

## HOW GERMANY BUILT TRADE HERE

### Scientific Commercial Attack—British Shipping Companies Criticized

Some interesting sidelights are thrown on the growth of German trade with Canada prior to the war in the report on Canadian trade, just published, by Mr. C. Hamilton Wickes, His Majesty's trade commissioner in Canada and Newfoundland. He points out that Germany provided in 1913 only 2 per cent. of the total imports into Canada, and would, therefore, appear, at a first glance, to be an almost negligible competitor in the Dominion markets. An examination of the imports of the articles comprising this 2 per cent. over a number of years will, however, reveal a remarkable growth, which can only mean that the articles have been carefully selected as the ground for scientific commercial attack.

The commissioner then compares the imports during the financial year, 1908-1909, with those during 1912-1913, recalling that in the former year there was still a surtax on goods imported from Germany into Canada, whereas in the latter year the surtax was no longer in operation, it having been removed in the year 1910. The table deals with the following items: Chemicals, dry goods, china and glass, fancy goods, groceries, rubber manufactures, paints and varnishes, paper and stationery, miscellaneous and raw material. Germany's exports to Canada of those items in the former year were approximately \$2,409,850, and in the latter year \$9,718,675. Another table shows that in the case of imports into Canada of "free" metal manufactures from Germany and from the United Kingdom, the proportional and actual increase in the value of imports from Germany was considerably greater than the proportional and actual increase in the value of the imports from the United Kingdom in the two years noted.

The chapter of the commissioner's report on enemy trade continues as follows: "Investigations made in the markets of Montreal show that an import of a few hundred dollars in one year of a particular commodity made in Germany represents the inception of a commercial attack in this particular line, which has grown to a substantial trade in a few years. In the year 1912-1913 about 27 per cent. of the total German imports into Canada were made up of items of approximately \$1,000 in value, and it is surmised that these items represent the beginning of German trade in particular commodities which commercial research had indicated would provide a rapidly growing trade.

#### To Push Particular Lines.

"The German manufacturer comes into the Canadian market to push some particular line well informed as to conditions, and the goods and prices of other manufacturers he will have to meet in competition. Moreover, he has laid plans for his scheme of operations before he starts, and if he finds it worth while, will spend a comparatively considerable amount of money in the effort to establish himself. He does not expect to make an immediate profit, but he does expect to create a demand for his goods, and, having been in the position to study in Germany the possibilities of trade with Canada, he usually succeeds when he does visit the Dominion in making the business pay for the outlay incurred. When he raises his prices, a diminution of trade does not follow, because a situation has been created by his energies which will bear enhanced prices. This method of making a market for one's goods is well enough known to the trading community, but has not of recent years characterized many lines of British manufacture, probably on account of lack of knowledge of conditions.

"German trade with Canada is bulky in nature, and the following list of commodities, taken from a previous report furnished by me in November, 1914, indicate the lines in which substantial success has been achieved, namely: Chemicals; dry goods, including articles of apparel, articles for household use, piece goods, sewing threads, yarns and noils; earthenware, china and glass; paints and varnishes; groceries; jewellery; leather; rubber manufactures; metal manufactures; simple forms, machines and machinery, hardware; paper and stationery; fancy goods; explosives; furnishings; musical instruments; seeds and plants and sporting goods. These lines are obviously of careful selection, and for such a growing Canada, should offer an increasing demand.

"Freight rates from German ports to Canada have from time to time been lower than rates from British ports, but it remains to be seen if they be so in the future. At any rate, cheap rates are a serious factor for the British manufacturer to compete with, combined as they are with an extensive use of such aids to commerce as the German Cartels and Banks, and subsidies.

"The standard explanation given by British shipping companies as to why they will carry similar goods at a lower freight rate from continental than from United Kingdom ports is that they do not see why they should not have a share of the trade to be carried, for the goods, they contend, would be forwarded in any case at the lower rates, but they do not appear to have considered that they were playing into German hands by taking these low rates, as their action assisted the German manufacturer to enter the Canadian market in competition with the British, and would eventually result in affecting the export of similar British goods

#### In Stronger Position.

"It must be realized, moreover, that British companies could take goods only from German ports as the Germans permitted, whereas such a situation would never have been tolerated in the United Kingdom. Consequently, in all negotiations between British and German shipping companies the Germans were in the stronger position. Sooner or later the British company had to come to terms with the Germans. Always overhanging the former was the threatened entry of German shipping into British ports with offers of cut rates, and in such a case the position of the British companies, in view of the condition of public opinion prevailing before the war, would not have been promising. Moreover, it is understood that when the shipping companies of the two countries had come to an agreement the Germans could not be relied upon to keep it.

"German intentions as regards Canada must be judged from the fact that just prior to the war the Hamburg-American Line opened an office in Montreal, and, a year previous to the war, four large German forwarding agent firms had established organizations right through the Dominion. As customary with the Germans, they commenced by quoting rates which left them with little or no profit, and a serious feature of the campaign was that they obtained thereby the names of the Canadian customers of such British shippers as entrusted them with business, which information they utilized in the German manner by suggesting the names of German manufacturers able to supply similar goods.

#### Investigating the Market

"German methods of investigating a market challenge comparison with British methods, and a comparison appears to indicate that the science of commercial penetration has not received in the past the same attention in the United Kingdom as in Germany.

"One is perfectly familiar with reiterated advice to the British manufacturer to send travellers, and yet more travellers, into the Canadian market, and to publish catalogues in the currency of Canada, but it is clear that such advice is of little service unless accompanied with the necessary information as to the particular articles required by the market, and the communication of this information to those British manufacturers who are in a position to satisfy such requirements. In some such way only is it possible for British firms to judge whether an adequate return for the expense of sending travellers and compiling catalogues in accordance with Canadian requirements would ensue."

Mr. F. Armstrong has been appointed managing director of the Port Hope Sanitary Manufacturing Company, which acquired the Standard Ideal Company recently.

Application for letters patent is being made by the Bankers' Silver Black Fox Company, Limited, Charlottetown, P.E.I., \$115,000. F. E. Muzzy, J. Anderson, R. E. Spillet.

The Dominion Securities Corporation, Toronto, states in connection with subscriptions to the forthcoming domestic loan that it will make delivery and accept payment from subscribers at any point in Canada or the United States, and will hold in safe keeping the government interim certificates pending delivery of definite bonds, as well as attending to all details in exchanging interim for final securities, and placing the latter in the possession of the bond buyers.