

Rationale for Developing a Corporate Trading Company

Let's go to that main issue of how do you define, from a corporation stand point, what really is most important about trading and how it relates to their business and how they want their business extended. There is a big, big difference between a company's general reasons for interest in trade and the success of a trading subsidiary. Very often a general interest in trading or trading company has more to do with

1) the rapid growth of international trade, particularly in markets that are growing very rapidly that they may not be extensively involved in already, the rim of Asia probably being the best example of that.

2) Their interest in trade may have to do with the balance of payments of their own country or their own company from that stand point, the degree of publicity about trade in their country and the importance of trade in their country and

3) it also has to do with their perception of the success of other trading companies. And particularly in Canada and the US, that often has a lot to do with the perception of the success of Japanese trading companies. I used that word perception of success because of the way a US or a Canadian corporation operates their business, allocates capital, expects return on investments, there is no way that a Japanese trading company or any of the affiliates of a Japanese trading company can be viewed as the model to emulate or to develop.

There are generally three aspects on that do lead to issues that could evolve into successful trading companies for them.