivian Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>1913 36,488,000</td>
</tr>
<tr>
<td>1920 49,718,000</td>
</tr>
<tr>
<td>1921 15,594,000</td>
</tr>
<tr>
<td>1922 24,587,000</td>
</tr>
<tr>
<td>1923 24,287,000</td>
</tr>
<tr>
<td>1924 24,104,000</td>
</tr>
<tr>
<td>1925 -</td>
</tr>
<tr>
<td>1926 40,987,000</td>
</tr>
<tr>
<td>1927 -</td>
</tr>
</tbody>
</table>

Unl ike most countries, Bolivian trade has remained almost stationary as between 1913 and 1926. Canadian trade participation never has been large and today is less than $75,000. annually. The trade is shared almost entirely by the United States, Great Britain, Chile and Germany in the order named.

The principal items of import are flour, sugar, construction lumber and cotton cloth. These four items annually average over $6,000,000, yet Canadian importations are almost unknown. Other items which could be shared in by Canadian exporters are cement,
glass bottles, hardware and tools, mining machinery, wire, sheet iron, and explosives. Our export figure to Bolivia is made up almost entirely of two items, automobiles and parts and explosives.

Owing perhaps to the rivalry for the markets of Bolivia's better known and wealthier neighbors the republic has usually been overlooked by exporters seeking fresh outlets for their merchandise as a market for Canadian goods, then, this, the third largest of the South American countries, is practically untouched. However, the market does offer possibilities and should not be entirely overlooked by the enterprising Canadian manufacturers. Other markets will be found easier of access and more lucrative but once these have been canvassed one might easily turn to the Bolivian for further sales opportunities.
Brazil

The Republic of the United States of Brazil is the largest of all Latin American countries, comprising 3,276,358 square miles, and containing a population of approximately 35,000,000. Next to Argentina, Brazil is our most important market in South America, taking close to $5,000,000 worth of our merchandise in the fiscal year 1926 and already $6,142,454 for the first ten months of the 1927 fiscal year.

Like most of the Latin American republics Brazil is mainly agricultural, producing a great variety of crops. Coffee is by far the most important, this commodity alone accounting for more than 60% of the total Brazilian exports. Other important crops are cacao, sugar, cotton, rubber, rice and tobacco. Cattle raising is a rapidly growing industry receiving the enthusiastic support and financial encouragement of the Government. Notwithstanding this diversity in its agricultural crops, coffee is the sole Brazilian export to Canada, comprising 99% of all Brazilian exports to us in 1923, 1924, 1925, and 1926.

Industrially Brazil ranks first among the South American republics. Though of comparatively little importance as yet, manufactures have made great strides in recent years. With the developments now in progress and under consideration Brazil should become practically self-sufficient in many lines now imported. The Government encourages industrial activities of every nature by the retention of the highest tariff barrier in the world, as well as by
leans, concessions, and special favors. The result is, Brazil now produces domestically almost all the textiles, hats, shoes, clothing, tinware, enameled ware, furniture, and many other commodities, that it needs. The inevitable result has been that exporters of these commodities have found their sales in Brazil steadily falling off, with little hope of recovery. On the other hand there has been increased sales of all kinds of machinery in Brazil and of raw materials going into the manufacture of Brazilian products. The Canadian manufacturer and exporter should note these facts and attempt to secure a proportion of the type of goods that Brazil will in the future import.

To properly understand business conditions in Brazil the Canadian manufacturer will have to make an exhaustive survey of the different marketing centers, Rio de Janeiro, Sao Paulo, Parana, Para, Pernambuco, Bahia, and Porto Alegre. These are all independent marketing and distributing centers for their respective districts. Business conditions in general depend on the success or failure experienced by the producers of agricultural crops, meat, and dairy products. Owing to the diversity of interests of the different sections of the country, each of these districts, as previously indicated, must be considered separately. No generalizations at all are possible for while prosperity may touch one section, another may experience something entirely different, since its well-being has a different foundation. I cannot here enter into a consideration
of all these factors affecting business conditions in the different districts. That will be a matter for intimate investigation on the part of every interested Canadian concern. It is sufficient here to merely point out that this will have to be done as one cannot consider the whole of Brazil as a unit in the marketing of one's products.

The following table will serve to show the nature of Brazilian trade and the extent of Canadian participation in it. The Brazilian figures are taken from the 1925 Commerce Yearbook, values being given in United States gold, conversion from mitreis to dollars having been made for the average official rates for the respective years. Canadian figures are from the Canadian Yearbook.

<table>
<thead>
<tr>
<th>Year</th>
<th>Brazilian Imports (Calendar Years)</th>
<th>Imports from Canada (fiscal years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1913</td>
<td>$226,855,000</td>
<td>$974,462</td>
</tr>
<tr>
<td>1915</td>
<td>143,943,102</td>
<td>541,998</td>
</tr>
<tr>
<td>1916</td>
<td>190,587,440</td>
<td>1,059,700</td>
</tr>
<tr>
<td>1917</td>
<td>209,539,257</td>
<td>1,028,161</td>
</tr>
<tr>
<td>1918</td>
<td>250,672,562</td>
<td>994,388</td>
</tr>
<tr>
<td>1919</td>
<td>249,649,469</td>
<td>4,088,524</td>
</tr>
<tr>
<td>1920</td>
<td>439,393,226</td>
<td>2,703,488</td>
</tr>
<tr>
<td>1921</td>
<td>221,627,696</td>
<td>2,835,191</td>
</tr>
<tr>
<td>1922</td>
<td>213,992,088</td>
<td>2,002,449</td>
</tr>
<tr>
<td>1923</td>
<td>231,696,659</td>
<td>1,929,067</td>
</tr>
<tr>
<td>1924</td>
<td>305,186,172</td>
<td>2,624,310</td>
</tr>
<tr>
<td>1925</td>
<td>418,452,000</td>
<td>4,832,391</td>
</tr>
<tr>
<td>1926</td>
<td>$1,973,000 (estimated)(first 9 mths)</td>
<td>5,673,101</td>
</tr>
<tr>
<td>1927</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The sawn lumber production in Canada in 1924 was 3,000,000,000 board feet. In addition to this about 3,000,000,000 shingles, 1,000,000,000 laths and 5,000,000 railroad ties were produced, yielding a total value of sawmill products of $142,000,000. To this large figure must be added the total for pulp, pulpwood and newsprint which amounted to over $250,000,000 in 1924. Miscellaneous items and minor exports bring the figure up to $433,616,948 for 1924.

That the export trade has had a close relationship in respect to the development of forest production naturally follows. During the Great War the trade attained higher figures than during previous years, but it is since the close of hostilities that the most pronounced expansion has taken place in the aggregate value of the forest products exported. The following table gives export figures for fiscal years.

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1911</td>
<td>$45,433,057</td>
</tr>
<tr>
<td>1912</td>
<td>$40,832,674</td>
</tr>
<tr>
<td>1913</td>
<td>$43,355,060</td>
</tr>
<tr>
<td>1914</td>
<td>$179,928,887</td>
</tr>
<tr>
<td>1915</td>
<td>$228,756,205</td>
</tr>
<tr>
<td>1916</td>
<td>$273,354,778</td>
</tr>
<tr>
<td>1917</td>
<td>$253,610,024</td>
</tr>
<tr>
<td>1918</td>
<td>$279,674,960</td>
</tr>
</tbody>
</table>

Over 90% of this total goes to the United States, leaving only small items for other countries. The only forest product going to South America at all is newsprint paper with shipments of $2,000,000 to Argentina, $400,000 to Cuba, and $100,000 to Mexico. Although not heavy importers of forest products, the southern republics are a valuable market and one entirely neglected by the Canadian exporter. Proper
From the above figures it is easily seen that the total foreign trade of Brazil is rapidly increasing. The post-war financial depression has been weathered and the figures for 1925, the latest available, place the foreign trade of the country at the highest level yet attained. Brazil maintains a steady excess of exports over imports at a ratio that remains fairly constant. Canadian participation in the import trade of Brazil is increasing rapidly. The figure of $4,832,391 for 1926 was the highest on record but already this "peak" has been passed by the present fiscal year. Should exports to Brazil remain uninterrupted the figure for 1927 will be over $7,000,000.

At that our participation in the total imports of Brazil amounts to less than 2%, an absurdly low proportion. The United States and Great Britain vie for premier honors, each controlling about 25% of total imports. Germany and Argentina control 14% and 13% respectively. Canadian manufacturers are just beginning to realize the possibilities existing in this market. When they become fully cognizant of the potentialities...
of Brazil as a field of business endeavor our exports to that country should swell immensely in volume. At present Brazil ranks 19th amongst the twenty-five leading customers of Canada (Argentina is 12th) while Canada ranks 11th in supplying the import requirements of Brazil, being outranked by Portugal, Mexico, Holland, Uruguay and Switzerland, countries that we should have little difficulty in outdistancing.

The chief Canadian commodity exports to Brazil, as outlined in the Canadian Yearbook and Monthly Trade Reports, are as follows:

<table>
<thead>
<tr>
<th></th>
<th>1924</th>
<th>1925</th>
<th>1926</th>
<th>1927</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wheat</td>
<td>$ 163,675</td>
<td>$</td>
<td>$</td>
<td>$ 671,908</td>
</tr>
<tr>
<td>Flour</td>
<td>287,122</td>
<td>210,966</td>
<td>422,181</td>
<td>2,013,385</td>
</tr>
<tr>
<td>Rubber Mfgs.</td>
<td>228,067</td>
<td>300,511</td>
<td>622,945</td>
<td>714,000</td>
</tr>
<tr>
<td>Fish</td>
<td>263,000</td>
<td>300,534</td>
<td>492,036</td>
<td>360,600</td>
</tr>
<tr>
<td>Sewing Machines</td>
<td>485,892</td>
<td>824,745</td>
<td>856,025</td>
<td>555,948</td>
</tr>
<tr>
<td>Automobiles</td>
<td>96,924</td>
<td>878,024</td>
<td>1,864,233</td>
<td>673,342</td>
</tr>
<tr>
<td>Parts</td>
<td>219,642</td>
<td>455,084</td>
<td>153,186</td>
<td>59,224</td>
</tr>
<tr>
<td>Aluminum Mfgs.</td>
<td>232,464</td>
<td>58,198</td>
<td>49,723</td>
<td>469,108</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>647,524</td>
<td>388,187</td>
<td>85,246</td>
<td>5,673,101</td>
</tr>
</tbody>
</table>

The above serves to show fairly well the nature of Canadian exports to Brazil. Compared with Argentinian imports from Canada some fairly startling revelations will be noticed. We export to Brazil almost the same articles as go to Argentina with the exception of wheat, wheat flour, and fish, large items in our exports to Brazil but of negligible importance where Argentina is concerned. In place of these items we export to Argentina considerable amounts of lumber, iron and .
steel tubings, wire, agricultural implements, newspring and paper manufactures, articles that find practically no sale in Brazil. It is facts of this nature that are of prime importance for the Canadian manufacturer to know in order to properly carry on business with the Latin American countries. Although our exports to this market are increasing substantially each year it can hardly be said as yet that we are in a satisfactory position. There should be an ever-increasing demand for our products in Brazil. The purchasing power per capita at the present time is very low due principally to the high degree of illiteracy. This is a condition that is bound to improve as the country progresses, and as the individual develops, his buying power and wants will increase. Therein lies the opportunity for the Canadian manufacturer.

Any manufacturer particularly interested in Brazil will find Trade Information Bulletin No.379, "Selling in Brazil" published by the United States Bureau of Foreign and Domestic Commerce particularly helpful in understanding conditions in the country and the proper procedure in conducting sales in that market.
Central America comprises six small republics of Nicaragua, Honduras, Guatemala, Panama, Costa Rica and Salvador. The combined areas of these countries total barely 200,000 square miles, with a population of a little over 6,000,000. The population is a mixture of Spanish and native, having few needs and low purchasing power.

The prosperity of the entire group is dependent upon the price received for a few agricultural products. Internal disorders and strifes are common in Honduras, Nicaragua and Guatemala, consequently any trade carried on with these countries must be done most cautiously.

Central America, in common with the other countries making up the Caribbean group, is distinctly an agricultural region dominated by a small number of products. The success or failure of these crops influences to a marked degree the prosperity of the countries, and consequently the volume of trade. Coffee is the principal crop of all except Honduras. Bananas are the leading export of the last mentioned country and bulk large in the exports of the rest. These two products, together with sugar, account for 90% of the total exports from the Central American Republics. Cereals and vegetables are raised for local consumption, but supplementary food importations are necessary. The livestock industry is rapidly decreasing in importance.

Although the Central American Republics possess large potential mineral resources mining is not yet greatly developed.
Manufacturing is likewise backward, being confined to a few textile
and sugar mills, distilleries, and the few small industries for articles
of local consumption. Manufactured goods predominate in the imports
of these countries, many of the articles imported being those that
Canada is in a position to supply.

<table>
<thead>
<tr>
<th>Imports into Central America</th>
<th>Imports from Canada</th>
</tr>
</thead>
<tbody>
<tr>
<td>1913 $ 47,100,000</td>
<td>$ 103,480</td>
</tr>
<tr>
<td>1921 65,000,000</td>
<td>473,936</td>
</tr>
<tr>
<td>1922 55,700,000</td>
<td>335,517</td>
</tr>
<tr>
<td>1923 67,200,000</td>
<td>390,732</td>
</tr>
<tr>
<td>1924 74,950,000</td>
<td>611,063</td>
</tr>
<tr>
<td>1925</td>
<td>594,095</td>
</tr>
<tr>
<td>1926 1,190,862</td>
<td></td>
</tr>
<tr>
<td>1927 925,000 (first 9 months)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Exports from Central America</th>
<th>Exports to Canada</th>
</tr>
</thead>
<tbody>
<tr>
<td>1913 $ 50,500,000</td>
<td>182,497</td>
</tr>
<tr>
<td>1921 -</td>
<td>376,301</td>
</tr>
<tr>
<td>1922 -</td>
<td>519,142</td>
</tr>
<tr>
<td>1923 63,249,000</td>
<td>392,812</td>
</tr>
<tr>
<td>1924 89,300,000</td>
<td>581,580</td>
</tr>
<tr>
<td>1925 1,111,691</td>
<td>1,111,691</td>
</tr>
<tr>
<td>1926 1,053,439</td>
<td>1,053,439</td>
</tr>
<tr>
<td>1927 1,242,000 (first 9 months)</td>
<td>1,242,000</td>
</tr>
</tbody>
</table>

The total trade of these six Central American Republics
has roughly increased by 50% in the past twelve years, with a marked
tendency for imports and exports to balance each other. Canadian trade
with these republics has, in the same length of time, increased by over
750%. Notwithstanding this large increase, our participation is still
exceedingly small, amounting in all to little more than 1% of the total
trade of these countries. Substantial increases in our exports are noted.
every year since the abnormal figures for 1931. Provided the advance
is maintained during the next decade or so Canadian trade with these
republics may then be in position satisfactory to the enterprising
Canadian exporter. The United States consistently controls 75% of all
exports going to Central America, Great Britain following with 10%
and Germany with some 5%.

Sugar, coffee and bananas account for total Canadian imports
from Central America while alcoholic beverages make up the majority of
our exports to that market. Other Central American imports that
Canadian manufacturers may be interested in are wheat flour, lumber,
cottons and other textiles, iron and steel products, meats, paper,
leather manufactures, vegetables, lard, condensed milk and automobiles.
In some South American countries Canadian manufacturers of these items
are securing sales in direct competition with similar goods from other
countries. If they can secure sales in those markets there appears
to be little or no reason why they should not extend their sales into
the Central American field.
B. **Chile**

Chile is third in commercial importance amongst South American Republics. It provides a field for manufacturers interested in export trade which appears to have been overlooked, or at least not to have received in Canada the attention commensurate with its importance. Chile lies along the west coast of South America between the Andes and the Pacific Ocean. It is a narrow strip of land 2,700 miles long and of an average depth of 100 miles. The total area of the country is 289,796 square miles, supporting a population of a little over 4,000,000.

Unlike Argentina and Brazil, Chile cannot be said to be predominantly agricultural. In fact until quite recently Chile has been regarded as almost exclusively a mining country, comparatively little attention having been paid to the development of the agricultural and manufacturing industries. Mining is the chief industry in the country, Chile supplying nearly all the world's consumption of natural nitrate of soda and iodine, and ranking second amongst the copper-producing countries of the world. In fact, Chile is at present almost economically dependent upon the price received abroad for its nitrates. This salt is the country's chief source of wealth and fluctuations in the amounts exported are immediately reflected in the amounts of other commodities imported. The purchasing power of the Argentinian is determined by the market price of wheat and meat products; of the Brazilian by the market price of coffee; so in turn, of the Chilean by the market price of soda nitrate.
Besides its nitrate fields Chile possesses immense coal fields in the south (the only country in South America having deposits of this mineral) and iron ore deposits in the north. Many other minerals are mined in the country Chile possessing almost every known mineral in the world. The annual mineral production of the country is now placed at over $250,000,000.

Chile is not preeminently an agricultural or stock raising country because of the dryness of the climate and the large extent of mountainous territory. Notwithstanding the comparatively small acreage under cultivation, however, it produces practically all its own requirements in foodstuffs and in addition is able to export fairly substantial quantities of produce of different kinds.

Possessing plentiful supplies of coal and iron, all kinds of minerals and an abundance of latent waterpower, there would seem to be no valid reason why Chile should not eventually become a manufacturing country of some importance. This ambition is gradually being consummated and Chile is emerging as the second industrial nation of the continent, close upon the heels of Brazil. But because Chile aspires to be a manufacturing country does not by any means imply that the market should cease to be of interest to Canadian manufacturers. Speaking in general terms, it ought to be true that the more highly developed a community is the better market it provides for the raw, semi-raw and manufactured products of other countries. If the United States and Great Britain can be taken as any criteria this statement is certainly true. The development of
domestic manufactures will curtail Canadian sales in certain lines at the same time increasing them in other lines. It may therefore be accepted that the development of the local manufacturing industry in Chile will not impair the value of the market as an outlet for Canadian products. Amongst those commodities that cannot now be profitably exported to Chile may be mentioned canned goods, confectionery, liquors, certain cheap textiles, hats, shirts, cellars, waterproofs, paper products, boots and shoes, traveling suitcases, club bags and trunks, industrial chemicals, pharmaceutical products, smaller metallic implements, glassware, cement, matches, brushes, brooms, and cordage. Canadian manufacturers of these articles should not expect to find Chile a profitable market for sales. Apart from these above mentioned goods sales in most other lines should prove both profitable and increasing in physical volume.

Trade statistics for Chile reveal the following figures:

<table>
<thead>
<tr>
<th>Chilean Imports (Calendar Years)</th>
<th>Imports from Canada (fiscal years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1913 $120,270,000</td>
<td>$136,107</td>
</tr>
<tr>
<td>1920 $125,347,000</td>
<td>$90,960</td>
</tr>
<tr>
<td>1921 $110,074,000</td>
<td>$864,309</td>
</tr>
<tr>
<td>1922 $72,789,000</td>
<td>$290,678</td>
</tr>
<tr>
<td>1923 $112,987,000</td>
<td>$321,715</td>
</tr>
<tr>
<td>1924 $120,340,000</td>
<td>$621,208</td>
</tr>
<tr>
<td>1925 -</td>
<td>$776,367</td>
</tr>
<tr>
<td>1926 $149,844,000</td>
<td>$1,409,170</td>
</tr>
<tr>
<td>1927 -</td>
<td>(first 9 mths) 1,232,486</td>
</tr>
</tbody>
</table>
Chilean Exports | Exports to Canada
--- | ---
1913 | $142,797,000 | $625,021
1920 | 214,053,000 | 240
1921 | 125,217,000 | 97,579
1922 | 110,156,000 | 20,471
1923 | 184,318,000 | 230,066
1924 | 199,252,000 | 97,959
1925 | - | 393,694
1926 | 227,377,000 | 670,145
1927 | - | (first 9 months) 467,655

The figures reveal the fact that the total Chilean foreign trade is growing but almost entirely on the side of exports. Imports for 1924 were almost identical in sum with those of 1913, while exports had increased by 50%. Of her total imports the United States supplies annually about 27%, Great Britain 25%, Germany 15%, France and Belgium each about 6%, and Canada about 1%. Our participation in the import trade of Chile is miserably low, due largely to the neglect of this market by Canadian manufacturers. They have considered other fields to be easier of access and closer to Canada so the Chilean field has been overlooked. We are slowly improving our position there, the figure of $1,409,170 for 1926 being over 1,000% more than our pre-war figure of 1913. The latter total was so very low, however, that even per centually the results are not very gratifying. The matter that should please the Canadian manufacturer most is the fact that since 1922 we have steadily increased our exports to Chile. Notwithstanding this increase in our exports to Chile, the figure for 1926 is not high enough to place Chile within the first thirty leading
markets for Canadian goods and leaves Canada about twentieth in
the list of those countries supplying Chile’s needs. These ratings
are not relative to Canada’s position in the international trade
of the world, and certainly are not high enough for our trade with
the third country of commercial importance in South America.

Canadian commodity exports to Chile comprise:

<table>
<thead>
<tr>
<th></th>
<th>1925</th>
<th>1926</th>
<th>1927</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rubber tires</td>
<td>$ 38,277</td>
<td>$ 100,677</td>
<td>$ 102,297</td>
</tr>
<tr>
<td>Canned Salmon</td>
<td>153,088</td>
<td>185,505</td>
<td>102,461</td>
</tr>
<tr>
<td>Structural Steel</td>
<td>156,107</td>
<td>639,214</td>
<td>451,557</td>
</tr>
<tr>
<td>Farm Implements</td>
<td>28,303</td>
<td>61,311</td>
<td>88,000</td>
</tr>
<tr>
<td>Sewing Machines</td>
<td>113,135</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Automobiles &amp; Parts</td>
<td>56,347</td>
<td>181,551</td>
<td>120,789</td>
</tr>
<tr>
<td>Aluminum mfgs.</td>
<td>36,555</td>
<td>64,979</td>
<td>10,159</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>185,555</td>
<td>235,633</td>
<td>259,464</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$ 776,367</td>
<td>$1,403,170</td>
<td>$1,132,496</td>
</tr>
</tbody>
</table>

The above summarizes the chief Canadian exports to Chile.

Canada has not published detailed statistics of exports to Chile prior
to 1925 so the material available is very scant and meagre. Fully
manufactured goods comprise nearly the whole of our exports to that
country. The largest single item, that of structural steel, is one
that we export to Chile and not to Argentina or Brazil. The fact that
we are not shipping to the last two countries, yet export a considerable
quantity to Chile, is a matter not easily explainable. Our exports
of rubber tubes and tires, canned salmon, automobiles and farm implements
would seem to be expanding substantially, while the market for Canadian
sewing machines and aluminum manufactures has almost entirely disappeared,
Besides the above commodities the United States supplies Chile with substantial amounts of pipes and fittings, iron and steel bars and rods, wire of all kinds, sheet products, paints and varnishes, lumber, newsprint, and asbestos. In many of these lines the Canadian manufacturer could secure substantial sales if only he would get out and secure proper representation in the market and advertise his goods in the proper manner.

The Chilean market is not an open market, nor an indent market, but is essentially a merchant market. Most of the import trade of the republic is in the hands of a small group of large English and American merchant houses who have been trading on the coast of South America for many years. The British houses predominate in Chile and the Canadian manufacturer wishing to sell there should be content to place his products in the hands of these old-established houses. To do so is much better than to undertake the comparatively laborious task of working up a trade by selling to the Chilean importer and consumer through a selling organization of his own or through a local representative. Pamphlets of interest to the Canadian manufacturer are "The Republic of Chile, Its Economic Condition and Trading Opportunities" published by the Commercial Intelligence Service of the Department of Trade and Commerce, Ottawa, Canada, 1923; Trade Information Bulletins, Nos. 274 and 351 "Markets of Southern Chile" and "Markets of Northern Chile" respectively.
The Republic of Colombia is situated in the northwestern part of South America, covering an area of 477,000 square miles, and with a population of some 6,500,000. The purchasing power of a large proportion of the people is not great and the purchases of the average Colombian will not cover the wide range of articles bought by the average Canadian. Luxuries have no place in the budget of the average native. He contents himself with the purchase of cotton cloth and other textiles for making clothes in the home, with staple foodstuffs, small hardware, household ware, and with a limited amount of agricultural machinery. Thus the possibilities for Canadian exports to Colombia will not be very great other than in these lines. The wealthy Colombian, of course, is in the market for a much wider range of articles and of a higher grade or quality, his needs and demands being on a parity with those of the same class of people in Canada.

Colombia is a country which is primarily agricultural, exporting farm products and importing manufactured articles. Coffee might be called the "barometer of business" in Colombia. Upon this crop the economic structure of the country is almost entirely founded. Favorable prices for coffee and a good crop are quickly reflected by an active market and an increase of imports. In this respect Colombia is very like Brazil. The coffee crop is marketed throughout the year, so there is no marked seasonal purchasing power.
are, however, heaviest during the last quarter of the year.

Other important exports from Colombia are gold, platinum, bananas and hides, but none of these in themselves have very much effect upon general economic conditions. Manufacturing is still unimportant, though showing steady development from year to year. While this has a tendency to diminish the market for certain manufactured articles, it creates a market for such products as shoe leather, shoe findings, shoe machinery, cotton yarns and machinery, flour and gristmill machinery, and sugar mill machinery. These growing industries, of course, tend to increase the general prosperity of the community, with a corresponding increase in purchasing power.

Packing and crating goods consigned to Colombia is a delicate problem in the combination of lightness with strength. Crating must be strong enough to protect goods through the vicissitudes of several hundred miles of transportation by rail, river, and muleback in the heart of the tropics and over lofty mountains; on the other hand, if the crating is too heavy, the customer pays burdensome customs duties, which are levied on the gross weight of each package. When an order is placed abroad by a Colombian importer, explicit instructions as to packing are usually forwarded to the exporter. Such instructions must be followed to the letter by the shipper. If he cannot do this he should tacitly decline the order, because it is better not to do any business with Colombia, than to do it even a little badly. If shipping instructions, no matter how peculiar they may seem to the Canadian exporter, are not faithfully
carried out, goods may arrive packed in such a manner as to render
them useless, or as to cause at least considerable inconvenience
to the consignee. The Canadian shipper must remember that his
customer has probably been in the importing business for from twenty
to fifty years and knows his market. He must comply with the
instructions of the man on the spot or go out of the export business:

<table>
<thead>
<tr>
<th>Year</th>
<th>Imports from Canada (Calendar Years)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1915</td>
<td>$ 27,774,000</td>
<td></td>
</tr>
<tr>
<td>1920</td>
<td>98,710,861</td>
<td>$ 25,686</td>
</tr>
<tr>
<td>1921</td>
<td>29,175,186</td>
<td>101,578</td>
</tr>
<tr>
<td>1922</td>
<td>36,596,000</td>
<td>149,841</td>
</tr>
<tr>
<td>1923</td>
<td>58,663,000</td>
<td>127,199</td>
</tr>
<tr>
<td>1924</td>
<td>51,512,000</td>
<td>241,166</td>
</tr>
<tr>
<td>1925</td>
<td>84,144,000</td>
<td>269,678</td>
</tr>
<tr>
<td>1926</td>
<td>84,714,000</td>
<td>693,700</td>
</tr>
<tr>
<td>1927</td>
<td>-</td>
<td>(first 9 months) 816,806</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Exports to Canada (Calendar Years)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1913</td>
<td>$ 33,399,000</td>
<td></td>
</tr>
<tr>
<td>1920</td>
<td>69,125,759</td>
<td>$ 133,000</td>
</tr>
<tr>
<td>1921</td>
<td>55,603,000</td>
<td>-</td>
</tr>
<tr>
<td>1922</td>
<td>48,508,000</td>
<td>-</td>
</tr>
<tr>
<td>1923</td>
<td>59,424,000</td>
<td>360,509</td>
</tr>
<tr>
<td>1924</td>
<td>84,414,000</td>
<td>364,852</td>
</tr>
<tr>
<td>1925</td>
<td>82,706,000</td>
<td>480,008</td>
</tr>
<tr>
<td>1926</td>
<td>83,267,000</td>
<td>719,441</td>
</tr>
<tr>
<td>1927</td>
<td>-</td>
<td>(First 9 months) 846,512</td>
</tr>
</tbody>
</table>

The foreign trade of Colombia is increasing steadily, the
increase being apportioned almost equally between exports and imports.
Both have increased roughly 2½ times the pre-war level of 1913. Any
fluctuation in the price of coffee, however, is going to affect both
the imports and exports of Colombia, so wide discrepancies are likely
to appear with extreme suddenness in statistical tables. The United States supplies about 50% of Colombia's requirements and Great Britain another 25%. Germany ranks third with 8%, and France fourth with 4%. Canada supplies less than 1%. Canadian participation is disappointingly low. Although in a position to compete in many lines the Canadian manufacturer has not done so because of ignorance of the possibilities existing in the republic. Our exports should increase, however, as the country develops and progresses.

The chief Canadian commodity exports to Colombia are:

<table>
<thead>
<tr>
<th>Commodity</th>
<th>1970</th>
<th>1971</th>
<th>1972</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flour</td>
<td>$7,630</td>
<td>$12,653</td>
<td>$7,167</td>
</tr>
<tr>
<td>Rubber Tires</td>
<td>1,496</td>
<td>17,199</td>
<td>104,000</td>
</tr>
<tr>
<td>Canned Salmon</td>
<td>12,581</td>
<td>28,779</td>
<td>14,393</td>
</tr>
<tr>
<td>Cotton duck</td>
<td>32,403</td>
<td>28,994</td>
<td>28,559</td>
</tr>
<tr>
<td>Iron Pipe</td>
<td>2,634</td>
<td>12,159</td>
<td>7,106</td>
</tr>
<tr>
<td>Automobiles &amp; Parts</td>
<td>47,359</td>
<td>333,066</td>
<td>266,011</td>
</tr>
<tr>
<td>Cement</td>
<td>19,513</td>
<td>52,255</td>
<td>16,140</td>
</tr>
<tr>
<td>Aluminum</td>
<td>-</td>
<td>-</td>
<td>22,210</td>
</tr>
<tr>
<td>Wheat</td>
<td>-</td>
<td>12,000</td>
<td>104,300</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>148,362</td>
<td>187,596</td>
<td>266,920</td>
</tr>
</tbody>
</table>

Total: $269,678  $683,700  $316,806

Canadian commodity shipments to Colombia are low, especially when one considers that we ship double the amount to the neighboring republic of Venezuela, whose population numbers only one-half that of Colombia. Our participation in the foodstuffs requirements of Colombia should be higher. Only in wheat do we have any large percentage at all. Canada should export more and more wheat to Colombia as American supplies become necessary for domestic consumption.
The high duty on flour will prevent a heavy importation of wheat in that form. Canadian participation in the confectionery trade, liquors and beverages, and in lard could be substantially higher than it is.

Colombia's agriculture is still in a primitive stage and very little agricultural machinery is imported. When importations do commence the Canadian manufacturer should be in a position to secure a share of the initial exports to that market. A considerable market exists for agricultural hand tools though, many of which the Canadian manufacturer could supply. Importations of industrial and other machinery, and of other metal manufactures are low at present.

There is practically no market in Colombia for lumber, imports being very low. Canadian participation in paper, wood pulp and newsprint should be very much greater than it is. From forty to fifty percent of Colombia's total imports are textiles, with the trade almost equally divided between the United States and Great Britain. Canadian participation is low, and so popular are British goods, that it will be very difficult to overcome the preference for them. Canadian exporters of textiles should not look upon this market as being a very profitable one for sales.

The above summarizes the leading Colombian import requirements and attempts to show the position of Canada in fulfilling them. Any interested Canadian manufacturer who is desirous of securing sales in Colombia should avail himself of the pamphlet "Caribbean Markets for American Goods." II Colombia - Trade Information Bulletin No.342 published by the Bureau of Foreign and Domestic Commerce, Washington, D.C.
Cuba is a small island in the Caribbean Sea, with an area of 44,164 square miles and a population of 3,350,000. In spite of her relatively small size, Cuba is a very progressive country and her imports reach a figure of over $300,000,000 annually. The Cubans enjoy a relatively high purchasing power, importations in 1923 representing $96 per capita, a figure exceeded by few countries of the world and by none in Latin America. However, Cuba's economic welfare is entirely dependent upon one commodity, sugar, the sale of it abroad at profitable prices being reflected in large purchases abroad, while low prices result in a lessened circulation of money and a consequent curtailment of purchases on the part of the large percentage of the population which is directly dependent on the sugar industry.

Cuba is essentially an agricultural country but owing to the concentration of effort in the sugar industry little acreage is devoted to the production of other foods. Sugar and its by-products make up approximately 65% of the total export trade of the island. Tobacco is the second crop of importance comprising about 10% of total exports. The production of cacao, coffee, pineapples, citrus fruits and vegetables is only of minor importance. Although Cuba is plentifully endowed in both soil and climate for the production of practically all essential food commodities, its energies have
been concentrated on sugar and tobacco, so the bulk of ordinary food requirements must be imported. Foodstuffs comprise the largest single item of Cuba’s imports consistently averaging 35% annually of her total importations. The opportunities for the Canadian exporter of such products are very good.

Cuban forests are today denuded so all her requirements must be imported. Mining is unimportant, only small quantities of iron, copper, manganese and coal being found. Very little manufacturing is carried on other than in the simplest manufactures common to most Latin American countries. Sugar and tobacco manufactures comprise almost the whole list.

<table>
<thead>
<tr>
<th>Cuban Imports (Calendar Years)</th>
<th>Imports from Canada (fiscal Years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1919  $140,133,000</td>
<td>$1,496,857</td>
</tr>
<tr>
<td>1920  557,017,000</td>
<td>6,329,783</td>
</tr>
<tr>
<td>1921  354,403,000</td>
<td>6,573,769</td>
</tr>
<tr>
<td>1922  163,308,000</td>
<td>3,974,432</td>
</tr>
<tr>
<td>1923  263,856,000</td>
<td>5,069,186</td>
</tr>
<tr>
<td>1924  289,831,000</td>
<td>6,776,605</td>
</tr>
<tr>
<td>1925  -</td>
<td>7,142,405</td>
</tr>
<tr>
<td>1926  295,040,000</td>
<td>8,524,713</td>
</tr>
<tr>
<td>1927  -</td>
<td>(first 9 mths) 4,784,321</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cuban Exports</th>
<th>Exports to Canada</th>
</tr>
</thead>
<tbody>
<tr>
<td>1913 $166,070,000</td>
<td>2,549,673</td>
</tr>
<tr>
<td>1920 794,099,000</td>
<td>17,585,520</td>
</tr>
<tr>
<td>1921 278,061,000</td>
<td>30,743,239</td>
</tr>
<tr>
<td>1922 325,478,000</td>
<td>13,042,568</td>
</tr>
<tr>
<td>1923 421,075,000</td>
<td>11,209,920</td>
</tr>
<tr>
<td>1924 434,866,000</td>
<td>10,781,047</td>
</tr>
<tr>
<td>1925 -</td>
<td>7,798,128</td>
</tr>
<tr>
<td>1926 358,984,000</td>
<td>11,063,204</td>
</tr>
<tr>
<td>1927 (first 9 mths) 6,765,394</td>
<td></td>
</tr>
</tbody>
</table>
During the decade 1913-1924 Cuban trade more than doubled. Imports doubled and exports increased 250 percent. There were abnormal figures for the year 1920, a terrific slump in 1921 totals, and a steady recovery since that time to the healthy figures for the calendar year 1924. Canadian participation in Cuban trade reflects a very gratifying growth. From a pre-war figure of $1,496,857, or 1% of total imports, Canada's exports to Cuba have increased until they stood at $8,524,713 in 1926, or roughly 3.2% of total imports. This showing should be very satisfactory to the average Canadian businessman, as our exports to Cuba have shown a steady increase the figure for last year being the highest yet attained. Canada purchases far more from Cuba than we export to that country, however, the figure being as high as $30,000,000 in 1921, with an "average" since that date of $11,000,000 annually. Importations of sugar and tobacco account entirely for the totals. Since we are fairly heavy purchasers of Cuban exports it is not at all inconceivable that Canadian exports to that market will increase still further in the next few years.

The United States is a natural supplier of the Cuban market inasmuch as it produces just those things that Cuba needs, proximity to the market is a helping factor, and a reciprocity treaty gives American goods a 20% to 40% reduction in the Cuban customs tariff. It is not surprising then that the United States furnishes roughly 70% of all Cuban imports. Great Britain furnishes 5% of all imports, Spain 4%, Germany 4%, France and Canada each 3%. Canada ranks sixth in the list of countries supplying Cuba with her needs. Canadian trade
in the republic is increasing, Canada finding an expanding
market in Cuba for such commodities as potatoes, flour, whiskey,
coffin, condensed milk, lumber, newsprint, automobiles and
calcium carbide.

Canada Commodity Shipment to Cuba.

<table>
<thead>
<tr>
<th>Commodity</th>
<th>1928</th>
<th>1929</th>
<th>1930</th>
<th>1931</th>
</tr>
</thead>
<tbody>
<tr>
<td>Potatoes</td>
<td>$2,030,759</td>
<td>$2,149,593</td>
<td>$3,915,513</td>
<td>$1,875,573</td>
</tr>
<tr>
<td>Oats</td>
<td>192,941</td>
<td>102,150</td>
<td>10,689</td>
<td>4,304</td>
</tr>
<tr>
<td>Flour</td>
<td>1,463,811</td>
<td>970,185</td>
<td>1,118,195</td>
<td>652,284</td>
</tr>
<tr>
<td>Whiskey</td>
<td>767,256</td>
<td>1,262,099</td>
<td>555,786</td>
<td>194,706</td>
</tr>
<tr>
<td>Hay</td>
<td>70,248</td>
<td>69,321</td>
<td>74,298</td>
<td>43,336</td>
</tr>
<tr>
<td>Fish, dried, smoked, pickled</td>
<td>827,307</td>
<td>937,397</td>
<td>959,574</td>
<td>652,000</td>
</tr>
<tr>
<td>Milk condensed</td>
<td>580</td>
<td>335,405</td>
<td>375,185</td>
<td>206,285</td>
</tr>
<tr>
<td>Planks &amp; Boards</td>
<td>158,211</td>
<td>211,675</td>
<td>154,163</td>
<td>92,000</td>
</tr>
<tr>
<td>Printed Matter</td>
<td>66,302</td>
<td>56,565</td>
<td>45,294</td>
<td>57,000</td>
</tr>
<tr>
<td>Newsprint</td>
<td>-</td>
<td>94,108</td>
<td>179,464</td>
<td>422,504</td>
</tr>
<tr>
<td>Automobiles</td>
<td>96,200</td>
<td>56,352</td>
<td>117,143</td>
<td>82,499</td>
</tr>
<tr>
<td>Copper Wire</td>
<td>123,491</td>
<td>126,297</td>
<td>63,108</td>
<td>124,124</td>
</tr>
<tr>
<td>Electric Apparatus</td>
<td>24,615</td>
<td>68,473</td>
<td>72,615</td>
<td>24,683</td>
</tr>
<tr>
<td>Ammonium Sulphate</td>
<td>77,812</td>
<td>87,002</td>
<td>14,936</td>
<td>12,670</td>
</tr>
<tr>
<td>Calcium Carbide</td>
<td>32,037</td>
<td>216,373</td>
<td>354,384</td>
<td>206,570</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>797,039</td>
<td>353,220</td>
<td>607,008</td>
<td>117,576</td>
</tr>
</tbody>
</table>

$6,776,605 $7,148,406 $8,524,713 $4,784,331
* first nine months.

As Cuba exports practically everything that it produces
and imports nearly everything it consumes, its purchases are necessarily
varied and extensive. The Cuban market absorbs much the same products
as does the domestic Canadian market, and it represents a well-developed
field of endeavor for the Canadian exporter. The market has been
expanded and the desires of the people stimulated by advertising and concentrated sales effort, nevertheless there are many lines for which a trade can be built up and existing demands stimulated by proper cultivation.

The above table serves to illustrate fairly well the nature of Cuban demand and the nature of Canadian sales to Cuba. Our sales of flour to Cuba are steadily increasing and we are supplanting the United States as the principal source of supply but there is still room for considerable development in the trade. Canadian fish lead in the Cuban market but competition from Scandinavian sources is very keen. There is a very large import trade in condensed milk in Cuba and Canada maintains a fair share of this trade. Canadian producers of condensed or evaporated milk will do well to give special attention to the Cuban market as the demand is continually on the increase. The Cuban market for newsprint is enormous and Canadian sales have increased rapidly in recent years. There is still large room for improvement though. Canadian shippers are under no handicap as newsprint enters the country free of duty. Besides these commodities Canadian manufacturers have secured extensive sales in copper wire, electric apparatus and calcium carbide.

Other items that Cuba imports in large quantities but in which Canadian competition is as yet ineffective, are, textiles, sugar-mill machinery and supplies, iron and steel materials, leather manufactures, automobiles, soap, lard, vegetables, and fertilizers. Total importations of all of these products, with the exception of soap and fertilizers, amount to over $10,000,000 apiece annually.
Together they account for over $100,000,000 so the figure alone will serve to show the possibilities existing for the Canadian exporter.
The Dominican Republic forms the southern part of the island of Santo Domingo, Haiti occupying the northern area. The total area of this Caribbean island is about 30,000 square miles, of which the Dominican Republic comprises 19,382 square miles. The population is roughly 1,000,000, largely Spanish in origin, or Spanish creole. The American occupation of Santo Domingo is a factor of prime commercial interest to all exporters to that area. It has brought many advantages which are only beginning to be understood, having increased the importation of many commodities and exerting a considerable influence upon the type of such imports. Canadian exporters of products for which a considerable demand exists in Santo Domingo are urged to canvass this little-known field at their earliest convenience with a view to being on the ground for the development that the next decade should show.

Although essentially an agricultural country the Dominican Republic produces but four products on a large scale, i.e., sugar, cacao, tobacco and coffee, their importance being in the order named. On these the country depends for its prosperity. Sugar is by far the most important of these products and it is rapidly transforming the southern peninsulas of this republic into intensively developed and thoroughly industrialized provinces. Indisputably Canada is the leading purchaser of this crop, amounting to $6,790,508
in 1926. Many other agricultural products are grown on a commercial scale for domestic consumption, and in some cases small amounts are exported, including bananas, coconuts, cotton, corn and beans. The agricultural development of the country is supplemented by a live stock industry of increasing importance, capital alone preventing the Dominican Republic from gaining a place in the list of meat-exporting states.

The Republic is rich in minerals, especially gold, silver, iron, salt and petroleum, but no mining on a commercial scale is being carried out. The fishing industry is as yet undeveloped. Forest wealth of very considerable value remains unexploited except for minor exports of mahogany and logwood. Manufacturing is not carried on to any extent in the country as yet; the only really important industry being that centered around the refining of sugar. Cigars, cigarettes and tobacco are manufactured on a sufficiently large enough scale to supply the domestic market. Shoes, hats, matches, clothing, liquors, tiles and a few other articles are manufactured on a small scale, not supplying more than a fraction of the local demand. Manufactures of other articles must be imported from abroad.

<table>
<thead>
<tr>
<th>Dominican Republic Imports (Calendar Years)</th>
<th>Imports from Canada (Fiscal Years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1919</td>
<td>$9,272,000</td>
</tr>
<tr>
<td>1920</td>
<td>46,525,876</td>
</tr>
<tr>
<td>1921</td>
<td>24,555,327</td>
</tr>
<tr>
<td>1922</td>
<td>14,317,497</td>
</tr>
<tr>
<td>1923</td>
<td>18,245,032</td>
</tr>
<tr>
<td>1924</td>
<td>21,580,871</td>
</tr>
<tr>
<td>1925</td>
<td>25,300,000</td>
</tr>
<tr>
<td>1926</td>
<td>25,339,000</td>
</tr>
<tr>
<td>1927</td>
<td></td>
</tr>
</tbody>
</table>

1927  $345,867 (first 9 months)
### Dominican Republic Exports vs. Exports to Canada

<table>
<thead>
<tr>
<th>Year</th>
<th>Dominican Republic Exports</th>
<th>Exports to Canada</th>
</tr>
</thead>
<tbody>
<tr>
<td>1913</td>
<td>$10,470,000</td>
<td>$1,803,363</td>
</tr>
<tr>
<td>1920</td>
<td>$58,731,000</td>
<td>$10,875,287</td>
</tr>
<tr>
<td>1921</td>
<td>$20,614,000</td>
<td>$7,573,794</td>
</tr>
<tr>
<td>1922</td>
<td>$15,231,355</td>
<td>$4,065,910</td>
</tr>
<tr>
<td>1923</td>
<td>$26,042,821</td>
<td>$5,956,643</td>
</tr>
<tr>
<td>1924</td>
<td>$30,262,896</td>
<td>$8,800,060</td>
</tr>
<tr>
<td>1925</td>
<td>$26,800,000</td>
<td>$2,686,000</td>
</tr>
<tr>
<td>1926</td>
<td>$26,771,000</td>
<td>$6,791,339</td>
</tr>
<tr>
<td>1927</td>
<td>-</td>
<td>$3,860,451 (first 9 months)</td>
</tr>
</tbody>
</table>

The foreign trade of the Dominican Republic has increased roughly 250% over the pre-war figure of 1913, imports and exports increasing in roughly the same ratio. This reflects a normal and healthy growth for the country as a whole. The United States furnishes 65% of all the republic’s import requirements, but vigorous efforts are being made by Germany, Great Britain, and Canada to wrest some of this trade away from them. Great Britain is second in the list of exporters to San Domingo with 5% of the total. German competition is also very active and may be expected to increase rather than diminish. Its share likewise amounts to 5%, and is felt in practically all lines of manufactured goods, hardware and cutlery, enameled ware, electrical goods, paper and paper products, belting and hose, textiles, paints, furniture, chemicals, and musical instruments. Although Canada’s share in the export trade of the island is considerable, amounting to well over 10% annually, our share in the import trade of the country is very small, amounting to little over 1.2% on the average.
Considering our big purchases of sugar from the island, this share is absurdly low, the highest total yet attained by our exports being $362,849 in 1925. Even with this low figure, however, we stand 8th in the list of those countries shipping to the Dominican Republic, and with two trade commissioners now in the Caribbean field, Canada is making a determined drive for a larger share of the business.

Three commodities from Canada account for almost the whole of our exports to the republic. These commodities are wheat flour 40%, dried and smoked fish 30%; and rubber goods 10%.

Other commodities in which Canadian participation might well make itself felt are biscuits and confectionery lines, butter, lard, and rice amongst foodstuffs; hardware tools, agricultural machinery, barbed wire, amongst iron and steel products; cement and lumber for construction purposes; textiles, automobiles and furniture. The importation of all of these items is considerable in the Dominican Republic, but in none is Canadian participation as large as it might possibly be.
Ecuador is a relatively small and unimportant republic on the west coast of South America. It comprises some 120,000 square miles of territory and supports a population of 3,000,000, mostly Indians. The republic is very backward, the inhabitants have a low purchasing power, and the possibility for the sale of Canadian quality goods there is very poor. On the whole the situation in Ecuador calls for much caution in taking on any new business.

Agriculture is the chief occupation of the inhabitants but it is carried on in a most primitive fashion. There is little or no market for modern implements or machinery although the day may not be far distant when there will be. Ecuador has the great handicap of being essentially a one-crop country, the prosperity of the country being almost entirely dependent upon the cacao crop, only a small percentage of which is consumed locally. Cacao constitutes more than 70% of all exports. Other agricultural crops and exports are coffee, cotton, nuts and hides.

The Andes contain inestimable mineral deposits which have scarcely been touched. Gold is the only mineral mined to any extent as yet. Petroleum is to be found in the country but because of the difficulties of transport and the cost of developing oil fields it will probably be many years before any producing wells are brought in. Sales of mining machinery to this market, then, must continue to be negligible.
Manufacturing is carried on on a very small scale.

It is confined to the production of flour, sugar, chocolates, textiles, shoes, Panama hats, and beverages. The output is small and shows little promise of ready expansion. Sales of industrial machinery are negligible and most of the manufactured goods sold in the market are imported. This is a "price market," not a "quality market," the cheap good getting the sale in nearly every instance. This fact is bound to militate against the sale of Canadian goods.

<table>
<thead>
<tr>
<th>Ecuadorian Imports</th>
<th>Imports from Canada</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Calendar Years)</td>
<td>(Fiscal Years)</td>
</tr>
<tr>
<td>1913 $8,851,000</td>
<td>$40,250</td>
</tr>
<tr>
<td>1920 20,420,000</td>
<td>34,390</td>
</tr>
<tr>
<td>1921 6,952,000</td>
<td>32,580</td>
</tr>
<tr>
<td>1922 9,284,000</td>
<td>33,639</td>
</tr>
<tr>
<td>1923 9,735,000</td>
<td>56,039</td>
</tr>
<tr>
<td>1924 10,521,000</td>
<td>65,022</td>
</tr>
<tr>
<td>1925 -</td>
<td>150,079</td>
</tr>
<tr>
<td>1926 -</td>
<td>(first 9 months) 32,476</td>
</tr>
<tr>
<td>1927 -</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ecuadorian Exports</th>
<th>Exports to Canada</th>
</tr>
</thead>
<tbody>
<tr>
<td>1913 15,810,000</td>
<td></td>
</tr>
<tr>
<td>1920 23,423,000</td>
<td>487</td>
</tr>
<tr>
<td>1921 10,055,000</td>
<td></td>
</tr>
<tr>
<td>1922 12,807,000</td>
<td>247</td>
</tr>
<tr>
<td>1923 10,153,000</td>
<td>75</td>
</tr>
<tr>
<td>1924 12,396,000</td>
<td></td>
</tr>
<tr>
<td>1925 -</td>
<td></td>
</tr>
<tr>
<td>1926 -</td>
<td></td>
</tr>
<tr>
<td>1927 -</td>
<td></td>
</tr>
</tbody>
</table>
The total foreign trade of Ecuador has not increased over its pre-war trade, in fact, its trade in 1924 was slightly lower than in 1913. Ecuador can almost be considered as a static market in a world of advancing commerce. Canadian participation in the imports of Ecuador has likewise remained fairly stationary. Our annual exports to the republic will not average much above $50,000 a figure which can well be considered as negligible. The principal imports of the country are textiles, wheat flour, lard, hardware, tools and implements, chemicals and vehicles. Canadian participation in some of these imports might well be larger than it is, but the possibilities for a long time will continue to be small.
The Republic of Haiti occupies the lesser and more rugged half of the island formerly known as Hispaniola. The total area of the republic is slightly over 10,000 square miles, with a population estimated at 2,300,000, mostly negroes. The nature of the population means that the purchasing power and standard of living of the people is very low. Possibly the demand of the Haitian is as primitive and restricted as anywhere in the world. Imports are largely limited to fish, flour, lard, cottons, soap, and small agricultural implements. The demands of the educated minority are as varied and as high-class as elsewhere in the Caribbean, but are of little interest to Canadian exporters because of the strong continental bias, and a 33-1/3% preferential duty on French goods. Considering all factors, then, Haiti can almost be considered as a closed market to Canadian goods.

As one would expect, agriculture is the main occupation of the inhabitants and the prosperity of the country depends upon the successful marketing of the crops and the corresponding price received for them. Coffee constitutes 75% of all exports, followed by cotton, sugar, and cassava. Cultivation is extremely primitive and entirely dependent upon the vagaries of the climate. Mining is undeveloped and the considerable quantities of hardwoods on the island...
have not been exploited. The industries in the republic are in 
a most primitive state of development. Very little manufacturing 
is carried on, and that little on a small scale, not supplying even 
the local demand. Most of the manufacturing pertains to the preparations 
of the staple agricultural products for export and the production 
of such easily manufactured articles as candles, matches, soap, 
alcohol, confectionery, ice, leather, cigars and cigarettes. Thus, 
even where manufactures do exist, the output has to be supplemented 
by importations from abroad. The extremely low purchasing power 
of this "price" market will, however, debar extensive Canadian sales there.

<table>
<thead>
<tr>
<th>Haitian Imports (Fiscal Year ending Sept. 30)</th>
<th>Imports from Canada (Fiscal Year ending March 31)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1914  $ 7,612,792</td>
<td>$ 174,543</td>
</tr>
<tr>
<td>1920  27,396,411</td>
<td>95,135</td>
</tr>
<tr>
<td>1921  11,957,205</td>
<td>71,967</td>
</tr>
<tr>
<td>1922  12,350,271</td>
<td>214,267</td>
</tr>
<tr>
<td>1923  14,157,963</td>
<td>401,659</td>
</tr>
<tr>
<td>1924  14,696,000</td>
<td>489,596</td>
</tr>
<tr>
<td>1925  20,238,000</td>
<td>608,117</td>
</tr>
<tr>
<td>1926  18,851,000</td>
<td>326,086</td>
</tr>
<tr>
<td>1927  -</td>
<td>(first 9 months)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Haitian Exports</th>
<th>Exports to Canada</th>
</tr>
</thead>
<tbody>
<tr>
<td>1914  $ 11,000,000</td>
<td></td>
</tr>
<tr>
<td>1920  21,620,000</td>
<td></td>
</tr>
<tr>
<td>1921  6,590,409</td>
<td></td>
</tr>
<tr>
<td>1922  10,712,210</td>
<td></td>
</tr>
<tr>
<td>1923  14,591,012</td>
<td>42,050</td>
</tr>
<tr>
<td>1924  14,176,387</td>
<td>234,551</td>
</tr>
<tr>
<td>1925  19,404,172</td>
<td>161,250</td>
</tr>
<tr>
<td>1926  20,184,000</td>
<td>12,019</td>
</tr>
<tr>
<td>1927  -</td>
<td>(first 9 months)</td>
</tr>
</tbody>
</table>

| 1914  $ 20,000 | 163,757 |
| 1920  21,820,000 |       |
| 1921  2,890,409  |       |
| 1922  10,712,210  |       |
| 1923  14,591,012  |       |
| 1924  14,176,387  |       |
| 1925  19,404,172  |       |
| 1926  20,184,000  |       |
| 1927  -            |       |
The total foreign trade of Haiti has roughly doubled since 1913, with import requirements growing faster than exports. The United States supplies 81% of all Haitian imports, Great Britain 8%, Germany, France 6%; Germany 3% and Canada 2%. Canadian participation has more than doubled since the war and now attains a figure of more than $400,000 a year. Notwithstanding this increase the Canadian share in the market is bound to remain low because of the low purchasing power of the people and their pronounced Continental tastes.

A very considerable number of opportunities for Canadian exporters have occurred in recent years, however, mention of which should be made here. Among the leading merchants sentiment is decidedly favorable to Canada as a source of supply for commodities similar to those supplied by the United States.

Flour accounts for 75% of Canadian exports to Haiti. The possibilities for the further expansion of this trade are good and should be investigated by interested Canadian manufacturers. Fish is another important item of import that Canada can supply, codfish being the preferred of the people. Confectionery, cheese, butter and lard are other important imports of foodstuffs. Unless Canadian shippers can meet American prices, however, it will be useless for them to attempt the Haitian market at present. All tinned goods pay a high duty on entering the republic, so never supply this market with tinned or canned goods. Use cartons wherever possible.
Since there is practically no cultivation of crops in Haiti there is little or no demand for hardware tools or agricultural implements. Haiti imports her entire lumber requirements from the United States. In view of the ease of delivery and the endurance of long leaf yellow pine in the tropics, it is doubtful if Canadian shippers of spruce or other competitive woods would be justified in entering the Haitian market at present. Canadian cement is well known and has been favorably received in the market during the past, however, at the present time Scandinavian competition is too keen for both Canadian and American cements, so this trade will have to wait before being capable of development.

Textiles account for the largest single item in Haitian imports. The demand is for the cheapest possible cottons, drils and denims predominating to the exclusion of prints. Canadian manufacturers can find a good market here for their cheapest lines providing they can meet foreign competitive prices.
Mexico is a country of 760,290 square miles and some 15,000,000 inhabitants. The people are mainly Indians or natives of Spanish descent and consequently their purchasing power is not very high. Added to this handicap is the fact that the country is politically insecure and the constant revolutions and disturbances militate against trade with the republic. When conditions become more settled one may expect trade with Mexico to increase rapidly.

The mining industry is the mainstay of Mexico's prosperity, the exports of minerals constituting 30% of all Mexican exports. The mining industry in Mexico is expanding, hence the market is a very good one for mining supplies and machinery. The fact that the United States controls the investment situation in Mexico and the proximity of that country to the republic will prevent large exports of machinery from Canada, however. Mexico is the largest producer of silver in the world, while gold, lead, copper and zinc are other very important minerals mined in the country. The production of coal, iron and mica is relatively unimportant. Petroleum and crude oil exports command an additional 45% of the total exports of Mexico, so that combined, 75% of all Mexican exports are composed of mineral and oil deposits. Mexico is the second largest producer of petroleum in the world and probably will remain so for a long time.
Whereas mineral and oil exports from Mexico in 1924 totaled over $240,000,000, exports of agricultural products only totaled $28,000,000. Corn is the leading product, followed by cotton, sugar, wheat, sisal, coffee, and bananas. Mexico is not a good market for imported foodstuffs as the domestic production is sufficient to meet most needs.

Manufacturing is relatively unimportant in Mexico. The principal industries of this class in the order of their importance are textile mills, steel mills, cigarette factories, breweries, flour mills, paper mills, cement plants, shoe factories and soap factories, the only one of any great importance being the textile factories. The domestic market is normally a large one, and with a return of prosperity there will be an increasing demand for modern machinery and equipment to replace the old and worn-out facilities.

<table>
<thead>
<tr>
<th>Mexican Imports (Calendar Years)</th>
<th>Imports from Canada (Fiscal Years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1913 $93,111,000</td>
<td>$218,371</td>
</tr>
<tr>
<td>1921 $242,366,000</td>
<td>1,086,197</td>
</tr>
<tr>
<td>1922 $248,000,000</td>
<td>1,197,597</td>
</tr>
<tr>
<td>1923 $152,974,000</td>
<td>3,291,036</td>
</tr>
<tr>
<td>1924 $155,995,000</td>
<td>3,510,397</td>
</tr>
<tr>
<td>1925 $147,536,000 (9 mos. only)</td>
<td>2,856,409</td>
</tr>
<tr>
<td>1926 $193,123,000</td>
<td>2,987,128</td>
</tr>
<tr>
<td>1927 $</td>
<td>(first 9 months) 2,006,823</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Mexican Exports</th>
<th>Exports to Canada</th>
</tr>
</thead>
<tbody>
<tr>
<td>1913 $130,099,000</td>
<td>$3,104,072</td>
</tr>
<tr>
<td>1921 $371,507,000</td>
<td>2,668,915</td>
</tr>
<tr>
<td>1922 $460,136,000</td>
<td>3,785,399</td>
</tr>
<tr>
<td>1923 $275,973,000</td>
<td>3,860,721</td>
</tr>
<tr>
<td>1924 $298,223,000</td>
<td>2,627,124</td>
</tr>
<tr>
<td>1925 $247,211,000 (9 mos. only)</td>
<td>2,676,615</td>
</tr>
<tr>
<td>1926 $237,097,000</td>
<td>3,694,460</td>
</tr>
<tr>
<td>(first 9 months)</td>
<td>1,953,562</td>
</tr>
</tbody>
</table>
Mexican imports have doubled since 1913 while exports have increased 250%. This fact reflects an ordinary economic growth that has come to most nations of the world in the like period. Canadian exports to Mexico are 1,000% ahead of the pre-war average of less than $250,000 annually. For the past four years we have maintained an annual export figure to Mexico of around $3,000,000 placing Canada sixth in the list of countries supplying Mexico's needs. Proximity gives the United States a predominating advantage and they supply roughly 73% of all Mexican imports. Great Britain and Germany each ship 7% of the total imports, France 5%, Spain 3% and Canada 2%.

Petroleum, ship's stores, coffee and sisal account for Mexican exports to Canada, while we ship to Mexico soda and compounds $1,287,288; wheat $300,000; rubber manufactures $110,000; paper and manufactures $115,000; machinery $100,000; automobiles $150,000; electric apparatus $55,000; acids and other chemicals $240,000. Together our exports total around $3,000,000, nearly all fully manufactured goods.

An analysis of Mexican trading opportunities, conducted by the Canadian trade commissioner in Mexico City, in 1925 showed that Canadian participation could also be greater in the following lines; dried cod and smoked salmon; condensed milk and cheese. The possibilities for sale of all these products are very good but Canadian exporters have not yet made any serious attempt to secure a share in this trade. Canadian wheat and flour is known in the market but Mexico
seems to be treated with indifference by the Canadian exporter, for we supply only 4% of the requirements of the market. Lumber is another very large item of import into Mexico, amounting to $10,000,000 in 1925, yet Canada supplies only $30,000 worth. British Columbian exporters should be in a position to supply a fair share of Mexico's requirements if the proper methods necessary to introduce the lumber were followed. Canada should also be able to compete in the export of copper wire; zinc ingots, hardware tools; barbed wire; nails, tacks, screws and bolts; piping and tubing; mining and agricultural machinery.

Textile imports account for $40,000,000 fairly evenly divided between Great Britain and the United States. Canadian sales are assured if competitive prices can be quoted. Mexico imports paper and paper manufactures to the value of some $10,000,000 of which Canada supplies about 1%. This figure is absurdly low for any country claiming to be the world’s largest supplier of pulp and newsprint. Much of this trade Canada can secure from the United States.
Paraguay.

The inland republic of Paraguay comprises 97,722 square miles and supports a population estimated at 1,000,000. This population is, however, mainly illiterate and of a low purchasing power so the Paraguayan market will not be found to be a very important one.

Paraguay is primarily an agricultural and stock-raising country, and its potential resources are very great. Its pasture lands are considered to be of the best in South America, while the excellent soil and climate make it exceptionally well adapted for the cultivation of most of the products of tropical and sub-tropical lands. The most important products are cotton, tobacco, rice and yerba mate. These products are all exported and the price received for them determines the ability of the Paraguayan to purchase foreign goods.

The most important single industry in Paraguay is cattle-raising. The export of cattle and products is one of the principal items in the foreign trade of the country.

Paraguay is rich in forests but only such areas as are within easy hauling distance of navigable streams and the railway are worked at this time. 90% of the timber production is exported, and forest products account for from 40-50% of all Paraguayan exports.
Quebracho logs and quebracho extracts, used in the tanning industry constitute almost the whole of this figure. The total Canadian imports from Paraguay for 1924, 1925, 1926 and 1927 are made up of quebracho extracts.

Manufacturing is very backward in Paraguay only such industries as sugar mills, flour mills, soap works and boots and shoes having been established. These are only on a very small scale and do not warrant the importation of large or expensive machinery. Manufactured articles, to find a sale in this market, must be cheap. This fact will greatly restrict the sale of Canadian quality goods in the market.

<table>
<thead>
<tr>
<th>Paraguayan Imports</th>
<th>Imports from Canada</th>
</tr>
</thead>
<tbody>
<tr>
<td>1913  $    7,836,000</td>
<td>$</td>
</tr>
<tr>
<td>1921  6,102,000</td>
<td></td>
</tr>
<tr>
<td>1922  4,651,000</td>
<td></td>
</tr>
<tr>
<td>1923  6,735,000</td>
<td>27</td>
</tr>
<tr>
<td>1924  9,661,000</td>
<td>72</td>
</tr>
<tr>
<td>1925  12,429,910</td>
<td>4,111</td>
</tr>
<tr>
<td>1926  -</td>
<td>46,099</td>
</tr>
<tr>
<td>1927  -</td>
<td>(first 9 months) 27,527</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Paraguayan Exports</th>
<th>Exports to Canada</th>
</tr>
</thead>
<tbody>
<tr>
<td>1913  $    5,434,000</td>
<td>$</td>
</tr>
<tr>
<td>1921  6,801,000</td>
<td></td>
</tr>
<tr>
<td>1922  8,097,000</td>
<td></td>
</tr>
<tr>
<td>1923  9,799,000</td>
<td></td>
</tr>
<tr>
<td>1924  9,720,000</td>
<td>26,281</td>
</tr>
<tr>
<td>1925  13,743,000</td>
<td>47,735</td>
</tr>
<tr>
<td>1926  -</td>
<td>(first 9 months) 7,829</td>
</tr>
<tr>
<td>1927  -</td>
<td></td>
</tr>
</tbody>
</table>
The total foreign trade of Paraguay has roughly doubled since the war, but is almost entirely with Argentina, Great Britain, United States and Uruguay in the order named. Canadian participation is infinitesimal and shows little promise to increase. Our only export is automobiles and rubber tires and tubes, amounting all told to less than $50,000 annually. This market should never be attempted by a Canadian manufacturer until he has consolidated his sales in the other republics. When that has been done a penetration into Paraguay in search of additional profits may prove successful.
Peru is rapidly emerging to take its place alongside of Argentina, Brazil and Chile as the leading nations of South America. It is a country full of agricultural and mining possibilities, both of which are making steady progress. The country has an area of 600,000 square miles and a population of slightly over four millions. The temperature of the coast region is temperate and pleasant owing to the influence of the Humboldt current, but as the country is very dry irrigation has to be carried on almost ceaselessly in order to produce any crops.

Peru is possibly a greater mining country than agricultural, both vying with each other for the premier position. Vast petroleum and oil deposits exist in the country and are rapidly being exploited. Oil well and mining machinery bulk large in Peruvian imports and the Canadian manufacturer of these goods should attempt to procure a portion of these annual imports. Petroleum is the chief export of Peru amounting to 28% of all exports. Much of this petroleum comes to Vancouver for refining. Canadian imports in 1926 totalling 71,629,581 gallons valued at $5,119,289. Copper is another very important export. Silver, iron, and other minerals complete the list. Together, all mineral products account for 51% of the total exports.
Agriculturally Peru is self-sufficing, although importing considerable quantities of wheat, flour and rice. Cotton is the chief export, amounting in 1924 to $25,834,000 or 25% of total exports. Sugar is also a large export item, amounting to $20,000,000 in 1924. Cotton, petroleum, sugar and copper together account for almost 90% of total exports.

Industrially Peru is very backward there being almost no manufacturing plants in the country. Manufactures of every description then enter into Peruvian import requirements. Many of these requirements the Canadian manufacturer is in a position to supply. As the country advances the demands will increase and a foothold now should ensure profitable sales in the future:

<table>
<thead>
<tr>
<th>Peruvian Imports</th>
<th>Imports from Canada</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Calendar Years)</td>
<td>(Fiscal Years)</td>
</tr>
<tr>
<td>1913 $ 29,631,000</td>
<td>$ 11,120</td>
</tr>
<tr>
<td>1921 62,692,000</td>
<td>616,472</td>
</tr>
<tr>
<td>1922 40,734,000</td>
<td>71,683</td>
</tr>
<tr>
<td>1923 58,812,000</td>
<td>415,917</td>
</tr>
<tr>
<td>1924 78,829,000</td>
<td>566,295</td>
</tr>
<tr>
<td>1925 74,158,000</td>
<td>923,796</td>
</tr>
<tr>
<td>1926 73,457,000</td>
<td>1,226,355</td>
</tr>
<tr>
<td>1927 - (first 9 months)</td>
<td>1,046,473</td>
</tr>
</tbody>
</table>
Peru's foreign trade is slowly expanding. Its exports, except for the year 1921, have consistently exceeded imports by a substantial margin ever since 1877. Imports are now closing this gap for they are growing faster than exports. With import requirements growing each year this should be a very profitable field for Canadian business expansion. The United States maintains an exceedingly strong position in fulfilling Peru's import requirements. 50% of all its imports come from that country; 25% from Great Britain; 10% from Germany and about 1.5% from Canada. Peru ranks close behind Chile as a purchaser of our goods, while we rank about twelfth in supplying Peru's needs. However our trade with Peru is rapidly expanding, being more than five times greater now than at the end of the war and over ten times the amount of the best pre-war figure. Although still exceedingly small this increase is very gratifying and should be encouraged by all possible means.

Peru is the only South American country from which we import more than we export. Our importations from Peru average $5,000,000 annually composed entirely of petroleum and oil products. Since we are heavy purchasers of this Peruvian product our exports to that field should rapidly increase from now on to bring the two columns of the balance sheet more into equilibrium.

The chief Canadian commodity exports to Peru are:
wheat $ 455,509 $ 456,308 $ 388,437
flour 5,802 5,375 90
rubber tires 15,096 46,121 80,656
canned salmon 27,172 21,782 12,874
condensed milk 87,723 232,758 107,034
lard 64,550 95,848 89,829
structural steel - 39,425 22,649
automobiles and Parts 116,524 97,933 65,940
Miscellaneous 153,411 231,345 279,064

<table>
<thead>
<tr>
<th></th>
<th>1925</th>
<th>1926</th>
<th>1927</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 928,796</td>
<td>$ 1,226,355</td>
<td>$ 1,046,473</td>
</tr>
</tbody>
</table>

The above summarizes Canadian commodity exports to Peru.

Wheat is our chief export, amounting to 297,692 bushels in 1926 with a value of $456,308. This is not a very creditable shipment from Canada as it comprises only about 10% of Peru's total wheat importations. With Vancouver as a wheat export center and direct steamship communications with Peru this total should rapidly jump to over $1,000,000 a year.

Flour imports have fallen off almost entirely, largely on account of the high duty which makes it much better for the Peruvian to import wheat and mill it in the country. Lard is another item of importance in our exports to Peru. Although amounting to over $100,000 a year this is only 5% of Peru's requirements. The United States supplies nearly all the remainder. Condensed milk is a third item of importance. Canada supplies about 15% of Peru's importation of this dairy product, the remainder coming from the United States. Our exports of canned salmon seem to be disappearing almost entirely, and for no apparent reason. At one time we supplied 25% of all the salmon going to Peru, now we supply only about 10%. Canadian competition should be a good deal keener for all these products than it is. There is a growing market for malt in Peru.
and as Canada is successfully competing in Argentina and Brazil, there is no reason why Canadian exporters should not offer effective competition in Peru.

Canadian sales of tools and hardware in Peru are very low, amounting to a little less than $10,000 in 1925. Canadian exports cover a fair range of articles, however, each of which should serve as a nucleus for further expansion. There are many other lines of Canadian hardware which would find a ready sale if they could only be placed on view and given a trial. The increased development which is taking place at the present time in agriculture, mining and building means a larger use of the implements of production. The products of several Canadian tool or implement manufacturers are known to be second to none in Argentina, and they should be equally well known in Peru. However, the Canadian manufacturer may find it necessary to sell at cost in Peru until both his organization and products become known in the republic.

The industrial development of Peru is slowly taking place and there is an increased demand for all forms of machinery - agricultural, mining and manufacturing. Together the import requirements for Peru will reach $15,000,000 annually, the United States supplying 45%, Great Britain 40% and Germany 10%. There is a good demand for many lines of agricultural and mining equipment similar to that manufactured in Canada. This demand is increasing and Canadian concerns should attempt to secure a portion of the sales going to that market. The machinery market of Peru is one well worth studying, but one in which a foothold is not easily obtained. Diligent cultivation of the market and a patience for returns will be necessary for success in Peru.
The lumber and paper markets of Peru are important, importations annually being around $5,000,000. Of this figure the United States supplies 90% and Canada 9%. The Canadian is in as good a position to export as is the American but we neglect this market. If the Canadian exporter would interest himself there seems to be little reason why Canadian sales should not expand rapidly.

Although the above is only a very hurried and casual survey of market possibilities in Peru it might serve as an introduction of the market to Canadian manufacturers. A great deal of interesting material concerning the market appeared in the Canadian "Commercial Intelligence Journal," Numbers 1160-1168, April 24, 1926 - June 19, 1926. A perusal of this source may prove profitable to any interested manufacturer.
Uruguay

The Republic of Uruguay is a small country located on the Atlantic Ocean just north of the River Plate. The total area of the country is only 72,172 square miles, which makes it the smallest of the South American Republics. The population is placed officially at 1,632,327, mostly Spanish, and of a large per capita buying power, being next to Argentina in this respect.

Uruguay is primarily a pastoral country and little attention is paid to agriculture. Little more than 4% of the country's area is under cultivation and only 7% of the country's population is engaged in agriculture. However, the agricultural industry is receiving much attention at the present time, the increased activity in this direction showing itself in the growing importations of agricultural machinery, and in the decline in grain and cereal imports which have heretofore been heavy. Wheat, corn, oats, linseed, barley and rye are the principal crops and are now produced in sufficient quantities to meet the needs of the country.

The preponderance of the cattle-raising industry is seen in a study of the export statistics which show that from 92 to 96% of the exports of Uruguay emanate from the stock-raising industry. The principal exports are meats, hides, meat extracts, wool, animal fats, and a great variety of other animal products and by-products.

Mineral resources are unimportant in Uruguay unless one considers the marble and stone quarries under this heading. There are a large number of minerals and metals to be found in the country but none...
has yet been produced in commercial quantities. In absence of these resources Uruguay must continue to import her requirements for this class of goods.

The manufacturing industry in Uruguay is practically negligible except in the making of shoes, matches, sugar and cement, Outside of these commodities all lines of manufactured goods are imported and receive a ready sale. Canadian sales in this market are by no means unsatisfactory and Canadian made goods are well liked.

<table>
<thead>
<tr>
<th>Uruguayan Imports (Calendar Years)</th>
<th>Imports from Canada (Fiscal Years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1913</td>
<td>$52,075,000</td>
</tr>
<tr>
<td>1921</td>
<td>64,312,000</td>
</tr>
<tr>
<td>1922</td>
<td>64,329,000</td>
</tr>
<tr>
<td>1923</td>
<td>57,900,000</td>
</tr>
<tr>
<td>1924</td>
<td>66,556,000</td>
</tr>
<tr>
<td>1925</td>
<td>82,664,000</td>
</tr>
<tr>
<td>1926</td>
<td>107,022,000</td>
</tr>
<tr>
<td>1927</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Uruguay Exports</th>
<th>Exports to Canada</th>
</tr>
</thead>
<tbody>
<tr>
<td>1913</td>
<td>$70,629,000</td>
</tr>
<tr>
<td>1921</td>
<td>48,148,000</td>
</tr>
<tr>
<td>1922</td>
<td>61,500,000</td>
</tr>
<tr>
<td>1923</td>
<td>79,666,000</td>
</tr>
<tr>
<td>1924</td>
<td>87,894,000</td>
</tr>
<tr>
<td>1925</td>
<td>96,921,000</td>
</tr>
<tr>
<td>1926</td>
<td>102,108,000</td>
</tr>
<tr>
<td>1927</td>
<td>-</td>
</tr>
</tbody>
</table>

The total foreign trade of Uruguay has grown since the war being roughly half as great again as the pre-war total of 1913. The relative growth in imports, however, has been greater than that in exports. Canadian imports from Uruguay have fallen off lately so that
the figure for 1926 and 1927 is insignificant. Wool and hides account for the total figures nearly every year. Canadian exports to Uruguay, on the other hand, have increased enormously since the war. From an average pre-war figure of $150,000 they have jumped to $1,910,269 for the fiscal year 1926 and already $2,536,596 for the first nine months of the fiscal year 1927. Our increase since the war has been indeed phenomenal, the figure for 1926 placing Uruguay third in the list of our South American customers. Although not sufficiently high to place Uruguay in the list of the thirty leading countries consuming Canadian products in 1926, the figure for the first nine months of the fiscal year 1927 shows Uruguay in twenty-fourth position. At the same time we rank ninth in the list of those countries supplying Uruguay with its needs.

For the calendar year 1926 the participation in the Uruguayan import trade was distributed as follows, United States 26.3%; Great Britain 17.7%; Germany 11%; Argentina 9.2%; Italy 6%; France 5.6%; Brazil 5.6%; Belgium 5.3%; and Canada approximately 2% for that calendar year.

Canadian commodity exports to Uruguay are:

<table>
<thead>
<tr>
<th>Commodity</th>
<th>1925</th>
<th>1926</th>
<th>1927</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sugar</td>
<td>$293,920</td>
<td>$306,385</td>
<td>$1,328,758</td>
</tr>
<tr>
<td>Rubber boots and shoes</td>
<td>44,957</td>
<td>81,892</td>
<td>107,331</td>
</tr>
<tr>
<td>Rubber Tires</td>
<td>113,505</td>
<td>226,294</td>
<td>163,251</td>
</tr>
<tr>
<td>Farm Machinery</td>
<td>92,052</td>
<td>124,121</td>
<td>113,545</td>
</tr>
<tr>
<td>Automobiles and parts</td>
<td>258,767</td>
<td>420,324</td>
<td>240,809</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>54,385</td>
<td>51,253</td>
<td>73,202</td>
</tr>
</tbody>
</table>

$859,206 $1,910,269 $2,536,596

One of the peculiar features of the Uruguayan market has been the heavy importation of sugar. Canadian participation in this item
began since the war and now accounts for over 50% of our total exports to Uruguay. Canada seems to be rapidly taking the market away from the Americans, who have heretofore supplied about 90% of Uruguay's needs. Other foodstuff imports are olive oil, yerba mate, rice and coffee, none of which will interest Canadian exporters.

Uruguay is becoming a good market for iron and steel products and hardware of all kinds. A growing building industry, greater agricultural activities, and an interest in road building are factors favoring an increase in imports of these materials. Added to that is the possibility of domestic manufacturing expansion which will call for greater supplies of materials needed in such a development. Importations of structural iron and steel are heavy, but practically all comes from Great Britain, Belgium and the United States. There is a possible market for Canadian shapes if prices can be made competitive. Other important items in which Canadian participation should be greater are, wire of all kinds, pipes and fittings, sheet metal and lead.

Importations of machinery and implements are heavy. Imports of agricultural machinery and implements have kept pace with the agricultural expansion of the country and the demand is bound to increase as that expansion is extended. The United States is the chief supplier of agricultural implements, more than 50% of all imports coming from there. Great Britain ranks second and Canada third. The demand for industrial machinery is increasing and Canadian firms should share in this increase. British goods lead, with Germans second and Americans third. Canadian sales of automobiles should be larger. Compared with our sales to other South American Republics and in comparison with the importance of the market, our sales to Uruguay are very low.
The possibility of Canadian sales of textiles is not very good. Competition is extremely keen and Canadian firms will have difficulty in meeting European prices. The Uruguayan importation of lumber and lumber products is increasing. Pine products from the United States predominate with Argentinian and Brazilian products second and third. Canada could ship more lumber to this market than we do, as our sales today are negligible. Uruguay has a domestic paper production of the cheaper grades to meet all the needs of the market. Better writing and bond papers must be imported and as soon as Canada can meet Scandinavian prices this should prove an excellent market for Canadian paper products.

Uruguay offers a growing market for the consumption of rubber boots and shoes, tires, tubes, and other manufactures. Canadian sales are large in this market and should increase with the increased demand for rubber goods now being felt there.

In conclusion it might be said that Uruguay requires a great variety of goods which can well be supplied by Canada, and the future development of the country as a market for Canadian products depends almost entirely on the care that is exercised in supplying the best possible goods on the most liberal terms consistent with sound merchandising. Furthermore, Canadian firms will find that Canadian goods are popular in the markets of Uruguay, but that this popularity can be greatly increased if Canadian dealers will buy more Uruguayan products. The Canadian manufacturer interested in Uruguay will find Trade Information Bulletin No. 403 "The Uruguayan Market" of great value to him, as it will answer the majority of questions that he needs to know concerning the market.
Venezuela.

Venezuela is the most northerly of the South American republics and therefore the nearest to Canada. Its area is 894,000 square miles with a population of 3,750,000. The purchasing power of the inhabitants is low but is vastly superior to that of the average Colombian. Steady progress is being maintained in the country and every increase in the purchasing power of the inhabitants means greater possibilities for the sale of Canadian goods there.

The Venezuelan market is that of an agricultural country in which the imports are made up almost entirely of manufactured articles and the exports consist of agricultural products and raw materials, - in this instance chiefly coffee, cacao, hides, petroleum and gold. Coffee is the chief export of the country, bringing about $35,000,000 annually. It is the only Venezuelan commodity exported to Canada at all. This coffee is of a superior quality and brings a very high price, especially in Europe, where most of it is marketed. Venezuela, however, is not a one-crop country like so many of the South American republics. Though coffee is the leading crop, cacao exports are also very high. Other important agricultural products are sugar, cotton, chicle and coconuts.

The production of agricultural products is still carried on rather primitively and as more modern methods are adopted the market for agricultural implements and tools should be good.
Second in importance to agriculture is the mining industry. Recent results show that Venezuela is one of the richest oil countries in the world, and already petroleum has become a large item in Venezuelan exports. Importations of oilwell machinery and equipment are comparatively heavy and may be expected to increase for some time yet. Gold is another important Venezuelan export. Owing to the diversity of the products and exports of Venezuela the market is not adversely affected by the decline in the price of any one commodity.

Manufacturing is not highly developed in Venezuela, though the construction of cotton mills, sugar mills, shoe factories, etc., shows a steady increase each year. While the increase in factories and in industrial development may curtail to a certain extent the Venezuelan market for manufactured articles, it increases our market there for machinery and raw materials. The improvement in the general purchasing power of the public as a result of increased development also means an increased demand for foreign goods.

The following statistics show the trend of Venezuelan trade and Canadian participation in it:

<table>
<thead>
<tr>
<th>Year</th>
<th>Venezuelan Imports (Calendar Years)</th>
<th>Imports from Canada (Fiscal Years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1913</td>
<td>$18,020,000</td>
<td>$65,892</td>
</tr>
<tr>
<td>1920</td>
<td>$57,280,000</td>
<td>$404,007</td>
</tr>
<tr>
<td>1921</td>
<td>$15,963,000</td>
<td>$278,541</td>
</tr>
<tr>
<td>1922</td>
<td>$31,513,000</td>
<td>$512,609</td>
</tr>
<tr>
<td>1923</td>
<td>$29,300,000</td>
<td>$747,071</td>
</tr>
<tr>
<td>1924</td>
<td>$41,456,000</td>
<td>$678,799</td>
</tr>
<tr>
<td>1925</td>
<td></td>
<td>$1,085,253</td>
</tr>
<tr>
<td>1926</td>
<td></td>
<td>$1,483,333</td>
</tr>
<tr>
<td>1927</td>
<td></td>
<td>(first 9 months) $1,770,645</td>
</tr>
</tbody>
</table>
The total Venezuelan foreign trade is increasing slowly, but mainly on the side of imports. Exports are only slightly above the pre-war figures while imports are more than double. The marked increase in imports since 1913 without a corresponding increase in exports is accounted for by the petroleum developments in the Maracaibo oil fields and the consequent large imports of oil-well machinery.

It is expected that the customary favorable balance of Venezuelan trade will be soon restored when the oil fields are brought into full production.

Of far greater interest, however, is the change in Canadian participation in the import requirements of Venezuela. Before the war they were negligible amounting to some $75,000 or about 0.3%. Today our export figure stands over $1,500,000 (with expectations that the final figure for 1927 will be over $2,000,000) which constitutes roughly 3% of total Venezuelan imports. This is the best showing that Canada makes in any market of South America, and places us sixth in the list of countries supplying Venezuela with its needs. The United States supplies 52%, Great Britain 24%; Germany 12%; France 6%; and Canada 3%. This figure places Venezuela fourth in importance in South America as a customer of Canada's, directly behind Uruguay and ahead of Chile.
Britain controls the market for cottons and textiles, quality hardware, and agricultural implements. Germany supplies the most of the cheaper hardware lines and tools, toys, electrical equipment and millinery. The United States ranks first in furnishing all other needs except wheat and flour, both of which are controlled by Canadian shippers.

The chief Canadian commodity exports to Venezuela are:

<table>
<thead>
<tr>
<th>Description</th>
<th>1925</th>
<th>1926</th>
<th>1927</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flour</td>
<td>$813,084</td>
<td>$915,425</td>
<td>$933,804</td>
</tr>
<tr>
<td>Salmon, canned</td>
<td>$12,024</td>
<td>$92,644</td>
<td>$31,723</td>
</tr>
<tr>
<td>Rubber tires</td>
<td>$1,224</td>
<td>$60,123</td>
<td>$64,338</td>
</tr>
<tr>
<td>Cotton dress</td>
<td>$41,558</td>
<td>$49,116</td>
<td>$49,042</td>
</tr>
<tr>
<td>Automobiles and parts</td>
<td>$77,060</td>
<td>$331,968</td>
<td>$432,633</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>$99,935</td>
<td>$62,650</td>
<td>$122,500</td>
</tr>
</tbody>
</table>

Total: $1,068,253 $1,433,523 $1,779,648

Three items comprise the major part of Canadian shipments to Venezuela. They are flour, automobiles and tires. Canada seems to have permanently captured the Venezuelan flour trade, the figure for 1926 comprising nearly 80% of all flour imports. In the other two items Canadian participation is very substantial, amounting at times to better than 25% of total imports of those commodities.

The confectionery trade in Venezuela is a large one amounting to over $2000,000 a year. 70% of these requirements are supplied by the United States, however, Canadian soda biscuits and other confectionery lines could undoubtedly compete with Americans if their sale were supported by persistent advertising. Venezuela offers a good market for butter but Canadian dairymen have not availed themselves of the opportunities in this field. There is no market at all for cheese, condensed milk, lard, or canned fish or meats.
The demand for modern agricultural implements is not large at present but should increase with the development of the country. However, Venezuela is much further ahead than the neighboring republic of Colombia. Corn is the only cereal crop grown to any extent and so the demand for agricultural machinery is limited to such articles as ploughs, harrows, cultivators, shellers and grinders. Many of these implements Canada is in a position to supply. There is no demand for harvesting machinery as wheat, barley and rye are not successfully grown.

The importations of heavy industrial machinery for mining and roadmaking purposes has been large but Canada does not share in this trade. Venezuela’s importations of lumber are small and unimportant. No market exists for Canadian woods. The demand for paper products is also very small. What little demand there is is for the cheapest, so Canadian mills are unable to compete with German and Scandinavian sources. There is a very large market in Venezuela for textiles, but so keen is the competition for this trade that it is doubtful if Canadian manufacturers can ever face European competition and prices.

There is no market in Venezuela for leather goods. The highest of customs tariffs are imposed on manufactured leather goods in order to encourage domestic leather industries. This policy seems to have been very successful as excellent Venezuelan shoes, bags, belts, etc. can be purchased at prices no higher than Canadian. Except for automobile tires Venezuela is not a market for rubber goods, the climate in general being
too hot for such goods. As before mentioned Canadian participation in the tire trade is very satisfactory amounting to roughly 25% of that of the United States. The market for automobiles is expanding and Canadian sales are satisfactory, numbering over 1,000 in 1926 and with the expectation of close to 1,200 in 1927.
<table>
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<tr>
<th>#</th>
<th>Author</th>
<th>Title</th>
<th>Publisher</th>
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<td>Aughinbaugh, W.F.</td>
<td>&quot;Selling Latin America&quot;</td>
<td>Small, Maynard Company.</td>
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<td>Edwards, G.W.</td>
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<td>Litman, S.</td>
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<td>17</td>
<td>Pepper, G.M.</td>
<td>&quot;American Foreign Trade&quot;</td>
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<td>18</td>
<td>Previado, A.A.</td>
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<td>Rosenthal, M.S.</td>
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<td>Shepherd, W.R.</td>
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<td>Snyder, G.S.</td>
<td>&quot;Selling in Foreign Markets&quot;</td>
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<td>Vedder, G.C.</td>
<td>&quot;American Methods in Foreign Trade&quot;</td>
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<td>Verill, A.M.</td>
<td>&quot;Getting Together with Latin America&quot;</td>
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<td>25</td>
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<td>&quot;South and Central American Trade Conditions&quot;</td>
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<td>26</td>
<td>Wolfe, A.J.</td>
<td>&quot;Theory and Practice of International Commerce&quot;</td>
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<td>Wyman, W.F.</td>
<td>&quot;Direct Exporting&quot;</td>
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<td>29</td>
<td>Zimmerman, E.W.</td>
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<td>a.</td>
<td>&quot;Commerce Reports&quot; - weekly</td>
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<td>b.</td>
<td>Miscellaneous Series No.35 &quot;Export Trade Suggestions&quot;</td>
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<td>No.250 &quot;Shipping Samples and Advertising matter to Latin America.&quot;</td>
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<td>No.274 &quot;Markets of Southern Chile.&quot;</td>
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242 "Caribbean Markets for United States Goods"
346 "Caribbean Markets for United States Goods"
349 III Colombia.
351 "Caribbean Markets for United States Goods"
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352 "Markets of Northern Chile."
360 "Caribbean Markets for United States Goods"
365 IV West Indies.
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369 V Venezuela.
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