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Each of these countries has something in common: they would all like to buy from Canada. But how do they go about it? There are several ways, one of which is to call a tender. This can be done via a formal international tendering procedure through entities such as the United Nations; through any one of the international financial institutions (IFI); government-to-government; via a large multinational; or on a more informal level, by a direct telex to a company asking it for a quotation.

Some trading houses specialize in searching and sourcing goods as varied as those listed above. Once the goods are sourced, the trading house will quote ex factory prices, and costs of inland freight and export packing if necessary, to obtain an f.o.b. port price. Then they will estimate air/ocean shipping costs, documentation and all other costs such as consular certification and insurance to deliver the goods c.i.f. to the port of destination.

This format is followed whether the request is a simple one for quotation via fax or telex from a fluid sealing distributor in Panama or a complex intergovernmental tender for an IFI or the UN. Obtaining the quote, pricing all the costs of landing the goods at the port of destination and ultimately shepherding the tangible goods to the buyer is a complete service provided by the trading house to the overseas buyer.

A large link in the chain of events of a complete sourcing service is the trading house's relationship with the supplying manufacturers. They make the goods that the trading house puts together for a given tender. A trading house is best utilized where there are a number of diverse items to be assembled or where the manufacturer is inexperienced and nervous about international tenders and their procedures. A trading house is also helpful when an item is extremely difficult to source, such as spare parts for obsolete equipment where the original manufacturer has ceased operations. Normally, it is the trading house that receives the tender and initiates contact with one or more manufacturers that can supply the required goods.

Why would a manufacturer bother to quote a trading house on a tender call? First, the manufacturer likely would not know about the tender, especially if the manufacturer's goods were part and parcel of a larger requirement list. Second, the trading house has already assessed the chances of success. To pursue a tender the trading house must "feel" it can win, whether the tender is international (bidding against the world — the Japanese, Germans and all), "tied aid" available only to Canadian bidders, or a private invitation to quote. The trading house will not waste time on tenders where it would be uncompetitive; its livelihood depends on winning a reasonable percentage of what it bids on.