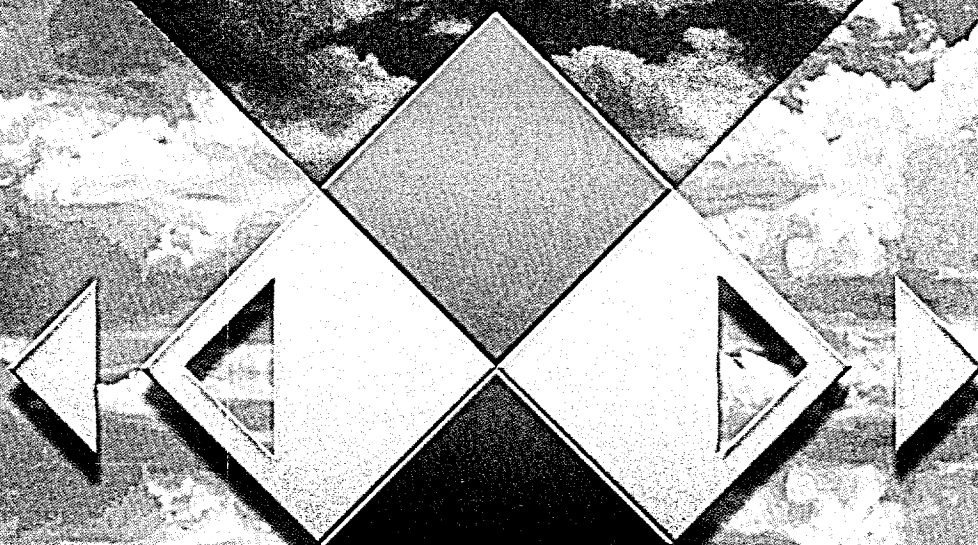


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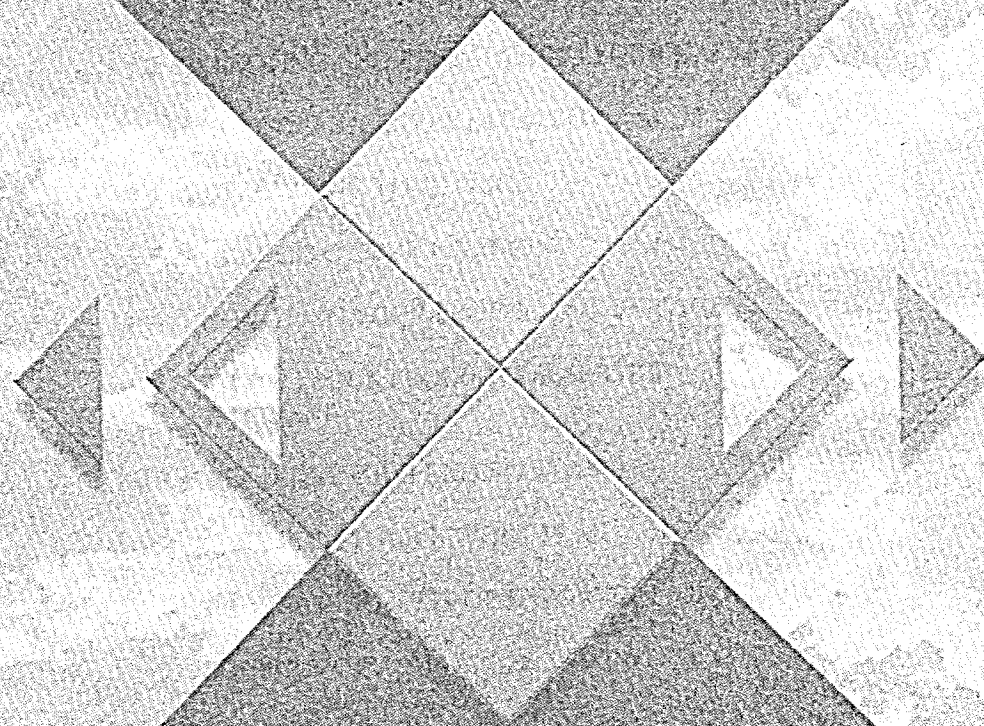
THE EXPORTER'S GUIDE



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THE EXPORTER'S GUIDE



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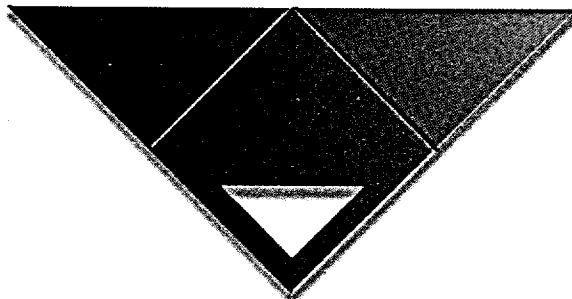
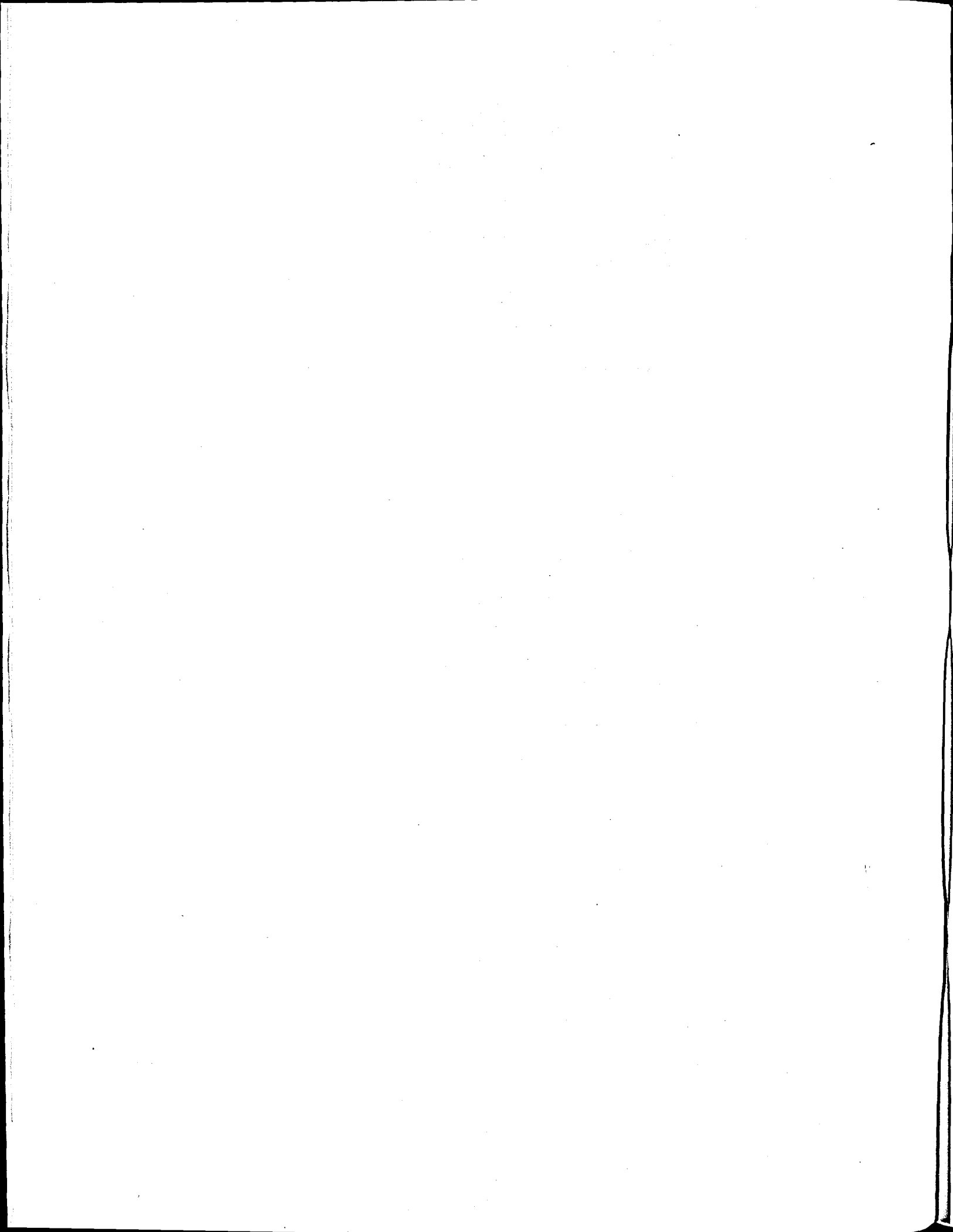
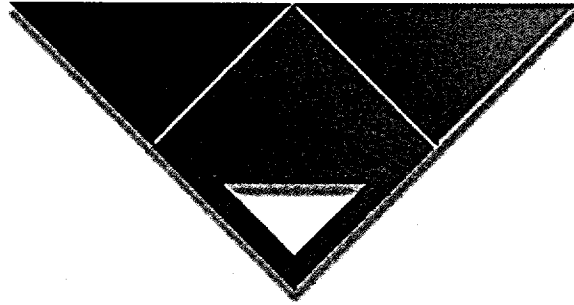


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INTRODUCTION



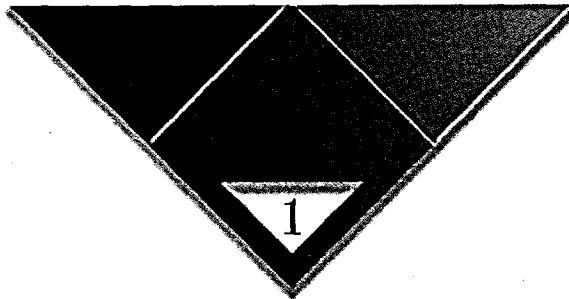
Exporting can bring significant benefits. It can also place demands on companies that they may or may not be prepared to meet. *The Exporter's Guide* is designed for small and medium-sized enterprises (SMEs) that are considering the possibility of exporting. It won't provide them with ready-made export markets and strategies. It will, however, give them an understanding of the realities of exporting, and provide them with solid, straightforward information on how to assess their export capabilities and guide them through the process of planning and executing their first exporting venture.

There has never been a better time for Canadians to export. A low dollar, decreasing trade restrictions, the globalization of markets, and improved travel and communications infrastructures make exporting in the nineties more viable than ever before.

Similarly, the opportunities available to smaller enterprises in the international marketplace are also better now than they have ever been. Partnering with large firms has become a viable option for them to gain access to foreign markets. For their part, large firms are interested in forming partnerships and alliances with smaller firms to make use of their entrepreneurial capabilities and to pursue opportunities in specialized areas and market niches.

Principal sources used in the preparation of The Exporter's Guide include:

- *Exporting for competitiveness — Ten steps for small business (Industry Canada)*
- *Export Guide — A Practical Approach (Department of Foreign Affairs and International Trade [DFAIT])*
- *So, You Want To Export (DFAIT)*
- *Trade Development Programs and Services (DFAIT)*
- *Top Ten Export Programs (DFAIT)*
- *FITTskills 1: Global Entrepreneurship (Forum for International Trade Training)*



EVALUATING YOUR EXPORT POTENTIAL



Let's start by taking a look at some of the activities involved in exporting – activities that require time, effort, money and expertise, all of which should be assessed before entering the international marketplace.

The first step is to evaluate your export potential by taking a careful look at yourself.

Determining whether your product or service is suitable for sale abroad begins with an evaluation of its competitive strengths and weaknesses in the Canadian market. It involves knowing who buys your product or service at home, what needs it satisfies for existing customers, and its strengths and weaknesses in comparison to the competition.

By answering the following questions, you should be able to assess the competitiveness of your product or service.

- Who already uses your product or service? Is it in broad general use or is it limited to a particular group? Is it particularly popular with a certain age group?

Evaluate both your organizational and product readiness for exporting in the following areas:

- ▶ financial resources
- ▶ commitment to exporting
- ▶ possible competitive advantages abroad

- 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

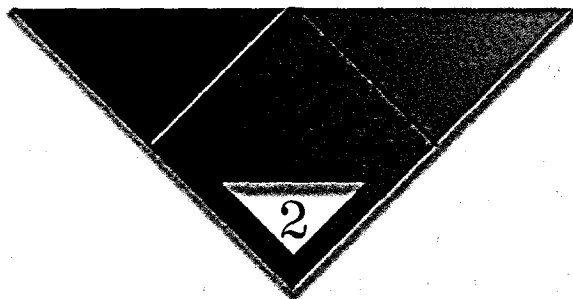
the customer buy?

- 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 it require special documentation? These costs should 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 it be transported? Would transportation 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?

Once you've taken a close look at your company's current structure and evaluated the international potential of its product or service, you should

have an idea of your export potential. If you already have your hands full meeting demand from Canadian customers, or if you have significant cash flow or working capital problems, you should be cautious about launching an export venture at this time. On the other hand, if your analysis suggests that your product or service can be modified to meet conditions elsewhere, or that you enjoy a distinctive competitive advantage, move on to the next section of *The Exporter's Guide* and start selecting your target market.



SELECTING AND RESEARCHING YOUR MARKET



The export process begins with selecting a suitable foreign market. If your preliminary assessment indicates that your company and its product or service is export ready, the next step is to take a look at a number of prospective foreign markets and gather more information on the ones that seem most promising.

The following is a summary of the type of information you'll need to successfully select a foreign market for your product or service.

TARGET MARKET ASSESSMENT

- statistics on trade with Canada and other countries;
- business practices and customs;

Concentrate your efforts on one or two specific markets that offer the best potential:

- ▶ use an initial screening to identify a few promising markets
 - ▶ consider product potential, tariffs and non-tariff barriers such as local standards and regulations
 - ▶ examine local distribution options
- ▶ get information about the size of the markets for your product, who supplies them, and key competitors
- ▶ find out about significant cultural features and local business practices
- ▶ select the market(s) on which you want to focus

- transportation and communications networks (infrastructure) — quality and reliability;
- economic situation;
- political environment;
- credit standing.

TARGET MARKET BACKGROUND

- size of country and potential market;
- climate and terrain;
- distance from Canada;
- size and distribution of population;
- statistics on average income;
- country's plans for development and whether those plans are likely to enhance or diminish acceptance of your product or service, affect the purchasing power of your customers, or influence the attractiveness of your product or service.

TARGET MARKET ACCESSIBILITY

How easy or difficult will it be for you to introduce your product or service to a particular market? You should 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 access for and acceptance of foreign products or services;
- existing currency controls — is the currency convertible and are there bilateral or multi-lateral agreements that favour the goods and services of other countries?

SALES POTENTIAL

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

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

Most small Canadian companies that are just beginning to export start with the United States. Proximity is one factor, but Canadian firms can

also take advantage of close cross-border business ties, a common language and culture as well as similar consumer tastes and business practices. In addition, the North American Free Trade Agreement (NAFTA) has liberalized trade between the two countries making it easier for first-time exporters to enter the market.

Taking part in a trade fair or exhibition is a relatively inexpensive way for a Canadian company to begin exploring a foreign market. A few days at a trade fair will give you a feel for products and prices, as well as the style and sophistication of potential competitors.

Establishing personal contact through these events is often the best way to enter an export market. It is a good opportunity to speak to the people in charge and to see products firsthand. (*See Annexes II and III.*)

Federal, provincial and municipal governments and a variety of business groups sponsor trade missions that can be invaluable in opening doors to foreign markets. Mission organizers handle many of the logistical details, leaving you free to concentrate on business. (*See Section 11, Sources of Assistance and Information.*)

The Market Evaluation Matrix worksheet on the following pages itemizes all of the steps involved in researching and selecting your target market(s).

Now that you have selected your market(s), the next step is to choose a suitable entry strategy.

MARKET EVALUATION MATRIX

Item	Details	Sources	Findings
Size of the target market	<ul style="list-style-type: none"> • in absolute dollars • as a percentage of the economy • compared to the market for the same sector in Canada 		
Recent trends	<ul style="list-style-type: none"> • growth or contraction • technological changes • shifting market base 		
Market for specific product	<ul style="list-style-type: none"> • description • size of market for product • trends 		
Impact of imports	<ul style="list-style-type: none"> • volume • value • as a percent of total market • origin by country 		
Canadian imports in the sector/product	<ul style="list-style-type: none"> • volume • value • trends • sources 		
Customers	<ul style="list-style-type: none"> • characteristics • income levels • spending on the sector or product • current spending priorities 		
What do customers care about?	<ul style="list-style-type: none"> • price • features • quality • timeliness • service • other 		
Purchasing	<ul style="list-style-type: none"> • who makes purchasing decisions • on what basis are purchases made • channels through which purchasing is conducted 		
Factors influencing buyers	<ul style="list-style-type: none"> • cultural characteristics • level of development • religion • attitude to foreign products • consumerism • fashion • political attitudes • social consciousness • technology 		

MARKET EVALUATION MATRIX

Item	Details	Sources	Findings
Competitors	<ul style="list-style-type: none"> • name • country of origin • description (background, resources) • annual global revenues • employees worldwide • employees in country • annual sales in country • annual sales in this sector • market share 		
Competing products or services	<ul style="list-style-type: none"> • product or service names and descriptions • product or service names and descriptions • features relative to Canadian offerings • price and comparison with Canadian offerings • share of the market 		
Emerging opportunities	<ul style="list-style-type: none"> • by product/service • prospects and forecasts • emerging trends • special projects • government procurement 		
Sales techniques	<ul style="list-style-type: none"> • distribution channels • available promotional techniques (fairs, advertising, special events) • after-sales service 		
Sources of market intelligence	<ul style="list-style-type: none"> • Canadian government • target government • major purchasers • sector specialists • intermediaries 		
Sources of marketing assistance	<ul style="list-style-type: none"> • professional marketers • agents and distributors • media representatives 		
Regulatory framework	<ul style="list-style-type: none"> • customs and tariffs • health, safety, the environment • technical standards • corporate law • incorporation • taxation • investment and partnering • repatriation of profits 		

Source: *Export Market Access Tool, Latin America and Caribbean Trade Division, Department of Foreign Affairs and International Trade.*



CHOOSING AN ENTRY STRATEGY

Export success depends on many factors. If you are a manufacturer, you should have an effective way of getting your goods into and distributed in the foreign market, which may involve using intermediaries, direct selling or partnering. If you export services, you should have a mechanism that will help you secure and manage contracts in the market, which usually involves some form of local presence.

The characteristics and regulations of the target market will help you determine which entry strategy to pursue. For example, for relatively accessible markets such as the United States, direct selling may be a viable option. For other markets, with cultural differences, complex local business practices and unfamiliar legal environments, it is often better to find a local partner.

INTERMEDIARIES

For most new exporters, using intermediaries such as an agent, foreign distributor or a Canadian trading house is likely the best entry option.

Agents and Representatives

An agent secures orders from foreign customers and receives a commission from the exporter. A representative is a specialized agent who generally operates within a specific geographic territory and who sells related lines of goods.

Both agents and representatives are authorized to enter into contractual sales agreements with foreign customers on behalf of the Canadian exporter. They are usually paid on a commission basis only when they sell your product.

An agreement with a foreign agent or representative immediately gives the Canadian company an established sales presence in the foreign market. This approach is less costly than setting up your own direct sales operation and allows you to make more frequent sales calls. It also gives you control over the product and its price — an important advantage.

A good foreign agent or representative can be helpful in many ways, including gathering market intelligence, advising on financing and transportation, clearing Customs, providing access to potential customers, making collections, and supplying information on local business practices, legal rules and cultural traditions.

Foreign Distributors

Unlike agents, distributors actually purchase the exporter's product and resells it to local customers. Often, distributors set the selling price, provide buyer financing, and look after warranty and service needs.

A significant advantage is that the distributor is often able to provide after-sales service in the

foreign market. On the other hand, exporters that use a foreign distributor will experience reduced profit margins and have less control over their product and price.

Selecting an Agent or Distributor

Many avenues are available to help you select a foreign agent or distributor. Canadian trade offices abroad, trade associations, business councils and banks can be useful sources of information, and talking with other Canadian exporters or potential foreign customers may help you identify prospective agents or distributors. Government agencies and departments, particularly the Department of Foreign Affairs and International Trade (DFAIT), can provide advice and information on foreign markets, distribution channels, trade fairs, suitable agents or distributors and may be able to identify potential foreign customers. (*Section 11 of The Exporter's Guide contains a complete list of useful contacts and sources of assistance.*)

Once you have developed a list of candidates to sell or distribute your product, you should visit the market to meet with potential agents or distributors. The following questions will help you determine if they suit your sales or distribution needs:

- How many companies/products have they successfully represented or marketed?

Choose from the various market entry options, such as selling directly to foreign distributors or end users, using a foreign agent or representative, relying on a Canadian-based intermediary or establishing a presence in the target market, by working through these procedures:

- ▶ establish criteria for assessing market entry options
- ▶ examine options and select the best one
- ▶ find an appropriate partner in the target market

- What is their financial condition?
- What kind of local business representation can they provide?
- What marketing and promotional programs do they have in place?
- Who are their current customers?
- Do they provide after-sales service?
- What are the terms and conditions of sale and payment?

Talk to several firms and check their references to ensure that you find a reputable agent or distributor. You can also protect yourself by entering into a limited-term trial agreement — if the foreign intermediary does not meet your expectations, you can find an alternative after the trial period is over.

Trading Houses

Trading houses are domestically based intermediaries that market Canadian goods abroad. A full-service trading house handles many aspects of exporting, including conducting foreign market research, arranging transportation, appointing distributors or agents, exhibiting at trade fairs, advertising and documentation.

Some trading houses act as “principals” or “export merchants”, buying products outright from Canadian suppliers, while others act as agents, selling on commission. Some specialize in

particular sectors, such as agri-food or telecommunications, and some focus on particular foreign markets.

Trading houses are often used by new exporters that do not want to sell directly to foreign customers or go through the process of finding a foreign agent or distributor.

Direct Sales

Selling directly to foreign customers may yield higher margins than selling through an agent or distributor and may also mean lower prices for the customer. In addition, it allows the seller to benefit from closer contact with end users. But direct distribution can also have disadvantages. Since the company will not have the services of a foreign intermediary, it will have to take the time to become familiar with the foreign market and the export process. Building a direct sales force can also entail a significant commitment of time, effort and especially money.

Partnerships

Another option is to develop some form of partnership abroad that can help you overcome the challenges of doing business internationally.

There are many advantages associated with partnership arrangements. A local partner can complement a company's capabilities, providing the expertise, insights and contacts that can make the difference between success and failure.

A well-structured partnership offers concrete benefits to both parties:

- each company focuses on what it does and knows best;
- partners share the risk;
- partnering extends each party's capabilities into new areas;
- ideas and resources can be pooled to help both sides keep pace with change;

- small firms can use partnering to take advantage of economies of scale;
- through partners, a company can approach several markets simultaneously;
- partnering can provide a firm with technology, capital or market access that it might not be able to afford on its own;
- both parties can transform the synergy gained into a competitive advantage.

Developing a Partnering Strategy

There are three basic steps in developing a partnering strategy:

- deciding whether or not partnering is appropriate for your company;
- defining the form and structure of the partnership that best suits your needs;
- finding a partner that meets your criteria and complements your strengths and weaknesses.

Before investing time and money in finding a partner, make sure that partnering makes sense for your company. If your needs can be satisfied in-house within a reasonable time frame, a partner may be unnecessary. If the problem is financial, you may be better off looking for investors instead of partners. But if, after going through these options, there is still something missing — special expertise, local market presence — then partnering should be considered.

If you determine that a partnership may benefit your company, the next step is to define its form, structure and objectives. Start by defining your company's goals and determine your own ability to achieve them. Then, define what you expect from a partnership.

There are many different types of partnerships to choose from, including joint ventures, licensing, cross-licensing, cross-manufacturing, co-marketing, co-production, and franchises. (*See Section 10, Glossary.*)

Once you've decided on the type of partnership, start looking for a suitable partner. The right partner is one that complements and strengthens your capabilities, and that will work efficiently and effectively with your organization.

Even if you know exactly what kind of partner you want, you still have to know where to look to find the right one. A good way to start is by talking to suppliers, customers, industry associations, business councils, banks and so on. Canadian embassies and trade commissioners

can help you identify candidates and arrange for introductions. (*See Section 11, Sources of Assistance and Information.*)

The worksheets on the following pages summarize the steps involved in choosing a distributor/supplier and developing a partnering strategy.

Now that you have selected an entry strategy, it's time to determine a competitive price for your product or service.

CHOOSING A DISTRIBUTOR/SUPPLIER IN THE TARGET MARKET

Who are best suppliers/distributors in the target market?	
What is their market coverage?	
What are their lines and products? Are they complementary or competitive to yours?	
Who are their customers?	
What is their experience and relationship with their customers?	
What do you need in the target market?	<ul style="list-style-type: none"> Physical facilities (e.g. storage) Shipping and delivery Sales Promotion and marketing After-sales service and product support Other services
What kind of staff and capabilities do they have?	
What can they offer you?	<ul style="list-style-type: none"> Physical facilities (e.g. storage) Shipping and delivery Sales Promotion and marketing After-sales service and product support Other services
How capable are they?	
Are they willing to be trained? Can you learn from each other?	
What is their information-gathering ability?	
What are their levels of technological sophistication? Use of technology?	
What is their ability to provide after-sales support and customer service?	

Source: Export Market Access Tool, Latin America and Caribbean Trade Division, Department of Foreign Affairs and International Trade

PARTNERING STRATEGY

<p>Partnering Objectives: <i>What do you want a partnership to provide in the target market?</i></p>	<ul style="list-style-type: none"> <input type="checkbox"/> market access <input type="checkbox"/> familiarity with local conditions, culture and business practices <input type="checkbox"/> proprietary technology <input type="checkbox"/> human resources (with specialized expertise) <input type="checkbox"/> capital <input type="checkbox"/> manufacturing facilities <input type="checkbox"/> distribution channels <input type="checkbox"/> other
<p>Partner Profile: <i>In which of these areas does your company have needs or deficiencies?</i></p>	<ul style="list-style-type: none"> <input type="checkbox"/> human resources <input type="checkbox"/> information <input type="checkbox"/> contacts <input type="checkbox"/> operations <input type="checkbox"/> distribution <input type="checkbox"/> marketing <input type="checkbox"/> financial <input type="checkbox"/> knowledge of market <input type="checkbox"/> time
<p>Evaluation Criteria for Potential Partners</p>	<ul style="list-style-type: none"> <input type="checkbox"/> market knowledge <input type="checkbox"/> manufacturing capacity <input type="checkbox"/> technological capabilities <input type="checkbox"/> location <input type="checkbox"/> human resources <input type="checkbox"/> financial strength
<p>Issues for Negotiation</p>	<ul style="list-style-type: none"> <input type="checkbox"/> complementarity <input type="checkbox"/> co-operation <input type="checkbox"/> organizational capability <input type="checkbox"/> measures to establish confidence <input type="checkbox"/> approach to customer service <input type="checkbox"/> financial contributions <input type="checkbox"/> level of risk accepted <input type="checkbox"/> reinvestment criteria <input type="checkbox"/> deployment of human resources

Source: Export Market Access Tool, Latin America and Caribbean Trade Division, Department of Foreign Affairs and International Trade

DETERMINING YOUR PRICE

*Proper pricing is a key ingredient in successful exporting. This section of *The Exporter's Guide* covers the various cost elements that should be considered, and identifies pricing methods and strategies. As pricing is generally more applicable to product exporters than it is for service exporters, the following information focuses on the export of manufactured goods.*

COSTING

Costing is the first step. Once a detailed analysis is prepared, you should have a clear idea of what a transaction will cost, when particular costs will be incurred and therefore what kind of financial arrangements you'll need to support the transaction.

The following worksheet, *A Guide to Export Costing*, summarizes the basic cost categories involved in exporting and suggests a quick method of incorporating them into the planning process.

PRICING

Pricing analysis will help you to determine the commercial viability of the transaction, i.e. the price that can be reasonably charged for your product in the target market. Alternatively, by establishing that the transaction cannot be profitable, it will save you from wasting time and effort on a deal that won't work.

To determine an appropriate price, take into consideration the competitive situation in your target market and ask the following questions:

- What prices are other suppliers (and exporters) charging for the product or service? (Try to get copies of competitors' price lists.)
- How strong is local demand for your product or service?
- How fast is local demand growing?

These questions can be answered through careful market research. Talking to potential foreign customers, foreign agents and distributors as well as other intermediaries can provide you with a reasonably good understanding of local market conditions.

If your calculated price for the export is higher than prevailing prices in the target market, you will have to differentiate yourself from your competitors by offering superior quality, better service or some other unique attribute.

Intelligent export pricing consists of more than the mechanical task of calculating your price. Successful companies also focus on strategic goals in setting their price.

You can use several pricing strategies to determine the profitability of your export transaction. The following table, *A Summary of Pricing Strategy*, provides some of the basic approaches to pricing.

A GUIDE TO EXPORT COSTING

Category	Detailed items	Costs	Timing
Market and promotion	<ul style="list-style-type: none"> • agents and distributors fees • advertising • travel • communications • trade fairs and exhibitions 		
Production	<ul style="list-style-type: none"> • unit cost of manufacture 		
Preparation	<ul style="list-style-type: none"> • production modification • labelling • packaging • packing 		
Documentation	<ul style="list-style-type: none"> • marking • inspection • certification • preparation of documents • cargo insurance 		
Transportation	<ul style="list-style-type: none"> • freight forwarder's fees • lading and related charges • carriage 		
Customs	<ul style="list-style-type: none"> • warehousing and storage • customs and other duties at port of entry • customs brokerage fees 		
Financing	<ul style="list-style-type: none"> • costs of financing documents • interest charges • exchange rate fluctuations • export credit insurance 		

A SUMMARY OF PRICING STRATEGY

Strategy	Description
Static pricing	<ul style="list-style-type: none"> • charging the same price to all customers
Flexible pricing	<ul style="list-style-type: none"> • adjusting prices for different classes of customers
Penetration pricing	<ul style="list-style-type: none"> • charging low prices to secure acceptance and market share
Skimming	<ul style="list-style-type: none"> • charging premium prices to selected customers to maximize profits despite low volumes
Market maintenance	<ul style="list-style-type: none"> • absorbing cost increase and holding prices firm to maintain market share

Pricing Methods

Once you've selected a pricing strategy, the next step is to choose one of the following pricing methods:

Domestic Costs Plus Mark-up:

This method is popular and quite simple. Start with the domestic price, eliminate non-applicable costs such as promotion and add costs associated with exporting such as transportation and insurance. The risk associated with this method is that it is easy to underestimate the costs involved in exporting. As well, it does not take into consideration the competitive conditions of the target market.

Full Cost Pricing: This method takes into account the fixed as well as the relevant variable costs. It allows recovery of total costs to which a profit margin is added to set the final price. The drawback is that it assumes fixed costs arbitrarily and does not consider competitive factors in the market.

Marginal Pricing: This pricing method is practised when a manufacturer has a well-established domestic market that can defray all fixed costs. In such situations, only materials, labour and overhead costs of the portion produced for export are calculated in the product cost. Under this formula, any price, above the variable costs incurred for the production and marketing of the

For exporting to make sense, companies must be able to charge a price that yields an acceptable profit. To set a realistic price, the following

factors should be considered:

- ▶ domestic costs
- ▶ costs associated with exporting (product modification, packaging, shipping, insurance, tariffs)
- ▶ impact of exchange rates and foreign taxes
- ▶ market demand
- ▶ competitors' pricing strategies
- ▶ desired profit margin
- ▶ preferred pricing formula

export portion, contributes to net profit. This method is used for new market penetration with the idea that once market share has been achieved and marginal competition is eliminated, the price can be increased slowly to generate more profit over time.

Pricing strategies and methods should be combined with an examination of current prices in the target market for comparable, competing or substitute products or services. This will determine what the market will bear and what kinds of margins can be expected.

It should be noted that Canadian exporters benefit from the fact that, unlike the old manufacturers' sales tax, the federal Goods and Services Tax (GST) does not apply to exports, and the GST paid on raw materials and components is refunded to companies selling goods abroad.

SETTING YOUR PRICE

Now, you should establish a product or service price that gives you an acceptable profit margin and that is competitive.

Export Quotations

Export price quotations are typically more detailed than those for domestic sales. In preparing the quotation, you should describe the

product or service, the price at point of delivery, the time of shipment and the terms of the sale (e.g. irrevocable letter of credit). Other elements that should be included are the gross shipping weight, cubic volume or other relevant measures. You should provide freight insurance and other costs if requested by the buyer to allow for calculation of the "landed cost."

The quotation can be in the form of a "pro forma" invoice transmitted by letter, fax, telex, or electronic mail. A quotation is usually contractually

binding in international business, so careful preparation is essential. A freight forwarder can offer valuable assistance in developing your quotation.

The following worksheet breaks down the expenses encountered in a typical export transaction.

Once you have set a competitive price for your product or service, the next step is to investigate ways of financing your export venture.

EXPORT PRICING WORKSHEET (C.I.F.)¹

Date: March 1996

Ref: 6243

Name of customer: Mr. Buyer, Importers Inc.

Address: 162 Overseas Blvd., Foreign Country

Product: WIDGET

Special terms or conditions quoted: unit quotes: 1000; gross weight: 64 kg;
cubic measure: 140 m³**ITEM****COST (C\$)****Cost and Freight**

1. Cost of unit before profit	10 000
2. Profit at 10%	1000
3. Overseas agent's commission at 7.5%	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 1000; 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%	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 risk: Rate: 1%	
Premium: 138.54	139
Grand total (C.I.F.)	12 609
Convert Canadian \$ to export market currency	104 203/zks

¹ Cost, Insurance, Freight

ARRANGING YOUR FINANCING

Financing is more likely to be required in exporting than in domestic transactions because the time between production and payment is normally greater. You should become familiar with various options for financing transactions as well as strategies to ensure protection from non-performance of foreign buyers. While financing problems are common in international business, they need not be an obstacle to exporting your product or service.

HOW YOU CAN EXPECT TO BE PAID

There are a variety of means by which you can be paid. Four common short-term financing methods are discussed below, in order of increasing risk to the exporter.

Cash in Advance

Cash in advance is the most secure option for an exporter, since it eliminates all risk of non-payment and bolsters working capital. Unfortunately, few foreign buyers are willing to pay full cash in advance. On occasion, a buyer will

Investigate and select one of the following financing options:

- ▶ cash in advance
- ▶ letters of credit
- ▶ documentary credits and collections
- ▶ open account transactions

provide a portion of the cost as down payment. For services, a partial payment may be made upon signing a contract, after which progress payments are matched to deliverables.

Letters of Credit

Letters of credit provide some measure of security to both the importer and exporter by relying on banks to receive and check shipping documents and guarantee payment. By specifying particular terms, a letter of credit can allow the costs of financing a transaction to be borne by either the exporter or importer: both sight (immediate) and term (deferred) payment provisions can be arranged.

There is also a distinction between confirmed and unconfirmed letters of credit. A letter of credit issued by a foreign bank can be confirmed by a Canadian bank, constituting a guarantee that payment will be made. This is an undertaking by the Canadian bank to pay, even if the foreign bank does not. Confirmed letters of credit protect exporters against the risk of non-payment by the foreign bank. The most secure form is a letter of credit which is both confirmed and irrevocable.

Documentary Credits and Collections

Exporters can also make use of sight and term documentary credits. A documentary credit calling for a sight draft means that the exporter is entitled to receive payment on sight, i.e. upon presentation of the draft to the bank. A term documentary credit, in contrast, may allow for payments to be made over terms of 30, 60, or 90 days, or at some specified future date.

In a collection, the exporter ships goods to an importer and forwards shipping documents to a collecting bank which obtains payment from the importer in exchange for the documents. A collection differs from a letter of credit in that the exporter remains exposed to credit risks associated with the importer because no bank has undertaken in advance to pay the exporter upon presentation of the documents. By using a bank as an intermediary, the exporter keeps title to the goods until payment is received (or the importer issues a formalized promise to pay, e.g. term draft). On the other hand, the exporter must still rely on the importer to proceed with the transaction and is exposed to possible losses from the time the goods are shipped until payment is received. Under collection terms, the exporter is also required to finance the shipment at least until the importer receives the goods (sight draft) and sometimes longer (term draft).

There are two major types of collections: clean and documentary. In a clean collection, only financial documents such as bills of exchange, promissory notes, cheques, payment receipts or other similar instruments are used to obtain

payment. In a documentary collection, commercial documents such as invoices, shipping documents or documents of title are used — with or without financial documents — to obtain payment. The documentary collection is more secure because the bank requires either payment or the importer's promise to pay (e.g. acceptance of a term draft) before the goods are released. Unless otherwise indicated, the bank will release the documents to the importer only on payment and not on acceptance.

Open Account

Open account terms require the exporter both to ship goods and pass title to the importer before payment is made. In these cases, the exporter is fully exposed to any credit risk associated with the importer until payment is received. In addition, because open account terms usually allow 30, 60, 90 days, or longer, before payment is due, the exporter effectively finances the transaction. Often, this financing period is extended because the importer pays after the due date.

Exporters that need to finance sales have several options. Funds can be borrowed from a bank or other financial institution. Government agencies often provide export credits or short-term financing. If you need to secure export financing, Section 11 of *The Exporter's Guide* will help you select an appropriate source of assistance.

The next step in the export process is to promote your product or service in your target foreign market.

PROMOTING YOUR PRODUCT OR SERVICE

Promoting your product or service in foreign markets may involve certain modifications involving:

- ▶ labelling or packaging
 - ▶ name or corporate image
 - ▶ positioning of your product or service
 - ▶ advertising

inappropriate — or even offensive — in certain foreign markets where different consumer tastes and values prevail. Redesigning your packaging will entail costs that should be factored into your pricing decisions. Foreign sales agents and distributors can provide useful advice on package design and other related matters.

Well-planned promotional strategies often play a key role in succeeding in international markets. This section of The Exporter's Guide is devoted to promoting your products; services, however, are not normally promoted in the same way. A service provider's offerings can involve conventional advertising, although normally there is no substitute for personal contact. Many service contracts are issued by government institutions or international development agencies, so service exporters should be aware of contracts that are being put out for tender. In such cases, the major type of promotion tends to be the "lobbying" associated with the proposal, bid or tender that leads to the contract.

PACKAGING

Packaging can affect the competitive potential of many products in foreign markets. You may have to redesign your Canadian packaging before trying to sell abroad. Some colours, signs, pictures and symbols used in Canada may be

PROMOTIONAL OPTIONS

Buyers in many markets, especially in industrialized economies, are influenced by advertising. Strong brand loyalties, often stimulated by aggressive advertising, have prevented competing products or new brands from entering many markets.

There are several options for advertising your product or service in foreign markets, including trade and business magazines, catalogues, directories and other publications, promotional materials such as brochures, and trade fairs and exhibitions.

Trade and Business Publications

Advertising in trade journals, business directories or catalogues is a popular way to reach prospective foreign buyers. Many English-language publications enjoy wide circulation in countries where English is not the native tongue.

Trade publications tend to carry a great deal of advertising, and are widely read by buyers for this reason. New exporters can learn a great deal about competitors' products, prices and marketing approaches from foreign trade publications that focus on their industry or product category.

Promotional Materials

Promotional materials describe a product or service, inform potential customers why they should purchase it, and tell them how to place an order or obtain more information. They can be used in a campaign or distributed at a trade fair, and they can also be directed at the target market, importers and distributors, foreign agents and representatives, or end users.

Promotional campaigns should have an international flavour which will likely require some modification to existing promotional materials.

Here are some points to consider:

- Where necessary, rewrite sales letters and literature to adapt to foreign markets. Use simple, straightforward language, and avoid slang words or terminology that foreign buyers may not understand.
- Photographs and illustrations are often effective in communicating your message and the

A choice of vehicles
are available for
promoting your product
or service, including:

- ▶ trade and business journals
- ▶ catalogues
- ▶ promotional campaigns
- ▶ trade fairs and exhibitions

use of your product or service without lengthy descriptions.

- Materials should be translated into the language of the target market. In many parts of the world, however, English is common in business, even when it is not the native language. If translation is required, you should hire a professional translator with experience in commercial and business materials. You may also wish to have a native of the target country review the translated materials.
- In non-English and non-French-speaking countries, examine the meaning and acceptability of brand names and logos used in Canada. Make sure that no negative or inappropriate connotations are conveyed.
- Be sure that the colours and symbols used in promotional materials are sensitive to local tastes and consumer preferences.

Trade Fairs and Exhibitions

Trade fairs are an effective way of learning about other markets and, at the same time, of promoting your product with prospective foreign buyers.

Most trade fairs focus on particular industries. As an exporter, your objectives in participating in these events are to display your merchandise, make business contacts, check into the market, learn more about your competitors and their products, and make sales. Some foreign trade fairs are order-taking events — attendees come prepared to buy or, in the case of agents/distributors, to negotiate representation agreements. You should be prepared to take orders or to discuss the possibility of representation by a foreign intermediary.

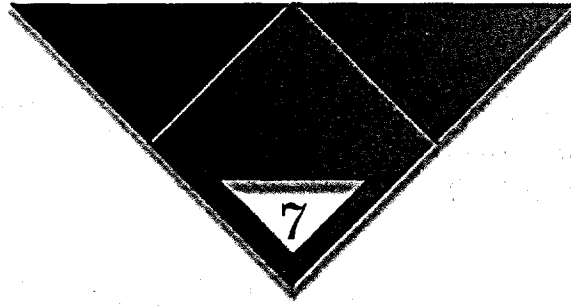
Assistance in selecting, planning for and funding your attendance at international trade fairs is available from both federal and provincial government departments. (See Section 11, Sources of Assistance and Information.)

The following worksheet summarizes the key activities and considerations involved in promoting your product or service.

DESIGNING THE MARKETING PLAN

<p>How does the firm best create value in the new market?</p>	
<p>Is its existing way of doing business suitable for this particular market?</p>	
<p>If not, what does it need to change?</p>	
<p>Does it have the information or resources to make these changes?</p>	
<p>How can it acquire this information to make sure it gets to market as quickly and in the most efficient way possible?</p>	
<p><i>Product/Service:</i> Is it in a form that it can be sold successfully in the new market? What modifications/changes are required? Has the firm considered all the language, customs and social considerations? Is the value that the firm offers domestic customers of value in the new market? How can it be replicated in the new market?</p>	
<p><i>Price:</i> Will the amount of sales volume the firm achieves have an impact on the firm's pricing strategy? Will this affect the amount of competition it faces? Does it affect the company's willingness to keep out competition?</p>	
<p><i>Promotion:</i> Can the firm use the same vehicles to promote its advantage in the new market? What new vehicles should it consider? Are there opportunities to form alliances?</p>	
<p><i>Logistics and Distribution:</i> Can it use the current system? What adaptations are required? Are there good potential partners? Are there good distributors? How much of the distribution chain does the firm need to control? How does it ensure an effective logistics strategy—through transportation, handling, storage and service/support?</p>	

Source: Export Market Access Tool, Latin America and Caribbean Trade Division, Department of Foreign Affairs and International Trade



GETTING YOUR PRODUCT OR SERVICE TO MARKET



The next step in the export process is to get your product or service from here to there. To sell their goods in Canada firms have to comply with a variety of regulations. The same is true in other markets — and invariably the regulations are not the same. This may mean that your goods will have to meet certain safety and quality standards, health and environmental regulations, and packaging requirements. For service exporters, it could also mean acquiring professional accreditation. And whether you are selling goods or services, it could mean modifications to accommodate cultural differences.

The international movement of goods requires a number of documents for shipping, transportation, tracking, Customs clearance, delivery and receipt. Whatever documents your venture needs, the standards for their completion are high and, for many transactions, payment depends on the delivery of a complete and accurate set of documents. In other words, you'll not only need to sell your product but to deliver it to your customers at the right time, place and price.

Understanding your target market's business practices can give you an advantage over your competition. You will need to learn about your

market's preferred way of doing business. This can be achieved by investigating local market structures and buying systems.

Understanding what is involved in getting your product into a foreign market is important. Most exporters rely on the services of an experienced freight forwarder when shipping outside Canada — especially for overseas shipments. Still, you should be aware of the basic steps in transporting exported goods.

TRANSPORTATION OPTIONS

The following four options are available for getting your goods to foreign customers. Often, a particular export shipment will involve more than a single mode of transportation.

Truck — Trucking is popular for shipments within North America. Even if shipping goods overseas, trucking is often used to deliver the product to its final destination. The quality of available trucking services declines, however, once you go beyond the industrialized countries.

Rail — This is another common option, especially when shipping to the United States. Rail is also widely used when shipping to seaports for transport abroad and from seaports to a final destination.

Air — International air freight is expanding rapidly. Regular service to U.S. and overseas destinations is available from major Canadian airports. Not all destinations are covered, however, and special charters may be required for more exotic markets. Shipping by air is more expensive than surface or sea transport, but higher costs may be offset by faster delivery, lower insurance and warehousing costs, and better inventory control.

Ocean — Exports of goods to offshore markets is most often transported by ocean carriers. The shipping of large items, bulk commodities and goods that do not require fast delivery is more economical by sea.

DELIVERING SERVICES

The challenges associated with providing services to a foreign market are no less complex, but quite different from those encountered in exporting goods. Service exporters' ability to deliver their services often depends on such factors in the target market as:

- extent and reliability of telecommunications links;
- existence of a reliable infrastructure of computers, faxes, modems, etc.;
- frequency and convenience of regularly scheduled air links between Canada and the market;
- technological sophistication, receptivity and flexibility of customers;

An international freight forwarder can provide valuable assistance in getting your goods to your foreign customers.

Shipping to foreign markets involves:

- ▶ selecting a mode of transport
- ▶ preparing documentation
- ▶ packing and marking
- ▶ arranging for shipping
- ▶ arranging for receipt of shipment at the destination

- potential support from official channels, government departments and international development agencies;
- ability to satisfy legal regulations governing work permits or professional certification.

FREIGHT FORWARDERS

A good freight forwarder takes care of all aspects of merchandise transportation, relieving exporters of this sometimes difficult task. Forwarders can provide estimates of transportation and shipping costs, and can inform you of other costs related to shipping your product to foreign markets.

Some of the specialized services freight forwarders offer include:

- selecting a suitable carrier;
- negotiating all arrangements with the carrier;
- co-ordinating the movement of cargo to the port of embarkation;
- preparing documents;
- providing advice on packing, labelling and marking;
- arranging warehouse storage and cargo insurance.

The two main types of freight forwarders are air freight forwarders and ocean freight forwarders. Many specialize in arranging shipments to certain countries or areas of the world, while others concentrate on particular types of products. Talk to local exporting companies, business associations and trade specialists to find out about freight forwarders in your area.

PACKING YOUR GOODS

Proper packing and marking is necessary for goods entering foreign markets. In selecting the appropriate packing method, the following factors should be considered:

- Some types of goods being exported are at risk of damage during handling, in transit or in storage, so they may require special temperature control or protection.
- The type of carrier used to ship the product may determine the kind of packing to use. If the goods are carried by ship, you need to know whether they will be placed above or below deck.
- Adverse weather conditions may be experienced in transit — extreme temperatures can damage many types of products.
- At port and handling facilities as well as during transit, cargoes may be handled roughly and should be packed with extra care.
- Protection against theft during transit can be increased through proper packing, and the risk of pilferage can be similarly reduced.

MARKING YOUR GOODS

Marking containers identifies your goods in relation to those of other shippers. Marks shown on the shipping container(s) must conform to those on the commercial invoice/bill of lading, and may include some or all of these items:

- buyer's name or some other form of agreed identification;
- point/port of entry into the importing country;
- gross and net weights in kilograms and pounds;
- identification of the country of origin, i.e. "Made in Canada";
- number of packages for shipments of more than one container;

- warning/cautionary markings, if necessary;
- the packing list, plus one copy in each container, itemizing the contents.

LABELLING YOUR GOODS

Beyond marking the container, you may also have to provide your products with labels suited to the target market. Product labelling is no trivial matter — your goods may not be admitted into the country of destination unless labels conform to all local requirements.

These requirements may include some or all of the following:

- use of local language;
- name of country where product was made or manufactured;
- name of producer or shipper;
- product details such as weight, ingredients, etc. (for foodstuffs);
- type of fibre and instructions for use (for clothing);
- technical specifications (for machinery and equipment);
- certification of conformity to local technical standards (for appliances, etc.).

INTELLECTUAL PROPERTY

If you already have patent or copyright protection for your product in Canada or if you're planning to get it, you should consider seeking similar protection under the patent law of your target market. Similar care should also be taken with brand names and registered trademarks.

Patent and intellectual property law is complex. If you think you need this kind of protection or if you want to make sure your product complies with foreign patent laws, you should consider retaining professional legal counsel.

INSURANCE

Generally, cargo insurance is more important in international than in domestic transportation. International carriers assume only limited liability for goods when shipping by air or ocean, in contrast to shipping in your home market. The terms of sale often make the seller responsible for the goods up to the point of delivery to the foreign buyer. Transportation insurance is recommended when exporting, particularly overseas.

Marine transportation insurance protects both ocean- and air-bound cargo, and also covers connecting land transportation. There are three main types of (marine) transportation insurance available:

- *Free of Particular Advantage (FPA)* provides the narrowest type of coverage — total losses, and partial losses at sea if the vessel sinks, burns or is stranded, are covered;
- *With Average (WA)* provides greater protection from partial losses at sea;
- *All Risk* is the most comprehensive, providing protection against all physical loss or damage from external causes.

It is important to remember that in international transportation, once the documents transferring title are delivered to the foreign buyer, you are no longer liable for the goods.

DOCUMENTATION FOR OVERSEAS SHIPPING

A number of documents are required for overseas shipping, which generally fall into two basic categories: shipping documents and collection documents.

Shipping Documents

Key shipping documents include packing lists, validated export licences (if required by Canadian law), domestic bills of lading and other export documents. Shipping documents are prepared by you or your freight forwarder, and allow the shipment to pass through Customs, to be loaded on a carrier, and to be transported to the destination.

Collection Documents

Principal collection documents include:

- commercial invoices (the seller's bill of sale);
- consular invoices (required by some foreign countries);
- certificates of origin (attesting to the origin of the exported goods);
- import licences (importers in some foreign countries are required to obtain these);
- inspection certificates (health or sanitary certificates are required by many foreign countries for animals, animal products, plants, and other agricultural products);
- dock and insurance receipts

Collection documents are submitted in advance by the exporter to the buyer or its bank, and trigger payment once the goods have been received.

An international freight forwarder can handle all of your export documentation requirements.

The following worksheet will help you to determine the most efficient means of delivering your product to the foreign market.

LOGISTICS AND DISTRIBUTION STRATEGY

Product Characteristics

Physical appearance, shape, perishability, divisibility of the product?

Preparations required prior to shipping?

How important is timely delivery?

Can the product be containerized?

Will the product have to be inspected?

Documentation

Which of the following documents should accompany the shipment?

- Bill of lading
- Commercial invoice
- Packing list
- Export permit
- Import permit
- Certificate of origin
- Sanitary or standards certificates
- Insurance certificate
- Other

Who is preparing these documents?

Warehousing

Will the shipment require storage between production and final delivery?

What type of storage is required?

Are there special storage requirements?
Are these available?

What is the expected time in storage?

Is there an option as to where to store the shipment (domestically or abroad)?

If so, which is more cost effective?

LOGISTICS AND DISTRIBUTION STRATEGY

Shipping

Which of the following are most important to your shipping decision:

- speed
- cost
- security
- simplicity
- special handling
- other

Given the location of your target market, how do you propose to deliver the goods:

- truck
- rail
- air
- sea
- a combination of the above

Will you need to track the goods? If so, how well developed is the carrier's tracking system?

How can risks of spoilage, loss, theft or delay be minimized? Will insurance cover these risks? Will the use of specialized transport minimize these risks?

Delivery

Are the facilities at the port of entry adequate to handle the shipment?

What customs procedures apply to the entry of the goods?

Who will receive the goods and arrange for Customs clearance?

Who will transfer the goods to the carrier in the target market?

If storage facilities are needed in the target market, who will be responsible for getting the goods to the facility?

How will the goods reach their final destination?

Source: Export Market Access Tool, Latin America and Caribbean Trade Division, Department of Foreign Affairs and International Trade



PREPARING YOUR EXPORT PLAN

Now, it's time to start preparing a successful export plan. You will need to gather information about your company and about the markets you are considering.

PLANNING AND PREPARATION

Planning and preparation are essential to any business, whether domestic or international. They define a direction and a purpose. A sound plan will establish where your business is going and suggest how it proposes to get there. It forces you to look at your company's operations and re-evaluate the assumptions upon which it is founded. In doing so, you can identify weak spots as well as strengths in your company's operations.

For exporters, there are at least four major steps in the planning cycle.

Define current business status. This involves the preparation of a comprehensive and detailed summary of all the relevant aspects of your current operations.

Determine corporate strategy. From the information gathered in the above step, you can identify ways of improving your company's performance and build these into your export plan.

Assess international competitiveness. Once you've completed your corporate strategy, you can use the results to identify promising international business opportunities.

Establish your export plan. Upon identifying one or more promising ventures, incorporate these into your overall corporate strategy.

Now, you should have a viable export plan upon which to pursue marketing and selling your product or service abroad. Once your plan is completed, adjustments to it need not be time consuming. The plan, however, should be flexible enough to incorporate ongoing revisions and adjustments quickly.

THE TRIAL RUN

For new exporters, it is always a good idea to test the waters with a trial run. By following these steps you can test the viability of your export venture and, at the same time, review all of the points presented in *The Exporter's Guide*.

Market Selection

Most new Canadian exporters start with the United States market because of its proximity and familiarity. While there are advantages to this approach, once you have demonstrated your

company's ability to export, you should also look at opportunities in other export markets.

Planning and Preparation

Whether you export goods or services, many of the following preparatory steps will be similar.

- If you have decided to mount your trial run in the U.S., choose a specific regional market as your focus.
- Research the market by reviewing the information available from the Department of Foreign Affairs and International Trade as well as looking at trade publications and magazines.
- Visit cities in the region, talk to potential buyers and intermediaries as well as your Canadian trade commissioner.
- Develop a network of contacts and potential partners. Find out who your competitors and potential allies are and who are the most important importers, distributors and agents for your product or service?
- If working through agents and distributors, make a short list of potential candidates and assess their qualifications and capabilities. Develop a profile of the ideal associate and then select the one whose skills and experience best complement your export objectives. If exporting a service, consider the possibility of finding a local partner to represent your interests.
- Put together a promotional package describing your company and its products or services.
- Identify and attend a regional trade fair, if possible. Do some preliminary promotion and establish contacts with potential buyers and associates.
- If selling directly to customers, place an ad in a U.S. trade magazine that is widely read by potential buyers.

The following steps can

lead to a successful
export effort:

- ▶ engaging the services of a freight forwarder
- ▶ developing a trial run
- ▶ finalizing the sale

- Make arrangements with key export service providers such as freight forwarders and trading houses.

Implementation

The following is a summary of the procedures involved in actually concluding a deal

and shipping goods to your buyers. It shows how the planning elements covered in *The Exporter's Guide* can be implemented in practice.

Service exporters will share certain steps (checking references, visiting prospects, finalizing terms, arranging for payment) but will not have to concern themselves with documentation, freight forwarding, shipping and Customs clearance.

Check References

- customer's credit rating;
- other exporters who have had dealings with the customer;
- solicit the opinions of your trade commissioner.

Whether you are dealing with end users, retailers or intermediaries, it is wise to check references. This is easy to do in the U.S. market by approaching other Canadian exporters, commercial banks, people in the industry, or your trade commissioner.

Visit Prospects

- gather insights into the customer's operations and requirements.

If exporting, visits to important customers in your market(s) are strongly recommended. A visit can give you useful insights into the operations and credibility, as well as the requirements, of potential customers.

Finalize the Sale

Confirm the following details of the transaction with the buyer:

- quantity;
- payment terms;
- shipping terms;
- transportation method;
- price.

Be sure both sides agree on quantity, payment terms, shipping/trade terms, transportation mode, price and other specifics of the sale. Typically, the process will be initiated when your sales department receives a purchase order from the buyer. You should respond with an acknowledgement of the order or a sales confirmation.

Prepare Letter of Credit

- the buyer issues an instruction to its own bank;
- the buyer's bank sends your bank the letter of credit;
- your bank sends you the letter of credit.

The letter of credit is an important document — it should be carefully reviewed by your company, including your freight forwarder, banker and even your legal counsel. The letter must be consistent with your sales agreement and you must comply with all of its provisions. Remember that the buyer's bank could fasten on any discrepancies in your documentation. It pays on receipt of correct documents, not on successful completion of the transaction. If a name or address is misspelled, if the shipping date is wrong, or if all charges are not included, you may be unable to collect.

Prepare other Documentation

Your shipment must be accompanied by all relevant documentation, including:

- commercial invoice;
- packing slip;

- shipper's instructions;
- certificate of origin;
- standards documentation (if necessary);
- health/sanitary certificate (if necessary).

Freight Forwarding

The freight forwarder prepares the following documents:

- Customs invoice;
- consular invoices (if required);
- special packing or marking list;
- insurance and certificate of insurance;
- bill of lading.

The freight forwarder delivers copies of all documents to the buyer, your commercial bank and to you.

You can now inform the freight forwarder that your container is packed and equipped with the required documentation. The forwarder will then begin preparing the paper work and deliver the shipment to the buyer.

Your shipment must be accompanied by a transportation document such as a bill of lading or air waybill that specifies the mode of transportation, the route the goods are to take and delivery times. It must be presented to your bank with the letter of credit and other required documents.

The shipment may also need a certificate of insurance as proof that it is insured against loss or damage. The insurance must comply with the specific coverage indicated in the letter of credit. All-risk insurance is normally the best type of coverage for exporters.

Shipment

- freight forwarder sends the goods to the carrier;
- customer receives all relevant documentation allowing the shipment to clear Customs.

Once the freight forwarder delivers your shipment to the carrier, it is on its way. The forwarder prepares and forwards copies of all documentation to your customer, your bank and to you. The customer will be notified that the product has been shipped and of when to expect arrival. The customer then uses the documentation to clear the shipment through Customs.

Customs Clearance

- the goods clear Customs at the destination entry point.

Customs clearance varies depending on how you export your product or service. If shipping goods to a wholly owned subsidiary in a foreign country, then you are responsible for taking the goods through Customs, transporting, storing and delivering them. In many cases, however, the buyer is informed that the goods are being held in Customs and arranges to have them cleared and delivered.

Collection

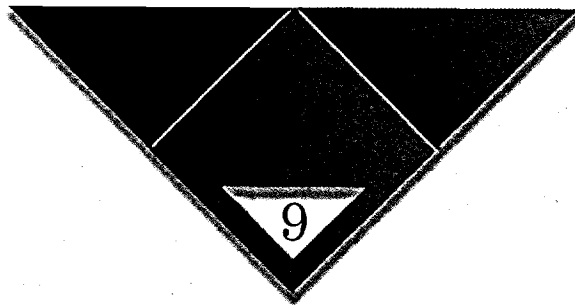
After the shipment has been sent:

- the freight forwarder presents your bank with the letter of credit and all accompanying documentation;

- you present your bank with a sight draft (demand for payment);
- your bank passes the documentation to the buyer's bank with a demand for payment;
- the buyer's bank accepts the documentation and informs you of when the funds will be transferred to your bank;
- your bank transfers the funds to your account.

The freight forwarder presents your bank with the letter of credit, the sight draft and all required documents (including certificates of inspection, commercial invoices, packing lists and insurance certificates). The bank checks all documents for discrepancies and also verifies if the shipment was delivered on time.

Finally, the draft and the documents are sent to the customer's bank, which also checks them for discrepancies. If none are found, the draft is accepted and you are notified of the acceptance. At a specified time, your bank will receive the funds from your customer's bank, and your trial run is complete.



REVIEWING YOUR EXPORT PLAN



An export plan is never cast in stone and it is never completed. It is subject to ongoing adjustment and revision to keep it current with the changing circumstances of your company. The plan is a feedback mechanism through which new information is incorporated into your operations.

After you have completed your trial run, it is a good idea to review several features of your export plan and, if necessary, to revise it. The following questions will help you determine if your plan needs to be revised in certain areas.

PRODUCT

- Should your product be modified in some way not anticipated initially?
- Do you need to strengthen your capability to provide training to use the product?
- Is it necessary to make better arrangements for providing after-sales service?

Successful companies learn from their mistakes. Review and revise your export plan to correct or improve any shortcomings in such areas as:

- ▶ shipping or documentation
- ▶ financing
- ▶ promotional approach
- ▶ pricing strategy
- ▶ partnership agreements
- ▶ distribution channels
- ▶ market information
- ▶ product or service modification

initial success, should you expand your effort within that country, or to other countries?

INTERMEDIARIES

- If selling through intermediaries, are you happy with the performance of your agent/representative?

PRICE

- Is your price competitive?
- Can you accept a reduced profit margin to achieve a more competitive price?
- Is it possible to actually raise the price and increase your profits?

TARGET MARKET

- Are there any assumptions that you made about the market that have not materialized and what are the implications?
- Are there other markets that might be better suited to your product or service?
- If you have achieved some

- If selling to a distributor, has the expected quantity of orders been placed? If not, has the distributor offered explanations for any short-fall or recommended changes in your product, service or price?
- If selling through a trading house, how successful has it been in selling your product abroad? If the performance has been poor, would it make sense to look at alternative distribution options?
- If working with partners abroad, has the relationship been mutually beneficial?

FINANCING

- What methods have you been using to receive payment for foreign sales?
- Have they been satisfactory?
- How long have you had to wait for payment?
- Has there been a negative impact on your working capital?

- Have you had credit or collection problems?
- Have you incurred any bad debts?
- Are you satisfied with the services of your bank?

PROMOTION

- Are there better, more cost-effective ways to promote your product?
- Does your promotional material (brochures, sales letters, samples, etc.) need to be modified or improved?
- Have you learned anything about the target market that warrants a reassessment of your promotional strategy?

SHIPPING

- Are you and your foreign customers satisfied with the shipment and delivery of your product?
- Are there less expensive or quicker ways to get your product to the market?
- Is your freight forwarder doing a good job?

THE TERMINOLOGY OF EXPORTING (GLOSSARY)

Exporting is more complex than selling in a domestic market. To succeed, you should familiarize yourself with key trade expressions and techniques. Among other areas, you should understand some or all of the following aspects:

- the laws, regulations and practices governing your product in your target market;
- export documentation, including invoices, bills of lading, certificates of origin, and health and safety certificates;
- the tariffs, Customs duties and processing fees as well as the taxes payable on your shipment;
- the export-related services offered by brokers, trading houses, agents, freight forwarders and insurance companies;
- how to label, pack, transport and store your products;
- payment options such as letters of credit, bills of exchange and open account transactions.

GENERAL

International trade carries its own particular terminology. The following are general trade expressions that new exporters will encounter in published sources and trade discussions.

Agent: A foreign representative who tries to sell your product in the target market. The agent does not take possession of — and assumes no responsibility for — the goods. Agents are paid on a commission basis.

Bill of Lading (Ocean or Airway): A contract prepared by the carrier or the freight forwarder with the owner of the goods. The foreign buyer needs this document to take possession of the goods.

Certificate of Origin: A document that certifies the country where the product was made (i.e. its origin). A common export document, a certificate of origin is needed when exporting to many foreign markets. It must be used for Canadian-made goods to qualify for preferential tariff treatment under the NAFTA.

Commercial Invoice: A document prepared by the exporter or freight forwarder, and required by the foreign buyer, to prove ownership and arrange for payment to the exporter. It should provide basic information about the transaction, including description of goods, address of shipper and seller as well as delivery and payment terms. In some cases, the commercial invoice is used to assess Customs duties.

Consular Invoice: A statement issued by a foreign consul in the exporting nation describing the goods purchased. Some foreign governments require Canadian exporters to first obtain consular invoices from their consulate in Canada. A fee is usually charged.

Countertrade: A general expression meaning the sale or barter of goods on a reciprocal basis. There may also be multilateral transactions involved.

Customs Invoice: A document used to clear goods through Customs in the importing country by providing documentary evidence of the value of goods. In some cases, the commercial invoice (see above) may be used for this purpose.

Distributor (Importer): A foreign company that agrees to purchase a Canadian exporter's product(s), and then takes responsibility for storing, marketing and selling them.

Dock Receipt: A receipt issued by an ocean carrier to acknowledge receipt of a shipment at the carrier's dock or warehouse facilities (see also Warehouse Receipt).

Export Licence: A document required under Canadian law which exporters must obtain before selling certain products abroad (e.g. protected birds, animals and plants). An export licence may also apply to specific countries.

Ex Factory: Used in price quotations, an expression referring to the price of goods at the exporter's loading dock.

Ex Works (EXW): A price that normally includes export credit insurance, financing charges and profit margin. It excludes costs related specifically to domestic marketing activities.

Freight Forwarder: A service company that handles all aspects of export shipping for a fee.

Import Tariff: A tax levied on imported goods by foreign governments. Canada also imposes tariffs on some imported items. (Under the NAFTA, most import tariffs on Canadian goods to the U.S. and Mexico have been eliminated.)

Insurance Certificate: A document prepared by the exporter or freight forwarder to provide evidence that insurance against loss or damage has been obtained for the goods.

Landed Cost: The cost of the exported product at the port or point of entry into the foreign market, but before the addition of foreign tariffs, taxes, local packaging/assembly costs and local distributors' margins. Product modifications prior to shipment are included in the landed cost.

Packing List: A document prepared by the exporter showing the quantity and type of merchandise being shipped to the foreign customer.

Pro Forma Invoice: An invoice prepared by the exporter prior to shipping the goods, informing the buyer of the goods to be sent, their value and other key specifications.

Quotation: An offer by the exporter to sell the goods at a stated price and under certain conditions.

Trading House: A company specializing in the exporting and importing of goods produced or provided by other companies.

Warehouse Receipt: A receipt identifying the commodities deposited in a recognized warehouse. A non-negotiable warehouse receipt specifies to whom the deposited goods will be delivered or released. A negotiable receipt states that the commodities will be released to the bearer of the receipt.

INCO TERMS (TRANSPORTATION)

Shipping terms set the parameters for international shipments, specify points of origin and destination, outline conditions under which title is transferred from seller to buyer, and determine which party is responsible for shipping costs. They also indicate which party assumes the cost if merchandise is lost or damaged during transit. To provide a common terminology for international shipping, the following INCO terms have been developed under the auspices of the International Chamber of Commerce.

All Risk: This is the most comprehensive type of transportation insurance, providing protection against all physical loss or damage from external causes.

Cost and Freight (C&F): The exporter pays the costs and freight necessary to get the goods to the named destination. The risk of loss or damage is assumed by the buyer once the goods are loaded at the port of embarkation.

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

Delivered at Frontier: The exporter/seller's obligations are met when the goods arrive at the frontier, but before they reach the "Customs border" of the importing country named in the sales contract. The expression is commonly used when goods are carried by road or rail.

Delivered Duty Paid: This expression puts maximum responsibility on the seller/exporter in terms of delivering the goods, assuming the risk of damage/loss and paying duty. It is at the

other extreme from delivered ex works listed below, under which the seller assumes the least responsibility.

Delivered Ex Quay: The exporter/seller makes the goods available to the buyer on the quay or wharf at the destination named in the sales contract. There are two types of ex quay contracts in use: ex quay duty paid, whereby the seller incurs the liability to clear the goods for import, and ex quay duties on buyer's account, whereby the buyer assumes the responsibility.

Delivered Ex Ship: The exporter/seller must make the goods available to the buyer on board the ship at the location stipulated in the contract. All responsibility/cost for bringing the goods up to this point falls on the seller.

Delivered Ex Works: This minimal obligation requires the seller only to make the goods available to the buyer at the seller's premises or factory. The seller is not responsible for loading the goods on the vehicle provided by the buyer, unless otherwise agreed. The buyer bears all responsibility for transporting the goods from the seller's place of business to their destination.

Free Alongside Ship (FAS): The goods must be placed on the dock by the seller, alongside the vessel. The seller's obligations are fulfilled at this point.

Free Carrier...(named port): Recognizing the requirements of modern transport, including multimodal transport, this principle is similar to FOB, except that the exporter's obligations are met when the goods are delivered into the custody of the carrier at the named port. The risk of loss/damage is transferred to the buyer at this time, and not at the ship's rail. The carrier can be any person contracted to transport the goods by road, sea, air, rail or a combination thereof.

Free of Particular Advantage (FPA): This type of transportation insurance provides the narrowest type of coverage — total losses, and partial losses at sea if the vessel sinks, burns or is stranded, are covered.

Free on Board (FOB): The goods are placed on board the vessel by the seller at the port of shipment specified in the sales contract. The risk of loss or damage is transferred to the buyer when the goods pass the ship's rail.

Free on Board Airport (FOB Airport): Based on the same principles as the ordinary FOB expression, the seller's obligation is fulfilled by delivering the goods to the air carrier at the specified airport of departure, at which point the risk of loss or damage is transferred to the buyer.

Free on Rail and Free on Truck (FOR/FOT): Again, the same principles apply as in the case of ordinary FOB, except that the goods are transported by rail.

With Average (WA): This type of transportation insurance provides protection from partial losses at sea.

FINANCING

The following are the most commonly used terms in international trade financing.

Cash in Advance (Advance Payment): A foreign customer pays a Canadian exporter prior to actually receiving the exporter's product(s). It is the least-risk form of payment from the exporter's perspective.

Confirmed (or Irrevocable) Letter of Credit: A Canadian bank confirms the validity of a letter of credit issued by a foreign bank on behalf of the foreign importer, guaranteeing payment to the

Canadian exporter provided that all terms in the document have been met. An unconfirmed letter of credit does not guarantee payment so, if the foreign bank defaults, the Canadian exporter will not be paid. Canadian exporters should accept only confirmed/irrevocable letters of credit as a form of payment.

Confirming House: A company, based in a foreign country, that acts as a foreign buyer's agent and places confirmed orders with Canadian exporters. They guarantee payment to the exporters.

Consignment: Delivery of merchandise to the buyer or distributor, whereby the latter agrees to sell it and only then pay the Canadian exporter. The seller retains ownership of the goods until they are sold, but also carries all of the financial burden and risk.

Document of Title: A document that provides evidence of entitlement to ownership of goods, e.g. carrier's bill of lading.

Documentary Collection: The exporter ships the goods to the foreign buyer without a confirmed letter of credit or any other form of payment guarantee.

Documentary Credit (sight and term): A documentary credit calling for a sight draft means the exporter is entitled to receive payment on sight, i.e. upon presenting the draft to the bank. A term documentary credit may allow for payments to be made over terms of 30, 60, or 90 days, or at some specified future date.

Draft (Bill of Exchange): A written, unconditional order for payment from one party (the drawer) to another (the drawee). It directs the drawee to pay an indicated amount to the drawer. A sight draft calls for immediate payment. A term draft requires payment over a specified period.

Export Financing House: A company that purchases a Canadian exporter's foreign receivables on a non-recourse basis upon presentation of proper documentation. It then organizes export arrangements and provides front-end financing to the foreign buyer.

Factoring House: A company that buys export receivables at a discount.

Letter of Credit: This is the most common method of payment in international trade as it provides protection to both parties involved in a transaction.

Open Account: An arrangement in which goods are shipped to the foreign buyer before the Canadian exporter receives payment.

PARTNERSHIPS

The following expressions define the various types of partnership or alliance arrangements common in international trade.

Co-marketing: Carried out on the basis of a fee or percentage of sales, co-marketing is an effective way to take advantage of existing distribution networks and a partner's knowledge of local markets.

Co-production: This arrangement involves the joint production of goods, enabling firms to

optimize their own skills and resources as well as to take advantage of economies of scale.

Cross-licensing: In this form of partnership, each firm licenses products or services to the other. It is a relatively straightforward way for companies to share products or expertise.

Cross-manufacturing: This is a form of cross-licensing in which companies agree to manufacture each other's products. It can also be combined with co-marketing or co-promotion agreements.

Franchise: This is a more specific form of licensing. The franchise is given the right to use a set of manufacturing or service delivery processes, along with established business systems or trademarks, and to control their use by contractual agreement.

Joint Venture: An independent business formed co-operatively by two or more parent firms. This type of partnership is often used to avoid restrictions on foreign ownership and for longer-term arrangements that require joint product development, manufacturing and marketing.

Licensing: Although not usually considered to be a form of partnership, licensing can lead to partnerships. In licensing arrangements, a firm sells the rights to use its products or services but retains some control.

SOURCES OF ASSISTANCE AND INFORMATION

Remember you don't need to go it alone. There are many avenues of assistance from federal and provincial governments, as well as various ways of working with other companies and organizations. For example, networking, joint ventures, licensing agreements, technology exchanges, and supplier partnering can help you spread the investment and minimize the risk involved in exporting.

In the private sector, the Canadian Chamber of Commerce, national and sectoral business associations, bilateral business councils, Canadian companies and intermediaries, and commercial banks all provide valuable exporting information.

The federal government also offers a wide range of sources: the domestic and worldwide network of Canadian trade commissioners, high commissions, consulates and embassies of the Department of Foreign Affairs and International Trade (DFAIT); International Trade Centres located in each province; and other federal departments and agencies such as Industry Canada, the Atlantic Canada Opportunities Agency (ACOA), and the Western Economic Diversification Office (WD). There are also many publications and databases that can be obtained by contacting the nearest Canada Business Service Centre (CBSC).

Most provinces have identified the export preparation of local small and medium-sized enterprises (SMEs) as a priority of their program activities. You should contact your provincial government's trade department to take advantage of the information, programs and assistance that it provides to exporters.

This section of *The Exporter's Guide* outlines the various sources of assistance and information that exporters can use to promote their international business development activities.

GOVERNMENT OF CANADA

Trade Commissioner Service

The Department of Foreign Affairs and International Trade has an extensive network of trade commissioners and officers in Canada and abroad to assist Canadian exporters and promote Canadian trade, investment and tourism.

Trade commissioners in 125 cities around the world help Canadian exporters undertake activities in individual foreign markets by:

- identifying sales leads;
- promoting companies to local customers;
- advising on marketing channels;
- recommending appropriate trade fairs;

- identifying suitable foreign firms to act as agents;
- helping find credit and business information on potential foreign partners;
- interceding to help solve problems with duties, taxes or foreign exchange;
- advising on a country's current trade, business and financial environment and practices; and
- advising and assisting with foreign joint ventures and licensing.

Canadian businesses are advised to develop a systematic marketing plan and contact only those trade commissioners in their target market area. Assistance in developing a marketing plan is provided by the International Trade Centres located across Canada.

Geographic Trade Divisions

Trade officers in DFAIT's geographic branches in Ottawa provide advice and information about doing business in a particular country or region of the world. Officers for individual countries can identify promising export markets, help companies prepare for visits to potential markets, arrange participation in trade fairs, and involve exporters in visits to Canada by foreign buyers.

Further information can also be obtained from the Department's *Directory of the Canadian Trade Commissioner Service*, which provides the complete address, telephone and fax numbers for trade commissioners in Canada and abroad as well as other information of interest to Canadian exporters, or through the DFAIT InfoCentre in Ottawa.

International Trade Centres

DFAIT and Industry Canada have established International Trade Centres (ITCs) in cities across Canada to provide a "one-stop" trade service to Canadian firms that are export ready or currently involved in international business.

International Trade Centres offer a full range of trade development services, including:

- export counselling;
- information on international markets;
- identifying market opportunities;
- developing international marketing plans;
- providing information on technology transfer and joint-venture opportunities;
- helping to access export programs and services such as the Program for Export Market Development (PEMD);
- recruiting participants for trade fairs and missions abroad;
- recommending trade-related conferences and seminars; and
- supplying trade publications produced by DFAIT and other federal departments.

International Trade Centre offices are located in the following provinces:

Newfoundland

International Trade Centre

P.O. Box 8950

Atlantic Place

215 Water Street, Suite 504

St. John's, Newfoundland A1B 3R9

Telephone: (709) 772-4782 Fax: (709) 772-2373

Prince Edward Island

International Trade Centre

P.O. Box 1115

75 Fitzroy Street, Suite 400

Charlottetown, Prince Edward Island C1A 7M8

Telephone: (902) 566-7443 Fax: (902) 566-7450

Nova Scotia

International Trade Centre

P.O. Box 940, Station M

1801 Hollis Street

Halifax, Nova Scotia B3J 2V9

Telephone: (902) 426-7540 Fax: (902) 426-2624

New Brunswick

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

Quebec

International Trade Centre
P.O. Box 247
5 Place Ville-Marie, 7th Floor
Montreal, Quebec H3B 2G2
Telephone: (514) 283-6328 Fax: (514) 283-8794

Ontario

International Trade Centre
Dominion Public Building
1 Front Street West, 4th Floor
Toronto, Ontario M5J 1A4
Telephone: (416) 973-505 Fax: (416) 973-8161

Manitoba

International Trade Centre
P.O. Box 981
330 Portage Avenue, 8th Floor
Winnipeg, Manitoba R3C 2V2
Telephone: (204) 983-4540 Fax: (204) 983-2187

Saskatchewan

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

Alberta

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

(The Edmonton ITC is also responsible for the Northwest Territories.)

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

British Columbia

International Trade Centre
300 West Georgia Street, Suite 2000
Vancouver, British Columbia V6B 6E1
Telephone: (604) 666-0954 Fax: (604) 666-8330

(The Vancouver ITC is also responsible for the Yukon.)

Canada Business Service Centres

Canada Business Service Centres were established in each province to provide small businesses with a single access point for information on federal and provincial government programs, services and regulations. These centres are the result of a collaborative effort among federal and provincial governments as well as private-sector organizations.

Each Canada Business Service Centre (CBSC) offers a combination of products and services tailored to the needs of its distinctive client base:

- a toll-free telephone information and referral service;
- the Business Information System, a comprehensive database of information on the services and programs of participating federal and provincial departments and private-sector organizations;
- a FaxBack system;
- pathfinders which briefly describe the services and programs available by topic (e.g. exporting); and
- leading-edge business products, which could include videos, publications, business directories, how-to manuals, CD-ROM products, and external database access.

To access these services, please contact the Canada Business Service Centre nearest you:

Ontario

Canada-Ontario Business Service Call Centre
Telephone: (416) 954-INFO (4636) or
1-800-567-2345

Fax: (416) 954-8597

FaxBack: (416) 954-8555 or 1-800-240-4192

Quebec

Info entrepreneurs

Telephone: (514) 496-INFO or
1-800-322-INFO (4636)

Fax: (514) 496-5934

Info-Fax: (514) 496-4010 or 1-800-322-4010

Newfoundland

Canada Business Service Centre

Telephone: (709) 772-6022 or 1-800-668-1010

Fax: (709) 772-6090

FaxBack: (709) 772-6030

Prince Edward Island

Canada/Prince Edward Island

Business Service Centre

Telephone: (902) 368-0771 or 1-800-668-1010

Fax: (902) 566-7098

FaxBack: (902) 368-0776 or 1-800-401-3201

Nova Scotia

Canada/Nova Scotia Business Service Centre

Telephone: (902) 426-8604 or 1-800-668-1010

Fax: (902) 426-6530

FaxBack: (902) 426-3201 or 1-800-401-3201

New Brunswick

Canada/New Brunswick Business Service Centre

Telephone: (506) 444-6140 or 1-800-668-1010

Fax: (506) 444-6172

FaxBack: (506) 444-6169

Manitoba

Canada Business Service Centre

Telephone: (204) 984-2272 or 1-800-665-2019

Fax: (204) 983-3852

FaxBack: (204) 984-5527 or 1-800-665-9386

Saskatchewan

Canada/Saskatchewan Business Service Centre

Telephone: (306) 956-2323 or 1-800-667-4374

Fax: (306) 956-2328

FaxBack: (306) 956-2310 or 1-800-667-9433

Alberta

Canada Business Service Centre

Telephone: (403) 495-6800 or 1-800-272-9675

Fax: (403) 495-7725

FaxBack: (403) 495-4138 or 1-800-563-9926

British Columbia

Canada/British Columbia Business Service
Centre

Telephone: (604) 775-5525 or 1-800-667-2272

Fax: (604) 775-5520

FaxBack: (604) 775-5515

Note: Businesses in the Northwest Territories should direct their enquiries through the Manitoba CBSC; businesses in the Yukon should contact the Alberta CBSC.

**Federal Office of Regional Development —
Quebec (FORD-Q)**

FORD-Q is dedicated to promoting regional development activities in Quebec. With 13 offices throughout the province, FORD-Q administers several financial assistance programs, and plays an active role in promoting international trade, particularly for SMEs.

Further information on FORD-Q can be obtained through the following toll-free numbers:

Val-d'Or: 1-800-567-6451
Rimouski: 1-800-463-9073
Sept-Îles: 1-800-463-1707
Sherbrooke: 1-800-567-6084
Laval: 1-800-430-6844
Drummondville: 1-800-567-1418
Trois-Rivières: 1-800-567-8637
Longueuil: 1-800-284-0335
Montreal: 1-800-561-0633
Hull: 1-800-561-4353
Québec: 1-800-463-5204
Alma: 1-800-463-9808

INTERNATIONAL BUSINESS DEVELOPMENT PROGRAMS AND SERVICES

GOVERNMENT OF CANADA

Program for Export Market Development

The Program for Export Market Development (PEMD) is the Government's primary international business development program. PEMD provides conditionally repayable assistance in support of a variety of activities to help Canadian exporters expand into export markets.

The PEMD contribution is repayable based on a company's incremental export sales or contracts obtained in the target market. Preference is given to companies with annual sales greater than \$250 000 and less than \$10 million, and/or with less than 100 employees for a firm in the manufacturing sector and 50 employees in the service industry. PEMD applicants must be export-ready Canadian companies.

The principal element of the program, Market Development Strategies (MDS), provides assistance on the basis of a company's one- or two-year international marketing plan. Accordingly, rather than approving projects on an individual basis as in the past, MDS now gives prior approval for a package of support for visits, trade fairs, and other activities under the umbrella of an exporter's marketing plan. Other eligible activity costs, which are shared on a 50/50 basis, include product testing for market certification, legal fees for marketing agreements abroad, transportation costs for offshore company trainees, product demonstration costs and other costs necessary to execute a marketing plan.

The Capital Projects Bidding (CPB) element is designed to assist Canadian manufacturing, engineering, construction, architecture and management consulting firms in bid or proposal preparation against international competition for major capital projects outside Canada. The bid value to the applicant must be greater than \$1 million. The PEMD contribution for MDS and CPB is a minimum of \$5000 and a maximum of \$50 000.

The New-to-Exporting Companies component of PEMD recognizes that a significant number of Canadian companies have little export experience. A maximum contribution of \$7500 is available to such companies to either visit a potential market or participate in an international trade fair.

The MDS, CPB and New-to-Exporting Companies elements of PEMD are delivered by International Trade Centres, regional development agencies and some provincial governments across Canada. Further information on the program, including a descriptive booklet and application forms, is available from the nearest ITC or the DFAIT InfoCentre in Ottawa.

WIN Exports

The World Information Network for Exports — WIN Exports is a computerized database of Canadian exporters and their capabilities. It is used by federal and provincial trade officers in Canada and overseas to match Canadian exporters with international business opportunities.

The WIN Exports database currently lists over 23 000 Canadian exporting companies and includes information on: products and services available for export; foreign markets/countries that the company is considering or in which it is currently active; and contacts within the company responsible for export activities.

Foreign buyers frequently ask Canadian trade commissioners to recommend Canadian suppliers for foreign sourcing needs. Over 140 000 such requests are received annually. Trade commissioners use the WIN Exports database to match Canadian sources to these foreign purchase requirements. In addition, WIN Exports is used to identify Canadian exporters for participation in trade shows and missions. Also, market intelligence can be forwarded to exporting firms on the basis of their WIN Exports corporate profiles.

When registering for WIN Exports, companies will be asked for information on their exporting activities, including a description of their export products and services, export experience and foreign market targets as well as their marketing profile.

Companies registered in WIN Exports automatically receive *CanadExport*, DFAIT's international business newsletter. Please note that registration in WIN Exports is required for funding through PEMD.

To register, contact the nearest ITC, or the InfoCentre, and ask for a WIN Exports registration form, or contact:

Trade Information Systems Division (TPP)
Department of Foreign Affairs and
International Trade
125 Sussex Drive
Ottawa K1A 0G2
Telephone: (613) 996-5701
Fax: (613) 992-3004

Programs for New Exporters

The New Exporters to Border States (NEBS) and New Exporters to Overseas (NEXOS) programs are targeted at Canadian companies that have not previously exported but that are ready to export.

NEBS provides Canadian companies with practical information and first-hand exposure to a United States border market. Participants travel to a Canadian trade office across the U.S. border for a two- or three-day "walk-through" course on the entire exporting process as well as to attend, when feasible, a trade-related event.

Trade experts provide information on documentation and customs procedures, banking, insurance, agents, distributors and other topics. Canadian trade commissioners advise on marketing strategies and help identify contacts for follow-up meetings with manufacturers' representatives and potential U.S. buyers. The program pays return transportation costs while participants are responsible for their accommodation and discretionary expenditures. As of April 1, 1996, NEBS participants will be charged a fee of \$100.

For more information on NEBS, contact the nearest International Trade Centre or:

United States Business Development (UTI)
Department of Foreign Affairs and
International Trade
125 Sussex Drive
Ottawa K1A 0G2
Telephone: (613) 944-6577
Fax: (613) 944-9119

NEXOS helps exporters learn about new European markets by participating in an educational trade mission. Each NEXOS mission focuses on a specific industry sector in a specific market and includes at least one full day of exporter education, normally through a seminar. Emphasis is placed on how to export to the market covering such topics as customs procedures, market access, shipping, labelling, distribution channels and currency regulations. In addition, visits to a relevant trade show and/or industry association may be undertaken. The cost of the mission is shared with participants; typically, DFAIT extends an APEX air fare and organizes the program while participants pay for their accommodation, ground transportation and associated costs.

For more information on NEXOS, contact:

Trade Fairs and Missions (RENF)
Department of Foreign Affairs
and International Trade
125 Sussex Drive
Ottawa K1A 0G2
Telephone: (613) 996-5555
Fax: (613) 944-1008

Trade Fairs and Missions

The Department of Foreign Affairs and International Trade sponsors and organizes both trade fairs and trade missions. Market information, some financial support, and assistance with the

logistical details associated with participating in these events are provided by DFAIT, thus freeing a company to concentrate on its marketing efforts.

Outgoing Trade Missions

Outgoing trade missions are visits by selected Canadian firms to a target foreign market. They provide an opportunity for new-to-market companies to obtain current information and intelligence in preparation for market entry. Participants gain exposure and establish key contacts, enabling them to make informed decisions upon which to build their export marketing plans. Outgoing trade missions are organized at full cost to participants.

Incoming Trade Missions

Incoming trade missions are visits to Canada by foreign buyers/investors, designed to increase the visitors' knowledge of Canada as a potential source of supply, a place of investment, or to arrange a joint venture. They enable Canadian companies included in the itinerary to promote their goods/services to visitors and develop important business contacts.

Trade Fairs

Trade fairs abroad provide exporters, interested or newly established in the target market, with an opportunity to promote their products and services, identify potential sales opportunities, develop valuable business contacts and/or locate agents and distributors. Trade fairs also enable participants to assess competition from other suppliers and gather market intelligence which will assist them to penetrate the market. New-to-market exporters with under 100 employees may be eligible for some financial assistance while others participate at full cost.

To find out more about upcoming trade fairs and missions, please contact the nearest International Trade Centre.

Technology Inflow Program

The Technology Inflow Program (TIP) is a joint initiative of DFAIT and the National Research Council of Canada's (NRC) Industrial Research Assistance Program (IRAP) designed to help Canadian companies develop new products, processes and services through the transfer of foreign technology into Canada, when this technology is not available in Canada.

TIP assists Canadian companies in their efforts to acquire needed foreign technology in two ways:

- Technology Development Officers located in missions abroad advise companies on technology sourcing, licensing and strategic partnerships, as well as provide visitor services.
- IRAP provides financial assistance to companies for travelling abroad to investigate a previously identified foreign technology, and for working visits with prospective foreign partners, in order to acquire this technology.

TIP funding is based on cost-sharing principles. Contributions may be provided for international travel expenses related to the acquisition of foreign technology. Support for specific TIP projects are normally limited to \$10 000. Private-sector manufacturing and service firms with fewer than 500 employees are eligible to apply to the program.

Applications may be made through regional IRAP offices, and

National Research Council of Canada
Industrial Research Assistance Program
Montreal Road, Bldg M-55
Ottawa K1A 0R6
Telephone: (613) 993-1790
Fax: (613) 952-1079

or

The Technology Program Manager
Investment Prospecting and Science and
Technology Division (TIR)
Department of Foreign Affairs and
International Trade
125 Sussex Drive
Ottawa K1A 0G2
Telephone: (613) 996-1425
Fax: (613) 944-1574

Canada-U.S. Defence Production Sharing Arrangement (DPSA)

DPSA gives Canadian manufacturers the opportunity to provide defence supplies and services to the United States Department of Defense and its contractors. Under the program, Canadian companies generally compete with U.S. enterprises. While the DPSA provides access otherwise not available under the NAFTA, it does not provide financial assistance.

Canada-U.S. Defence Development Sharing Agreement (DDSA)

DDSA, a companion to the DPSA, enables Canadian industry to share in the cost of U.S. Department of Defense research and development projects.

For more information on DPSA and DDSA, contact:

United States Business Development (UTO)
Department of Foreign Affairs and
International Trade
125 Sussex Drive
Ottawa K1A 0G2
Telephone: (613) 944-8821
Fax: (613) 944-9119

**INTERNATIONAL BUSINESS
DEVELOPMENT AGENCIES**

EDC (Export Development Corporation)

EDC helps Canadian exporters compete in world markets by providing a wide range of financial and risk management services, including export credit insurance, sales financing and guarantees. EDC is a financially self-sustaining Crown Corporation that operates on commercial principles.

EDC's programs fall into four major categories:

- export credit insurance, covering short- and medium-term credits;
- performance-related guarantees and insurance, providing coverage for exporters and financial institutions against calls made on various performance bonds and obligations normally issued either by banks or surety companies;
- foreign investment insurance, providing political risk protection for new Canadian investments abroad; and
- export financing, providing medium- and long-term export financing to foreign buyers of Canadian goods and services.

For information on the full range of EDC services, contact any of the following EDC offices:

Head Office

151 O'Connor Street
Ottawa K1A 1K3
Telephone: (613) 598-2500
Fax: (613) 237-2690

Halifax

Purdy's Wharf Tower II
1969 Upper Water Street, Suite 1410
Halifax, Nova Scotia B3J 3R7
Telephone: (902) 429-0426
Fax: (902) 423-0881

Montreal

800 Victoria Square, Suite 4520
P.O. Box 124
Tour de la Bourse Postal Station
Montreal, Quebec H4Z 1C3
Telephone: (514) 283-3013
Fax: (514) 878-9891

Ottawa

151 O'Connor Street
Ottawa K1A 1K3
Telephone: (613) 598-2992
Fax: (613) 598-3098

Toronto

150 York Street, Suite 810
P.O. Box 810
Toronto, Ontario M5H 3S5
Telephone: (416) 973-6211
Fax: (416) 862-1267

London

148 Fullarton Avenue, Suite 1512
London, Ontario N6A 5P3
Telephone: (519) 645-5828
Fax: (519) 645-5580

Winnipeg

330 Portage Avenue, 8th Floor
Winnipeg, Manitoba R3C 0C4
Telephone: (204) 983-5114
Fax: (204) 983-2187

(Also serving Manitoba and Saskatchewan.)

Calgary

510-5th Street S.W., Suite 1030
Calgary, Alberta T2P 3S2
Telephone: (403) 292-6898
Fax: (403) 292-6902

Vancouver

505 Burrard Street, Suite 1030
Vancouver, British Columbia V7X 1M5
Telephone: (604) 666-6234
Fax: (604) 666-7550

Canadian Commercial Corporation

The Canadian Commercial Corporation (CCC) is a federal Crown Corporation that provides Canadian exporters with valuable assistance when selling to foreign governments or international organizations. In such transactions, CCC normally acts as prime contractor, assuring the foreign customer that the terms and conditions of the contract will be met, and matching that obligation through a domestic contract with the Canadian supplier.

The Corporation's participation provides Canadian suppliers with the tangible backing of their own government, enhancing their credibility and competitiveness in the eyes of foreign customers, and can often lead to the negotiation of more advantageous contract and payment terms.

The Corporation's services extend to every stage of the procurement process, including identifying opportunities, helping to prepare bids, assisting in the negotiation and administration of contracts, providing contract audits, as well as collecting from foreign customers and paying suppliers.

In some instances, CCC operates within formalized rules and structures established through signed agreements with a foreign government. Such is the case with the U.S. Department of Defense where agreements have been in effect since 1956, enabling the Corporation to facilitate access to that market for Canadian suppliers. CCC also assists exporters in transactions with foreign private-sector buyers.

The Corporation's services, and the credibility it offers, are of particular benefit to Canadian SMEs, many of which may be less known internationally. Its new **Progress Payment Program**, operating in collaboration with Canadian banks, can make it easier for SMEs to obtain pre-shipment financing.

For more information contact the nearest Canadian Commercial Corporation office:

Head Office

Canadian Commercial Corporation
50 O'Connor St., Suite 1100
Ottawa K1A 0S6
Telephone: (613) 996-0034
Fax: (613) 995-2121
Telex: 053-4359
e-mail: info@coc.ca Web site: www.ccc.ca

Regional Offices

Atlantic Canada Liaison Office

Burnside Industrial Park
2 Morris Drive
Dartmouth, Nova Scotia B3B 1S6
Telephone: (902) 426-3882
Fax: (902) 426-8808

British Columbia Liaison Office

650 West Georgia Street, 23rd Floor
P.O. Box 11538
Vancouver, British Columbia V6B 4N7
Telephone: (604) 666-4781
Fax: (604) 666-0398

Western Liaison Office

1000-9700 Jasper Avenue
Edmonton, Alberta T5J 4E2
Telephone: (403) 497-3801
Fax: (403) 497-3562

Ontario Liaison Office

6205 Kestrel Street
Mississauga, Ontario L5T 2A1
Telephone: (905) 795-5250
Fax: (905) 795-5262

Quebec Liaison Office

700-5 Place Ville Marie, 7th Floor
Montreal, Quebec H3B 2G2
Telephone: (514) 283-8791
Fax: (514) 283-8794

Canadian International Development Agency

The Canadian International Development Agency (CIDA) administers most of Canada's international development assistance programs in 140 developing countries. A significant part of these programs is implemented by the private sector through consultants, contractors and suppliers.

CIDA has developed a new contracting process which improves access to its service contracts for Canadian suppliers. Eligibility criteria have not changed: companies must be Canadian-owned (at least 51 percent) and based in Canada; and individuals must be Canadian citizens or have permanent resident status.

The standard approach is to invite suppliers, through the **Open Bidding Service (OBS)**, to pre-qualify for contracts. For information on how to subscribe to the OBS, call: **1-800-361-4637** from anywhere in Canada, or **(613) 737-3374** in the National Capital Region. To answer any inquiries on the new contracting process, call CIDA's **External Business Relations** at **(819) 997-7778**.

Industrial Co-operation Program

CIDA's Industrial Co-operation (INC) Program provides financial incentives to Canadian companies interested in entering into long-term business partnerships in developing countries. To qualify for the program, a project proposal must include social, economic and industrial benefits for both the developing country and Canada. That is, a requirement exists to show how the host country would benefit from the project, in such areas as new technology, job opportunities, business expansion and savings in foreign exchange, and how Canada would benefit by supplying, for example, equipment, components and services.

Eligible organizations must also demonstrate that they have the human, technical and financial resources as well as the skills and experience needed to carry out the project.

Investment

Investment-oriented programs assist eligible Canadian companies, particularly manufacturers, to conduct studies on the viability of long-term co-operation agreements with businesses in developing countries. They may also pay certain costs incurred when a joint venture is established.

Professional Services

Services-oriented programs help eligible organizations (e.g. consulting firms, financial institutions and business associations) to conduct studies and provide professional guidance and advice to potential clients in developing countries.

To apply to CIDA-INC, companies should contact the program manager responsible for the country of interest to discuss funding opportunities. A list of countries eligible for CIDA-INC assistance is available from the Agency.

For more information on CIDA support mechanisms, contact (specifying the target country):

The Industrial Co-operation Division
Canadian International Development Agency
200 Promenade du Portage
Hull, Quebec K1A 0G4
Telephone: (819) 997-7775
Fax: (819) 953-5024

or call Public Enquiries Service for information on the CIDA-INC program and other CIDA programs at (819) 997-5006.

Business Development Bank of Canada

As a Crown Corporation, the Business Development Bank of Canada (BDC) promotes the creation and development of SMEs by providing specialized financing and a wide range of business counselling, training and mentoring programs. BDC offers a one-stop-shopping approach to help entrepreneurs which combines both financial and management services.

For exporters, BDC's support is designed to meet the needs of businesses preparing first-time forays into foreign markets as well as those already exporting. The Bank's **New Exporters Training and Counselling Program (NEXPRO®)** focuses on broadening participants' export knowledge and developing their export skills. Through a combination of group workshops and one-on-one follow-up counselling sessions, NEXPRO helps enterprises to identify their export potential, develop export plans and implement successful export strategies.

BDC also offers a wide range of innovative financial services to meet the special needs of enterprises at all stages of the exporting process, from research and development to production and

shipment. These services include term loans, working capital loans, Venture Loans®, Patient Capital® Loans and Venture Capital.

For more information on the Business Development Bank of Canada, contact the nearest BDC branch or call, toll-free, 1-888-INFO-BDC (1-888-463-6232).

Multilateral Development Banks

Canada is a donor member of a number of multilateral institutions that finance physical and social infrastructure projects throughout the developing world. The World Bank Group, based in Washington, D.C., is the largest of these institutions. Others include the Asian Development Bank (Manila), European Bank for Reconstruction and Development (London), Inter-American Development Bank (Washington), Caribbean Development Bank (Barbados) and African Development Bank (Abidjan). Their activities generate substantial procurement opportunities for Canadian suppliers of goods and services, which are normally awarded on the basis of international competitive bidding.

Interested firms with relevant expertise are encouraged to seek the assistance of the commercial divisions of Canadian embassies or high commissions in specific borrowing countries for their assistance with marketing initiatives. As well, the Canadian embassies in Washington, Manila and Abidjan, and the Canadian High Commission in Barbados, include specialist staff who provide support and commercial counselling that is focused on the institutions in these cities. Consultants should register with those institutions that are of interest to them.

Further information on procurement opportunities with the multilateral development banks is available from the InfoCentre (*see below*).

Forum for International Trade Training

In 1992, the Canadian business community, with the support of the provincial and federal governments, founded the Forum for International Trade Training (FITT™) to help Canadians acquire the practical skills and tools they need to compete in international markets. FITT is a diverse alliance of Canada's business and labour communities, with over 300 000 businesses from coast to coast represented by its founding members.

FITT programs and courses provide useful hands-on international business skills training to Canadian businesses to assist them in expanding their commercial opportunities. This training is available through three distinct and complementary programs.

FITTskills is designed specifically for business and operations professionals interested in exploring opportunities in foreign markets. It is a comprehensive package of courses consisting of eight individual modules focusing on the day-to-day mechanics of international business, including entrepreneurship, marketing, finance, logistics, market entry and distribution, research, international law and trade management.

GeoFITT consists of a series of intensive workshops which focus on specific international markets. It offers the specialized know how essential in doing business abroad, with emphasis on the specific country of interest to individual participants.

CustomFITT offers customized training packages to suit the specific needs of businesses, concentrating on the detailed international knowledge and skills needed to turn opportunities into successful transactions. FITT's comprehensive knowledge base, consisting of over 120 international topics, is used to design these custom

training packages that range from a broad overview of international trade to an in-depth look at a specific industry's needs.

FITT programs are delivered throughout the country, either directly at a company's place of business or at more than 25 colleges and universities.

For more information on the Forum for International Trade Training, contact:

Forum for International Trade Training
155 Queen Street, 6th Floor
Heritage Place
Ottawa K1P 6L1
Telephone: 1-800-561-FITT (3488) or
(613) 230-3553
Fax: (613) 230-6808

Western Economic Diversification

Western Economic Diversification (WD) works with business to strengthen and diversify the western Canadian economy. WD identifies major marketing events both in Canada and overseas that are likely to be significant export opportunities and provides assistance to selected companies to participate. Financial assistance is provided to companies to achieve international quality standards so that they can be more competitive in global markets.

Information on WD's programs and services can be obtained from its offices in the following locations.

Ottawa
200 Kent Street, 8th Floor
P.O. Box 2128, Station D
Ottawa K1P 5W3
Telephone: (613) 952-9378
Fax: (613) 952-9384

Alberta

Canada Place
9700 Jasper Avenue, Suite 1500
Edmonton, Alberta T5J 4H7
Telephone: (403) 495-4164
Fax: (403) 495-4557
Toll-free line for Calgary: (403) 292-5382

British Columbia

Bentall Tower #4
1055 Dunsmuir Street, Suite 1200
P.O. Box 49276, Bentall Station
Vancouver, British Columbia V7X 1L3
Telephone: (604) 666-6256
Fax: (604) 666-2353
Toll-free line for B.C.: 1-800-663-2008

Saskatchewan

119, 4th Avenue S., Suite 601
P.O. Box 2025
Saskatoon, Saskatchewan S7K 3S7
Telephone: (306) 975-4373
Fax: (306) 975-5484
Toll-free line for Regina: (306) 780-6725

Manitoba

240 Avenue, Suite 712
P.O. Box 777
Winnipeg, Manitoba R3C 2L4
Telephone: (204) 983-4472
Fax: (204) 983-4694
Toll-free line for Manitoba: 1-800-561-5394

Atlantic Canada Opportunities Agency

A key objective of the Atlantic Canada Opportunities Agency (ACOA) is to increase the number of Atlantic businesses that are active in international trade. ACOA activities include monitoring emerging opportunities, communications initiatives to promote the region, and educational workshops. ACOA supports export development

through the marketing element of its Action Program. It assists Atlantic SMEs in developing marketing plans and supports them in other marketing areas.

Further information on ACOA and its programs can be obtained through the following toll-free numbers:

Head Office, Moncton, New Brunswick:

1-800-561-7862

Fredericton, New Brunswick:

1-800-561-4030

Charlottetown, Prince Edward Island:

1-800-871-2596

Halifax, Nova Scotia:

1-800-565-1228

Sydney, Nova Scotia:

1-800-705-3926

St. John's, Newfoundland:

1-800-668-1010

INFORMATION AND PUBLICATIONS

InfoCentre

The Department of Foreign Affairs and International Trade's InfoCentre is a public information resource centre which provides referral and publication distribution services.

The InfoCentre's operators can advise Canadian exporters on the full range of DFAIT's trade programs, services and publications. These services are available from the InfoCentre's toll-free 1-800 number, or the InfoCentre office located on the ground floor of DFAIT headquarters. Exporters can also access information on international markets, export opportunities and export programs from the InfoCentre's FaxLink service, InfoCentre Bulletin Board and Internet World Wide Web site.

FaxLink

FaxLink is a facsimile-based information service that carries a wide variety of trade and foreign policy documents and publications. It provides information on exporting, business and market opportunities, and programs and services and can be reached by dialing (613) 944-4500 from a fax machine.

Upon connecting with the system, callers will be greeted by a voice prompt that will offer them the choice of interacting with the system in the language of their choice (English or French). Upon selecting the preferred language, callers will be presented with the option of hearing instructions on how to use FaxLink, requesting a master index, or ordering documents. To order a particular item, callers simply input the document I.D. number associated with the desired document(s). Once the order has been placed, the system will automatically fax the information requested. The entire process takes only a few minutes to execute.

The system is easy to use and accessible 24 hours-a-day, seven days-a-week. The only costs are long-distance charges if calling from outside the Ottawa area.

For more information on the FaxLink service, contact FaxLink Administration at (613) 944-1488 or 944-1490.

InfoCentre Bulletin Board

The InfoCentre Bulletin Board (IBB) is an electronic database which contains more than 2000 documents, including geographical and sectoral market studies; trade opportunities;

government programs and services; and information on private-sector financial services. The IBB also allows companies to begin the process of registering on-line in the WIN Exports database.

To access the IBB, callers need a personal computer, a standard modem capable of handling North American signalling (if calling from outside Canada), and any type of communications software. To connect to the IBB, callers must dial (613) 944-1581 or 1-800-628-1581 via the modem with line settings at N-8-1, modem speed up to 14 400 baud, and terminal emulation set to ANSI/ASCII.

The IBB also offers anonymous "FTP mail" and list-server capabilities via the Internet by addressing Internet E-mail inquiries to listserv@fait.gc.ca or ftpmail@fait.gc.ca with the word "help" in the body. Either one will return a message listing the services offered.

The IBB can be reached 24 hours-a-day, seven days-a-week.

Internet Web Site

The Internet is the Department's most advanced electronic information dissemination platform. It allows callers to obtain relevant information concerning DFAIT, its activities, programs and services. The Web site features access to the IBB document bank as a WordPerfect site. The Universal Resonance Locator (URL) or Internet address for the DFAIT Web site is <http://www.dfait@maeci.gc.ca>

Internet E-mail enquiries can be made to the InfoCentre by addressing correspondence to infocentre@fait.gc.ca or infocentre@aeci.gc.ca

For more information on InfoCentre services, contact:

InfoCentre (SKI)
Department of Foreign Affairs and
International Trade
125 Sussex Drive
Ottawa K1A 0G2
Telephone: 1-800-267-8376
(613) 944-4000 (Ottawa-Hull region)
(613) 996-9136 (hearing impaired)
Fax: (613) 996-9709
FaxLink: (613) 944-4500
IBB: 1-800-628-1581 or
(613) 944-1581 (Ottawa-Hull area)
E-Mail: ski.extott@extott09.x400.gc.ca

International Business Opportunities Centre
International Business Opportunities Centre (IBOC) was established jointly by DFAIT and Industry Canada to match business leads provided by trade commissioners abroad with the business interests of Canadian firms, particularly SMEs. The Centre uses electronic databases such as DFAIT's **WIN Exports** and Industry Canada's **Canadian Companies Capabilities** to identify and engage Canadian companies in international business development opportunities.

For more information on IBOC, contact:

International Business Opportunities Centre
(IBOC)
Department of Foreign Affairs and
International Trade
125 Sussex Drive
Ottawa K1A 0G2
Telephone: (613) 944-6000
Fax: (613) 996-2835

CanadExport

CanadExport, DFAIT's twice-monthly trade newsletter, published in English and in French, carries articles on key trade activities and issues, including international market developments.

CanadExport is distributed to some 40 000 Canadian readers, particularly SMEs, informing them of new trade and investment opportunities, programs and services for Canadian exporters, trade policies, upcoming events such as trade fairs and missions, trade-related publications, and export successes and winning strategies. It also regularly features special supplements on various countries and regions and how to do business in these markets.

CanadExport is available in hard copy, or in electronic format through the Department's InfoCentre Bulletin Board service, the Internet and the Open Bidding System.

For more information on *CanadExport*, contact:

CanadExport
Trade Communications Division (BCT)
Department of Foreign Affairs and
International Trade
125 Sussex Drive
Ottawa K1A 0G2
Telephone: (613) 992-6249
Fax: (613) 992-5791
E-mail: canad.export@extott07.x400.gc.ca
Internet: <http://www.dfait-maeci.gc.ca/english/news/newsletr/canex>

International Business Publications

DFAIT publishes a wide range of trade and economic publications which can assist Canadian enterprises in their exporting ventures. In

addition to *CanadExport*, pamphlets and brochures on trade programs, examples of particular interest to exporters are:

Selecting and Using Foreign Agents and Distributors

- Designed for exporters who are examining foreign market representation options, and for companies that have received an unsolicited proposal from a potential agent or distributor and require guidance in the assessment process.

Directory of the Canadian Trade Commissioner Service

- Lists DFAIT offices and trade commissioners in Canada and abroad with foreign trade, tourism and investment responsibilities.

Guides for Canadian Exporters

- A series of short guides to individual countries, providing factual information on the country's economy, tips on doing business, local customs and foreign exchange information.

Canada's International Business Strategy (CIBS)

- A set of documents published annually, CIBS consists of an overview highlighting Canada's international business development priorities and a series of industry sector strategies that include lists of planned international activities.

Canadian Exporter's Guide to the U.S. Market

- A practical how-to guide for exporters interested in the United States market.

Take A World View

- An interactive, easy-to-use software kit designed to help firms working in knowledge-based industries to sell their services to foreign markets.

Bon Voyage...But

- A handy pocket guide that contains valuable information and advice to Canadians travelling and residing abroad, including a complete listing of Canadian embassies and consulates around the world.

For these and other publications contact the InfoCentre.



ANNEX I: CANADA'S TRADE COMMISSIONER SERVICE



Canadian trade commissioners live and work in Oslo and Buenos Aires, in Beijing and Buffalo, in fact in 125 cities throughout the world. As part of an extensive network of trade experts, their primary responsibility is to help exporters get started or expand their sales in foreign markets. As employees of the Department of Foreign Affairs and International Trade (DFAIT), they work on your behalf.

It is always a good idea to inform the trade commissioner in each of your established or target foreign markets of your export activities. Keeping them up-to-date pays big dividends in reducing costs, avoiding pitfalls and seizing opportunities.

Before you contact a Canadian trade commissioner, you should consider these suggestions.

Provide your trade commissioner, in advance, with:

- summary of your company's activities;
- previous export experience;
- precise descriptions of your product or service;
- main selling feature of your product or service;
- type of distributor or representative you are seeking;
- tentative travel schedule;

- requests for introductions to or appointments with potential agents and/or buyers;
- copies of your sales brochure and product/service literature.

Your trade commissioner can help you determine:

- whether your product or service can be imported into the market;
- normal distribution channels for your product or service;
- whether there is local or imported competition;
- buying practices in the market;
- market support services that are available, such as banking, shipping and storage;
- import policies and restrictions;
- how to quote in the market;
- social, cultural, business, market and political conditions that may affect sales.

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

- canvassing and recommending local representatives — you should seek the trade commissioner's advice before appointing agents or distributors;
- recommending translation, legal, advertising and other support services;
- arranging meetings for future business trips;

- providing information on duties, taxes and foreign exchange matters, and helping you solve problems and find solutions;
- helping you determine why an account is overdue and, if necessary, advising you on proper procedures for settlement;

- maintaining contact with and supporting your agent or distributor.

See Section 11 for more information on Canada's Trade Commissioner Service.

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 Help

- screen local industry contacts
- identify market opportunities
- identify potential partners and allies
- identify potential customers
- identify key decision makers
- advise on government bidding procedures
- advise on practices, regulations and barriers to sales
- advise on local competition and marketing characteristics
- provide information on future events
- assist with an initial appointment schedule
- liaise with local agents, distributors or allies
- advise on the settlement of overdue accounts
- advise on travel to and within a country

Can Not Help

- select potential contacts
- evaluate contract potential
- select potential partners and allies
- select potential customers
- by acting as your sales agent
- help prepare tenders
- obtain exemption from trade restrictions
- develop your marketing plans
- ensure your visibility at future events
- by accompanying representatives to appointments
- supervise local agents, distributors or allies
- by acting as your debt collector, travel agent, or local business office



ANNEX II: VISITS AND TRADE FAIRS



Visits to potential target markets will help you answer the following questions:

- Is there a real (as opposed to perceived) need or desire for your product?
- 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 didn't foresee and can you meet it?
- Will you need to adjust your product, service or marketing strategy to win customers? If so, will the cost of these changes still provide an acceptable return on your investment?
- Are there any new problems to overcome or new opportunities to seize?

ORGANIZING YOUR TIME (DOS AND DON'TS)

DOs

- Leave enough time at the start of your visit to recover from jet lag. Use the time to check in with your Canadian trade commissioner and to familiarize yourself with the country.
- Plan to spend at least three days (or a week if 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 meetings.

- Get the most out of your trip by making sure that it does not coincide with traditional holiday periods. (For example, not much work would be accomplished in Rio de Janeiro during Carnival.)
- Write to your trade commissioner upon returning to Canada and let s/he know how your meetings went, who your agent is (if you appointed one) and what your future plans are. Keeping trade commissioners fully informed helps them in looking out for sales leads and opportunities.

DON'Ts

- Don't start out on a foreign market visit without proper planning and organizing.
- Don't try to squeeze too much into your first trip. Visiting three countries in two weeks is likely all that can be absorbed effectively in a single trip, particularly if it is your first one.
- Don't believe everything you hear about the business practices in different countries — check local customs with your trade commissioner.
- Don't go to your office right away on your first day back. Take it easy — give yourself time to recover from jet lag. Spend the time at home sorting out business cards and making a list of people with whom you should follow-up.

PLANNING YOUR TRIP

Proper planning is vital to a successful foreign market visit. The following list highlights a number of important details that can help make your visit successful.

- If you intend to apply for assistance to make the trip (e.g. through the Program for Export Market Development), be sure to apply two to three months before your planned departure.
- Write to the trade commissioner in each target country, also two to three months in advance, and provide details of your product or service and your marketing plans. Outline what your objectives and expectations are for this visit. Let the trade commissioner know about your travel plans as soon as they have been finalized.
- When planning your itinerary use a reliable travel agent who can help you 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 and, if possible, in the language of the country you are visiting.
- Include a supply of business stationery, sales brochures, literature and photographs of your product for use abroad. A small dictaphone or recorder is handy for making on-the-spot notes to yourself on business details.
- Carry a list of C.I.F. prices for your products for each country on your itinerary as well as scheduled departures from major Canadian ports.
- Samples of your products, if feasible, or small gifts related to your product/service or to Canada are always appreciated by contacts. Check local customs on such items with your trade commissioner.
- Make sure that you have a valid Canadian passport and any visas required for your trip. Carry a few extra passport photos for additional visas that you may need. Also be sure to carry a record of immunization shots required for each country.
- Obtain an international driver's licence if you plan to use a car during your trip. If renting a car, reserve well in advance and reconfirm just before you leave.
- Take advantage of any memberships you may have in international service clubs — they can be an excellent means of making business contacts.
- Ask your bank manager to send a letter of introduction to a bank in each city you plan to visit. The letter can be helpful in checking references of potential customers and agents or if you run into unexpected financial difficulties.
- Background reading on the countries you plan to visit can make your trip easier. Such things as knowing the local dress codes, meal times, and how to address people will help eliminate small problems and earn you the good will of your hosts.



ANNEX III: EXHIBITING OVERSEAS



After your first market visit, you may decide to exhibit your company's products and services at an international trade fair. The trade commissioner in the host country is your best source of information on any fair in the territory.

Exhibiting at a trade fair requires careful advance planning. Give yourself a full 12 months to plan and prepare for your participation. The main activities that an exhibitor should undertake prior to the fair are summarized below.

See Section 11 for details on where and how to obtain information and assistance for exhibiting at international trade fairs.

12 MONTHS IN ADVANCE

Learn about the fair by consulting literature such as show brochures, guides and catalogues. This information will help you answer the questions below and carry out the necessary activities:

- How large an area does the fair cover?
- What is the range of products?
- How many visitors, and from how many countries, attended last year and in previous years?
- How many companies exhibited last year? What countries were they from and is participation increasing or declining?

- What is the cost of booth space? What services are included and what is the cost of services that are not included?
- What is the deadline for reserving booth?
- What are the Customs and import regulations for the products you are exhibiting? 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?

9 MONTHS IN ADVANCE

- Mail contracts for trade fair and send reservation deposit.
- Inform the trade commissioner of your exhibit plans and maintain ongoing correspondence.
- 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 and finalize arrangements. 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? Don't forget to provide fair management with your material for use in their publicity.
- Select freight forwarder and arrange shipment of exhibit.

6 MONTHS IN ADVANCE

- Check booth design and construction schedules.
- Formulate shipping plans to meet fair requirements.
- Select and order samples and gifts.
- Determine exhibit approach; most buyers and agents like to see demonstrations, pick up literature and talk to the manufacturer.
- Plan your public relations approach. Should you send out invitations to customers to attend your exhibit and a reception? What types of media relations and advertising activities are you considering?
- 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.

4 MONTHS IN ADVANCE

- Finalize shipping arrangements (e.g. transportation, Customs agents, freight forwarding).
- Recheck sales and promotional materials.
- Assign personnel.
- Prepare booth staffing schedule and begin staff training. Staff should be thoroughly familiar with the product, prices, delivery capability and Customs requirements.

3 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.

2 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.

1 MONTH IN ADVANCE

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

WEEK OF THE FAIR

- Check hospitality arrangements.
- Set up on-site meetings and rehearsals.
- Check on arrival and clearance of exhibit and supplies.
- Prepare tool kit for emergency repairs to display units and equipment.
- Meet with photographer, arrange for desired photos.
- Prepare lists of 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 FAIR 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 possible distribution arrangements.

AFTER THE FAIR

- Arrange for packing and returning of exhibit/equipment.
- Check bills and service charges.

- Plan to spend a day or two after the fair to brief any agents appointed, follow-up with local contacts, and visit the marketplace to check 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 solicit their observations, recommendations and suggestions for improvements for future exhibitions.
- Inform the trade commissioner of your assessment of your participation and your future plans for the market.
- Check back with the International Trade Centre upon your return to Canada, and brief personnel on your participation at the fair.

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