

While the above example relates to the establishment of a price in a demand sourcing situation, the factors considered are also relevant in a supply marketing situation. Furthermore, some general observations can be made concerning this case that apply to export pricing as a whole.

1. As an export intermediary the trading house plays a key role in linking supply and demand and in obtaining the best possible export conditions, particularly with regard to transportation and financial costs.
2. Manufacturers should pay close attention to costing for export. They should not include such things as non-applicable domestic marketing costs and should carefully scrutinize the applicability of overhead costs related to factory burden and administration.
3. Negotiations between manufacturers and traders must be quite open-ended. An open-book policy will actually pay off for both sides when it comes to setting prices and conditions to win overseas contracts.

This approach to negotiations can only be built on mutual trust. Trust is the essential basis for establishing trader-manufacturer partnerships that win on today's intensely competitive international scene.

Appendix

References and Addresses for Information on Canadian Trading Houses

Publications:

Membership Directory of the Council of Canadian Trading Houses, 1990-91. Available from the Council of Canadian Trading Houses, 99 Bank Street, Suite 250, Ottawa, Ontario, K1P 6B9. Tel: (613) 238-8888; Fax (613) 563-9218.

Directory of Canadian Trading Houses, Industry, Science and Technology Canada. Annual. Available from Business Opportunities Sourcing System, Industry, Science and Technology Canada, 235 Queen Street, Ottawa, Ontario, K1A 0H5.