

- manufacturers of industrial products sold on a subcontractual basis; and
- Canadian companies wanting to sell into foreign markets that are very distant or that present special difficulties because of differences in language, culture, and business practices.

Canadian trading houses have formed the Council of Canadian Trading Houses. There is also a body representing Quebec-based trading houses, the *Association des maisons de commerce extérieur du Québec*. These organizations may be able to direct a firm to a trading house that is appropriate for its needs. Officials from the Department of Foreign Affairs and International Trade (DFAIT) can help to make contact with these organizations.

SELECTING AN AGENT OR DISTRIBUTOR

The search for a good foreign agent or distributor starts with the assembling of a professional-looking kit that contains the following information:

- an overview of the company, its history and objectives;
- a description of its capabilities, including a clear description of the product, appropriate promotional material (pictures and brochures), and information on the firm's ability to provide parts and after-sales service;
- the firm's view of the market for the product: who will buy it and why;
- the price list for the market targetted by the exporter, inclusive of insurance and freight, and stated in Mexican pesos;
- information on transportation options and costs, and on frequency of delivery; and
- customs documentation.

Looking for a foreign agent or distributor is relatively easy and there are many sources of help to do so. In the private sector, Canadian trade associations, bilateral business councils and banks can be a useful source of intelligence. Talking to other Canadian exporters can also shed light on what to look for in a foreign agent or distributor and assist in identifying particular agents or distributors in the Mexican market.

In the public sector, government agencies and departments, particularly the Department of Foreign Affairs and International Trade (DFAIT), are committed to helping Canadian exporters sell abroad. Canadian trade commissioners in Mexico can provide advice and information on Mexican markets, distribution channels, and trade shows. They may be able to identify prospective customers and suggest suitable agents or distributors.

TIPS ON SELECTING AN AGENT OR DISTRIBUTOR

- Experienced distributors and agents are difficult to find, especially outside the main commercial centres.
- Some agents are former manufacturers with established networks—though these networks may be limited to former purchasers.
- Establish the agent's responsibilities clearly and ensure that the agent does not go beyond them. These responsibilities should mesh with your long-term corporate goals.
- The agent may want to use a Canadian business card, but it is preferable, at least initially, for agents to use their own cards bearing the designation "Agent Representative for XYZ". This way, if the agent makes a mistake, the company's reputation is not irreparably damaged.
- Agents are usually hired on a retainer basis, at least at first. Percentages are negotiated later and tend to be based on varying percentages of transaction values. Do not relinquish access to the client.
- Some companies spend up to a year visiting Mexico to find the right agent.