basis, the objective of this plan is to increase Canadian participation of consulting engineering firms, contractors and equipment manufacturers with French firms.

To attain this objective, the following is planned:

a) Organization, in 1983, of a joint-venture mission to encourage major European contractors to source in Canada for major overseas projects; (GMEE*/ Embassy, Paris)

b) Trade Commissioners in posts where French companies are most active will put a special emphasis on identifying potential co-participation projects at an early stage; (Posts/DEW*)

c) Officials of the Office of Trade Development — Europe, External Affairs, in co-operation with the appropriate Industry Sector Branches of ITC/ DREE*, will inform potential Canadian participants, within the shortest possible time, of selected trade opportunities identified by Trade Commissioners;

d) Maintain and increase contacts with French consulting engineers, contractors and associations in order to keep them updated on Canadian industrial and financial capabilities; (Embassy, Paris)

e) Where Canadian capabilities are lacking in the undertaking of major Canadian-identified projects, recommend suitable French companies for partnership. (Embassy, Paris)

II. PARTICIPATION IN THIRD-COUNTRY MARKETS THROUGH FRENCH TRADING COMPANIES

The Opportunity

Ever since the colonial era, there exist in France numerous French trading companies who have well-established distribution channels in third countries. Nowhere is this phenomenon more evident than in Francophone Black Africa where the successors to the "comptoirs" now distribute a wide range of industrial and consumer products from heavy equipment, trucks and automobiles to nuts, bolts and cat food.

Whether because of competition or more likely opportunities, the French trading companies did not remain static but expanded into other countries outside the French influence. Nigeria is a prime example of such movement where major French trading companies are now well established. Main traders such as SCOA, CFAO, Brossette, OPTORG, sourcing a large part of their products from France, have certainly played a major role in the French trade balance surplus with African countries.

Opportunities also exist in co-operation with Middle-East-owned agencies based in Paris who have an orientation toward French and European sources.

There is no definite list of products which can be drawn up as the markets are quite open and success will depend on price and quality. For goods destined to mass markets, for example, the price is the most important factor whereas quality takes precedence for luxury items.

Important Canadian trading companies and manufacturers, who offer products which can be purchased in large quantities, would have a definite advantage over small exporters, because of transportation economies of scale.

Market Impediments, Advantages and Considerations

European companies have a definite transportation advantage over Canadian firms, not so much with freight costs, as with regularity and frequency of services. Most trading companies, either because of tradition or because of their lack of knowledge of Canadian supply capabilities, prefer to buy in Asia, Europe, and France in particular.

As a rule, French traders are reluctant to deal with trading houses because of the need to discuss specification requirements and quality control with the manufacturers as well as, of course, the higher unit price.

The primary advantage for Canadian companies in dealing with French trading companies and Middle East agencies is to tap very large markets through a well-established distribution system, thereby cutting down on expensive and time-consuming trips.

Recent Marketing Activity

Trade officials at the Embassy in Paris have initiated contacts with a number of French trading companies and Middle East firms based in Paris.

The Action Plan

One of the major objectives is to make French trading firms and Middle East agencies aware of the Canadian products available and facilitate the contacts between potential suppliers and purchasers. To achieve this, it is planned that:

a) French and Paris-based Middle East companies be canvassed, with the purpose of establishing a list of those which are open to trade with Canadian firms. This list will be conveyed to interested Canadian companies; (Embassy, Paris)

b) Invite some of these companies to Canada under PEMD "D", for incoming missions; (Embassy, Paris/DEW*)

c) These companies will be apprised of innovative, competitive and new products manufactured in Canada; (Embassy, Paris)

d) Qualified Canadian companies visiting France with the assistance of PEMD "B" will be encouraged to make contact with French and Middle East companies based in Paris. (DEW/ISB)*

* Refer to the Glossary of Abbreviations, page 42.

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