

4. Pricing

The price of your product should be calculated in terms of the landed price in the United States (FOB at nearest border crossing point, destination or nearest major U.S. city) and must be in US dollars. It should include such items as the agent's commission (pick an average for now from the chart in Appendix 3), U.S. Customs duties, if applicable, any U.S. Customs house brokerage charges, and insurance and freight charges (see Appendix 5 for a list of U.S. Customs Brokers). It is advisable to consider Export Development Corporation (EDC) export credit insurance (approximately 1 per cent premium) for protection against bad credit. Seventy per cent of claims paid by EDC are for non-payment by U.S. firms. EDC has offices in all major cities across Canada.

A good reference for the calculation of the landed price can be found in Appendix 2, from which you should make up your own pricing worksheet. Make sure you include the fee paid to a reputable U.S. Customs broker, who can ensure a smooth border crossing and speedy access to your delivery point in the United States. Find out what a quotation looks like when it comes from a competitor, and make sure yours is comparable.

5. Delivery schedule - VERY IMPORTANT.

The delivery schedule is crucial to many U.S. buyers, especially if they are original equipment manufacturers (OEMs). Many U.S. factories keep low inventories and Canadian suppliers will have to prove they are capable of supplying on a rigid delivery schedule. The schedule dates from the day the order is received.

Some manufacturers' agencies are large operations which can provide warehousing for the Canadian manufacturer's product. In most cases, however, you as supplier will need to find a reputable U.S. Customs broker (see Appendix 5) at the border port of entry to ensure smooth and quick access for your shipments to the new customers in the U.S.

Many regional transportation commissions and agencies in Canada, as well as both federal and provincial ministries of transportation, can assist you in researching the most cost-effective and efficient means of transport to particular markets in the United States.

To obtain the best possible freight cost quotations, it is recommended that you contact regular trucking companies as well as freight forwarders.

6. Marking

See Appendix 2 for information on products exempt from marking and correct marking for those requiring *Made in Canada* marking.

7. Company or product warranty

The subject of warranties is also very important if you are going to work through agents. There must be a complete understanding of what your product can do and what you will accept liability for. How far does your product guarantee go? Put this in writing in product brochures or in specifications for components. Later you must educate the agent about your warranty and be sure that the agent does not overstate it.

Buyers in a new market will have many questions to ask your agent concerning the Canadian company's quality control procedures. Include a brief description in this introductory presentation.