

Export and Import Promotion

B. C. Butler

TRADE with other countries is one of the important pillars of Canadian prosperity and its development has had the attention of government since the earliest days of the country. However, this attention was at first expressed in broad, general policies such as the provision of railways and canals to enable Canadian products to gain readier and cheaper access to markets both on this continent and abroad. Fiscal policy and the customs tariff were also used as means of encouraging industry and promoting trade. The idea of giving the producer more direct help in finding buyers for his products in other countries grew slowly, and did not begin to ripen until Canada had reached a stage in her development when it became evident that her resources were of such a character as to require markets in other countries on a very extensive scale. The opening of the West probably did more than anything else to create a deeper and wider realization that full development of Canada's resources could only proceed on the basis of good markets abroad.

The investment of capital in Canadian manufacturing industries, and the capacity of such industries to produce in excess of domestic requirements, awakened a new interest in export markets. Moreover, as these new products, unlike the raw materials which had characterized the earlier days, came into direct competition with the factory output of other countries, a greater degree of promotion and salesmanship was required.

These were the conditions under which the government first began to take a more active interest in finding buyers in other countries for the mounting output of Canadian industry. The latter half of the nineteenth century had brought the widespread application of steam power and Canadians began to process and refine their raw materials before exporting them. Wood was turned into pulp and paper, metals were smelted, wheat was ground into flour, coarse grains were fed to hogs and turned into bacon. Confederation in 1867 had strengthened the productive sinews of the former colonies of British North America, and the new federal government very soon became interested in external marketing problems. A protective tariff policy fostered the growth of small industries and increased the volume and diversity of goods for export.

But the very youth and size of these industries made it difficult for them to find the time, the personnel or the money with which to explore foreign markets, and government officials began to interest themselves in this work. At that time, the late 1870's, the only Canadian officials serving abroad were concerned mainly with the selection of immigrants from Great Britain and certain European countries. These officials reported to the Department of Agriculture and it was only natural that they should be encouraged to devote some attention to the promotion of trade in farm products. At the same time they were expected to publicize Canada in every way to

attract immigrants, and their efforts in this direction also brought to them enquiries and openings for the sale of goods. The more active of these agents began to take a lively interest in this aspect of their work, and their reports contained more and more information and suggestions to do with the means of improving sales in the areas they covered—the labelling and packaging of goods, the showing of samples and the other techniques essential to the transaction of business.

When Sir Charles Tupper was appointed as Canada's first High Commissioner in London in 1880, he interested himself in the work of the immigration officers and undertook the supervision of their trade promotion activities. He urged greater publicity of this trade work among Canadian firms and invited exporters to send their enquiries to his office. The trade reports of the immigration officers were more widely circulated in Canada and informative material on Canada and her growing productive capacity was distributed throughout the British Isles. The Commissioner-General in Paris also interested himself in similar activities in France.

About 1886 commercial agents were appointed in the West Indies and Australia. These were local businessmen who, for a small honorarium, were prepared to report upon trade opportunities and marketing conditions. They were responsible to the Department of Finance which also took over the direction of the commercial activities of the immigration officials in the United Kingdom and Europe.

II

BY this time Canada's expanding trade required the attention of a separate department, and in 1892 the Department of Trade and Commerce was established. Three years later the first full-time salaried agent was appointed and assigned to Australia. The turn of the century, the development of hydro-electric energy and still greater industrialization created the need for increased activity in the promotion of exports. The name "Commercial Agent" was changed to "Trade Commis-

sioner" and the Commercial Intelligence Service began to take form.

However, it was the industrial expansion generated by World War I which brought about the need for a more thorough and extensive commercial representation in the world's markets, and in the 1920's a greatly increased staff was recruited and many new offices were opened. The same process followed World War II until to-day the Service, now called the Canadian Trade Commissioner Service, has a complement of 95 highly-trained career officers to staff 47 offices in 40 countries.

The selection and training of these officials have become matters of primary importance to the successful functioning of the Service. New officers are recruited by competitive examination, both written and oral, and the successful candidates are given a year of intensive training in Ottawa which includes periods with each division at headquarters as well as with other departments such as Agriculture, Resources and Development, and External Affairs. They are given a thorough grounding in the problems concerned with the production and marketing of Canadian exports and the procurement of Canada's essential imports. They learn the basic principles of good public relations and are taught how to go about the preparation of a report or article for publication. Insight into the responsibilities of other government departments prepares them for the vast variety of questions with which they will be expected to deal when serving Canada abroad in their representative capacity. Their training is concluded with a tour of Canada during which they visit all types of Canadian industry, familiarize themselves with processes and meet the businessmen whose interests they will be serving. At intervals of three years, or less, they return to Canada for a country-wide tour which enables them to refresh and expand their knowledge of Canadian industry and to discuss at first hand the foreign marketing problems of individual Canadian firms.

The expansion of Canada's diplomatic and consular representation in other countries has brought about some changes in

the designation of the commercial officials. The old title of "trade commissioner" has been replaced in many countries where these officials are attached to diplomatic or consular missions—embassies, legations, consulates general and consulates. In such cases the Canadian trade commissioner has the diplomatic rank and title of commercial counsellor, commercial secretary, commercial attache, consul or vice consul, but the purpose of his work remains unchanged.

SPEAKING to a group of business men, the director of the Trade Commissioner Service recently referred to the organization he heads as "a \$2 million sales force". Though qualified by the official status of the personnel, this is a fair description of the nature and purposes of the duties undertaken by Canadian trade officials. They are prepared to do for a Canadian firm anything that the company's own representative would do were he on the spot, with the exception of actually taking orders. They will display the exporter's samples and catalogues, quote his prices, and endeavour to find a reliable importer to represent and sell his products in the foreign country or within a marketing area of that country. They keep a constant check on established connections in order to assist in the maintenance of smooth relations. They help in the settlement of disputes, in the collection of debts, and the disposal of distressed shipments. When a Canadian business man visits a foreign country, the trade official is at his service to introduce him to local contacts and, if necessary, act as interpreter.

It is this unique, practical and down-to-earth service that has earned for Canada's trade officials the high reputation they enjoy both at home and abroad. While the controls, restrictions and other developments of the post-war period have thrown many new tasks upon their shoulders, it is the constant endeavour of the officials of the Service to retain the essential functions that have for so many years been at the disposal of Canadian exporters and foreign importers, and which have contributed so largely toward the

expansion of Canada's markets in other countries. It is essentially a foreign service to assist businessmen.

Until the outbreak of World War II, the trade commissioner was able to discharge his functions with a minimum of direction and assistance from the Ottawa headquarters. His task was not difficult to define; it was to seek out markets for Canadian goods and endeavour to establish connections for Canadian exporters. In this task any limitations were of a strictly commercial character — competition, terms of sale, packing, satisfactory shipping, delivery dates and similar factors. Direction from headquarters, under such conditions, was mainly administrative in character and the provision of certain materials and services to assist the work of the men at the foreign posts. These materials included general literature and publications about Canada, maps, basic reference books and the limited range of pictures and films then available. Important among the aids from Ottawa was a confidential directory containing full particulars about the products available for export and the firms offering them. If a trade commissioner received an inquiry in his territory for a product whose source in Canada was unknown to him or not listed in his records, he submitted the inquiry to headquarters where an effort was made to locate a Canadian source of supply. His regular reports were published in the weekly *Commercial Intelligence Journal* which circulated widely in Canada and was read by most active exporters.

But the main tools of the trade commissioner's job were the samples, catalogues and price lists from individual Canadian firms, and with these he was constantly endeavouring to interest foreign importers in Canada as a source of supply.

The years during and since World War II have introduced a new complexity to the task of promoting commercial relations. Unbalanced trade, currency restrictions, import and export controls of various kinds now complicate the otherwise relatively simple process of bringing buyers and sellers together. A framework of

international agreements, financial and commercial, has been devised upon which it is hoped trade will be reconstructed on the multilateral basis that was familiar to all trading firms until 1940.

Meanwhile in spite of the obstacles and difficulties, vast quantities of goods are being moved in the channels of international commerce, a greater volume and value than at any time in the world's history. Much of this movement is financed by loans, credits and similar expedients, and a good portion is subject to the control machinery of both the exporting and importing country with all the resultant paper work for buyers, sellers and the government officials concerned. The services of Canada's trade representatives have been applied to assisting the conduct of business under these present day conditions, an extension of the practical facilities they have always offered businessmen.

III

IT is no longer possible for the Canadian official abroad to accomplish his purposes "off his own bat" as he could when conditions were less complex. Constant guidance and assistance of all kinds are required of the Ottawa headquarters, and since the war a Foreign Trade Service has come into existence at Ottawa to deal with the broad, as well as the detailed problems of international trade, and to support the work of the men in the field. The following divisions of the department have been co-ordinated under the name of the Foreign Trade Service to provide these new and expanded facilities to Canada's businessmen.

The *Trade Commissioner Service* is responsible for the recruiting, training and posting of trade commissioners, and the direction and supervision of the officers abroad. The majority of these are concerned with trade promotion in all classes of products, but at certain key posts there are officers specially trained in agriculture and others in fishery products. The headquarters staff of this Service includes five *Area Officers* who are familiar with foreign

trade developments in their geographical or political areas, and co-ordinate the work of the trade commissioners in these fields.

The *Commodities Branch* includes and co-ordinates the work of the *Export Division*, the *Transportation and Communications Division*, and the *Import Division*.

The *Export and Import Divisions* comprise 26 Commodity Officers organized into five major sections—(1) Fishery Products; (2) Machinery, Metals and Chemicals; (3) Wood and Paper Products; (4) Textiles, Leather and Rubber Products; (5) General Products. These Commodity Officers promote both the export and import of the commodities with which each is concerned, keep the trade commissioners informed of the Canadian supply picture, and maintain close liaison with actual and prospective Canadian importers and exporters. The Export and Import Divisions maintain confidential Exporters' and Importers' Directories. The Export Directory lists Canadian manufacturers and producers and the commodities which they can supply. The Importers' Directory lists Canadian importers and foreign exporters, classified according to the field of their activities.

The *Transportation and Communications Division* facilitates the shipment of merchandise from point of origin to its ultimate destination, and in this respect its services are available to exporters and importers. The Division maintains liaison with transportation companies of all types, forwarding firms and brokerage houses. Policies initiated by foreign governments which affect the movement of Canadian goods, conference rates and regulations established by private steamship companies and the pattern of this country's foreign trade in terms of freight movements are kept under constant review.

The *Agricultural Commodities Branch* is concerned with the export and trade promotion of all food commodities, with the exception of wheat and fish. The Branch works directly with the Agricultural Trade Commissioners abroad, and maintains close liaison with the Department of Agriculture.

In the Economic Research and Devel-

opment Branch of the Department there are two divisions which share in the task of assisting those in the Foreign Trade Service who are more directly concerned with trade promotion. The first of these is the *Commercial Relations and Foreign Tariffs Division* which serves Canadian business by collecting and making available to government agencies and exporters data concerning trade agreements and trade relationships with other countries, tariffs, import and exchange regulations, quotas and embargoes. This Division undertakes, as well, detailed investigations into all aspects of commercial policy, research into tariff and financial developments, and the preparation of data required for preliminary study in the negotiation of new trade agreements, trade agreement renewals, and revisions.

The other is the *Industrial Development Division* which co-ordinates federal assistance in the establishment of new industries in Canada, both of domestic and foreign origin. The Division maintains close liaison with a widespread network of organizations throughout Canada, including industrial development departments of the provinces, municipalities, railways, banks, power companies, chambers of commerce and other promotional agencies, and with trade commissioners and other Canadian Government offices abroad. Inquiries are processed from foreign concerns and individuals regarding the manufacture of new products in Canada under license or royalty, and the placing of inventions. The Industrial Development Division organizes programs of training for foreign technicians and, working in conjunction with the Area Sections of the Trade Commissioner Service, makes arrangements for visiting foreign government officials, technicians, lecturers, scientists and students.

The *Publicity Division* publishes or otherwise makes available to the commercial community of Canada the information assembled by the Foreign Trade Service at home and abroad. Its principal educational and informative medium is FOREIGN TRADE, the weekly publication of the Foreign Trade Service, in which are reproduced reports of Canadian Trade Com-

missioners on conditions in their respective territories, articles by Head Office personnel, news items and charts showing trade trends. Press releases and advertisements, films and radio programmes, are prepared to supplement other information on all aspects of Canadian trade.

CLOSELY associated with the above are other agencies reporting to the Minister of Trade and Commerce.

The *Canadian Government Exhibition Commission* is responsible for arranging participation by Canada in all exhibitions, display promotions and trade fairs outside Canada, and for international trade fairs held in Canada. The Commission also advises individual firms in the display of their commodities in foreign countries.

The *Wheat and Grain Division* serves as a medium through which wheat, flour, and other cereal products are procured for Government agencies of other countries. It maintains a constant survey of Canada's grain position, respecting supply, transportation, domestic and export demand. The Director is secretary to the Wheat Committee of the Cabinet, and liaison officer between that Committee and the Canadian Wheat Board, the Crown corporation responsible for wheat marketing.

Canadian Commercial Corporation serves as a purchasing agent in Canada for governments of other countries and for international bodies. The facilities of the Corporation are utilized in the purchase of supplies for the Department of National Defence and for defence projects.

Export Credits Insurance Corporation provides exporters with protection against the principal risks of loss involved in foreign trade, and insures them against the insolvency of the foreign buyer, protracted default in payment by the buyer when the goods have been duly accepted by him, and difficulties in the transfer of exchange, which prevent the Canadian exporter from receiving payment for goods he has sold.

While directly concerned more with the recording and tabulation of the figures with respect to all aspects of national affairs, it would be a serious oversight to

omit a reference to the splendid services rendered by the *Dominion Bureau of Statistics* to those engaged in the active promotion of trade. As an agency of the Department of Trade and Commerce, the Bureau has always made one of its primary tasks the compilation of reliable trade figures. It is difficult to imagine how an intelligent approach to any trade problem could be possible without the knowledge and the accurate and up-to-date facts that are made available by this statistical service.

It will be noted that the above listing of the agencies now in existence to assist in the active promotion of Canada's trade includes an Import Division as part of a larger Commodities Branch. Attention to import trade became necessary during the war years when it was difficult to obtain many essential items from overseas. This condition remained after the war and Canada's importers continued to look to the Department for facilities in arranging their purchases. The Import Division is also serving a valuable function at the present time in bringing about a readjustment in Canada's import sources; the general policy is to reduce imports where possible from dollar sources and to encourage imports from the sterling and European countries. This is expected to have the twofold effect of redressing our balance of payments with the hard currency countries, and providing the sterling and European countries with the necessary exchange with which to maintain their purchases from Canada. In other words, Canada practices and actively promotes two-way trade and regards this as a healthy basis on which to maintain and expand her commerce with the world.

IV

SPACE does not permit a more extensive discussion of the work of the various branches and agencies of the Department of Trade and Commerce that are engaged full-time in trade promotion. However, the names and descriptive notes following each give some indication of the many facilities and services now available to

the businessmen of Canada and the countries in which Canadian trade officials are located. It should also be clear from these notes that the trade officials serving abroad are to-day supported in their exports with an organization at headquarters which not only goes a long way toward meeting the needs of the times, but also enables them greatly to increase the effectiveness of their trade promotion activities—import as well as export. Many examples could be given of the extent to which the close team-work between the men in the field and the headquarters organization has produced results in the form of business for Canadian firms in all parts of the country and in all classes of manufactured goods; in the plant and animal products of our farms; the varied output of our mines; the harvest of our fisheries, fresh, dried, salted, canned and otherwise processed or packed.

The business opportunities that are developed by the Foreign Trade Service in the field and in collaboration with headquarters are brought to the attention of Canadian businessmen by direct correspondence or through the medium of the weekly publication of the Service, *FOREIGN TRADE*. Replacing the former *COMMERCIAL INTELLIGENCE JOURNAL* in 1947, this publication is made available at a nominal yearly subscription. It presents every week the reports of the field and headquarters staff, and is an invaluable aid both to firms long established in foreign dealings and to those who are beginners in the business.

While the Department of Trade and Commerce is charged with the main responsibility for the government's concern in trade promotion, other departments and agencies play an indirect though extremely valuable role. In fact, no agency of government with interests outside Canada and no Canadian official serving abroad can be entirely divorced from the trade aspects of Canada's relations with other countries. Thus, the officers reporting to the Department of External Affairs—heads of diplomatic missions to junior officers in consulates—find many occasions to advance Canadian trade interests in the territories in which

they serve. Part of their function is "public relations" at a high level and in an international setting, and their activities along these lines can but enhance the receptivity of foreign consumers for Canadian products and services.

While price, quality, packing and similar considerations are perhaps of primary importance, favourable knowledge of and confidence in the country of origin enters into a buyer's decision to purchase a product that is not produced in his own country. In certain high-quality or technical articles, such as watches or machinery, the reputation of the country and its people frequently outweighs considerations of price.

IN many countries Canada and Canadians are well and favourably known as a result of the years during which we have exchanged goods, people, services and ideas. But in a great many parts of the world we are still little more than a geographic place name to most of the businessmen and the general population. A Canadian salesman or government trade official visiting such countries, quickly finds that his sales efforts must be preceded by an educational process that will inspire confidence in Canada and Canadian methods and institutions. It must be established to the satisfaction of our potential customers that we are a capable people, and that our business methods, banking procedures and our general cultural level qualify us to produce goods which they should want to buy.

The informational and educational task abroad must, therefore, be continuous and employ all possible media—radio, films, and still pictures, attractive literature, the arts, displays at trade fairs and exhibitions in other countries. In this modern, highly-competitive trade world, such indirect aids to the promotion of trade cannot be neglected; they are part and parcel of the "institutional" advertising of a country whose prosperity depends so heavily upon international trade.

Agencies such as the International Service of the Canadian Broadcasting Corporation, the National Film Board, the

Information Division of the Department of External Affairs, the Canadian Government Travel Bureau, the National Gallery of Canada and the Canadian Government Exhibition Commission, coupled with the facilities of the Canadian diplomatic missions and trade officials abroad, perform functions of incalculable value to all other and more direct sales exports. Each of these agencies through its own medium helps to make Canada, her people, their customs and institutions, more widely known and understood.

Until the other departments and agencies referred to above came into existence or extended their activities to include the audience outside Canada, the trade officials were left very largely to their own devices and imagination in promoting Canada in this general and broader sense. During and since the recent war the task has been taken up by persons who are expert in the various media, and the total result assumes the professional quality that is so necessary if our story is to be noticed in competition with that of other nations.

The Canadian International Trade Fair has, for the past three years, provided an extremely useful theme upon which to develop a substantial volume of publicity and promotion abroad and in Canada. Quite apart from any other results in the form of business generated during the Fair, there can be no doubt that as a result of the publicity abroad promoting the participation of exhibitors and buyers, Canada has become better known as a great trading nation.

IT will have become apparent to any reader who has progressed thus far that the business of selling Canada and Canadian products and services abroad, and the development of international trade have the attention of a great many agencies of government. Much has been left to the imagination of the reader, but enough has been said to indicate the extent and character of the work being done. Unfortunately space does not permit of a discussion of the efforts of the various provincial officials and the many private Canadian companies and institutions—

manufacturers, banks, railways and insurance companies, to mention but a few—to spread Canada's story and to promote their own interests abroad. *In the last analysis, these private promotional efforts are the ones that are the most tangible and perhaps the most lasting in value to Canada.* In fact, if full advantage is to be taken of promotion provided by government agencies, private business must take an increasingly active part. There is little

to be gained in acquainting potential customers or sellers in other lands with the opportunities for business with Canada, if this knowledge is not followed, and as soon as possible, with specific publicity and firm offers from Canadian business itself. It is only by such complementary action that trade will be maintained and continually expanded to the benefit of all Canadians and the peoples with whom we trade.

