

Profit Centre Activities:

A) Increasing or Maintaining sales

Let's go back to the increase or maintain sales, because basically the company has to generate revenue and continue to generate revenue. There are five or six different areas why companies actually have looked at and established trading companies:

1) They have looked at trading companies as an innovative or creative marketing vehicle for a fairly low cost entry to new markets they are in or fairly limited markets. Smaller markets that they essentially would not be able to justify putting a plant in or putting a subsidiary in or doing other things. They look at trading companies as a way of getting around some of the issues and they look at trading companies as a way of dealing with LDC's and some of the business practices in the LDC's that they, as a corporation, may not even be as familiar with or as able to, on a policy basis, work with. Many consumer goods companies have actually operated in this way, of trying to get products into countries without essentially producing or building a plant there to get the products there. Other more basic heavy equipment or resource companies have taken the same view where, that is more of an innovative marketing tool or catalyst, and that very often leads into countertrade deals or putting together a trading transaction that may not only involve products from one division but several divisions as their company or divisions of another company.