

Foreign Industry and Commerce

Possible Markets

CHILE.

South American countries have received a deal of attention from Canadian and American manufacturers and exporters, since the European War has shut off the Central Powers from their trade in that direction. Chile is no exception and her trade with the United States has had a remarkable increase. Although general business conditions in Chile have suffered as a result of the war, her two great export products, nitrate of soda and copper, have been in great demand, and this has assisted the trade of the country materially.

The general import trade of Chile is largely in the hands of a number of big importing houses (also engaged in the export trade), which, because of Chile's distance from all great supply markets, carry heavy stocks of imported merchandise distributed all along the coast. The advance in freight rates, as well as in the prices of many commodities in foreign markets, enabled these houses to dispose of their reserve stocks at a profit in a market that had received a short supply of articles from abroad.

Liberal Credits.

The limited manufacturing development of the country necessitates the importation of a wide variety of articles while the development of the country's great natural resources and export products calls for the importation of a large quantity of machinery, bagging, fuel, lumber, construction and railroad materials, etc.

The methods and terms of sale that appeal most to the American manufacturer are direct sale to the Chilean wholesale, jobbing, or retail houses, on the basis of cash against documents in the port of shipment. Some sales are made on those terms, but the Chilean import trade in most lines has been largely built up on a basis of more liberal credits. Many Chilean importers can not afford to purchase goods which must be paid for two months in advance of the time of arrival. To do that they would have to increase their capital, which at present would be difficult, or they would be forced to reduce their stock, which would prove a serious limiting of their business. However, a large number of houses in Chile command sufficient capital to buy on terms that will insure for them the greatest percentage in cash discounts. The principal houses of this type are the large importing and exporting firms with offices and credits abroad and branch houses in the more important cities in Chile. Several of these are in a large measure responsible for the widespread distribution of American products in Chile. They bring to Chile all kinds of American goods, either for stock or on order, in their own steamers, and carry Chilean products to the American market. They buy in the United States on advantageous terms and deliver the merchandise in Chile according to market requirements as to credit.

The smaller importing wholesale and retail houses avail themselves of four sources of supply—the larger importing houses, the resident foreign purchasing agent, the travelling salesman, and the resident agents. As applied to purchasing general merchandise of American manufacture, the smaller importers are practically limited to buying through or from the large importing houses for the reasons that very few have as yet established resident purchasing agents in the United States, that there are very few American salesmen making this territory, and that there are practically no resident agents of American goods.

Foreign Purchasing Agents—Resident Sales Agents.

It is probable that if the war continues for some time a number of Chilean importing houses, which now have foreign purchasing agents in Europe only, will appoint agents in the United States or will transfer their European agents to the United States. These agents usually work on a 5 per cent commission basis and purchase, collect, consolidate, and look after the shipment of all merchandise for their principals.

As Chile is a small market, practically all importing houses, whether they resell at wholesale or retail, need to carry diversified lines of goods. A foreign purchasing agent familiar with the needs

of the Chilean market and acting under the direction of his principals can render valuable service to the house or houses for which he is buying in a large foreign market.

An equally valuable service can be rendered to American manufacturers of different types of goods by sales agents resident in Chile who sell locally for the foreign manufacturer or exporter on a commission basis. An agent of this kind is provided with a line of samples by the manufacturer, which he exhibits to the trade and from which he sells. His orders as taken and forwarded represent sales by the manufacturer or exporter, subject to confirmation, direct to the purchasing house. Ordinarily the agent in forwarding his order or memorandum of sales sends with it two bank reports on the standing and reputation of the purchaser. The merchandise is shipped direct to the purchaser and the draft is drawn by the seller against the purchaser in accordance with the terms agreed upon through the agent. After the draft has been paid the manufacturer or exporter remits to the agent his commission. For this work an agent should be industrious and honest, have a large acquaintance in trade circles, and have a thorough knowledge of the line of goods he is selling. A great proportion of the import trade in Chile, and in general of all South America, has been done by resident commission agents, representing principally European houses. It is an economical and effective method of obtaining continual representation in this market, but so far it has not been much used by American manufacturers.

Articles Imported.

In 1915 imports from the United States included a fairly large number of articles that had formerly been received in commercial quantities from European countries only. Some of these were:—Chrome alum, bichromate of potash, borate of soda, hyposulphite of soda, carbonate of ammonia, flaked cocoonut, acetic acid, sulphuric acid, nicotine, sodium sulphide, sodium silicate, tin foil, tartaric acid, castor oil, bluing, chicory, potato flour, window glass, and yarn. Some of the articles in which a marked increase in imports was shown, as compared with former years, were: Automobiles, flour, belting, calcium carbide, caustic soda, soda ash, lubricating oils, iron and steel, glucose, pig lead, metal straps, cut nails, paraffin wax, rosin, manila rope, sulphate of copper, machinery, staves, stearin, turpentine, talc, sewing machine oil, cummin seed, soda crystals, printing paper, cinamon, black pepper and rice. American flour has also had a large sale in Chile.

U. S. IRON ORE PRODUCTION.

The iron ore mined in the United States in 1915 reached the great total of 55,526,490 gross tons, the greatest output made in any year except 1910 and 1913. The shipments in 1915, namely, 55,493,100 gross tons, valued at \$101,288,984, were a little less than the quantity mined. The quantity mined in 1915 was an increase of 14,000,000 tons over the output of 1914. The increase in quantity and in value of iron ore shipped amounted to about 40 and 41 per cent, respectively. The average value per ton in 1915 was \$1.83, compared with \$1.81 in 1914. These figures, which are just made public by the United States Geological Survey, were prepared by E. F. Burchard, who states that the production of iron ore from the Lake Superior district alone in 1916 will possibly be 60,000,000 tons, and that there will probably be an increase in price of 70 to 75 cents a ton for this ore.—The Annalist.

U. S. IMMIGRANT RETURNS.

Immigrant returns for the first ten months of the present fiscal year show that 291,527 immigrants have been admitted into the United States since July 1, 1915. In that period there have departed from the country 212,478 emigrant aliens, making a net increase of population of 79,049 by immigration during the ten months ended with April. For the entire year, ended June 30, 1915, the net increase by immigration was but 50,070. The greatest volume of immigration continues to come from southern Europe. There entered the country from Greece in April, 4,168; from Italy, 4,087; from Spain, 1,012, and from Portugal, 1,106. The number of Irish was 1,357; Scandinavians, 2,112; English, 1,402; French, 2,525, and Germans, 1,055.

U. S. TRADE WITH SOUTH AMERICA.

Continued increase in the proportion of exports to South America for the month of April and for the ten months of the fiscal year ending in April is shown in the records of the United States Department of Commerce, which have just been made public. The figures indicate that while the bulk of imports from South America still far exceeds the total exports from the United States, thus making an "unfavorable balance of trade" against this country, the value of exports is steadily growing.

For the ten months of the fiscal year, exports to all South America gained from \$73,000,000 to \$141,000,000, or approximately 100 per cent. During the same period the total imports of the United States from the southern republics increased from \$216,000,000 to \$312,000,000, or about 50 per cent. The value of imports is more than double that of exports, but the proportion is becoming smaller as shipments from the United States expand under the impetus of trade caused by war conditions.

The Department of Commerce statistics for the month of April show a gain in exports from \$10,000,000 to \$14,000,000, an expansion of 40 per cent. For the same month imports increased from \$32,000,000 to \$40,000,000, an expansion of 25 per cent.

It is shown that Argentina is the best customer of the United States, while this country imports most heavily from Brazil. Exports to Argentina for April expanded from \$3,600,000 to \$6,000,000, and for the ten months from \$21,800,000 to \$53,000,000. Exports to Brazil for April recorded an actual loss from \$2,800,000 to \$2,100,000, though the increase for the ten months was from \$20,000,000 to \$31,000,000. Exports to Chili in April gained from \$1,200,000 to \$1,900,000, and in the ten months from \$8,500,000 to \$18,537,000.

COMBINED RAILWAY AND STEAMER BILLS OF LADING.

Trade Commissioner D. H. Ross reports to his department from Melbourne, Australia, that importers in that city are finding extremely unsatisfactory the "combined Railway and Steamer Bill of Lading," used by Canadian exporters with whom they deal. The use of this form of bill of lading is a very inadequate compliance with overseas trade requirements. So irksome do Australian importers find the use of this document, that they are attempting to have it forbidden by legislation. The chief fault they have to find with it is the absence of any guarantee of a prompt and intact arrival of the goods contracted for. The endorsement "shippers' load and count more or less," is an exceedingly loose one and leaves the importer open to all manner of annoyances.

Melbourne bankers, too, disapprove strongly of this form of document. Here is what a prominent Melbourne banker says of it:

"From a banker's point of view the objection to the document is that it is not a legal security in Australia. The courts both in England and throughout the Commonwealth rule that a bill of lading is a valid instrument only when the goods are actually shipped. A bill of lading which does not show the name of the steamer is not a valid instrument, and is therefore not a legal security. In Australia, even through the name of the steamer be inserted, the document is not necessarily binding on a shipping company unless that particular steamer is in port at the time of date of issue of the bill of lading. My objections may be summarized as under:

1. A banker negotiating a draft supported by such a document has no tangible security.
2. He runs the risk of the drawee in Australia declining to pay until arrival of the relative goods.
3. No remedy is in the hands of the banker for goods short-shipped, and experience up to date shows that in connection with combined railway and steamer bills of lading irregularities in shipment have been almost chronic.

"It appears to me that an easy solution of the whole trouble could be achieved by the negotiating bank of Canada either declining to negotiate the draft until the goods were actually shipped, or offering to negotiate the draft on condition that interest during the period of delay between the date of negotiation and date of actual shipment should be paid by either the shipper in Canada or the consignee in Australia, or perhaps divide the interest equally between the two, but it should be a sine qua non that the draft must be retained by the negotiating bank in Canada until actual date of shipment is assured."