

The trading houses with the strongest financial base in Canada are subsidiaries of large multinational Japanese and European trading firms. They focus on importing consumer products and industrial equipment to Canada and exporting Canadian agricultural foodstuffs and industrial raw materials. The larger Canadian companies are mostly involved in commodity exports: Agro Company of Canada and James Richardson (grain), Seaboard Lumber Sales (forest products), Cansulex (sulphur), Clouston Foods (fish and fish products), Ronald Chisholm (livestock, groceries and fish products), and Canpotex (potash).

For the most part, Canadian manufacturers have to rely on trading houses that have one or two officers, lack sufficient financial capacity and technological expertise and are specialized in narrow product fields (i.e. foodstuffs and raw materials) and geographic markets. These characteristics help to explain the low utilization of trading houses by Canadian firms. According to a Discussion Paper on Trading Houses in Canada, put out by the Distribution Services Branch of Industry, Trade and Commerce, "...a selected number of trading houses, such as Agro Company Canada Ltd., Enex International Enr., Intrafina Ltd., Canalux Ltd., and Gibbs, Nathaniel (Canada) Ltd., have developed some capacity to enter into international barter arrangements and third country trading....".

A group of companies has established the Canada-China Trade Council to actively market Canadian products of its members and to assist them in their dealings with China, but the extent to which it will assist Canadian exporters in discharging CT obligations remains to be seen. Little has been done to date by public and/or private-sector bodies to assist Canadian exporters to discharge CT obligations.

A list of Canadian trading houses with international experience and an interest in barter is included as Appendix C. Only a few of them have the technical ability and worldwide communications network which permits them to assume CT obligations. This may inhibit the effectiveness of Canadian marketing efforts.

In a discussion of the capacity in a country to handle CT goods, the role that Government may play is often based on the idea that it would directly involve itself with CT transactions. Such a role is subject to a number of constraints and limitations.

1. It would be unacceptable for an agency or corporation of the Government to bring products into the Canadian market which compete with those produced domestically. In recent years, the Government has instituted a number of policies involving both global and bilateral quotas for products associated with such "soft" industries as shoe manufacturers, apparel and textile production. In many cases, it is precisely these products that form the basis of demands for CT transactions by many countries in both Eastern Europe and the Third World. Given the attempt by the Government of Canada to regulate the volume of imports of these products, it would be most difficult to have an agency or corporation of the Government in the position of seeking to market these "protected" products as part of CT demands.

2. It is inconceivable that Government or a Government organization involve itself in importing products that could be in competition with products from domestic firms receiving Government assistance to export. Such involvement could in many cases result in a conflict of interest.

3. It would be difficult for a Government organization without sufficient product knowledge or sufficient contacts in a particular industry sector to successfully dispose of the imported products accepted as part of CT transactions. Trading companies in the private sector which undertake the marketing of CT goods are characteristically highly specialized in a limited number of specific industry sectors. They depend on a highly developed network of contacts built up over the years to sell the products which manufacturers have accepted as part of CT transactions. A government organization, in contrast, is not sufficiently specialized in one product, nor does it possess the required network of contacts of specialized trading companies.