

being equal, will mean repeat orders to the home manufacturer. The Spaniard likes to be trusted, but the question arises, can he be relied upon to meet his financial obligations to foreign suppliers? The writer was careful to inquire into this point, and his findings would warrant him in concluding that credit can be safely granted in Spain on the condition that the Canadian manufacturer or exporter, after first of all doing what he does at home, i.e. posting himself as to the financial standing of the firm in question, finds that the Spanish importer is esteemed worthy of credit to such and such an extent.

The importance of making careful inquiry first, however, cannot be too highly emphasized. A case was brought to the attention of the writer of a Spanish firm which inquired for English agricultural machinery. The inquirers wrote under a most pretentious letter head surrounded by sheaves of wheat and various harvest crops and with indications of branch houses in various Spanish agricultural centres. The English firm without further investigation sold a small order of machinery on a credit basis, only to find out afterwards that the house had absconded and was in fact a specious organization. Investigation of a reliable nature would preclude any such disastrous results. With a Canadian and other British banks in Spain, with reliable rating houses in operation, with Spanish banks themselves prepared to assist in this commercial intelligence work, with a corps of British consuls throughout Spain and the presence of the British Chamber of Commerce, there can be no excuse for being ignorant of the commercial status of any Spanish firm with which it is worth while to do business. Of course as in Canada ordinary business risks must be taken, so in export trade with Spain these similar commercial risks are not absolutely precluded.

TERMS OF CREDIT.

When then are the terms of credit to be adopted if success is to attend Canadian effort? A great deal has been written about the extended credits of German firms. No doubt such facilities assisted in their export trade with Spain as with other countries, but the glowing accounts of their credit system are often unduly exaggerated. In agricultural machinery, where ability to pay often depends on the harvest the German was generally ready to accept whatever reasonable conditions were offered, and for a reaper payment in three yearly instalments was not an uncommon occurrence—one third on the purchase of the machine, and two instalments in accepted bills, the due dates of which would be at the end of the two succeeding harvest seasons. The writer was informed by one of the largest agricultural machinery importers in Spain that the German Transatlantic Bank operating in Madrid and Barcelona would hold accepted bills given by Spanish farmers in payment of their instalments for machinery to a German house for a very large amount and for a period of two or three years. In other products such as heavy machinery exceptional credit facilities were often conceded.

However lenient the Germans were in this respect, it is not necessary to conclude that such terms are indispensable to every contract nor that Germany was always disposed to grant them. The credit conditions which are at least expected by the Spanish purchaser in most trades are 2 per cent cash in thirty days, or net ninety days in each case from receipt of documents and acceptance of drafts. Other quotations of a more severe nature irritate him and do not win his respect, even if during the war he has purchased on the best terms obtainable. The "cash against documents" payment and the "cash with orders" payment, for instance must in the interests of Canadian export trade be regulated to the limbo of the past.

In the actual sale of goods to Spain it has been found most generally satisfactory to conduct all credit business on accepted bills of exchange, as in this way the holders are in a much stronger legal position. It is, moreover, customary to remit a draft with bill of lading and invoice to a bank for presentation to the consignee for his acceptance. On the date of maturity the bill is presented by the bank for payment. Although such bills must legally be met before sunset of the day of presentation,