

**Export Financing House:** A company that purchases a Canadian exporter's foreign receivables on a non-recourse basis upon presentation of proper documentation. It then organizes export arrangements and provides front-end financing to the foreign buyer.

**Factoring House:** A company that buys export receivables at a discount.

**Letter of Credit:** This is the most common method of payment in international trade as it provides protection to both parties involved in a transaction.

**Open Account:** An arrangement in which goods are shipped to the foreign buyer before the Canadian exporter receives payment.

## **PARTNERSHIPS**

The following expressions define the various types of partnership or alliance arrangements common in international trade.

**Co-marketing:** Carried out on the basis of a fee or percentage of sales, co-marketing is an effective way to take advantage of existing distribution networks and a partner's knowledge of local markets.

**Co-production:** This arrangement involves the joint production of goods, enabling firms to

optimize their own skills and resources as well as to take advantage of economies of scale.

**Cross-licensing:** In this form of partnership, each firm licenses products or services to the other. It is a relatively straightforward way for companies to share products or expertise.

**Cross-manufacturing:** This is a form of cross-licensing in which companies agree to manufacture each other's products. It can also be combined with co-marketing or co-promotion agreements.

**Franchise:** This is a more specific form of licensing. The franchise is given the right to use a set of manufacturing or service delivery processes, along with established business systems or trademarks, and to control their use by contractual agreement.

**Joint Venture:** An independent business formed co-operatively by two or more parent firms. This type of partnership is often used to avoid restrictions on foreign ownership and for longer-term arrangements that require joint product development, manufacturing and marketing.

**Licensing:** Although not usually considered to be a form of partnership, licensing can lead to partnerships. In licensing arrangements, a firm sells the rights to use its products or services but retains some control.