



Exploring The Differences On Both Sides Of The Border

In the recent past in this section we have attempted to point out some of the differences that exist between the United States and one of its closest neighbors, Canada. While those differences are very evident to MANA-member Canadian reps, they may not be so self-evident to U.S.-based manufacturers and reps whose business takes them across the northern border into Canada.

In an article that will appear in the upcoming MRERF Operations Manual, MANA district 8

director Tom Wilson, CPMR, president of Emerald Marketing, Inc., Seattle, Washington, discusses many of those substantial differences. Included among his observations are the following:

Look, Listen, Learn

You are a guest in a foreign country. Canada is *not* the 51st state of the United States and Canadians do not want to be treated as if they are. Remember the saying, “When in Rome, do as the Romans do” and

learn to *think* Canadian.

Currency

On a daily basis, every Canadian knows the value of their “Loonie” vs. the U.S. dollar. The nickname for the Canadian dollar coin comes from the loon pictured on it. A “toonie” is a two-dollar coin.

Canadians often feel trapped in yet another subservient relationship to the United States when it comes to financial matters. Their business fate rests on decisions made by the U.S. Federal Reserve and other foreign (to them) government decisions made in the United States where they have no vote and no voice.

You should know the current exchange rate at all times. *Think* in Canadian dollars. Convert your price quotes to Canadian dollars.

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Your customer will notice the courtesy even though they probably could convert it in their head. If you sell through distribution, get your company to print resale price lists in Canadian dollars.

Made in USA

The label "Made in USA" has some appeal in the United States. It is not particularly helpful in Canada and must be handled carefully. "Made in Canada" trumps "Made anywhere else" by a large margin. When I asked buyers how much premium a Canadian-manufactured product commanded over an identical U.S.-manufactured product, the average response was a 15% price difference.

Canadian consumers favor goods made in Canada. That is why you see Canadian companies wrap themselves in the Maple Leaf and the Canadian flag. Look at the packaging in the stores. Look at the signs for multi-national companies like McDonalds. Listen to radio commercials. Watch the beer commercials.

You can't out-Canadian a Canadian company, especially if your product is made in the United States. NAFTA gets you equal cost treatment, but there is no appeal to Canadian consumers in saying that your product is "Made in North America." So do what you can to encourage the manufacturers that you represent to become as Canadian friendly as possible. If they ship from the United States to Canada, be sure their people know how to handle the border paperwork as seamlessly as possible. Go to the factory and train them yourself. Establish a sales office in Canada. As soon as economically feasible,

establish a warehouse in Canada so you can ship faster internally and eliminate border delays.

Canadian Politics

Your customer knows all about the United States. How about you? Do you know the current Prime Minister and the key national and Provincial government figures, the major political parties and their liberal or conservative persuasions, the relationship of Quebec and the Queen to the Canadian government, the names of all the Provinces, the time zones, major cities and the distances between them? Start studying and learn about your sales territory if you expect to earn respect from your Canadian friends.

Watch the Canadian government debates on cable TV. You will see a delightful blend of historical British pageantry and modern North American government. The dry humor and colorful vocabulary is wonderful. You can learn amazing new ways to call someone a no-good scoundrel without ever breaking polite decorum or using a four-letter word. Keep up to date by reading U.S. and Canadian industry publications.

You are expected to be knowledgeable about major trade issues. You don't have to know the detailed tariff rate on two by fours, but you'd better know that there is a huge dispute going on between Canada and "your" U.S. government about softwood lumber and that it affects the local economy in your sales territory. Watch Canadian news on cable TV for a few days before each trip. Listen to the Canadian radio talk shows as you drive. Read the local paper at breakfast instead of *USA Today*.

Legal System

This is not a topic to be taken lightly. Do not assume that any particular law is the same in Canada as it is in the United States. In general, U.S. citizens are required to obey all U.S. laws even when outside the United States. You are also subject to all Canadian laws while you are in Canada. If you break the law in Canada, you will be subject to punishment under their justice system. Pay your traffic tickets on time. Calling your friendly U.S. lawyer long-distance from Canada after you are in trouble will not be of any use. Get advice from a Canadian law firm before you get into any questionable area.

Customs

Canada Customs and the United States Customs Service do not accept any excuses about anything at any time. You have to know the border crossing rules and obey them to the letter. Always state that your entry is for business purposes and declare all samples in your possession. If you screw up, you can be banned from crossing the border and your career selling in Canada will be over. For more information, see www.ccra-adrc.gc.ca.

Duties

NAFTA stands for North American Free Trade Agreement. The first agreement was signed between the United States and Canada. Mexico was added later. Goods that meet the NAFTA standards for "Made in North America" have lower duties than

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competitors. It is important for you to learn how to obtain a Certificate of Origin for the goods you sell and provide it to your Canadian customers. Get to know the customs brokers that handle imports for your key customers. They can help you determine the most favorable tariff codes for your products and help keep you in compliance with the rules as the regulations change. For more information, see www.nafta-customs.org.

Freight

Ask your customer for recommendations about shipping orders to them. As in the United States, freight carriers are highly competitive and the best deal changes daily. All shipments from the United States must clear Canadian customs. You need to learn how to handle this process with the different freight carriers in order to keep delays to a minimum.

Commissions

In the end, our work is all about commissions, right? Commissions you earn on sales into Canada for U.S. companies are

paid to your U.S. rep firm just like any other. The contracts should name the Canadian provinces that are part of your territory. Export prices can be stated in U.S. or Canadian currency. The percentages stay the same regardless of which currency is on the invoices. Unless, of course, you negotiated a higher commission rate for your sales in Canada; and you should do exactly that because of your higher travel costs and your expertise in foreign affairs.

In his article that will appear in the MRERF Operations Manual, Wilson goes on to discuss a number of other differences between the two countries. Among those subjects are geography, language, insurance, immigration, customs/duties and taxes. □

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