

Making Canadian Case To Our U.S. neighbors

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some of the worst bad-mouthing of Canada comes from Canadians. Canadians, of course, have the right to do this, but recognize there are costs.

5. Canadians don't vote in U.S. elections. This obvious statement has enormous consequences when we consider the way in which so many anti-Canadian legislative initiatives come forward. We simply do not form part of a Congressman's constituency. But on virtually every issue that I can think of there have been American interests which correspond to or complement Canadian interests. Identify those potential allies. Tell them how their interests can be harmed if Canadian interests are harmed. Urge them to approach the Congress or the Administration or the regulatory agencies to express an American viewpoint which U.S. officials may have overlooked. On many issues, a strong and organized U.S. ally can be of much greater benefit to you than the most forceful Canadian Government representations.

6. Use the major American economic presence in Canada to your advantage. Many multinational enterprises with subsidiaries in Canada are sophisticated participants in the formulation of U.S. domestic and foreign economic policy. On many issues, the U.S. multinationals are or can be a restraining force on some of the more narrow Congressional initiatives. Those companies

operating in Canada know full well that, despite our occasional problems, Canada offers one of the most hospitable and open environments to U.S. business in the world. They well know they would not benefit from a deterioration in that environment. Often U.S. multinationals are so large that they are unaware, unless someone points it out, that particular legislation may harm Canadian interests including, in some cases, their own subsidiaries.

7. Be prepared to spend money. Whether individually or within larger groupings, Canadian business should be prepared to spend some money gathering intelligence on what is happening in the U.S. and around the world. Tap into that third chamber of Congress. People often think that when you talk of spending money in Washington you are talking of hiring high-powered and expensive lobbyists. It is more than that. There are many highly specialized intelligence services in Washington that sift through legislative, executive and regulatory developments. They can tailor their information to specific needs.

Canadian business shares with government the responsibility to give Canada and Canadian concerns a higher profile in the increasingly complex and confusing world of Washington. We ignore this responsibility at our peril.

Mid-Eastern Potential Can Be Rewarding

Markets in the Middle East can be difficult to crack for first-time exporters. They require time, patience, up-front money and, most of all, an understanding of the customs and practices of the Arab world.

But once into those markets, as a growing number of Canadians are finding, they can prove to be particularly profitable.

"There are some 200 million people in the 18 countries in the region," notes John Nelson, director, Middle East Trade Development Division, Department of External Affairs.

"Just about anything we produce in Canada can find a market there — from pharmaceuticals to spices, iron and steel products to grains."

Last year Canadians sold \$1.5 billion worth of goods and \$750 million worth of services in the region. The present indications are that these levels will be surpassed this year.

"It's an intensely competitive market," Nelson warns. "But if you have the right product at the right price, and you've done your homework, a carefully mounted sales effort will usually pay off."

The homework is absolutely essential. Each of the 18 countries in the region — Iraq, Iran and Syria to the north, Egypt and Sudan to the south, the Persian Gulf and

Mediterranean countries in between — has markedly different characteristics.

Israel's markets have much in common with those in Europe and its commercial practices are also similar.

Arab customs and practices, however, are very different from western ones. The Canadian expecting to do business in the region the same way that he does in North America or Europe is wasting his time.

He has instead to be prepared to cultivate his potential customers over a period of up to 12 to 18 months. Arabs prefer to do business face-to-face, to assess the character of the supplier as well as the quality of his product.

They build their business relationships on a foundation more of mutual trust than of credit ratings and bank references. And when a sale is concluded, they expect the delivery dates and other conditions to be scrupulously honored. In return they'll pay quickly, usually with a letter of credit against a clean on-board bill of lading.

The different requirements of doing business in the Middle East is the dominant reason why Nelson and his colleagues devote so much of their time to conditioning Canadian exporters to what to expect when they visit the region.

"Our job," says Nelson, "is to help Canadians generate sales in the area. We start by providing would-be exporters with a thorough grounding on the way business is done there rather than by providing them with the usual commercial data.

"We want to make sure that they know just what to expect when calling on a potential customer for the first time. We want them to realize that it's a totally different world out there and what they must be prepared to conform to its conditions."

And then, continues Nelson, "if the exporter is still interested, if he is still prepared to invest time and money, we give him all the commercial data we can, we help arrange his itinerary, set up contacts by way of our embassies and, to the extent that we are able, assist him in every other way possible."

Exporters must also be prepared to continue to visit the region to service their accounts. Telephone and telex communication systems are generally adequate but they are no substitute for the personal contact on which business relationships are built.

Canada's largest single customer in the Middle East now is Iran. Like other countries in the region, it is in the market for the latest North American technology in a broad variety of activity, from communications to oil and gas development.

Canadians, Nelson continues, have been generally well received in the region. "We share some surprising similarities in, for example, the extreme of our respective climates or in the relatively small populations and relatively large areas of some countries."

The potential for increasing exports there is unusually promising but, Nelson adds, "the first priority continues to be recognizing that to sell successfully there we must be prepared to do business in their terms, according to their customs and law."

Mexico's Market Regaining Its Promise of Growth

Mexico is rapidly regaining its status of one of Canada's most promising export markets as it works its way out of the foreign exchange crisis of 1982. Key to its recovery strategy is maintaining oil revenues while increasing and diversifying other exports.

This translates into more foreign direct investment and accompanying transfers of technology in several areas, says R. J. Brooks, Mexico Desk Officer, Central America and Caribbean Trade Development Division, Department of External Affairs.

"Canada is particularly favored in this respect," Brooks continues. "We're in a very good position to meet many of Mexico's requirements for improving its economy. Moreover, Canada is one of five countries with which Mexico wants to establish closer trading relationships."

Export opportunities for Canadian producers are to be found in agriculture, fisheries, energy, mining, steel production, transportation, communications, petrochemicals and forest products. Mexico wants to expand domestic production in all these areas but in some instances it is lacking equipment and technology, in others the basic infrastructure is inadequate.

"Mexico has the potential to achieve self-sufficiency in agriculture," Brookes notes. "But to do so, it has to overcome problems of spoilage for lack of refrigeration and storage facilities, and problems of transportation, particularly by rail. Mexico's railways have been improved and expanded in recent years but there is still much to do be-

fore they reach the desired level of efficiency."

So it is with the other areas of economic development to which Mexico has given priority. Progress is being made but as it is, it is generating continuing requirements for more production equipment, more technology, more supporting services.

Canadian exporters, however, should not expect to treat Mexico as another promising sales territory. Mexico wants to be more than just a customer for the goods and services others can supply. It also wants to establish its own capacity to produce those goods and services.

Within the framework of this policy, most exporters are advised to approach the Mexican market through joint ventures with Mexican private and government principals. They are further advised to structure those joint ventures in ways which will provide for a progressively larger domestic production capacity.

Mexico wants direct foreign investment

TRADE HOTLINE

Canadian businesses can obtain quick information on the export support services and programs provided by the federal government.

All they need to do is to dial the Trade Information Centre of the Department of External Affairs toll-free. The number: 1-800-267-8376.

but it wants that investment in ways that contribute towards achieving the country's economic objectives. It also wants the latest in technology which can be employed directly or adapted to its use.

At the same time, it has relaxed many of its earlier restraints on imports and tends to take a more flexible and pragmatic approach in dealing with foreign suppliers. It's operating guideline is that such transactions must be demonstrably to mutual advantage.

Canada maintains a large and knowledgeable trade office in its embassy in Mexico City. Officers there can direct exporters to the appropriate Mexican authorities. Exporters can also make preliminary enquiries to Central America and Caribbean Trade Development Division in Ottawa or to trade officers at DRIE offices in other Canadian cities.

Significantly, those industries to which Mexico attaches high priority are industries in which Canada has already achieved high levels of advancement. Just as significantly, this has happened under conditions generally similar to conditions in Mexico.

Canadian mining equipment and technology, for example, has been directed towards hard rock mining such as is done in Mexico. Canada has developed highly sophisticated equipment for long-range communications such as is needed in Mexico. Canadian equipment and technology for forest products, for thermal and hydro power generation, for petrochemicals and steel production are also saleable.