
Canadian manufacturers who wish to export, therefore, have at their disposal a wide variety of trading houses which can provide a great number of different services, including:

- market identification and selection;
- buyer identification, evaluation (including credit check), and selection;
- identification of product and packaging specifications;
- price negotiation;
- arrangement of terms of sales (including obligations of buyer and seller, terms of shipping and payment);
- financial arrangements;
- shipping arrangements;
- preparation of all export documents required;
- protection against export risks (those related to commercial and political factors, exchange rates, shipping, etc.);
- payment for goods sold and receipt of payment from foreign buyers;
- satisfaction of claims;
- provision of after-sales service; and
- promotional support abroad.

Clearly, trading houses are able to cover all aspects of export management, marketing and financing — everything that has to do with the techniques and mechanics of exporting. At one end of the spectrum, a merchant trading house may perform all the above functions, buying from the Canadian manufacturer and reselling abroad for a profit. At the other, a trading house, acting as an agent, will identify a potential client abroad for a Canadian manufacturer, and receive a commission if the transaction goes through. Between these two extremes are any number of other arrangements, depending on the needs of manufacturers and the opportunities open to trading houses.

Trading Houses...How Do They Operate?

Trading house services fall under three operating modes:

- **supply marketing** where a Canadian producer of goods or services asks a trading company to find an outlet for its product abroad;
- **demand sourcing** where a foreign-based client asks a Canadian trading company to locate a supplier of specific Canadian products or services; and