

PROMOTING EXPORT BUSINESS

Foreign Trade Must Be Energetically Pushed and Proper Banking Facilities Provided

The Canadian Bank of Commerce in a pamphlet entitled "Export Business," discusses the question of foreign trade as follows:—

"One of the topics which is being seriously discussed at the present time by thinking men the world over is, business after the war. All the leading countries are making strenuous efforts to broaden the market for the goods they have to sell and the pertinent question with us is—What is Canada doing in this respect?

"During the past few years our factories have been deluged with war orders, our plants have been greatly enlarged to meet these demands and, we are proud to say, a skill in workmanship has developed which has quite exceeded our expectations. As a consequence our production has increased enormously and we have enjoyed unparalleled prosperity, but a time will come when war orders will cease, there may be little use for many of the plant extensions and numbers of workmen will be idle, a situation which will be aggravated by the return of our soldiers from the front. We shall then be faced with smaller incomes and a heavy national debt, which means burdensome taxation.

"We have borrowed very large sums in both England and the United States, the principal and interest on which we must endeavor to pay in goods. Our country is liberally endowed with natural resources, the production of foodstuffs and raw materials can be greatly increased, and fortunately these commodities can be marketed with comparative ease. In the production of manufactured goods we shall be subjected to the very active competition of other manufacturing countries, but we believe that the skill exhibited in the production of munitions has forcibly demonstrated our ability to compete with any other country where reasonable wages are allowed to employees, and there appears to be no reason why our manufactures should not find a ready sale. Our aim for the future, therefore, should be to increase the production of the factory as well as of the fishery, farm, forest and mine, in order to create an exportable surplus and thus assure to our country at least a reasonable proportion of the prosperity it has enjoyed in recent years.

"We should endeavor to seek a fair share of the world's commerce. It is a recognized fact that extensive trade over the seas tends to stabilize industry by ensuring to manufacturers and producers a larger sphere of activity. Increased orders from foreign countries tend to change seasonal demands to steady demands the year round, and this is the ideal condition we should seek to bring about in this country.

Our Natural Advantages.

"Until recently Canadians, with a few notable exceptions, felt that the home market was sufficient for their activities, and few of our manufacturers and producers gave any consideration to the question of entering foreign fields. Now, however, we realize our ability and necessities and if we are aggressive our foreign trade will doubtless develop rapidly. In the export of foodstuffs and raw materials we possess a decided advantage over many other countries, an advantage due primarily to nature's generosity in the provision of resources, and we should therefore make the most of our opportunities.

Must Be Prepared to Grant Credit.

"A large number of our producers show a reluctance to enter foreign markets, apparently labouring under the impression that a foreign importer is not as reliable to do business with as a domestic client. This is quite an erroneous idea. It is true that the foreign importer frequently seeks time on his purchases, so that if our exporters hope to secure orders in countries where it is usual to allow 30, 60, 90 or 120 days on purchases, credit must be granted in accordance with the prevailing custom. Credit risks must, of course, be as carefully scrutinized in the foreign markets as in those at home, but the banks and mercantile agencies are only too pleased to secure reports on foreign traders and to place their facilities at the disposal of all shippers. It is a recognized fact that a reliable foreign importer is very jealous of his credit and meets his obligations in a prompt and satisfactory manner. A great many of our exporters are inclined to insist on cash with the order or cash on production

of the documents at the shipping port, but little can be gained in endeavoring to develop an export business along these lines. These are, of course, ideal ways in which to do business, but other exporting countries have seen fit to grant reasonable credit where conditions warrant it, and if our exporters hope to succeed in their foreign endeavors they must at least accord similar terms; otherwise the business will go elsewhere. In this connection we have in mind a recent order involving over \$100,000 which might have been filled in this country, but which went abroad simply because cash was insisted upon before the goods were shipped. If, on the other hand, the reasonable terms requested had been acceded to not only this order but many future orders might have resulted.

Selection and Study of Foreign Fields.

"In considering foreign trade the market is so wide that it is bewildering, and it is difficult to know just what country or countries to cultivate. Naturally a producer, no matter how large, cannot cover all the countries which import his particular line of goods, and the selection of the field in which to commence operations is a matter of individual choice. Once the decision has been made, the exporter should study the territory carefully, noting geographic and climatic conditions, general adaptability of his products to the market, competition, prosperity of the inhabitants and their peculiar needs, tariffs, local laws, credits required, most suitable manner of packing goods, steamship connections, and so on. To carry on a successful foreign trade it is essential that the local conditions and requirements should be thoroughly grasped before one can hope to give entire satisfaction to the foreign client.

Foreign Agencies and Representation.

"Some of the larger corporations are already well established in a number of foreign countries where they maintain fully stocked branch houses or agencies, presided over by their own representatives who are naturally conversant with local conditions. This is, of course, the best method of building up a connection abroad, as purchasers can inspect the goods with the further advantage of securing immediate delivery, which is necessarily an important factor in effecting sales. While the small manufacturer may not be able to establish a local warehouse he can always secure an energetic and reliable local representative through whom, if he gives satisfaction to his customers, he should be enabled to do a satisfactory and profitable business.

"In view of the expense incidental to conducting a foreign business a number of small manufacturers in somewhat similar, but non-competitive lines, may agree to send a joint representative to a foreign field, thus dividing the expense among several, and this plan has been found to work well in many cases in which not only the ability to organize, but also the willingness of the individual to subordinate his own interests to those of the whole group have been in evidence. The best results, however, cannot be expected from one salesman endeavoring to handle several absolutely different lines such as, for instance, automobiles, dress goods and canned meats. This, of course, would not necessarily apply to a representative sent to a foreign country simply to arrange for the appointment of manufacturers' agents.

Export Companies.

"The formation of numerous export companies owned and controlled by various manufacturing concerns is one of the logical developments of after-the-war trade. In this connection an export association has been formed in Canada, the functions of which are to secure detailed information and actual orders for its members, to introduce buyers, to find reliable agents where representation is required, to collect, finance and make shipments and to assist in organizing production in Canada so as to make possible the successful execution of large export orders."

NORTH AMERICAN LIFE GIVES PRIZES

During the month of June business to the amount of over \$1,500,000 was received by the agency force of the North American Life. This is the largest monthly total in the history of the company.

Prizes ranging from \$125 down to \$15 have been distributed as a result of the company's sealed handicap contest, which closed on June 29th.