



FROM **WATERLOO LUTHERAN UNIVERSITY**

WATERLOO UNIVERSITY COLLEGE - WATERLOO LUTHERAN SEMINARY

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Attention: Business Editors

ADDITIONAL RISKS FACE

COMPANIES IN EXPORT TRADE

Problems of extending credit to companies in foreign countries and some of the safeguards that Canadian firms can take were outlined last night by an official of Massey-Ferguson Ltd., Toronto.

M. A. J. Anidjar, credit administration manager for the company, addressing an Export Management seminar at Waterloo Lutheran University, warned that exporters take the additional risk of the buyer's country when selling abroad.

"Not only the integrity, competence and financial responsibility of the buyer must be evaluated, but the integrity, financial responsibility and other factors of his country must be evaluated."

He said these additional factors are much more difficult to foresee or evaluate because they involve possible government actions beyond the control of the seller or the buyer.

"Although the buyer may be perfectly willing and able to pay in his own currency, the Canadian supplier may be faced with a lengthy delay in receiving dollar settlement if the buyer's country runs into foreign exchange difficulties or imposes arbitrary import-export regulations as a result of adverse economic conditions."

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And Mr. Anidjar outlined some questions a firm should ask itself before venturing into the more hazardous but often highly regarded export field:

What is the reputation for integrity of the importer's nationality? Do they move cautiously or impulsively? Are they energetic or indolent?

Is the buyer operating as an individual, partnership or corporation? Is he well regarded in local business circles?

Is his country politically stable? Is there danger from revolution? Are there causes of friction between it and other countries likely to result in war?

Is the prosperity of the importing country dependent on one or two crops or a few major industries? Do the commercial laws of the importing country adequately protect the exporter?

The Massey-Ferguson speaker added that Canadian firms face keen foreign competition and an exporter who cannot offer the going credit terms will lose sales, no matter how excellent his product.

A second seminar speaker, Johan Wleugel, the Toronto company's assistant treasurer, speaking on financial aspects of export business, made this comment:

"It is quite proper for a Canadian businessman to arrange his affairs in any legal manner so as to minimize taxes. Tax avoidance is quite legal and proper. Tax evasion is quite illegal and improper."

Both men were speaking to businessmen from many centres in Ontario who are attending a 12-week seminar at the university. Chairman of the course is Dr. Herman Overgaard, head of the department of business administration, Waterloo Lutheran University.