
fabricated and end products. Many of these companies have secured their supply sources through equity investments in resource companies. More recently the trend has been towards investing in small to medium-sized enterprises with proven new high technology. These companies are often seen as multinational conglomerates rather than trading companies.

6. Importers. Many originally import-only companies are finding new opportunities in the export arena through their knowledge of Canadian suppliers and industry and foreign contacts. Interestingly, many of the large foreign trading houses began by importing and then expanded to include exporting.

What Role Do Trading Houses Play in Canadian Exports?

The Task Force found that in 1983, trading houses accounted for 40 per cent of Canada's non-U.S. exports. This is a good indication that their strength lies in their knowledge of offshore markets.

The small and medium-sized trading houses (primarily the agro-food and niche trading houses) account for 80 per cent of the sector's population and 20 per cent of the volume. Ninety per cent of the sector is Canadian-owned and is responsible for two-thirds of the sector's transactions.

The fact that a sample of Canadian trading house exports mirrors total Canadian exports by sector confirms the necessity of competitive products. Trading houses are only as good as the suppliers behind them. Their expertise is in selling to non-U.S. markets, that is, offshore countries and developing nations. For the small to medium-sized trading houses active in end products, fabricated materials and food products, this means Europe, the Caribbean, Central America, the Pacific Rim and Middle East.

Trading Houses ... How Do They Operate?

To better understand trading houses and what relationship your company may have with them, it is worthwhile to describe their two primary modes of operation: