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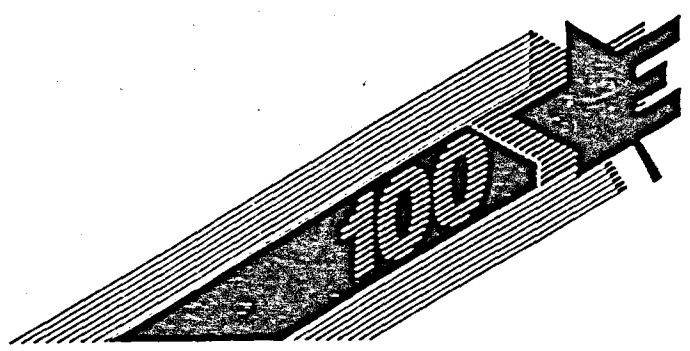
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TRADE COMMISSIONER SERVICE CENTENARY

1894 - 1994

Notes for Speeches

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Canada's Trade **1894-1994** Le service des délégués
Commissioner Service **1894-1994** commerciaux du Canada

TRADE COMMISSIONER SERVICE CENTENARY

1894 - 1994

Canada is one of the countries most reliant on trade, with exports accounting for over 25 per cent of our GDP. One of our most trusted avenues for assisting our exporters sell to every corner of the world has been the Trade Commissioner Service (TCS).

Today, trade commissioners are working in close to 130 Canadian trade offices around the world, helping Canadian exporters and investors find new markets for their products and services. As a matter of fact, the TCS is recognized as one of the best in the world. This represents quite an achievement for a service that is only 100 years young.

Origin of the Trade Commissioner Service

The roots of the TCS actually go back more than 100 years. It was in the winter of 1889 that the Department of Finance began to help Canadians market their products abroad by issuing a *Commercial Bulletin*. The first issues described opportunities for selling Canadian products to the British -- from eggs, butter and cheese, to fruit and

horses. (Hill, 43)¹

Two years later, first mention of trade commissioners, or their forerunners, was made in Parliament. George Foster, Minister of Finance, outlined in the House on September 14, 1891, a plan to "establish a kind of commercial agency... to make the beginning of a kind of stationary agent, who could report the state of the markets, the requirements of the markets, the prices of goods and the like of that..." (Hill, 43)

Although these "stationary agents" were just local, part-time employees, they can nevertheless be regarded as the forerunners of the trade commissioners.

The Order in Council to appoint these agents was passed on Nov. 21, 1891. It described their function as follows: to overcome "the difficulty

¹ (Hill and a page number) refer to
O.Mary Hill
Canada's Salesman to the World
McGill-Queens University Press, 1977

This book is still in print and apparently available through a good bookstore. A bibliography of other books may be found at the end of these notes.

which is experienced by Canadians in obtaining full and reliable information as to the kind, quality, quantity and trade conditions of commodities which are called for in the various countries and other such details as would guide the intending exporter in sending forward his consignment." (Hill, 43-44)

We might use somewhat different words today to describe the kind of information exporters need in this highly competitive world. But what is perfectly clear is that the nature of this information -- "full and reliable" - is just as true in our global economy as it was more than 100 years ago.

The First "Agents"

The first resident corresponding agents were appointed March 3, 1892 in the West Indies (Trinidad, Jamaica, British Guiana, Antigua, St. Kitts and Barbados), followed by appointments in Yokohama, Shanghai, South America, Europe and Great Britain. (Hill, 44)

For an honorarium of \$250 a year, they agreed to send regular trade reports and answer trade enquiries from Canadian business people. (Hill,

44)

Edgar Tripp of Trinidad was the most active of local agents who, according to their reports, all took their assignment seriously. He criticized "the lethargy and the poor performance of Canadian business firms." He pointed out that "The stiffest competition came from United States exporters who... succeeded because they studied and catered to the specific requirements of the West Indians."(Hill, 44)

If competition was stiff in those days, it is even stiffer in today's highly interdependent world. But we also know perfectly well that Canadian entrepreneurs can compete with the best in the world. Our numerous export successes speak for themselves.

Tripp ended his report with the following warning: "It is the greatest mistake to think that anything will do for the West Indies. The inhabitants know perfectly well the difference between good things and bad. West Indian merchants are as shrewd and know their business as well as similar men anywhere in the world. They will have the article

they want, put up as they want and as they know to be suitable for that trade. Unless these conditions are complied with, only failure and disappointment will result." (Hill, 44)

Tripp and his colleagues were only part-time employees. They did not have an intimate knowledge of Canadian industry and market conditions. This all changed with the appointment of the first full-time trade commissioner.

Interestingly enough, more than 100 years ago there already was a concern to develop trade relations with other countries to act "as a counterweight to the influence of the United States" (Hill, 26).

This is one factor which led to the appointment of John Larke, our first trade commissioner, to Australia.

Another factor was the visit to Australia by Mackenzie Bowell, Minister of Trade and Commerce, in the fall of 1893. One of the results of that visit was the decision to appoint a full-time Canadian commercial agent in that country.

Canada's First Trade Commissioner

Bowell wanted a "thorough businessman," (Hill, 45) and chose John Short Larke, a one-time newspaper editor and later president of a stove company and inventor of a stove used country-wide. Larke, who was also active in municipal politics, an excellent speaker and a close friend of Sir John A. Macdonald, served as Canada's commissioner at the World's Columbian Exposition on Chicago in 1893.

This is how Bowell recommended Larke's appointment to the prime minister: "I know of no man in Canada so well fitted for this position as Larke, he having a thorough knowledge of the manufacturing and other resources of the Country; and what is of equal or greater importance, he is an enthusiast on the extension of Canadian trade." And as Bowell noted, "He has also a happy aptitude for public speaking and could do much good in addressing Boards of Trade and other bodies." (Hill, 45)

It was in 1894 that an order-in-council authorized the Department of Trade and Commerce to appoint "Commercial Agents in Foreign Countries, as well as in various Colonies, for the purpose of collecting

information, and with whom correspondence may be had by Canadians interested in trade with the Countries in which they reside." (Hill, 45-46)

Larke left for Australia in December 1894, after touring several Canadian cities, attending trade fairs and talking to Boards of Trade members and B.C. lumber traders. He arrived in January 1895 and served in Australia for 15 years, until his death in 1910. Larke's territory initially included the various Australian colonies as the Commonwealth had not yet been formed when he first arrived. In 1903, D.H. Ross was appointed to Melbourne, which had become the capital of the Commonwealth, and Ross and Larke divided the territory.

Larke's task was not easy. For one thing, his initial salary of \$3,000 remained the same till his death 15 years later. His expense accounts were a constant in his communications with the Department, particularly as the Ottawa officials did not seem to understand the different costs of living in the two countries. He toured in his territory, promoting Canadian products, talking about Canada and its confederation, advocating the Pacific cable and seeking better shipping facilities between

the two countries.

Another sore point was his official title, Commercial Agent. It sent the wrong message to the Australians who thought a commercial agent was someone who actually sold things. On one occasion Larke was refused an interview with a company official because he did not have a price list of the products he was promoting.

Larke's Accomplishments in Australia

Despite these difficulties, Larke made an invaluable contribution to Canada-Australia trade. He was able to stimulate trade in Canadian products as diverse as cotton goods, carriage wheels and woodwork, harness, rubber goods and even breakfast foods.

He also sent numerous reports, offering advice to prospective exporters -- from proper shipping and pricing to comments on quality and the need for local visits and representation. He even conceived the idea of a central showroom in Sydney for the display of Canadian goods. But the

Department turned it down, finding the \$5,000 annual cost too expensive.

Although he returned home only once -- after ten years -- during his long service, the Department did pay for him to tour Canada and address Boards of Trade and associations, which he did with great success. He even held daily consultations at the Toronto Exhibition with firms interested in Australia. This was a predecessor of today's "ExportVision" where specialized teams of Trade Commissioners visit selected Canadian centres for one-on-one meetings with potential Canadian exporters.

"Here again, Larke pioneered those tours of Canada that have remained a tradition with the Service." (Hill, 46)

The Service Evolves

Some of the improvements Larke was suggesting started during his term in Australia. In 1907, the title "Trade Commissioner" came to replace "Commercial Agent" which was to be reserved for part-time representatives. It was about this time that "Trade Commissioner Service" seems to have been adopted. The Service was also slowly growing, with 21 trade commissioners in 16 countries by 1911.

In 1911, the name of the Service was changed from the Trade Commissioner Service to the Commercial Intelligence Service. The year 1914 saw the first attempt to recruit trade commissioners directly from the universities when the Minister successfully approached McGill and the University of Toronto seeking candidates for the Service. This resulted in the recruitment of Dana Wilgris and Norman Johnston. The same year saw the beginning of training before going abroad. In 1916, plant tours before posting overseas became part of the training.

By 1922, there were 24 full trade commissioners; nine years later, 34. Other landmarks in the Service include establishing in 1926 the practice of returning to Canada after four years abroad for leave and tour (previously it was thought the longer trade commissioners stayed abroad the more effective they were); James Langley's transfer from Kobe to Tokyo marks the first time a trade commissioner was formally attached to a diplomatic mission; and in the mid-1940s the return to the name "Trade Commissioner Service" from "Commercial Intelligence Service". In 1949 when Newfoundland joined Confederation, the members of the Newfoundland Trade Commissioner Service became members of TCS. A

major landmark occurred in 1969 when the first women officers to be recruited directly from the universities joined the Service.

Old and New Challenges

Now, 50 years later, we are still known as the "Trade Commissioner Service", but our numbers have grown to almost 600 Canadians working in offices across Canada and abroad, with another 350 locally engaged employees in the offices overseas. The latter are an important component of the Service as they have an intimate knowledge of the local market, local culture and language that would otherwise take a Trade Commissioner years to develop. Their contribution to the effectiveness of the Service is one of the foundations of the Service's history. But those are not the only developments. The Service has had to adapt in many other ways and will continue to do so in its constant pursuit to serve the Canadian exporting community even more effectively.

John Larke was Canada's first professional trade commissioner. His appointment set a pattern for all trade commissioners who today promote our trade in close to 130 trade offices around the world.

The difficulties faced in trading at the turn of the century were just as challenging as those encountered today. In 1894, challenges stemmed mostly from transportation problems, such as getting products to their destination in good condition and on time. Although these are still critical criteria, today traders must also contend with quotas, subsidies, exchange rates, evolving bilateral and multilateral trade agreements as well as constantly changing markets, to name a few.

Canada's first trade commissioners were charged with promoting trade, essentially the export of Canadian goods. However, they also turned their attention to improving transportation and communication facilities. Their work today also includes the promotion of Canadian services, investment and tourism and more recently technology transfer. As a matter of fact, the services sector is rapidly becoming the number one and fastest growing trade activity.

The TCS Offers Top Service

Canada's Trade Commissioner Service is recognized as one of the best in the world. It has played a major role in Canada's performance on

international markets over the last 100 years. John Larke was the first of the many men and women of the Trade Commissioner Service who have contributed and who will continue to contribute significantly to Canada's success as a trading nation and to the country's prosperity. Canada ranks 37th in population, but 8th in the world as a trading power.

Trade commissioners can assist Canadian entrepreneurs explore many opportunities through up-to-date market intelligence. Exporters, both experienced and new, can obtain information on the numerous services and computerized systems available to them simply by contacting any International Trade Centre located in every province.

Trade commissioners at home -- in the 10 regional International Trade Centres and in Ottawa -- and abroad -- in 128 Canadian Embassies, Consulates and Trade Offices throughout the world -- provide Canadian exporters with expert advice. Their services include:

- providing basic export counselling through the International Trade Centres

- helping to identify market opportunities
- helping to develop a foreign marketing plan
- promoting companies to local customers
- providing information on technology transfer and joint venture opportunities
- arranging trade-related conferences and seminars
- advising on marketing channels
- recommending participation in trade fairs and missions
- identifying qualified foreign agents
- helping find credit and business information on potential foreign partners
- assisting in solving problems with duties, taxes or foreign exchange
- advising on a country's trade, business and financial environment and practices
- advising and assisting with foreign joint ventures and licensing
- recommending federal and provincial government assistance programs.

Evolving role of the TCS

The future of Canada's Trade Commissioner Service will be examined at

a series of mini-conferences to be held across the country this year under the title "Launching the Second Century". These mini-conferences, sponsored by the Centres for International Business Studies at Canadian universities, will examine a number of topics bearing on the future of the Trade Commissioner Service. These include the effects of globalization on small and medium-sized enterprises, the future role of trade fairs and missions and the implications for trade commissioners of new initiatives in market intelligence and information. A national conference on the Trade Commissioner Service in Toronto on October 3 will build on the views and opinions drawn from the deliberations of the cross-Canada mini-conferences, and the discussions at the national conference will help guide the Service into its second century.

Through these activities, the Department of Foreign Affairs and International Trade will be seeking the input of the Canadian business community on issues of importance to the TCS. At the same time, the Department is taking steps to ensure the TCS continues to meet the evolving needs of its clients.

Market Intelligence and Market Information

Market Intelligence and Information (MI/I) is the most important service provided by Canadian posts abroad. This is the message the Canadian industry has repeatedly been giving the Government. It is also the overwhelming conclusion of a survey of Canadian businesses conducted in the spring of 1993.

Market information is the knowledge used to DEVELOP a business strategy. Often it is of a general nature, found in the public domain and not very time sensitive.

Market intelligence, by comparison, is the time-sensitive data companies rely on to be able to IMPLEMENT their business strategy.

There is no distinct line which can be drawn between these two concepts. Rather, it could be thought of as a continuum ranging from in-depth market studies and country overviews to hard business leads and competitive intelligence all the way

Part of the MI/I initiative is the formation of Sector Expert Groups.

These groups include individuals from different levels of government with specific sectoral expertise. These groups contribute their knowledge and contacts to aid in both the swift dissemination and additional professional review and analysis of MI/I.

The TCS has renewed its focus on the importance of market intelligence and information to improve on the timeliness and effectiveness of MI/I.

Through both the revitalized effort given to MI/I and the use of Sector Expert Groups, the TCS will be able to better serve the Canadian business community.

One of the most effective ways Canadian exporters can benefit from Market Intelligence is by being plugged into the World Information Network for Exports -- WIN Exports. This Canadian computerized sourcing system is being used by our trade commissioners around the world.

Through WIN Exports, which lists over 23,000 Canadian firms, trade commissioners around the world can identify, and recommend to overseas

contacts, Canadian suppliers able to respond to specific sales opportunities.

The Department's Info Centre already has a FaxLink operating 24 hours a day, seven days a week, for the electronic dissemination of market information. Further advances include a Market Intelligence Messaging System (MIMS) which is currently being set up in some key Posts. The MIMS will enable timely, multiple faxing of one single message targeted to potential Canadian suppliers appearing on the WIN system.

Other improvements toward a more timely gathering and dissemination of market information include the possibility of setting up an Electronic Bulletin Board System (EBBS) in the Department's Info Centre. This system would make the centre the primary source for trade-related information in Canada.

All these "state of the art" improvements are designed to enhance the international competitive position of Canadian business. It should also encourage more businesses to export. (Currently, less than eight per cent

of Canadian firms are directly involved in exporting while more than 60 per cent of all exports are made by just 100 firms. Yet many have the potential to increase sales and production through exports.)

Trade commissioners are increasingly called upon to facilitate market access. They not only advocate Canada's position on commercial and economic issues to local officials but they also advise clients on trade policy instruments such as dispute settlement mechanisms. This is an interesting echo of John Larke's efforts a century ago to obtain preferential access for Canadian products to Australian markets.

The primary client of the TCS is the business community so special emphasis will be given to this function. The Government is also committed to helping SMEs expand their share of exports. Trade commissioners will be undergoing training to gain a better appreciation of the special needs of SMEs and how these needs can be addressed effectively.

The TCS Into the Next Century

The Trade commissioners' role is evolving to serve Canada's international business interests in this new era. Trade commissioners link Canadian exporters with foreign buyers, manage and arrange trade fairs, and tackle market access issues. This results in improved sales, strategic alliances, more foreign investment, technology transfers and better market intelligence -- all of which lead to job creation in Canada.

Above all, the TCS will continue to strive for excellence as it looks forward to another century of service to Canada and to Canadian exporters.

In order to renew itself, the TCS is committed to:

- becoming an agent of change
- reaffirming that business is its prime client
- receiving more exposure to the business community
- building a closer working relationship with other agencies (EDC) and the provinces to enhance a "Team Canada" approach.

The network of trade commissioners in Canada and around the world is

the most tangible and effective tool available for helping Canadian firms penetrate foreign markets. The TCS represents the human face of the Government's trade development support, working closely with Canadian companies in addressing their individual needs at home and abroad.

Trade commissioners provide expert counselling to prepare companies for their first forays internationally or to expand their existing sales network. They identify specific trade opportunities, provide advice to exploit them and open doors to make Canadian international business success a reality.

Their daily networking enables Canada to reach influential decision-makers around the world and identify valuable local partners for Canadian firms.

Trade commissioners play a vital monitoring and advocacy role abroad, regularly intervening with foreign governments to maintain and improve market access.

On the eve of its second century, the TCS is committed to responding in

more timely ways to the needs of the Canadian exporting community. The focus is on the single most important element that business needs: trade, investment and technology opportunities, through market intelligence.

And building on its past success -- based on change and information -- the TCS will strive to lead an increasing number of Canadian firms into successful exporting. In so doing, it will continue to adapt, to improve, and to do what it does best: provide that value-added dimension to transform market information into invaluable market intelligence on specific international business opportunities for Canadian companies.

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