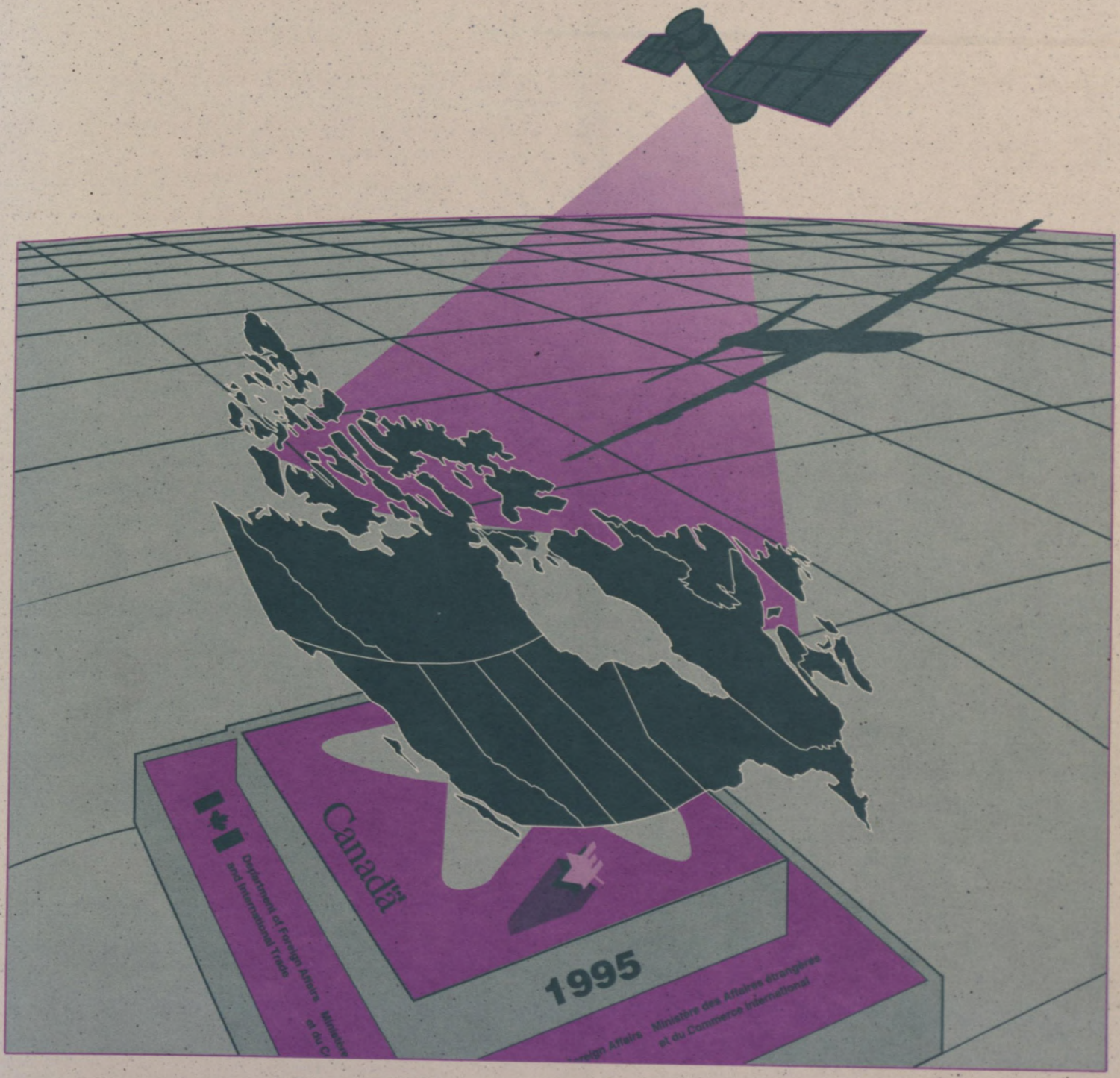


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SO, YOU WANT TO EXPORT

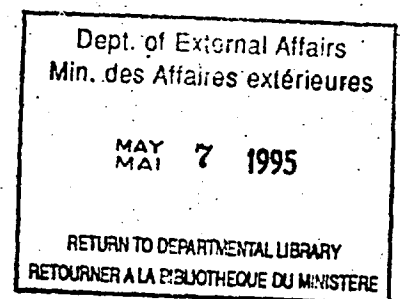


FaxLink

The InfoCentre automated FaxLink system is on-line 24 hours a day, providing Canadian companies with information on various aspects of trade and foreign policy. Companies can make their selection from the FaxLink index and choose the documents that meet their information needs. If the caller needs additional information not yet on the FaxLink system, a voice menu supplies the InfoCentre toll-free number. To use the FaxLink system dial (613) 944-4500 from the handset of a facsimile machine.

SO, YOU WANT TO EXPORT

1995



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INTRODUCTION

Does your firm have competitively priced, high-quality products or services? Could you expand production if you found additional markets? Have you reached your full market potential in Canada? Maybe a U.S. buyer, a Canadian government trade commissioner, or a project manager in the Middle East or elsewhere has already contacted you for product details and prices?

Now you're wondering if exporting shouldn't be taken more pragmatically.

This booklet will help you decide whether or not your company is ready to seriously consider exporting. Written for business people, with information from a number of export organizations, *So, You Want To Export* gives you an overview of what is involved in exporting. It also provides you with departmental contacts.

Exporting – good for business

Many Canadian companies have found that exporting can play a key role in their growth and prosperity. For successful Canadian exporters, foreign markets keep production lines humming and employment and profits growing by reducing dependence on the home base, by providing economies of scale and by exposing the company to the latest international trends.

Exporters – large, medium, small

Exporting is an option available to companies of all sizes. What is required is a serious corporate commitment, thorough research, careful planning and a determined sales approach. Successful exporters say it takes the same hard work (perhaps more) as is required for any business endeavour.

The larger companies, it is true, usually have greater internal resources to research and develop new export markets. But small and medium-sized firms also have access to various forms of assistance and you will find out about them in this booklet.

Making the decision

The fact that you are reading this booklet demonstrates your interest in exporting. But is it right for you at this time? The following checklist will help you decide:

- Does your company have a solid domestic sales base?
- Do you have the capacity to produce more?
- Do you have the time to develop export markets?
- Are you looking at exporting as a long-term commitment?
- Do you have the cash flow to cover longer collection periods if necessary?
- Do you have the time to study foreign markets to learn about such things as tariffs and how cultural differences affect your marketing approach?

People always laugh at the fool things you try to do until they discover you are making money out of them.

Bob Edwards,
Publisher of the
Calgary Eye Opener
from 1902 to 1922

This booklet won't hand you ready-made export markets or strategies. What it will do is provide you with solid, no-nonsense information on how to:

- identify your best products and services for export;

- go about finding the most promising markets;
- make use of the many available export programs and services;
- get in touch with the most knowledgeable and experienced sources of export information.

So, You Want To Export also gives you some tips on communicating with and within other countries and scheduling trips.

After you read this booklet, you may also want to check out what is already available in your community. Your local university or community college can recommend suitable books and other materials. They may also offer sources on exporting through their continuing education departments. Another way to find out more about exporting is to attend a workshop or seminar put on by the export organizations which exist in most Canadian cities. Many of them offer guidance to first-time exporters.

How to begin

So, You Want To Export examines a number of the vital factors to be considered prior to any venture into new markets. It takes you through each step in your decision-making process, from analyzing your product or service to dealing with a trade commissioner.

Importing goods into Canada

While the Department of Foreign Affairs and International Trade does not actively promote imports into Canada, it is responsible for issuing import licences for some items in the fields of textiles and clothing and agriculture.

Information on items which are subject to import controls can be obtained by contacting the Export and Import Control Bureau (EPD), Department of Foreign Affairs and International Trade, Lester B. Pearson Building, 125 Sussex Drive, Ottawa, Ontario K1A 0G2, Telephone: (613) 996-8090.

In order to determine the types of items to import or to obtain lists of foreign manufacturers, contact the embassies and consulates of foreign countries represented in Canada. They are responsible for promoting their country's products here, much like our trade commissioners are involved in promoting Canadian products abroad.

MOUSETRAPS AND MARKETS

It's been said that if you make a better mousetrap, the world will beat a path to your door. Many Canadian products and services have been viewed as "better mousetraps" here at home and well beyond our border.

Canadians have given the world pabulum, the paint roller, insulin, the telephone, instant potato flakes, the cardiac pacemaker and, of course, Trivial Pursuit.

As a business person, you know there are two essentials to the sales process — something to sell and someone to buy it.

Something to sell

Assess your potential as an exporter by realistically examining your products or services in a global framework. Begin by asking the following questions:

- Who already uses your product or service? Is it in broad general use or is it limited to a particular group because of socio-economic factors? Is it particularly popular with a certain age group?
- What modifications are required for it to appeal to customers in a foreign market?
- Is its use influenced or affected by climatic or geographic factors? If so, what are they?
- What is its shelf life? Will it be reduced by time in transit?
- Does your product or service involve operating costs? If so, what complementary equipment or services must the customer buy?
- Does it require professional assembly or other technical skills?
- Is the packaging particularly expensive? Can it be modified to recognize the specific demands of the foreign customer? Does the product require

special documentation? These costs must be added to the unit cost to determine whether or not you can export at a competitive price.

- What are the technical or regulatory requirements? They may differ from country to country.
- What after-sales service is needed? Is it locally available or is it up to you to provide it? If you need to provide it, do you have the resources?
- How easily can the product be shipped? Would shipping costs make competitive pricing a problem?
- Will you be able to serve both your domestic customers and your new foreign clients?
- If domestic demand increases, will you still be able to handle the requirements of your export customers?

It may take time to find the information you need to answer some of these questions. Local sources can help, including public or post-secondary school libraries, export organizations, government departments and other exporters. With their assistance, you will have a clearer picture of your company's export potential.

Somewhere to sell it

Once you've chosen what to export, you'll want to think about and identify possible export markets.

It certainly won't take you long to come up with a list of possible countries. Chances are you will choose a mix — those you're most familiar with because of their linguistic and cultural similarities to Canada, or because you have already travelled there, as well as those with a proven record for buying Canadian products.

When you begin exporting, it's best not to spread yourself too thin. Look at your list to select the most promising. Then pick out the candidate markets that combine the greatest potential for profitable export sales and the least natural barriers and access costs.

Once you've done your research with local sources, you will be prepared to determine which market is your top prospect, which is the next best, and so on, and to make a list in descending order of priority.

THE MARKET PROFILE

Exporting, like any serious new business endeavour, involves careful and thorough market research. The information gathered is assembled in a market profile that contains all the facts and data needed to prepare a company for export opportunities and possible problems.

A well-developed market profile can be an exporter's most valuable tool. Among other things, it tells you who your potential customers are, what kinds of products or services they need and use, and how conditions in their country may influence their buying decisions.

Gathering the masses of detailed information required for a comprehensive market profile is an important job. However, some of the export organizations in your community can help you supplement and update your preliminary findings.

Research on your top countries should include the following:

- statistics on trade with Canada and other countries;
- business practices and customs;
- transportation and communication networks — their quality and reliability;
- economic situation;
- political environment;
- credit standing.

This information should be assembled under six key headings of your market profile: General background; Market accessibility (i.e. can your product or service reasonably expect to sell there?); Sales potential; Regulations; Terms of payment and currencies; and Distribution.

General background

This section of your market profile includes:

- the size of the country and the potential market;

- its climate and terrain;
- its distance from Canada;
- the size and distribution of its population;

Japan: A Guide for Canadian Exporters

is one of the many booklets that provide information to help you do business in a specific country. They're available from the Department of Foreign Affairs and International Trade's information centre, InfoCentre.

INFOCENTRE

Fax: (613) 996-9709

Telephone: 1-800-267-8376

or

Ottawa/Hull
(613) 944-4000

FaxLink: (613) 944-4500

- statistics on average income;
- the country's plans for development and the likelihood of those plans enhancing or diminishing acceptance of your products or services, affecting the purchasing power of your customers, or influencing the attractiveness of your products or services.

Market accessibility

How easy or difficult will it be for you to introduce your product or service to a particular market? You will need to consider:

- whether or not there are any restrictions on imports through taxes, import duties or quotas. What are the country's policies and attitudes toward imports from Canada?

- the actual access for and acceptance of foreign products, specifically for your products or services. Is it in the process of improving or deteriorating?
- existing currency controls. Is the currency convertible? Are there bilateral trade agreements favouring the goods and services of other countries?

Sales potential

The level of demand and long-term potential sales will be profoundly influenced by:

- the competition your company faces from present and future domestic supply;
- the price differential between your goods and those of the competition;
- emerging trends by volume, value and country of origin;
- the general market's acceptance of, or resistance to, new products or services;
- the need to win customer acceptance by adapting your Canadian product to accommodate local preferences and regulations in size, quality, colour, packaging or sales methods.

When you're dealing with agents, watch for complementary products and avoid competing lines.

Regulations

Each country has its own more or less rigorous regulations concerning such areas as measurement systems, health, safety and technical standards, and packaging, marking and labelling requirements. It is strongly recommended that potential exporters obtain as much information as possible on these requirements before proceeding with a comprehensive market analysis.

Terms of payment and currencies

Your market profile will include the country's customary terms of payment as well as the currencies it uses.

One cannot repeat too often the need for sales to new customers to be conducted on a confirmed, irrevocable, letter-of-credit basis

regardless of the temptation to accept other payment promises in the initial euphoria of a new commercial relationship. Further details are available from any major Canadian bank.

Exporters should use the International Chamber of Commerce (INCO) trade terms when preparing quotations. Full information is available from the:

Canadian Council for International Business

50 O'Connor Street, Suite 1011
Ottawa, Ontario K1P 6L2
Telephone: (613) 230-5462
Fax: (613) 230-7087

Distribution

How are importers in the target country organized and how do they prefer to operate? What are their customary mark-up or commission rates?

You will need to learn a lot about their preferred way of doing business because being able to adapt to local business practices can easily work to your benefit over a not-so-knowledgeable competitor.

The local market structures and buying systems will help suggest how you should go about distributing your product. Will a single agent be sufficient or should you have a number of sales representatives?

Appointing the right agent or agents is important. Ask questions such as: Do they seem highly motivated to bring you new customers? Are they familiar with your industry? What representation (countries? organizations?) do they

already carry? Get it right the first time because many countries have laws which make it costly if you want to make changes later. Try to protect yourself as much as possible by, for example, entering into a one-year trial agency agreement during which agents must achieve certain objectives, failing which they may be replaced.

Should you carry local inventory? What should be the size and frequency of shipments? You will want information on the adequacy and cost of international transportation and of inland transportation from the port of entry as well as the likelihood of negotiating commodity rates for recurring shipments. Freight forwarders can help if you don't have the knowledge. (A directory of freight forwarders may be obtained from Industry Canada at (613) 954-5031.)

PROSPECTING FOR MARKETS

You've studied your products or services and determined which are the best export candidates. You've identified the foreign markets that are top prospects. You've worked on your market profile. In other words, you've done your homework. Now it's time to do your fieldwork.

Trade fairs

Perhaps there's no better place for a novice exporter to start than at an international trade fair in your product sector. A few days spent at a trade fair will give you a good look at and a real feel for the products/services and prices you will be competing with, as well as the style and sophistication of your competitor's sales and promotion methods.

An international trade fair is an ideal meeting place for the world's buyers and sellers and for the agents and distributors who bring the two together. It's a very efficient and effective way of testing the waters in a new environment. And you may even make a sale on the spot! At the very least, a visit to a trade fair should provide you with a list of contacts you probably couldn't assemble in several individual prospecting trips.

Assistance in selecting, planning for and funding your attendance at the international trade fair best suited to your needs is available from a number of federal and provincial trade development agencies.

A foreign visit

Your fieldwork also involves a visit to the candidate country to confirm, first-hand, the accuracy of your market profile. Your visit helps you to revise or update this important document.

Being there, you can also find answers to these questions:

- Is there a real (as opposed to perceived) need or desire for your product or service?
- Are there financially stable importers who are eager and able to accept your business?
- Is the economic, social, cultural and political environment what you thought it was?
- Is there competition you hadn't foreseen and can you meet it?
- Must you adjust your product/service or marketing strategy to win needed customer support? If so, will the cost of these changes still provide an acceptable return on your investment?
- Are there any problems to be overcome or opportunities to be seized?

EXPORT EXPERTS

For first-time exporters, making that corporate decision to export can be a big one.

The closer you come to making that decision, the more nervous you become. That's normal. After all, you're leaving the comfortable, familiar environment of your domestic market to tackle an unfamiliar foreign market. You will do battle against entrenched competitors for customers who don't know your company or your products or services. It certainly can be a lonely feeling.

In reality, you're not alone. Canadians are among the world's leading international traders. Literally thousands of Canadian companies have broadened their horizons and successfully incorporated profitable international sales into their domestic operations. Each of these companies has developed strategies and techniques for selling abroad, and most of them are willing to share their experiences with first-time exporters in areas where they are not in direct competition.

You can also link up to a network of Canadian industry and trade and professional associations. In addition, you can count on assistance from federal and provincial government export trade development programs.

If you feel your time and financial resources for exporting are limited, you may also want to make use of Canadian trading houses. They can undertake exporting on your behalf if the profit margin is wide enough to accommodate this additional cost of sales.

Advice and assistance are readily available to you at every step of the way as you identify your exportable products and services, scout your export markets, design your marketing game plans, organize your banking and financing, and begin your sales campaign.

Your export team

Once you begin consulting these export-trade professionals, you won't feel so alone. By adding these experts to your company's export team, you'll receive the kind of assistance few companies, regardless of their size or financial strength, could maintain on staff. The initiative to put this team to work when the conditions are favourable rests with you. You are the captain of the team and only you can call the signals.

Many members of Canada's export team provide packages of related services while others concentrate on a single, specific area of export expertise.

(1) InfoCentre

For all beginners, the InfoCentre is the best starting point. In fact, many veteran exporters in search of specific information or guidance regularly call the InfoCentre, the information centre of the Department of Foreign Affairs and International Trade (DFAIT). The InfoCentre acts as your instant guide to all of the export programs and services provided by the federal government.

The InfoCentre provides exporters with the general export overview. It helps you find answers quickly to specific export questions or problems, either by putting you in touch with an expert in DFAIT or by referring you to other sources of help—such as Industry Canada, other federal agencies, provincial governments or private-sector trade associations. Through the InfoCentre you can join the Department's trade information network, WIN Exports, and find out about the best potential markets for your products or services.

A broad selection of export-trade literature is available through the InfoCentre such as country guides, sectoral studies, specific market analysis, and a subscription to *CanadExport*, the Department's twice-monthly export news magazine, available free of charge to export-oriented people across Canada.

INFOCENTRE

Fax: (613) 996-9709

Telephone: 1-800-267-8376 or
(613) 944-4000 (Ottawa/Hull)

FaxLink: (613) 944-4500

(2) International Trade Centres

International Trade Centres (ITCs) are the delivery point in Canada's regions for the trade development programs and services of DFAIT.

International Trade Centres are located within the regional offices of Industry Canada, and are distinct units managed by a senior trade commissioner from DFAIT. ITC offices have been established in Vancouver, Edmonton, Calgary (suboffice), Saskatoon, Winnipeg, Toronto, Montréal, Moncton, Charlottetown, Halifax and St. John's. ITCs offer a full range of trade development services to Canadian companies, including:

Export Counselling

Trade commissioners provide professional counselling to assist firms in the development of their international marketing plans. Trade commissioners can assist new exporters in developing an export entry strategy and work with experienced exporters to refine their approach to specific markets. They can also advise on the trade fairs and missions sponsored by DFAIT.

Programs

ITCs are responsible for the delivery of the Program for Export Market Development (PEMD) and the New Exporters to Border States (NEBS), New Exporters Overseas (NEXOS) and New Exporters to Mexico (NEWMEX) programs. In addition, they

provide input to the Access North America (ANA) program and the Technology Inflow Program (TIP), and recruit local firms for participation in DFAIT's worldwide fairs and missions program.

Seminars and Workshops

ITCs arrange and sponsor a variety of seminars and workshops on the fundamentals of exporting, federal trade programs and export market opportunities. They also sponsor special interest programs dealing with such topics as the North American Free Trade Agreement (NAFTA) and Pacific 2000. In addition, with sufficient notice, ITCs can make available speakers to participate in locally organized export events.

WIN Exports Trade Information Network

Firms can register in the WIN Exports data bank, a sourcing tool used by Canadian trade offices worldwide. This data bank is updated regularly and keeps trade commissioners abroad aware of Canadian companies' capabilities and interests, thus increasing their chances of gaining access to valuable trade leads.

Other Services

ITCs also provide access to the services offered by the Export Development Corporation (EDC) (export financing and insurance), the Canadian International Development Agency (development-assistance contracts in developing countries) and other government departments and agencies such as the Canadian Commercial Corporation (government-to-government contracts including U.S. defence procurement).

Information and Publications

On behalf of the Department of Foreign Affairs and International Trade, ITCs provide a wide selection of trade publications. These include country market profiles, global market opportunity reviews, "how to" guides, trade statistics and information on international trade fairs.

International Trade Centres

Newfoundland

International Trade Centre
P.O. Box 8950
Atlantic Place
Suite 504
215 Water Street
St. John's, Newfoundland
A1B 3R9
Tel: (709) 772-5511
Fax: (709) 772-2373

Prince Edward Island

International Trade Centre
P.O. Box 1115
Confederation Court Mall
Suite 400
134 Kent Street
Charlottetown
Prince Edward Island
C1A 7M8
Tel: (902) 566-7400
Fax: (902) 566-7450

Nova Scotia

International Trade Centre
P.O. Box 940, Station M
1801 Hollis Street
Halifax, Nova Scotia
B3J 2V9
Tel: (902) 426-7540
Fax: (902) 426-2624

New Brunswick

International Trade Centre
1045 Main Street, Unit 103
Moncton, New Brunswick
E1C 1H1
Tel: (506) 851-6452
Fax: (506) 851-6429

Quebec

International Trade Centre
P.O. Box 247
7th Floor
5, Place Ville-Marie
Montréal, Quebec
H3B 2G2
Tel: (514) 496-4636
Fax: (514) 283-8794

Ontario

International Trade Centre
Dominion Public Building
4th Floor
One Front Street West
Toronto, Ontario
M5J 1A4
Tel: (416) 973-5053
Fax: (416) 973-8161

Manitoba

International Trade Centre
P.O. Box 981
8th Floor
330 Portage Avenue
Winnipeg, Manitoba
R3C 2V2
Tel: (204) 983-6531
Fax: (204) 983-2187

Saskatchewan

International Trade Centre
The S.H. Cohen Building
Room 401
119 - 4th Avenue South
Saskatoon, Saskatchewan
S7K 5X2
Tel: (306) 975-5315
Fax: (306) 975-5334

Alberta

Edmonton Office
International Trade Centre
Canada Place
Room 540
9700 Jasper Avenue
Edmonton, Alberta
T5J 4C3
Tel: (403) 495-2944
Fax: (403) 495-4507

Calgary Office

International Trade Centre
Suite 1100
510 - 5th Street S.W.
Calgary, Alberta
T2P 3S2
Tel: (403) 292-6660
Fax: (403) 292-4578

British Columbia

International Trade Centre
300 West Georgia Street
Suite 2000
Vancouver, British Columbia
V6B 6E1
Tel: (604) 666-0434
Fax: (604) 666-8330

CANADIAN TRADE COMMISSIONERS

Canadian trade commissioners live and work in Oslo and Buenos Aires, in Beijing and Buffalo, in fact in over 100 cities throughout the world. As part of an extensive network of trade experts, their primary responsibility is to assist exporters to get started or to expand sales in foreign markets. The Canadian trade commissioners are Department of Foreign Affairs and International Trade employees working on your behalf in countries around the world.

It's a good idea to inform the trade commissioner in each of your foreign markets of your export activities. Keeping him or her up to date pays big dividends in reducing costs, avoiding pitfalls and seizing opportunities.

Before you contact a trade commissioner, here are some pointers on preparing yourself. You should provide your trade commissioner, in advance, with:

- a summary of your company's activities;
- your previous export experience;
- precise descriptions of your product or service;
- the main selling feature of your product or service;
- the type of distributor or representative you want;
- your tentative travel schedule;
- requests for introductions to or appointments with potential agents and/or buyers;
- 5 to 10 copies of your sales brochure.

Your trade commissioner can help you determine:

- whether your product or service can be imported into the market;
- the normal distribution channels for your product or service;
- whether there is local or imported competition;

- the buying practices in the market;
- the kind and quality of market support services available such as banking, shipping and storage;
- import policies and restrictions;
- how to quote in the market;
- social, cultural, business, market and political conditions affecting sales.

When your marketing plans are completed and the trade commissioner has been informed of your intentions, he or she can help you market your product by:

- canvassing and recommending local representatives on the basis of their interest in your product or service. You are well advised to seek the trade commissioner's advice before appointing agents. Local laws differ from Canadian practice and firing a non-performing agent in some countries can be very difficult. It is usually costly and sometimes even impossible;
- recommending translation, legal, advertising and other support services;
- arranging meetings for future business trips;

- providing on-the-spot information on duties, taxes and foreign exchange matters, and helping you solve problems and find solutions in these areas;
- helping you determine why an account is overdue and, if necessary, advising you on proper procedures for settlement;
- maintaining contact with your agent and providing him or her with support and encouragement.

Your trade commissioner

The trade commissioner can be your eyes and ears on-site, and can be of valuable assistance in distant, unfamiliar markets. Your trade commissioner ...

Can promote your firm to local customers

Can recommend appropriate technical experts to help you negotiate a deal

Can help you find good translators and interpreters

Can help you select effective agents

Can maintain a liaison with your agents and encourage them

Can advise on the settlement of overdue accounts

Can advise you on situations and circumstances affecting travel to and within a country

Cannot close the sale for you

Cannot be present at all your negotiations when you are closing a deal

Cannot serve as your translator or interpreter

Cannot act as your agent

Cannot train or supervise your agents

Cannot act as your debt collector

Cannot act as your travel agent



POINTERS

As a successful business person, you've had experience in selling and marketing your product or service in Canada. This section addresses some of the subtle and not-so-subtle differences between selling on your home turf and selling abroad.

The tips included here have been learned the hard way, through trial and error, by seasoned business people in their initial export marketing ventures. The list is by no means a comprehensive one. However, this section can provide you with a partial checklist of things you might overlook in the rush to respond to an attractive export opportunity.

Communicating overseas

Language, not numbers, is the medium of communication whether it's by telephone, telex, cable, facsimile or mail. Whenever possible, use the language of the recipient. It's courteous and gets you into your customer's office much faster. When you must use English or French, make it clear, simple and straightforward. Avoid North American idioms, colloquialisms and slang; otherwise, you run the risk of confusing your partner.

The letter, the oldest form of long-distance communication, may be slow, but it's sure. It serves as a permanent and tangible record of what was communicated between the sender and the recipient. Use letters whenever time permits and to confirm agreements and decisions reached over the telephone. The usual rules for domestic business correspondence apply internationally, but here are a few tips.

- Make sure your letterhead clearly conveys your company name, address and postal code, your telephone and facsimile numbers, and the word "Canada".
- If your letterhead lists branch office addresses, be sure you clearly indicate the address to which the reply should be directed.

- Unless the message can afford a leisurely ocean cruise, always ensure your correspondence abroad displays an "Air Mail" sticker on the envelope.
- Always personally (and legibly) sign your letters. Your foreign customers want to know with whom they are dealing.

The path to success is paved with good intentions that were carried out.

Bob Edwards,
Publisher of the
Calgary Eye Opener
from 1902 to 1922

- In case of any prolonged absence from the office, make sure someone is responsible for acknowledging any mail received in your absence.

Telex, cable, facsimile

When using telex, cable or facsimile transmission, avoid the temptation to save a few pennies by using "telegrammatic" language. What you save in transmission costs won't equal the cost of possible misunderstandings. Keep it simple — it's safer and cheaper in the long run.

As with telephone calls, always confirm telex, cable and facsimile messages by mailing a copy. It serves as confirmation and a reminder to both parties.

Overseas telephone

When using the overseas telephone, remember that calls may often be answered by people unfamiliar with English or French. Speak slowly and clearly (but not

patronizingly) using only standard language. You can always modify it to match the degree of fluency you perceive at the other end.

Advertising and promotional material

Advertising and promotional material play a vital role in the initial interest in a product or service overseas. Pay attention to the publications and brochures that support and accompany your goods.

- Examine your current literature to see if it can be adapted to suit both your domestic and foreign markets. Some companies use English, French and Spanish, the most-used languages of trade, in their literature and catalogues to avoid the expense of separate publications.
- Make liberal use of colour photographs and illustrations of the product/service and its application to avoid the need for lengthy textual descriptions (and their translation).

*I am a great
believer in luck
and I find the
harder I work
the more
I have of it.*

Stephen Leacock
(1869-1944)

- Don't scrimp on translation costs. Hire first-class translators. Sloppy use of language can give rise to misunderstandings and to customer fears of potential sloppiness in your product or service.

- Check any translation done in Canada with an expert in the other country. Ensure that it reflects the latest language usage.
- Carefully examine the meaning and acceptability of a brand name or logo in the language of the country.
- Make sure it does not have negative or inadvertently humorous connotations.

- Make sure the colours you use in your material conform to local tastes and preferences.
- Metric is the standard of measurement in many countries. Ensure your specifications are metric or that you provide metric equivalents.

Know how to learn from your mistakes.

Scheduling your time

One of the most critical factors contributing to the success of your first overseas trip is how effectively you organize your time. Here are some time-planning DOs and DON'Ts to keep in mind.

DOs

Do leave yourself time at the start to get over your jet lag. Use that time to check in with the trade commissioner and to wander about, looking, listening and generally getting a feel for the country.

Do plan to spend at least three days (or a week if it is a major market) in each place you visit. You'll learn as much about the country, its people and the market by osmosis as you would in a frantic round of back-to-back meetings.

Do get the most out of your trip by ensuring it does not coincide with traditional holiday periods. For example, not much work would be accomplished in Rio during carnival.

Do write to the trade commissioner(s) you met on your visit. Let them know how your meetings went, who your agent is (if you appointed one) and what your future plans are. If you need any additional assistance or information, now's the time to ask for it. Keeping the trade commissioners fully in the picture lets them know you are serious and they can be on the look-out for other sales leads and opportunities for you.

DON'Ts

Don't start out on a foreign marketing trip without pre-planning and careful organizing. Don't arrive without warning and avoid whirlwind trips.

Don't try to cram too much business or too many countries into your first trip. Three countries in two weeks are probably all you can effectively absorb in a single trip, particularly the first one.

Don't believe everything you've heard about relaxed attitudes to time in certain countries. Check the local custom with the Canadian trade commissioner.

Don't show up at the office for business as usual at 9 a.m. on your first day back. Take it easy. Get over your jet lag and spend the time at home sorting out business cards and organizing lists of people to whom you should send follow-up letters. Jot a few words on the back of each business card describing the follow-up action required. Draft a general follow-up letter before clearing the backlog of items that piled up during your absence.

*Arrive early at airports.
Allow two hours for security.*

APPENDIX A

An Export Pricing Sheet — How to work out export prices¹

One of the early steps in campaigning for export markets is working out realistic export prices — or “costing,” as it is sometimes called. Too often, goods are priced for export merely on the basis of domestic price plus freight and insurance. Sometimes the resulting price is unrealistically high; occasionally it is too low. The would-be exporter should remember that foreign buyers usually have quotations from many countries to compare and will seek the best possible price. Export quotations should generally be kept as low as possible, commensurate with a reasonable profit — and certainly a profit no higher than on domestic sales. Manufacturers intent on making volume foreign sales will bear in mind that success will only result from consistent quality offered at acceptable prices. A word of caution: buyers' loyalty runs thin on the international scene. A miniscule price difference may suddenly displace established suppliers. This can work in your favour.

Federal sales tax does not apply to exports, and if any charge for advertising is made in domestic prices, it should be deducted from the base price before calculating export prices.

The following worksheet may serve as a sample guide to assist you in arriving at a realistic export price for your products.

More detailed information about export financing is available from the Department of Foreign Affairs and International Trade (see Appendix E).

EXPORT PRICING WORKSHEET (C.I.F.)²

Date: March 1983 Ref: 6243

Name of customer: Mr. Buyer, Importers Inc.

Address: 162 Overseas Blvd., Foreign Country

Product: WIDGET

Special terms or conditions quoted:

Unit quotes: 1 000 Gross weight: 64 kg Cubic measure: 140 m³

Item	Cost (CS)
Cost and Freight	
1. Cost of unit before profit	10 000
2. Profit at 10% (for example)	1 000
3. Overseas agent's commission at 7 1/2% (for example)	825
4. Export packing	75
5. Labelling cost	10
6. Stencil marking cost	0
7. Strapping cost	5
8. Cartage	2
9. Freight to seaboard cost: \$6.00 per 1 000; Type of carrier: rail	6
10. Unloading charges	2
11. Terminal charges	1
12. Long-load or heavy loading charges	0
13. Consular documents charges	N/A
14. Other charges (cable, phone)	4
15. Ocean freight cost	30
16. Forwarding agent's fee	10
17. Export credit insurance at 1% (for example)	100
18. Financing charges for credit sales	400
Total of cost and freight	12 470
Insurance	
19. Marine insurance (add 10% to total of cost and freight)	13 717
Approximate premium	137
Amount to be insured	13 854
20. Type of insurance: All risks: Rate: 1%; Premium: 138.54	139
Grand total (C.I.F.)	12 609
Convert Canadian \$ to export market currency	104 203 zks

¹ By J.R. Arnold, Export Consultant, Lasqueti, B.C. V0R 2J0

² Cost, Insurance, Freight

APPENDIX B

A Checklist for an Overseas Sales Visit

Pre-planning is vital to a successful overseas sales trip. The following checklist highlights a number of important details you should cover to make the most of your first, exploratory overseas sales trip.

- If you intend to apply for PEMD assistance, make your application two to three months prior to your planned departure.
- Two or three months prior to your departure, write to the trade commissioner at the Canadian embassy in your target country(ies) and provide details of your product or service and your plans to market it. Outline your objectives and expectations for this first exploratory trip. As soon as your travel plans are finalized, inform the trade commissioner.
- Use a reliable travel agent to help you plan your itinerary and to take advantage of the most efficient and economical travel routes. When you have approved the plan, make confirmed travel and hotel reservations and reconfirm them just before you leave.
- Carry a good supply of business cards printed in English or French on one side and, if possible, in the language of the country to be visited on the other. Exchange business cards with each of the contacts you visit.
- Include a supply of business stationery, sales brochures, literature and photographs of your product for use abroad. A small dictaphone or recorder is very

handy for making on-the-spot notes to yourself on meeting details, outcomes, agreements and undertakings made during your meetings.

- Carry a list of C.I.F. prices for all your products for each of the countries you plan to visit and of scheduled sailings to these countries from major Canadian ports.

Give-away gifts related to your product or service or to Canada are always welcome.

Little things like knowing the local dress code, meal times, how to address people, and other customs will eliminate small problems and win you the good will of your hosts.

- Samples of your products, if feasible, or small give-away gifts related to your product or service or to Canada are always welcomed by contacts. Check local customs regulations on these with your trade commissioner.

- Ensure that you have a valid Canadian passport and any visas required for your trip. Carry a few extra passport photos for additional visas you may need on the trip. You should also be sure that you have an up-to-date record of required immunization shots and you should carry it with your passport.

- Obtain an international driver's licence if you plan to use a car during your trip. If you are renting a car, make reservations well in advance and reconfirm them just before you leave.

- Take advantage of any memberships you may have

in international service clubs. Obtain addresses and telephone numbers of club branches in the cities you are visiting and, if possible, the names of contacts. Service clubs are excellent ways of making business contacts.

- Obtain a letter of introduction from your bank manager to the manager of a bank in each of the cities you plan to visit. The letter can be helpful in checking references of potential customers and agents and if you run into unexpected financial difficulties.
- Ensure that the funds you carry are more than adequate to meet your expected needs and that they are readily convertible. Travelling is a costly business — plan accordingly.
- Background reading on the countries you plan to visit will smooth the trip by providing advance information on the history, economy and social scene. Little things like knowing the local dress codes, meal times, how to address people, and other customs will eliminate small problems and win you the good will of your hosts.

APPENDIX C

A Checklist for Exhibiting Overseas

After you have made your first exploratory overseas sales trip and have observed an international trade fair yourself, you may well decide that your company should exhibit its products and services at such a fair.

The trade commissioner in the host country is your best source for detail, on-site information and a professional appraisal of the scope, quality and track record of any fair in his or her territory. The planning and logistics of exhibiting at a trade fair demand careful advance planning. Allow yourself a full 12 months lead time to plan and implement your decision to participate as an exhibitor at a trade fair.

The following checklist summarizes the sequence of the main activities an exhibitor must undertake in the 12 months prior to the fair.

Twelve months in advance

Obtain current literature and information on the fair and catalogues and statistics from previous years which will provide answers to the following questions:

- How large an area does the fair cover?
- What is the range of products covered?
- How many visitors attended last year? How many countries did they come from and are attendance trends on the increase or decrease?
- How many companies exhibited last year, where were they from and is the trend up or down?
- What is the cost of booth space and what services are included?

Allow yourself a full 12 months lead time to plan and implement your decision to participate as an exhibitor at a trade fair.

- What is the cost of services not supplied?
- What is the space reservation deadline?
- What are the customs and import regulations for products being exhibited? Are special licences required? Can the goods be easily taken back to Canada?
- Are there other exhibit or business opportunities available in conjunction with the fair?
- What is the cost of clearing samples?
- What is the cost of an interpreter, if one is needed?

Nine months in advance

- Mail contracts for trade fair and send reservation deposits.
- Inform the trade commissioner of your exhibit plans and keep ongoing information and relevant correspondence flowing.
- Select your overseas exhibit team and make all travel and accommodation reservations.
- Plan your exhibit and booth space and, if possible, try to include an "office space" in which to conduct business.
- Decide whether you will design, construct or set up your own exhibit or employ consultants. Finalize arrangements for this. (Make sure fair doors, elevators, etc. will accommodate your exhibit.)
- Decide on pre-fair publicity, public relations, literature, promotional material, who will produce and translate it and finalize arrangements. Don't forget to

provide fair management with your material for use in their publicity.

- Select freight forwarder and arrange shipment of exhibit.
- Determine availability of consolidated shipment.

Six months in advance

- Check booth design and construction schedules.
- Formulate shipping plans to meet fair requirements.
- Select and order samples and give-aways.
- Determine exhibit approach. (Most buyers and agents like to see demonstrations, pick up literature and talk to the manufacturer.)
- Plan your public relations approach. (Invitations to customers to attend your exhibit? Invitations to a reception? Media releases and photographs? Advertising?)
- Plan for adequate staffing of booth. (Rule of thumb is two staffers per 9m² of booth space.)
- Arrange for locally hired staff (e.g. for receptions, interpreters).
- Order exhibit supplies.

Four months in advance

- Finalize shipping arrangements (e.g. transportation, customs agents, freight forwarding).
- Recheck sales and promotional materials.
- Make personnel assignments.
- Prepare booth staffing schedule and begin booth staff training program. Booth staff must be thoroughly familiar with the product, prices, delivery capability and customs requirements.

Three months in advance

- Recheck supplies and equipment.
- Arrange to ship and insure exhibit.

- Make final approvals on local publicity and advertising.
- Order badges for booth personnel.

Two months in advance

- Send list of booth personnel to fair management.
- Send invitations to potential customers and agents to visit your display, reception, etc.
- Recheck travel arrangements.

One month in advance

- Check on delivery of exhibit, equipment and supplies.
- Arrange for exhibit repacking and return.
- Check on booth construction.

Week before the show

- Check hospitality arrangements.
- Set up on-site meetings and rehearsals.
- Check on arrival and clearance of your exhibit and supplies.
- Prepare tool kit for emergency repairs to display units and equipment.
- Meet with photographer, arrange for desired photos.
- Prepare lists of all important telephone numbers (e.g. fair manager, security, decorator, maintenance, freight handlers).
- Inform your office in Canada of your exhibit and hotel telephone numbers.

Day before show opens

- Perform final check on booth, furniture and equipment.
- Finalize booth staffing schedules.

- Survey entire fair. See what competitors are doing and note ideas for your next exhibit.

During the fair

- Schedule daily breakfast meetings to brief staff on day's activities.
- Check on the competition every day.
- Seek out foreign manufacturers of complementary product lines to discuss possibility of their distributing your products in their home markets.

After the fair

- Arrange for repacking and return of your exhibit/equipment.
- Check bills and service charges.

- Plan to spend a day or two after the fair to train any agents appointed, follow up local contacts, and visit the marketplace to note competitive products, prices, presentation and local advertising practices.
- Write follow-up letters to all promising contacts made at the fair.
- Hold debriefing meeting with permanent and locally hired staff to discuss their observations, recommendations and suggestions for improvements for future exhibitions.
- Inform trade commissioner of your assessment of your participation and of your future plans for that market.
- Check back with the trade officers in the International Trade Centre after your return to Canada, and brief personnel on your participation at the fair.

APPENDIX D

Export Jargon

C.I.F. (Cost, Insurance, Freight) – The exporter pays the cost of the goods, cargo insurance and all transportation charges to the named point of destination.

Canadian and foreign port charges – Charges for unloading or storing goods and for dock space before loading on a ship.

Certificate of origin – A certification of the country where the product was made. In Canada, the Canadian Chamber of Commerce issues certificates of origin except for the purposes of the North American Free Trade Agreement, where the manufacturer must complete a specially developed form (see Appendix G).

Commercial invoice – Prepared by the exporter or the forwarder, it is needed by the buyer to show ownership and arrange for payment to the exporter.

Consular invoice – May be required by certain foreign governments to have tighter control over their imports. A consular invoice requires approval of that country's consulate in Canada and frequently involves a fee.

Countertrade – A generic term encompassing export transactions where a sale to the purchaser is conditional upon a reciprocal purchase or undertaking by the exporters. Forms of these may include counterpurchase, barter, compensation or off-sets.

Customs documentation – Special documents required by some countries to identify the origin and/or value of the shipment.

Customs invoice – Prepared by the exporter or forwarder, this is a copy of the seller's commercial invoice, describing the goods bought. Customs invoices are used for import clearances and, occasionally, vary from commercial invoices.

Dock and warehouse receipt – Domestic Bill of Lading needed for contracting with trucking firm or railroad, to ship goods from the exporter's loading dock to the port.

Export declaration – Prepared by exporter or freight forwarder for shipments valued in excess of a specified amount.

Export licence – May be required for some export shipments, for example, strategic goods.

Export Management Company (EMC) – An independent firm which acts as the exclusive sales department for non-competing manufacturers. There is usually a formal agreement to manage the manufacturer's exports. Some act as an agent for the manufacturer and, in such cases, are paid a commission on the export sales. Others operate on a buy-sell basis, that is, EMCs buy from their manufacturers at a set price, and resell to foreign customers.

Ex-factory – The price of goods at the exporter's loading dock, i.e. the buyer owns the goods at that point and bears all the risks and cost for subsequent delivery.

Ex-works price – This price normally includes export credit insurance, financing charges and the profit margin. It excludes any cost that relates specifically to the home sales operation.

F.A.S. (Free Along Side) – The price of goods to delivery on the docks during loading. The buyer becomes responsible for the goods once they are on the docks alongside the ship.

F.O.B. (Free on Board) – The price of goods on board the specified vessel at the specified port of shipment. If you have quoted F.O.B. prices, you are responsible for the shipment until it is loaded on board. This could cause problems in the event of a dock strike.

Financing charges – Bank fees and interest charges for handling payments, or for financing shipments.

Freight forwarder charges – Charges for the use of internal freight forwarders.

Import tariffs – Foreign government taxes levied on goods imported into that country.

Insurance certificate – Prepared by the exporter and his forwarder to indicate insurance of the goods against loss or damage.

Insurance costs – Cargo insurance to cover the risk of shipping.

Letters of credit (L/C) – An arrangement whereby an importer arranges with the bank to transfer the amount of the transaction to a Canadian bank for payment to the exporter. This amount is available to the exporter provided the requirements of the letter of credit are met. When the exporter presents the invoices and shipping documents to the bank, the exporter receives immediate payment.

Ocean (or Airway) bill of lading – Prepared by the carrier or freight forwarder as a contract between the owner of the goods and the carrier. It is needed by the buyer in order to take possession of the goods.

Packing lists – Prepared by the exporter to show the quantity and type of merchandise shipped.

Trading houses – Companies specializing in the exporting, importing and third-country trading in goods and services produced by others and providing related export services. They may act on a merchant or agent basis.

APPENDIX E

Other helpful publications

Directory of the Canadian Trade Commissioner Service — a DFAIT publication which lists Canadian missions abroad with foreign trade, investment and tourism promotion responsibilities.

Trade Development Programs and Services — a pocket-sized guide to the development programs and services offered to the Canadian exporting community by DFAIT.

Export Sales Leads - Register your company today! — Pamphlet describing the WIN Exports program.

Pocket Facts: Canada - Economic Indicators — Periodically updated, year-to-date and annual statistics on 30 economic indicators and on merchandise trade with Canada's top 100 trading partners.

CanadExport — a DFAIT twice-monthly newsletter that provides advice and information for Canadian exporters.

Please refer to Reader Response Card on opposite page.

APPENDIX F

Reader Response Card

Please send me, **free of charge**, the following export-information booklets published by the Department of Foreign Affairs and International Trade (DFAIT).

Directory of the Canadian Trade Commissioner Service (8XA)

Trade Development Programs and Services (4TA)

Export Sales Leads: Register your company today (50TB)

Pocket Facts: Canada – Economic Indicators (9XA)

I would like to subscribe to **CanadExport** (CNE)

Please refer to opposite page for details on these publications.

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APPENDIX G

Exporter's Certificate of Origin

*Note: Please find on the following page, the **North American Free Trade Agreement Certificate of Origin**, an authentic document that can be reproduced and/or photocopied and filled in by exporters of Canadian products to the United States and/or Mexico.*

**NORTH AMERICAN FREE TRADE AGREEMENT
CERTIFICATE OF ORIGIN INSTRUCTIONS**

For purposes of obtaining preferential tariff treatment, this document must be completed legibly and in full by the exporter and be in the possession of the importer at the time the declaration is made. This document may also be completed voluntarily by the producer for use by the exporter. Please print or type.

- Field 1:** State the full legal name, address (including country) and legal tax identification number of the exporter. Legal tax identification number is: in Canada, employer number or importer/exporter number assigned by Revenue Canada; in Mexico, federal taxpayer's registry number (RFC); and in the United States, employer's identification number or Social Security Number.
- Field 2:** Complete field if the Certificate covers multiple shipments of identical goods as described in Field 5 that are imported into a NAFTA country for a specified period of up to one year (blanket period). "FROM" is the date upon which the Certificate becomes applicable to the good covered by the blanket Certificate (it may be prior to the date of signing this Certificate). "TO" is the date upon which the blanket period expires. The importation of a good for which preferential tariff treatment is claimed based on this Certificate must occur between these dates.
- Field 3:** State the full legal name, address (including country) and legal tax identification number, as defined in Field 1, of the producer. If more than one producer's good is included on the Certificate, attach a list of the additional producers, including the legal name, address (including country) and legal tax identification number, cross-referenced to the good described in Field 5. If you wish this information to be confidential, it is acceptable to state "Available to Customs upon request". If the producer and the exporter are the same, complete field with "SAME". If the producer is unknown, it is acceptable to state "UNKNOWN".
- Field 4:** State the full legal name, address (including country) and legal tax identification number, as defined in Field 1, of the importer. If importer is not known, state "UNKNOWN"; if multiple importers, state "VARIOUS".
- Field 5:** Provide a full description of each good. The description should be sufficient to relate it to the invoice description and to the Harmonized System (HS) description of the good. If the Certificate covers a single shipment of a good, include the invoice number as shown on the commercial invoice. If not known, indicate another unique reference number, such as the shipping order number.
- Field 6:** For each good described in Field 5, identify the HS tariff classification to six digits. If the good is subject to a specific rule of origin in Annex 401 that requires eight digits, identify to eight digits, using the HS tariff classification of the country into whose territory the good is imported.
- Field 7:** For each good described in Field 5, state which criterion (A through F) is applicable. The rules of origin are contained in Chapter Four and Annex 401. Additional rules are described in Annex 703.2 (certain agricultural goods), Annex 300-B, Appendix 6A (certain textile goods) and Annex 308.1 (certain automatic data processing goods and their parts). **NOTE: In order to be entitled to preferential tariff treatment, each good must meet at least one of the criteria below.**

Preference Criteria

- A** The good is "wholly obtained or produced entirely" in the territory of one or more of the NAFTA countries, as referred to in Article 415. **NOTE: The purchase of a good in the territory does not necessarily render it "wholly obtained or produced".** If the good is an agricultural good, see also criterion F and Annex 703.2. (Reference: Article 401(a) and 415)
- B** The good is produced entirely in the territory of one or more of the NAFTA countries and satisfies the specific rule of origin, set out in Annex 401, that applies to its tariff classification. The rule may include a tariff classification change, regional value-content requirement or a combination thereof. The good must also satisfy all other applicable requirements of Chapter Four. If the good is an agricultural good, see also criterion F and Annex 703.2. (Reference: Article 401(b))
- C** The good is produced entirely in the territory of one or more of the NAFTA countries exclusively from originating materials. Under this criterion, one or more of the materials may not fall within the definition of "wholly produced or obtained", as set out in Article 415. All materials used in the production of the good must qualify as "originating" by meeting the rules of Article 401(a) through (d). If the good is an agricultural good, see also criterion F and Annex 703.2. (Reference: Article 401(c))
- D** Goods are produced in the territory of one or more of the NAFTA countries but do not meet the applicable rule of origin, set out in Annex 401, because certain non-originating materials do not undergo the required change in tariff classification. The goods do nonetheless meet the regional value-content requirement specified in Article 401(d). This criterion is limited to the following two circumstances:
1. the good was imported into the territory of a NAFTA country in an unassembled or disassembled form but was classified as an assembled good, pursuant to HS General Rule of Interpretation 2(a); or
 2. the good incorporated one or more non-originating materials, provided for as parts under the HS, which could not undergo a change in tariff classification because the heading provided for both the good and its parts and was not further subdivided into subheadings, or the subheading provided for both the good and its parts and was not further subdivided.
- NOTE: This criterion does not apply to Chapters 61 through 63 of the HS (Reference: Article 401(d))**
- E** Certain automatic data processing goods and their parts, specified in Annex 308.1, that do not originate in the territory are considered originating upon importation into the territory of a NAFTA country from the territory of another NAFTA country when the Most-Favoured-Nation Tariff rate of the good conforms to the rate established in Annex 308.1 and is common to all NAFTA countries. (Reference: Annex 308.1)
- F** The good is an originating agricultural good under preference criterion A, B or C above and is not subject to a quantitative restriction in the importing NAFTA country because it is a "qualifying good" as defined in Annex 703.2, Section A or B (please specify): A good listed in Appendix 703.2.B.7 is also exempt from quantitative restrictions and is eligible for NAFTA preferential tariff treatment if it meets the definition of "qualifying good" in Section A of Annex 703.2. **NOTE 1: This criterion does not apply to goods that wholly originate in Canada or the United States and are imported into either country. NOTE 2: A tariff rate quota is not a quantitative restriction.**
- Field 8:** For each good described in Field 5, state "YES" if you are the producer of the good. If you are not the producer of the good, state "NO" followed by (1), (2), or (3), depending on whether this certificate was based upon: (1) your knowledge of whether the good qualifies as an originating good; (2) your reliance on the producer's written representation (other than a Certificate of Origin) that the good qualifies as an originating good; or (3) a completed and signed Certificate for the good, voluntarily provided to the exporter by the producer.
- Field 9:** For each good described in Field 5, where the good is subject to a regional value content (RVC) requirement, indicate "NC" if the RVC is calculated according to the net cost method; otherwise, indicate "NO". If the RVC is calculated according to the net cost method over a period of time, further identify the beginning and ending dates (DD/MM/YY) of that period. (Reference: Articles 402.1, 402.5)
- Field 10:** Identify the name of the country ("MX" or "US" for agricultural and textile goods exported to Canada; "US" or "CA" for all goods exported to Mexico; or "CA" or "MX" for all goods exported to the United States) to which the preferential rate of customs duty applies, as set out in Annex 302.2, in accordance with the Marking Rules or in each Party's schedule of tariff elimination.
- For all other originating goods exported to Canada, indicate appropriately "MX" or "US" if the goods originate in that NAFTA country, within the meaning of the NAFTA Rules of Origin Regulations, and any subsequent processing in the other NAFTA country does not increase the transaction value of the goods by more than 7%; otherwise indicate as "JNT" for joint production. (Reference: Annex 302.2)
- Field 11:** This field must be completed, signed and dated by the exporter. When the Certificate is completed by the producer for use by the exporter, it must be completed, signed and dated by the producer. The date must be the date the Certificate was completed and signed.

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