

FOREIGN TRADE IN PHARMACEUTICALS.\*<sup>1</sup>

BY L. F. SCHMECKEBIER.

Let us consider for a moment the extent of our trade in medicinal and pharmaceutical preparations. The value of our exports of these articles has increased from \$6,700,000 in the fiscal year ended June 30, 1914 to \$19,000,000 in the calendar year 1919. As prices have increased so much in the last five years I doubt very much whether there has been a material increase in our foreign sales of this class of goods. Certain changes in the direction of our trade deserve notice. England was our best customer in both the fiscal year 1914 and the calendar year 1919, but her share of our exports dropped from 24 percent in the fiscal year 1914 to 16 percent in the calendar year 1919. Cuba was our next best customer in both years, her share of our exports increasing from 8 to 12 percent. Our trade with Brazil and Argentina did not keep pace with our total exports, as the percentage of exports taken by these countries was smaller in the calendar year 1919 than in the fiscal year 1914. The largest increase was in our shipments to Japan which were valued at only \$23,000 in the fiscal year 1914 and at \$1,400,000 in the calendar year 1919. Five years ago Japan took only one-third of 1 percent of our exports of chemical and pharmaceutical preparations, while in 1919 that country took 7½ percent of the goods shipped to foreign countries.

Our main competitors in the sale of pharmaceuticals in foreign countries are France, the United Kingdom and Germany, and it will be interesting I think to review briefly the main points in their foreign trade both before the war and in 1919. The exports of prepared medicines from France amounted to 14 million pounds in 1913; 10 million pounds in 1916 and 13 million pounds in 1919. The best customers of France were Argentina and Brazil, which together took 50 percent of the exports in 1913; 28 percent in 1916, and 27 percent in 1919. Statistics of exports to other countries for 1919 are not available, but I think we may safely assume that these countries were the principal purchasers in that year, as well as in previous years. The strong hold that France has on the Brazil and Argentine markets is due largely to the fact that most of the physicians in these countries have been educated in France. This fact naturally leads them to favor the preparations with which they became acquainted during their university days.

The German export statistics show two main classes for pharmaceutical products: "prepared medicines" and "chemical products for use in the manufacture of medicine." The latest statistics of German trade available are those for 1913, in which year the exports of prepared medicines reached 5½ million pounds, and the exports of chemical products amounted to 3 million pounds. Russia and Austria-Hungary together took approximately one-third of the total exports of each class. The remaining two-thirds were shipped to countries all over the world, no one country or group of countries showing any special predominance in this trade. From 1911 to 1913 the exports of prepared medicine from Germany increased 52 percent, while the exports of chemical products for the manufacture of medicine decreased 7 percent. The question that naturally arises in your mind

---

\* Read before Section on Commercial Interests, A. Ph. A., City of Washington meeting, 1920.

<sup>1</sup> Chief of Research Division, Bureau of Foreign and Domestic Commerce.

is regarding the competition that we are going to have from Germany in the future. Here we are dealing entirely with speculation, as there is no statistical basis from which any adequate conclusions may be drawn. At present German industry is very much disorganized due to labor troubles, the generally disturbed political situation and the lack of coal. German preparations have been excluded from the markets of the world for almost six years, and in that time it is reasonable to suppose that consumers in foreign countries have learned that the pharmaceutical manufacturers of other countries can produce medicinal preparations that are equally as valuable as the popular German products that were marketed so extensively before the war. Conservatism and the desire to adhere to old remedies will doubtless result in the Germans recovering at least a portion of their trade, but it seems likely that markets that have been won by other nations will not again be dominated by German products.

The third great competitor in the pharmaceutical field is the United Kingdom. Unfortunately the British statistics, like our own, show values only, and owing to the general rise in prices it is somewhat difficult to determine whether the increased value of exports really represents an increase in quantity. You who are familiar with the trend of prices in this industry are better able to judge this than any one else. The exports from the United Kingdom in 1913 were valued at 11 million dollars. In 1918 the values had risen to 13 million dollars, and in 1919 to 19 million dollars. The bulk of the English trade was with British possessions, which took 60 percent of the exports in 1913 and 57 percent in 1918. The remaining exports were distributed among a number of countries. Figures showing exports by countries in 1919 are not available, but there does not appear any reason to believe that the division will be radically different from the other years.

What agencies are available to assist the members of this Association in building up an export trade? The Bureau of Foreign and Domestic Commerce stands ready to render such assistance as is within its power in order to help American manufacturers to sell their goods in foreign countries. In 1914 the Bureau of Foreign and Domestic Commerce issued a monograph on South American markets for drug products, patent and proprietary medicines, and dental supplies. Although this bulletin was issued almost six years ago it is still of value to one seeking to enter that market, as it gives the basic facts regarding the trade customs. Another bulletin of this Bureau that is of interest is *Special Consular Reports* No. 76 on the Proprietary Medicine and Ointment Trade in China. This is a small publication of 12 pages, which gives the salient facts regarding the sales system and advertising in a market which is different from any other in the world. The Bureau of Foreign and Domestic Commerce likewise has published articles in Commerce Reports giving information regarding the markets in other countries, and it has also in its files lists of importers and druggists which may be obtained by the manufacturer seeking to obtain an export market.

The trade statistics of both the United States and foreign countries are generally of prime importance to a manufacturer who is selling in foreign countries. Generally by consulting our own statistics and comparing his individual sales with the total exports to a particular country he can tell whether his own sales are keeping pace with those of his competitors. The import statistics of a foreign country will also inform him regarding the quantity or the value of particular

commodities that are obtained from foreign sources of supply. The detailed statistics showing countries from which the goods are received will give him a line on the kind of competition he may expect. Unfortunately the statistical method does not offer very much assistance in the pharmaceutical industry because pharmaceutical products are generally lumped in one class and the specialty manufacturer is, therefore, unable to determine how much of his product or a similar product is imported or exported. In the case of industrial chemicals, the more important countries give detailed statistics for such individual products as sulphuric acid, caustic soda, soda ash, etc. For these commodities it is comparatively easy for the manufacturer to determine the extent of the market in each country. In the case of pharmaceuticals, however, the various products are generally lumped in some general class, and the statistics offer no guide to the manufacture of such products as aspirin. The classification of our own exports is now being revised and when the new classification is put into effect our statistics will show several classes in place of the one class now known as "medicinal and pharmaceutical preparations." There are so many special products, however, that it is manifestly impossible to make any classification of imports and exports that will be of much assistance in marketing a pharmaceutical specialty.

Another direction in which the Bureau of Foreign and Domestic Commerce can be of great assistance to the exporting manufacturer is along the line of giving information on customs duties levied by foreign countries. In our Division of Foreign Tariffs we have on file the customs tariffs of practically every important country, as well as the interpretations and regulations. This information will enable the manufacturer to figure on the actual cost of these goods to the importer in foreign countries. It will also enable him to determine whether our goods are admitted on equal terms with those of other countries, because in many of the Colonies and Protectorates of France and England, goods imported from the mother country are admitted at a lower rate than those from foreign countries. The method of imposing customs duties is of prime importance regardless of the rate of duty, as there are three well defined systems in use in various countries: the net weight, the legal weight and the gross weight. With the net weight system the duty is imposed on the weight of the commodity regardless of the container. Under the legal weight system the duty is based on the weight of the commodity itself plus the weight of the immediate container, but not including the weight of the outside packing. For instance, if pills or capsules are marketed in paste board cartons the weight of the carton would be included in computation of the duty. In such a case it might be advisable to ship the goods in large boxes, allowing the importer to repack them in smaller size cartons. I do not know how far this method of computing duty will affect the drug trade, but in the case of light commodities it is important that the number of separate containers be reduced to the minimum. I remember one case that came to our attention where a dealer in South America ordered straw hats from an American manufacturer and gave explicit directions that the hats should be placed loose in a large case, simply with paper in between them. The manufacturer disregarded these instructions and placed each hat in a separate cardboard box, with the result that the duty on the cardboard boxes was greater than the duty on the hats. This importer was naturally very indignant and the manufacturer lost a customer simply because

he was not familiar with the reasons for packing the goods in this unusual manner.

The third method of levying duties is the gross weight system, under which the duty is calculated on the total weight of the commodity and all packing without any allowance for tare. Where the gross weight system is employed it is important to make the packing cases as light as is consistent with safe transportation. This involves nice discrimination and judgment on the part of the packing room, because if the case is too light, there is likely to result damage, and if it is too heavy the importer is compelled to pay additional duty.

Closely allied to the question of tariff regulations is that of the "Pure food and drug laws" of foreign countries. Unfortunately the Bureau is not equipped to give specific advice on the laws of various countries which regulate the sale of pharmaceutical preparations. I think the Bureau of Chemistry of the Department of Agriculture has done some work along this line, but I do not believe even that organization is prepared to give detailed information. If the members of this Association are going to make a determined effort to sell larger quantities of their products in foreign countries, I think it would be well to take some steps to make available to its members the Drug Regulations of important countries. Many of these are already on file in the original language in the Bureau of Foreign and Domestic Commerce and in the Bureau of Chemistry. There remains the work of translating and publication, and I believe it would be worth your while to have a competent man translate the important sections of the Drug Regulations and have them printed for the benefit of your members.

Owing to the large number of products marketed by the pharmaceutical industry and the fairly limited market for some of them, I think it might be well for exporting manufacturers to consider the possibilities of forming an export combination under the provisions of the Webb Act. This Act allows competing concerns to combine for the purposes of promoting their export trade. Organizations of this character generally have a central office in the United States and a single agent in each foreign country representing all of the members. By means of a common agent in foreign countries the overhead expense of marketing is much reduced, and it is thereby possible for several manufacturers to have representation where otherwise there would not be enough business for each manufacturer to have a separate representative. The administration of the Webb Act is vested by law in the Federal Trade Commission, which will be glad to furnish all necessary information regarding methods of incorporation.

There is also another line of activity in which the Bureau of Foreign and Domestic Commerce can be of assistance to the manufacturer of pharmaceuticals, and that is, in indicating sources of supply for raw materials that are purchased in foreign countries. Our Annual Report entitled "*Commerce and Navigation*" gives detailed statistics showing the country of shipment for a number of raw materials that are used by the manufacturing pharmacist, and a separate table giving imports entered for consumption shows figures for imports for some materials not shown in the general import table. The statistics of import for consumption do not show the countries of origin. This information is also published monthly and quarterly in the *Monthly Summary of Foreign Commerce* and in the *Quarterly Statement of Imports Entered for Consumption*. These statistics

enable you to ascertain what quantities of certain materials are being brought into the country.

Another publication of the Bureau which will be of interest to you is our *Miscellaneous Series* No. 82 entitled "Chemicals and Allied Products used in the United States." After the outbreak of the war in Europe and the cessation of exports from Germany and Austria-Hungary, many chemicals and chemical materials were very difficult to obtain in the American market, and it seemed desirable to ascertain definitely where we obtained the bulk of our chemicals and chemical materials prior to the war. Through the coöperation of the American Chemical Society funds were raised to make an examination of the consular invoices for all imports during the fiscal year ending June 30, 1914. The results of this work are shown in our *Miscellaneous Series* No. 82 which gives figures showing the quantity and value of the imports of 2500 separate classes of products, and the percentage of the total quantity imported from each foreign country. These 2500 products include all those whose import value during the year ending June 30, 1914 exceeded \$100. The remaining 3,000 products which were valued at less than \$100 each during the year are shown in a separate list without figures showing the quantity and value of each commodity.

---

#### THE MEDICAL DIVISION OF THE NATIONAL MUSEUM.\*<sup>1</sup>

BY CHARLES G. MERRELL.

Those of you who have kept in touch with the proceedings of the American Pharmaceutical Association will recall that some years ago an effort was made to bring about the establishment of a national pharmaceutical museum at Washington, where material bearing upon pharmaceutical history might be collected and deposited for future reference.

The Historical Section of the American Pharmaceutical Association has, for years, busied itself with the collection of historical material of various kinds, and it was largely with a view to providing a permanent home for such material that the movement for a national depository for matters of historical interest from a pharmaceutical standpoint was carried on.

This end has at last been achieved through the enlargement of the field of the Smithsonian Institution, which now, under the name of the National Museum, has established a very interesting medical division, which includes much matter of interest to pharmacists.

This medical division is located on the south side of the gallery in the East Hall of the Arts and Industries Building of the Museum. The subjects illustrated are grouped under four heads, namely:

- (1) History of Medicine.
- (2) *Materia Medica*.
- (3) Pharmacy.
- (4) Sanitation and Public Hygiene.

---

\* Read before 1920 Meeting of Ohio State Pharmaceutical Association.

<sup>1</sup> This paper has interest, aside from the matter presented, because of the desirability of enlisting the coöperation of the American Pharmaceutical Association, state associations, and the drug trade, in the efforts of the Smithsonian Institution to add to its pharmaceutical exhibit.