

Case #3 An investment bank seeking to sell stocks overseas

A Canadian investment bank approaches the Trade Commissioner Service at a mission in the Middle East seeking buyers for an energy stock listed on a Canadian stock exchange. Is this service within the investment role of the TCS?

Answer: No.

Companies seeking to sell stocks are not considered clients of the TCS, since the sale of stock in an individual company, which may have little or no economic activities in Canada even though it is listed in Canada, is unlikely to contribute significantly to Canada's economic growth and does not fall within the mandate of DFAIT's Investment Services. Trade Commissioners support DFAIT's Investment Agenda by identifying qualified targets with a demonstrated capability and interest in establishing or expanding an operation in Canada beyond a sales and distribution function. Officers then facilitate the introduction of these investors to domestic partners that have an investment attraction capability, such as provinces/territories and municipalities. In this case, the bank should be referred to a local service provider who can help it identify potential local buyers.

The Toronto Stock Exchange (TSE) periodically goes on promotion tours abroad to convince foreign companies to list on them. Our posts can support the TSE on its tours but for foreign companies, it takes more than a listing on the exchange to qualify as TCS clients.

Case #4 A Canadian firm's exclusive representative abroad

A company in the Netherlands contacts a number of European posts on behalf of a Canadian company, stating they are the Canadian firm's exclusive representative for Europe. The Dutch company is requesting the names of local distributors interested in carrying alcoholic beverages produced by the Canadian company. Trade Commissioners at the posts contacted wonder if this foreign company can be considered a client of the TCS.

Answer: Yes, this company represents a client of the TCS.

Although the Dutch company is not a client, it nevertheless is a legitimate intermediary which represents a Canadian company that meets all of the TCS client definition criteria. The Dutch company is an established alcohol distributor with an extensive capacity and commitment to internationalization. The sale of Canadian spirits internationally has the potential to contribute significantly to Canada's economic growth. Posts should, however, confirm the representation and distribution arrangements with the Canadian client prior to providing service.

The post provided service and tracked the SR in TRIO under the Dutch company's name and made sure the Canadian company which benefited could be easily identified.