A Step-by-Step Guide for Indonesian SMEs to Export to Canada
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Authors: Trade Facilitation Office Canada and The Conference Board of Canada

About the TPSA Project
TPSA is a five-year C$12-million project funded by the Government of Canada through Global Affairs Canada. The project is executed by The Conference Board of Canada, and the primary implementation partner is the Directorate General for National Export Development, Ministry of Trade.

TPSA is designed to provide training, research, and technical assistance to Indonesian government agencies, the private sector—particularly small and medium-sized enterprises (SMEs)—academics, and civil society organizations on trade-related information, trade policy analysis, regulatory reforms, and trade and investment promotion by Canadian, Indonesian, and other experts from public and private organizations.

The overall objective of TPSA is to support higher sustainable economic growth and reduce poverty in Indonesia through increased trade and trade-enabling investment between Indonesia and Canada. TPSA is intended to increase sustainable and gender-responsive trade and investment opportunities, particularly for Indonesian SMEs, and to increase the use of trade and investment analysis by Indonesian stakeholders for expanded trade and investment partnerships between Indonesia and Canada.

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Small and medium-sized enterprises (SMEs) play a pivotal role in promoting economic growth, creating jobs, and reducing poverty. Most recent data indicate that SMEs represent approximately 60 per cent of Indonesia’s GDP and generate millions of jobs annually. SMEs that are capable and committed have the potential to access global supply chains, increase profitability, and further contribute to domestic prosperity. Through the Canada–Indonesia Trade and Private Sector Assistance (TPSA) project, Canada is working with Indonesia’s Ministry of Trade and its Export Training Center to facilitate Indonesian exports to Canada in three priority sectors with high potential: coffee, footwear, and apparel. Because women own 51 per cent of small and 34 per cent of medium-sized enterprises in Indonesia, the TPSA project places particular emphasis on SMEs owned by women in order to address the additional barriers they face in accessing international markets. Ultimately, it is expected that Indonesian SMEs, including those owned by women, will embrace international business and become more competitive, allowing them to take greater advantage of global market opportunities, including within the ASEAN Economic Community.

For enterprises to grow and thrive in global markets, they also need an enabling domestic environment. The Government of Indonesia’s economic reform packages of the last two years have contributed to improving the business climate for SME development and exports. Indonesia’s jump in the World Bank’s 2017 Ease of Doing Business Index from 106th to 91st place reflects this progress and the importance of establishing a climate conducive for new entrepreneurs to start a business and export beyond their borders.

A Step-by-Step Guide for Indonesian SMEs to Export to Canada has been specifically developed for Indonesian readers in close cooperation with Trade Facilitation Office (TFO) Canada and the Indonesian Ministry of Trade. The guide outlines 10 steps that are recommended for Indonesian SMEs as they prepare to export to Canada and other international markets. The guide also provides a list of Indonesian organizations that can support them in this endeavour. I hope you will find this guide useful and I encourage you to keep up your entrepreneurial drive to innovate and to design unique products that will cater to consumer demand in Canada and beyond.

Peter MacArthur
Ambassador to Indonesia and Timor Leste
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10 Steps to Exporting to Canada—A Summary

It is recommended that Indonesian exporters follow the 10 steps for export preparation in the order they are presented in this guide. For example, an Indonesian exporter should first ensure they have a business plan before doing a self-assessment of their export readiness. Based on the results of their assessment, they should then prepare an export plan as outlined in this guide, or seek further assistance if they are not yet export-ready.

It is not expected or necessary for Indonesian exporters to do all 10 steps by themselves. A number of services exist to assist Indonesian exporters through each step of the export process, many of which have been outlined in each specific chapter of this guide. Some resources and services are provided free of charge, while others require a fee. Contact information for a number of resources has been provided in Annex 1, including links specifically for Indonesian female entrepreneurs, as well as capacity development and networking for SMEs.

If using an intermediary, an Indonesian exporter will likely get some level of assistance for some of the steps listed. For example, a full-service trading house handles many aspects of the exporting process, such as market research, transportation, appointing distributors or agents, exhibiting at trade fairs, and preparing advertising and documentation. A trading house might be a good option for Indonesian exporters who do not have the time or resources to undertake all the steps in the export process on their own.

It is up to the Indonesian exporter to determine what level of support they require for exporting to Canada based on their resources available, their level of experience with exporting, their knowledge of the Canadian market, and their company’s product or service. The Indonesia Export Training Centre (IETC) can help an Indonesian company identify what kind of support they might need.

A significant amount of information has been included in the annexes of this Guide to assist Indonesian exporters with their research on Canada and the Canadian market. Indonesian exporters will also find the TFO Canada web site (www.tfo canada.ca) a very useful repository of information. This web site is provided free of charge for Indonesian exporters.

By registering with the TFO Canada web site as a foreign supplier, Indonesian exporters can access the following general and sector-specific information, advice, and links regarding the Canadian market:

- Access to information on the Canadian market, market entry, market links, trade-related events, etc.
- Customized dashboard for Indonesian exporters indicating their sector of operation, years of export experience, number of product offers, number of profile views
- Full access to this Step-by-Step Guide on exporting to Canada for Indonesian exporters
- 20+ Canadian sector-based market information papers and webinars on specific sectors
- Market entry information tailored to Indonesian exporters’ needs
- Live connection to Industry Canada’s Importer Database
- Updated list of trade events and trade missions
- Webinars on specific sectors

In addition to the above, by registering with the foreign supplier database, Indonesian exporters will be able to make their product offers available to 1,500+ Canadian importers currently registered in TFO Canada’s Canadian importer database.
## 10 STEPS FOR EXPORTING FROM INDONESIA TO CANADA

<table>
<thead>
<tr>
<th>Step</th>
<th>Who is Responsible for this Step</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Step 1</strong>&lt;br&gt;Assess export readiness</td>
<td>The Indonesian exporter is primarily responsible for this step, with guidance from the <em>Step-by-Step Guide</em>. The IETC can also provide support.</td>
</tr>
<tr>
<td><strong>Step 2</strong>&lt;br&gt;Conduct a SWOT analysis</td>
<td>The Indonesian exporter is primarily responsible for this step, with guidance from the <em>Step-by-Step Guide</em>. The IETC can also provide support.</td>
</tr>
<tr>
<td><strong>Step 3</strong>&lt;br&gt;Prepare an export plan</td>
<td>The Indonesian exporter is primarily responsible for this step, with guidance from the <em>Step-by-Step Guide</em>. The IETC can also provide support.</td>
</tr>
<tr>
<td><strong>Step 4</strong>&lt;br&gt;Conduct market research</td>
<td>The Indonesian exporter is primarily responsible for this step, with guidance from the <em>Step-by-Step Guide</em>. The IETC can also provide support. If the exporter is working with an intermediary, they might be able to get assistance with this step. A full-service Indonesian trading house, for example, handles many aspects of the exporting process, including market research. There are also companies that, for a fee, will conduct market research for the exporter.</td>
</tr>
<tr>
<td><strong>Step 5</strong>&lt;br&gt;Develop a Canadian marketing strategy</td>
<td>The Indonesian exporter is primarily responsible for this step, with guidance from the <em>Step-by-Step Guide</em>. The IETC can also provide support. If the exporter is working with an intermediary, they should be able to get assistance with this step. For example, a partner, such as an agent experienced in selling to the Canadian market, should be able to provide guidance to ensure the product or service meets Canadian guidelines, standards, and consumer preferences. Sometimes they will handle a significant amount of the responsibility—for example, a Canadian partner will often handle most of the aspects of advertising in Canada. Trade representatives at the Indonesian Embassy in Ottawa and the Indonesian Export Promotion Office (IEPO) in Vancouver may also be able to provide useful information and contacts to assist Indonesian exporters with their Canadian marketing strategy.</td>
</tr>
<tr>
<td><strong>Step 6</strong>&lt;br&gt;Enter the Canadian market</td>
<td>The Indonesian exporter is primarily responsible for this step, with guidance from the <em>Step-by-Step Guide</em>. The IETC can also provide assistance. Trade representatives at the Indonesian Embassy in Ottawa and the Indonesian Export Promotion Office (IEPO) in Vancouver may also be able to provide useful information and contacts to assist Indonesian exporters with their Canadian market entry strategy.</td>
</tr>
<tr>
<td><strong>Step 7</strong>&lt;br&gt;Complete the sale</td>
<td>The Indonesian exporter is primarily responsible for this step, with guidance from the <em>Step-by-Step Guide</em>. The IETC can also provide assistance.</td>
</tr>
<tr>
<td><strong>Step 8</strong>&lt;br&gt;Meet Indonesian export requirements</td>
<td>The Indonesian exporter is primarily responsible for this step, with guidance from the <em>Step-by-Step Guide</em>. The IETC can also provide assistance.</td>
</tr>
<tr>
<td><strong>Step 9</strong>&lt;br&gt;Meet Canadian import requirements</td>
<td>The Indonesian exporter is primarily responsible for this step, with guidance from the <em>Step-by-Step Guide</em>. The IETC can also provide assistance. If working with a reputable Canadian partner, they should be able to provide significant assistance in this step.</td>
</tr>
</tbody>
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Step 10
Ship goods from Indonesia to Canada

The Indonesian exporter is primarily responsible for this step, with guidance from the Step-by-Step Guide. The IETC can also provide assistance. If the exporter is working with an intermediary, they might be able to get assistance with this step, depending on the terms of the agreement. Transportation intermediaries, such as freight forwarders and customs brokers, are an excellent resource to help with shipping requirements.
Introduction

The purpose of this guide is to assist Indonesian companies, particularly small and medium-sized enterprises (SMEs), to export their products or services to Canada.

The information in this guide is meant to help Indonesian exporters better understand the Canadian market and the export process. However, while this guide should be used as a reference, Indonesian companies will need to invest additional time and resources to conduct their own market research, to make the right connections, and to develop a strategy to export to Canada.

Why Export?
Successful exporting usually requires considerable time, resources, and commitment. So why would a company that is doing well in Indonesia consider becoming an exporter? There are several good reasons, including:

- Increased sales and revenue: Exporting is a way to expand a market and take advantage of demand outside of Indonesia.
- Increased competitiveness in Indonesia: Being exposed to different markets and new ways of doing business can help a company improve its business in Indonesia.
- Reduced vulnerability: By expanding into new markets, a company is no longer dependent on the Indonesian domestic market for its success.
- Higher profits: If a company can cover fixed costs through its Indonesian operations, its export profits can grow very quickly.
- Higher economies of scale: The more an Indonesian company produces, the lower the per-unit cost.
- Improved global competitiveness: The experience an Indonesian company gains internationally will help keep it competitive in the global marketplace.
- Enhanced national and regional development: Increased real income, higher standard of living, higher export receipts, and employment creation, all of which are associated with multiple social benefits for individuals, families, and communities in Indonesia.

The benefits of exporting can far outweigh the costs, but being a successful exporter requires a lot of preparation as well as commitments of financial and human resources. Refer to Annex 7 for an additional example of why a company might decide to export.

Why Export to Canada?
There are a number of reasons why an Indonesian company should consider exporting to Canada.

An Import-Oriented Market
Canada depends heavily on imports to drive economic growth and meet consumer demand. Canadian imports reached a five-year high of $512 billion in 2014, making Canada the 11th largest import market in the world. Growth in Canadian imports has been strong and stable, averaging 5% annually over the past five years (2010–2014). This upward trend is expected to continue as demand grows for foreign products.

A Large Market
Although Canada’s market is approximately 10% the size of the U.S. market, Canada actually imports almost twice as much as the U.S. on a per-capita basis. Imports represent 31% of the GDP in Canada, while in the U.S., imports only represent 16% of the GDP.

Diverse Consumer Tastes
Canada has the second largest landmass in the world and had a population of 35.9 million in 2015, of which 80% live within 160 km of the U.S.-Canada border. Sixty-two per cent of Canadians live in the provinces of Ontario and Quebec and one in three Canadians live in the cities of Toronto, Montreal, or Vancouver. One in five Canadians were born outside the country, giving Canada the largest proportion of foreign-born citizens among the G7 nations. What’s more, Canada is home to over five million people of Asian descent and that number is increasing. As these ethnic communities grow, so does their demand for familiar products.
Canada’s multiculturalism also influences mainstream consumer tastes. The wider population has now adopted many products that were once sold only to ethnic niche markets. This offers Indonesian exporters substantially higher sales potential in Canada than in many other markets. 

See Annex 4—Canadian Market Information

A Strong Economy
Canada’s economy grew by 2.4% in 2014, and inflation rates have remained below 3% for the past two decades. While Canada appeared to be entering a recession in mid-2015, the economy has remained stable and with a strong labour force. 

See Annex 4—Canadian Market Information

Increasing Exports from Southeast Asia to Canada
Exports from ASEAN countries to Canada have increased by 55% over the last 10 years. Canada’s overall imports only increased 35% in that same time period. 

See Annex 4—Canadian Market Information

A Strong Canada-Indonesia Partnership
Indonesia and Canada have a long history of collaboration and cooperation. Indonesia’s trade office in Canada and Canada’s trade office in Indonesia are well-positioned to help Indonesian exporters with market research, understanding export/import requirements, and finding buyers. 

See Annex 4—Canadian Market Information

Opportunities for Exporting from Indonesia to Canada
There are a number of great opportunities for exporting products and services from Indonesia to Canada. While they can’t all be listed in this guide, several product categories that have a particularly good chance of success in the Canadian market have been highlighted below:

<table>
<thead>
<tr>
<th>AGRI-FOOD</th>
<th>CLOTHING</th>
<th>OTHER</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Unroasted coffee</td>
<td>• Coats, jackets, and blazers</td>
<td>• Wooden furniture</td>
</tr>
<tr>
<td>• Pepper</td>
<td>• Dresses</td>
<td></td>
</tr>
<tr>
<td>• Coconut (copra) oil</td>
<td>• Shirts</td>
<td></td>
</tr>
<tr>
<td>• Coconut sugar, palm sugar,</td>
<td>• Footwear</td>
<td></td>
</tr>
<tr>
<td>artificial honey</td>
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</table>

This is just a sample of some of the products that are in high demand in Canada. If a particular product or service is not listed above, there still may be fantastic export opportunities for it in the Canadian market.

The Export Process
There are many steps in the export process. Some of them happen at the same time as other steps. For example, companies should be conducting market research throughout the entire export process.
The export process generally looks like the following:

**Required Documents**

1. **Export Plan**
   - Develop an Export Plan
   - Research the Canadian Market
   - Develop a Marketing Strategy
   - Find and Contact Potential Buyers
   - Receive an Inquiry

2. **Quote or Pro Forma Invoice**
   - Quote a Price

3. **Purchase Order or Contract**
   - Make an Agreement
   - Production and Quality Check
   - Packaging & Labelling

4. **Export License, Commercial Invoice, Certificate of Origin, Packing List, Required Permits, Proof of Tariff Payments, Bill of Lading or Air Waybill**
   - Exporting & Indonesian Requirements
   - Shipping and Insurance
   - Importing & Canadian Requirements

5. **Final Payment**
   - Final Payment
   - Warehousing
The Three Stages of Export Preparation

Normally a successful Indonesian exporter goes through three stages of the export preparation process. Within these three stages, there are ten important steps that are highlighted below:

<table>
<thead>
<tr>
<th>STAGE ONE</th>
<th>STAGE TWO</th>
<th>STAGE THREE</th>
</tr>
</thead>
<tbody>
<tr>
<td>BUSINESS PREPARATION</td>
<td>MARKET DEVELOPMENT</td>
<td>MARKET ENTRY</td>
</tr>
<tr>
<td>2. SWOT Analysis</td>
<td>5. Marketing Strategy</td>
<td>7. Completing the Sale</td>
</tr>
<tr>
<td>3. Export Plan</td>
<td></td>
<td>8. Export Requirements</td>
</tr>
<tr>
<td></td>
<td></td>
<td>9. Import Requirements</td>
</tr>
<tr>
<td></td>
<td></td>
<td>10. Transportation and Logistics</td>
</tr>
</tbody>
</table>

Month 0–3 | Month 3–6 | Month 6–12

1 YEAR PLAN
Stage One—Business Preparation

**STAGE ONE**

**BUSINESS PREPARATION**
1. Export Potential
2. SWOT Analysis
3. Export Plan

**MARKET DEVELOPMENT**
4. Market Research
5. Marketing Strategy

**MARKET ENTRY**
6. Entering the Market
7. Completing the Sale
8. Export Requirements
9. Import Requirements
10. Transportation and Logistics

**1 YEAR PLAN**

Month 0–3
Month 3–6
Month 6–12

This stage will first help determine whether a firm is ready to export or not, and what steps might be needed to become export-ready.

Next, it will discuss the importance of an Export Plan and show how to develop one. This is a critical step in the export process, and no company should try to export without having developed an Export Plan.

**STEP 1—ASSESS EXPORT READINESS**

While there are many opportunities for Indonesian small and medium-sized enterprises (SMEs) to export to Canada, these firms must first make sure they are ready to export. An export-ready business is one that has the capacity, resources, and management to deliver a marketable product or service in Canada at a competitive price.

**Export Readiness Checklist**

To test whether an Indonesian firm is ready to export, answer the following questions and then check the score:

**General**

1. Is the Indonesian firm’s product or service already available? (Please select A, B or C)
   A) Currently in production
   B) At the prototype stage
   C) At the idea stage only

2. Is the Indonesian firm’s product or service currently being sold in Indonesia? (Please select A, B or C)
   A) Currently selling, and market share is growing
   B) Currently selling, but market share is low
   C) Currently selling, but in only one city
3. Does the Indonesian firm have surplus production capacity or available specialists to meet increased demand for its product or service?

   Yes _____ No _____

4. Does the Indonesian firm have the financing required to adapt its product or service to suit the target market and to promote it? (Please select A, B, or C)
   A) Financing is in place
   B) Financing is being arranged
   C) No financing is available

About the Firm
5. Is the Indonesian firm’s management committed to sustaining its export effort?

   Yes _____ No _____

6. Does the Indonesian firm have a good track record of meeting deadlines?

   Yes _____ No _____

7. Does the Indonesian firm’s management have experience in export markets?

   Yes _____ No _____

About the Product or Service
8. Does the Indonesian firm’s product or service have a distinct competitive advantage (quality, price, uniqueness, innovation) over its competition?

   Yes _____ No _____

9. Has the Indonesian firm adapted its packaging, labelling, and/or promotional materials for the Canadian market?

   Yes _____ No _____

10. Does the Indonesian firm have the capacity and resources to provide after-sales support and service in Canada?

    Yes _____ No _____

11. Does the Indonesian firm have a Free on Board (FOB) or Cost, Insurance and Freight (CIF) price list for its product, or a rate list for its service?

    Yes _____ No _____

12. Has the Indonesian firm undertaken any Canadian market research? (Please select A, B, or C)

    A) Completed primary and secondary market research, including a visit to Canada
    B) Completed some primary and secondary market research
    C) Completed no research

13. Is the Indonesian firm’s promotional material available in French and/or English? (Business cards, brochures, and web site)

    Yes _____ No _____

14. Has the Indonesian firm started marketing their product or service in Canada?

    Yes _____ No _____

15. Has the Indonesian firm engaged the services of a sales representative, distributor, agent, or broker?

    Yes _____ No _____

16. Has the Indonesian firm hired a freight forwarder or a customs broker?

    Yes _____ No _____
Interpreting the Score

If the responses were “A” or “Yes” to a combined total of more than 12 of the questions, congratulations! The Indonesian firm understands the commitment, strategies, and resources needed to be a successful exporter. At the very least, the firm has the foundation in place to consider exporting to Canada.

If there were anywhere from 7–11 ‘A’ or “Yes” responses, the Indonesian firm is not ready to export. It is on the right track, but there seem to be areas of weakness in its export strategy. It may be wise to seek advice and guidance from the IETC and to consult with one of their trainers. It is also recommended to read through this Step-by-Step Guide to get a better idea of what will be involved if the firm decides to export to Canada.

Lastly, if there were fewer than seven ‘A’ or “Yes” responses, the Indonesian firm is not ready to export at all. It will definitely need to do more research and preparation before it exports to Canada. It would be wise to seek advice and guidance from the IETC and to consult with one of their trainers. It is also recommended to read through this Step-by-Step Guide to get a better idea of what will be involved if the firm decides to export to Canada.

STEP 2—CONDUCT A SWOT ANALYSIS

Indonesian firms that are considering exporting to Canada must clearly understand their strengths and weaknesses and identify opportunities and challenges that could impact their success. An excellent way to get this information is to conduct a SWOT analysis.

Strengths are internal elements of a business that give a firm an advantage over others. For example, the firm may be unique, or it may have some degree of export experience, or their workforce may be highly flexible.

Weaknesses are internal elements of a business that could put a firm at a disadvantage. For example, the Indonesian firm may have no Canadian market experience, or they may have no web site, or they may have issues with consistency of products.

Opportunities are external elements that could give a business an advantage. An example would be if an Indonesian firm’s product is organic or fair trade, and there is increasing demand in Canada for organic, eco-friendly, or responsibly sourced products.

Threats are external elements that could cause trouble for a business. For example, Indonesian firms may find it difficult to consider exporting to Canada if there is a lot of competition in the Canadian market for a specific product, or if there is a high cost to participate in a Canadian trade show.

<table>
<thead>
<tr>
<th>SWOT (STRENGTHS, WEAKNESSES, OPPORTUNITIES, THREATS) EXERCISE</th>
</tr>
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<tbody>
<tr>
<td><strong>Internal</strong></td>
</tr>
<tr>
<td><strong>Positive</strong></td>
</tr>
<tr>
<td><strong>Weaknesses</strong></td>
</tr>
<tr>
<td><strong>Negative</strong></td>
</tr>
</tbody>
</table>
A SWOT analysis can be completed by placing some of the items below in the appropriate section, or by using the responses to the questions in the Export Readiness Exercise in Step 1. The Indonesian firm has to add its own items to the list until its SWOT analysis is complete.

### INTERNAL
- Management support
- Unique products
- Value-added services
- Track record
- Financial position
- Qualified staff
- Business plan
- Certifications
- Expertise
- Available time
- Market research
- Selling skills
- Domestic sales
- Quality standards
- Access to capital
- Marketing materials
- Web site
- Language skills
- Foreign contacts
- Ability to travel
- Relevant technologies
- Risk factors
- Others

### EXTERNAL
- Global economy
- Growing industry
- Competition
- Currency valuation
- Distance to market
- Language
- New trends
- Others

**STEP 3—PREPARE AN EXPORT PLAN**

**Why Is an Export Plan So Important?**

If an Indonesian firm plans its export project to Canada thoroughly, it will have a much better chance of success. Not planning can lead to major failure in Canada, and it could severely damage the firm’s operations in Indonesia, as well.

When an Indonesian firm is considering exporting to Canada, it will need to make an Export Plan. An Export Plan is basically a Business Plan with a focus on selling in the Canadian market. Export Plans are developed in order to:

- Define the target market: the risks, demographics, demand, logistics, legal issues, and commercial issues such as currency;
- Define a purpose for the business activities;
- Identify the company’s strengths, weaknesses, opportunities, and threats;
- Identify the financial and other resource demands of exporting;
- Substantiate qualification for obtaining credit or export financing. For many companies, if there is no plan, it is next to impossible to get any export financing.

Before developing an Export Plan, Indonesian exporters will need to make sure their business plan is up-to-date. For firms that do not have a business plan yet, this is definitely the time to create one. This can help to save time and resources by strategically planning and prioritizing the pursuit of the Canadian export market. An Export Plan is a long-term investment of an exporter’s time, effort, and resources. It will need regular reviews and updates even after an Indonesian firm has begun exporting.

The following is a template of an Export Plan (sometimes called an International Business Plan). It should be considered as a guideline, and it must be updated as often as necessary.
The Elements of an Export Plan
An Export Plan should contain the following sections:
1. Executive summary
2. Introduction
3. Company overview
4. Products and services
5. Export objectives and goals
6. Canadian market analysis
7. Market entry strategies
8. Regulatory and logistical issues
9. Risk factors
10. Implementation plan
11. Financial plan

1. Executive Summary
The Executive Summary is usually written after the rest of the plan has been completed and is basically a 1 to 2-page summary of each element, including a summary of expectations and resources required and recommendations for next steps.

2. Introduction
The Introduction provides the background for the Export Plan. It should include the overall purpose of the Export Plan, summarize the history and rationale that relates to introducing the Indonesian firm to the Canadian market, and provide an overview of its export objectives and goals.

The Introduction should include:
- Business history (all aspects, including sales, profits, etc.)
- Vision and mission statement
- Domestic market performance
- Organizational goals and objectives
- Purpose of the Export Plan
- Target market (Canada)
- Canadian market goals
- Short and medium-term objectives for exporting
- Location and facilities

3. Firm Overview
This provides a clear and concise description of the Indonesian firm, including its history, vision, and the value it brings to its customers. This section should incorporate highlights of the SWOT Analysis and include the reasons the firm is considering exporting, as well as an assessment of its readiness to consider the Canadian market. It should also include a list and description of its management team, and a comment on how it might fill any gaps in expertise which are required for exporting to Canada.

The Firm Overview should include:
- Ownership of the firm
- Organizational structure
- Value proposition
- SWOT analysis
- Description of management team
- Staffing
- Degree of commitment by senior management
- Relationship between exporting and other operations
- Experience and expertise in exporting
- Strategic alliances
- Export Team skills and experience
- Labour market issues

In describing the ownership, management team, and general staffing, the Indonesian firm should record and track the gender profile of the firm. For example, is it owned by females, managed by females, and/or is a large portion of the employees female (and if yes, then what are the percentages)? Under labour market issues, commitment to good labor practices (e.g., no child labour, safe working conditions, living wage, overtime, holidays, rights of representation) should be recorded and tracked.

4. Product or Service Analysis
This provides a clear description of the Indonesian firm’s export product or service, its unique selling points, and how marketable it might be in Canada. Will the products or services need to be modified for the Canadian market? What are the Indonesian firm’s competitive advantages, and how will it differentiate itself?

The Product or Service Analysis should include:
- Description of products and services
- Key product/service features and benefits
- Other features (intellectual property, after-sales, seasonality, shelf life and other life cycle issues, etc.)
- Adaptation and redesign required for exporting to Canada
- Production of products and services (including capacity issues, etc.)
- Quality assurance or certification requirements
- Product regulations in Canada
• Future products and services (new product research and development, etc.)
• Comparative advantage in production/product (advantageous selling attributes, etc.)

5. Export Objectives and Goals
This describes what the Indonesian firm expects to achieve by entering the Canadian export market within certain time frames, say within one year and within five years. The firm should describe the goals and objectives of exporting as compared to their overall objectives. They may also wish to track export growth as a percentage of their overall sales, or compare it to their domestic sales.

6. Canadian Market Overview
This provides the results of the Indonesian firm’s Canadian market research, including a description of the Canadian market in terms of size and trends, key economic, social, political, and cultural characteristics, a profile of the target customer, buying patterns, and factors influencing purchasing decisions.

The Canadian Market Overview should include:
• Market research
• Political and legal environment
• Economic environment
• Size of market
• Key market segments & demographics
• Industry trends and other market factors
• Purchasing process and buying criteria (the distribution and promotion channels, from direct customers to end-users)
• Logistics (transportation and infrastructure issues)
• Description of industry participants/industry profile
• Market share held by imports
• Tariff and non-tariff barriers (licenses, quotas, fees, documentation)
• Industry trends and other market factors (e.g., cultural, social, business practices)
• Market outlook (buyer analysis and projected demand for the product or service)

7. Market Entry Strategies (based mainly on issues of the Marketing Plan)
This analyzes the competitiveness of the Indonesian firm’s product or service. It will help to position it effectively in the Canadian market and to decide pricing and marketing strategies. It contains objectives in terms of market share, revenue, and profit expectations, and it indicates the position the firm would like to occupy in the target market and explain how it will go about achieving that position.

• Identification of key target market segment(s) in Canada
• Description of key competitors and analysis of how they are marketing themselves
• Analysis of competitive position
• Product for export market (modifications, adaptations, etc.)
  — Competitive advantage—Will you compete on price, design, uniqueness, quality, other?
  — Seasonality and life span issues, design, styles, etc.
  — Standards, quality controls, packaging, labeling, language issues
  — Intellectual property considerations
• Pricing strategy
  — Export price/cost
  — Current market price
  — Market constraints on price points for entry
• Promotion & sales strategy
  — Trade events and missions
  — In-market (point of sale, in store, etc.)
  — Advertising (media, etc.)
  — Development of sales leads
• Terms of sale
• Placement/distribution strategy
  — Description of intermediaries and partners
  — Strategic alliances (cooperation, joint ventures, licensing, franchising etc.), if applicable
  — After-sales servicing (returns, warranties, etc.)

8. Regulatory and Logistical Issues
As a G7 country, Canada is governed by a strong regulatory framework, which includes laws that regulate international business with Canada. In addition, being part of the North American continent (but being in many ways different than the U.S.) and having the second largest landmass in the world, logistics play a very crucial part in Indonesian exports to Canada. The following are the points that should be considered in this section:
• Intellectual and property protection
• International legal and regulatory issues
• Other legal and regulatory issues
• Timeline (from production to delivery)
• Use of trade service providers: intermediaries such as customs brokers and freight forwarders
• Modes of transportation (including special needs such as refrigeration, etc.)
• Cargo and related insurance
• Inventory control and warehousing
• Trade documentation (customs, inspections, certification of origin, safety, health, packaging, etc.)

9. Risk Factors
All Indonesian firms deal with risks in operating a business locally, and these risks increase when they decide to venture into exports. As discussed earlier, the benefits of exporting will outweigh the costs if and only if the Indonesian firms can identify and manage the following risks:
• Market risks (foreign and domestic)
  — Economic, political, social situation
  — Demand in Canada
  — Product standards/certification
• Commercial
  — Partners, clients, credit
  — Payment Issues: contracts, credit
• Dispute resolution
  — Currency
• Internal risks (company stability, staffing, expertise, etc.)
• Political and other risks

10. Implementation Plan
This includes a list of all the key activities that need to be undertaken to achieve the Indonesian firm’s export objectives. For each activity, the plan should indicate target dates and who will perform the activity. It should also include a design to evaluate the Export Plan at different stages in order to determine if the Indonesian firm’s goals are being achieved, and what modifications, if any, are needed.

The Implementation Plan should include:
• Key activities and milestones
• Roles of various parties
• Timeline for completing tasks
• Monitoring and evaluating criteria and process (including the methods to be used to track and measure the firm’s progress in the market)

11. Financial Plan
• Revenues or sources of funding
• Operating budget
• Cost of sales
• Marketing and promotional costs
• Other expenses or expenditures

Reminder: Before the development of an Export Plan, the Indonesian firm will need a current and comprehensive Business Plan that reflects its business operations in Indonesia. IETC and other resources in Indonesia can help Indonesian firms in preparing business plans as well as export plans.
This Stage contains a review of the kind of market research the Indonesian firm will need for developing its Export Plan and where to find that information.

Stage Two will then discuss the different elements of a marketing strategy and how an Indonesian firm can develop one for the Canadian market.

Annex 4 provides an overview of the Canadian market to help begin the market research.

In Stage Two (Market Development) of the Export Preparation process, there are two main steps: Market Research and Marketing Strategy. Since there were three steps in Stage One (Business Preparation), the steps in Stage Two are discussed below as Step 4 (Market Research) and Step 5 (Marketing Strategy).

**STEP 4—CONDUCT MARKET RESEARCH**

Indonesian firms must take the time to examine the Canadian culture and find out how things are done in Canada, in order to adapt. Part of this process includes finding the right partners.

Having a good understanding of the Canadian market is essential for Indonesian firms that want to be successful in exporting their products or services to Canada. Market research is the key to understanding the opportunities in Canada and the possible challenges that may be encountered. It can confirm that an opportunity actually exists, give insight into how a product or service may need to be changed to meet Canadian legal and other requirements, or can help an Indonesian firm discover what’s important to Canadian customers.

**Market Research**

There are two main types of market research—secondary and primary.
Secondary Research
Secondary research is done in Indonesia by using reference materials and data such as periodicals, studies, market reports, books, surveys, and statistical analyses. Many of these are available online, as well as through chambers of commerce, economic development organizations, industry and trade associations, and Indonesian firms that are already doing business in Canada.

Primary Research
After completing the secondary research, market information is collected through direct contact with potential customers or other sources. Primary research usually demands personal involvement through interviews, consultations, and visits. Interviews can be done either face-to-face, on the phone, or using Skype and other electronic means.

TFO Canada’s web site (www.tfocanada.ca) is a great source where Indonesian firms can access market information for dozens of sectors in Canada, including agri-food, textiles and apparel, footwear, and furniture.

How to get the most useful information from interviews:
The Indonesian firm must state its objectives at the outset and present its questions clearly. For example, the firm may communicate the following types of information:

Firm Description—Brief description of the firm, its history, industries/markets served, professional affiliations (if any), and its product or service.

Objectives—Brief list of one or more objectives for the firm’s planned exports (product or service) to Canada, based on its secondary market research.

Product or Service—Clear description of the product or service the firm wants to export to Canada.

Questions—Questions based on the firm’s secondary research (as specific as possible).

Remember: To ensure a better response, careful research of the subject is needed.

Here is an example of how an Indonesian exporter of coconut oil might structure a phone interview with the Indonesian Trade Office in Ottawa, Canada.

Company Description—Our female-owned company has been a supplier of virgin coconut oil, organic coconut palm sugar, and arenga sugar from Indonesia since 2008. We have been exporting to the United States and Malaysia since 2013 and did $45,000 USD in export sales in 2015. We are currently certified HACCP, USFDA, Organic, and Kosher.

Objectives—We are interested in exporting to Canada, as our research shows that Canadians are interested in organic, responsibly sourced products that also have health benefits. Our goal is to target Canadian buyers in the food and cosmetics industry and to begin exporting within 12 months.

Product or Service—The products we are specifically interested in exporting are virgin coconut oil and organic coconut palm sugar. Our products are of very high quality, sustainably sourced, and are suitable for human consumption or for beauty and health products. An important selling point is that we have a fair trade relationship with farm families.

Sample Question—Through our research, we understand there is a major food trade show held every year in Canada called SIAL. We have visited the trade show web site, and it looks like it is a good fit for our products, so we have decided to send a representative from our company to participate next year. We would like to set up meetings with potential Canadian agri-food buyers. Who can help us with this?

When conducting market research, Indonesian firms should remember to:
- Allocate time and resources to the task of conducting market research, and decide who is in the best position to do the research—themselves? Their staff? Their partners? A reputable marketing research firm?
- Use a variety of methods, sources of information, and types of data in their research. They should consult existing studies, interview a few experienced exporters to help identify leads, and contact the Directorate General of National Export Development (DGNED).
Indonesian Export Training Center (IETC), Indonesian Chamber of Commerce and Industry (KADIN), or the Indonesia-Canada Chamber of Commerce (ICCC) to help guide them. If there is an exporter’s association for the targeted product or service, Indonesian exporters should consider joining it to gain valuable information and assistance.

- **Incorporate the results of their primary and secondary research into their Export Plan.** Data should be analyzed and used to make important decisions going forward.

### Possible Sources of Market Information

- Competitors’ web sites
- Potential customer web sites
- Commercial banks
- Internet search engines, discussion boards
- Online and offline commercial databases and subscription services
- Conference Board of Canada, TFO Canada web sites, and Market Information Papers (MIPs)
- Trade and business associations
- Indonesian Trade Office in Canada
- Canadian embassy in Indonesia
- Exploratory mission to Canada
- Attending or participating in trade shows
- Other Indonesian firms exporting to Canada
- DGNED, IETC, KADIN, and ICCC web sites

A list of useful sources for conducting Canadian market research has been provided in Annex 1.

### Canadian Market Checklist

*This helps identify what a firm should know about the Canadian market.*

**Canadian Political Highlights**
- The Canadian government
- Who’s who
- Canadian relations with Indonesia, including agreements

**Canadian Economic Highlights**
- The Canadian economy and trends
- General imports and exports
- Imports and exports to and from Indonesia
- Canadian imports for the firm’s specific product or service

**Consumer Trends**
- General
- Specific for the sector
- Environment, gender, and social responsibility

**Business Information**
- The currency
- The language(s)
- Business practices and regulations
- Differences in legal framework
- Work relationships
- Office hours and holidays

**Partnering Options**
- Indonesian companies doing business in Canada
- Major companies from Canada doing business in Indonesia
- Options for local partners

**Support for Market-entry Strategies**
- Industry associations
- Trade events in Canada
- Other networking options
- Trade media
- Research facilities
- Market research sources

**Cultural Considerations**
- Greetings and forms of address
- Do’s and don’ts
- Cultural differences

**Travel Tips**
- Visa, work permits, or other requirements
- Business support services
- Travel arrangements
- Electrical voltage
- Others

### Canadian Market Information

Annex-6 includes some key information about the Canadian market. This information is also included in TFO Canada’s *Access Canada: A Guide on Exporting to Canada* document, which is available to any Indonesian exporter registered in the TFO Canada web site (www.tfocanada.ca). Indonesian firms should consider this as the first step of their market research, but they should not rely on this information alone. After reading through this section,
Indonesian exporters will need to conduct their own market research to get to know specific trends, contacts, and requirements for their business. The more an Indonesian firm researches, the more it improves its chances of succeeding in the Canadian market.

**STEP 5—DEVELOP A CANADIAN MARKETING STRATEGY**

Long before an Indonesian exporter fills its first Canadian order, it will need an export marketing strategy to plan out how to reach the Canadian market.

The Five “Ps” of Marketing in Canada

Indonesian exporters to Canada must consider the following questions when developing their Marketing Strategy:

- **Product (or Service):** What is the product or service and how must it be adapted to the Canadian market?
- **Price:** What is the pricing strategy to be used?
- **Promotion:** How is it possible to make Canadian customers aware of the product or service?
- **Place:** How and where is it possible to deliver or distribute the product or service?
- **People:** Are the necessary staff and appropriate partners in place to be successful in the Canadian market?

**How to Keep a Good Relationship with a Canadian Buyer**

The following require priority attention:

- Rapid turnaround in sample production
- Same-day reply (by email, fax, or telephone) to every communication
- On-time deliveries, with any delays agreed to in advance with the buyer
- Delivery of product which corresponds precisely with agreed-to specifications or samples
- Continuity of supply
- Maintenance of high quality at a competitive price
- Appropriate packaging material for overseas shipments
- Adequate handling and storage facilities
- Knowledge of payment terms

The diagram on the next page can be summarized as the five “Ps” to identify the key factors to be considered in a marketing strategy: Product (or Service), Price, Place, Promotion and People. All of these considerations should be included in the Export Plan of the Indonesian exporting firm.
Product or Service

Product or Service Modifications
While a product or service may work well for the Indonesian domestic market, it may not be suitable for the Canadian market without being modified somehow. An Indonesian company may need to change the design, packaging, labelling, materials used, manufacturing process, product attributes, or a number of other things before it can sell to the Canadian market.

Product modifications may be very minor and easy to make, but they can also be very costly and time-consuming. An Indonesian exporter should be clear on what will be involved to make their product ready for the Canadian market in terms of additional cost. For example, they should consider the cost of investing in new equipment, time, and human resources, and they should make sure their company is able to undertake the additional expense.

Translating labels into French and English is usually a relatively easy, cheap, and quick modification. On the other hand, changing the design of furniture to reflect Canadian consumer tastes might not be feasible for some companies.
A Step-by-Step Guide for Indonesian SMEs to Export to Canada

Example: apparel
An Indonesian company manufactures dresses. They have very accomplished skill in batik and sewing, very good prices, and excellent capacity. They have an up-to-date web site with high-quality photos of their products. Through their research, they have found that there are good opportunities for women’s dresses in the Canadian market. They begin reaching out to potential buyers in Canada but can’t seem to find anyone who is interested.

So, what went wrong?
The company did many great things that will help them attract buyers, but they made one big mistake—they assumed Canadian women have the same fashion style as Indonesian women.

What was the solution?
The company realized there was a lot about the Canadian market they did not know, so they took a different approach and collaborated with an agent who is experienced in selling women’s clothing to the Canadian market. The agent helped the company better understand popular dress styles in Canada, and the company was able to change the design of their dresses to reflect these different consumer trends.

Example: furniture
Does the company have the equipment necessary to design furniture suitable for Canadian consumers? Who will train the staff for the new designs? What is the ability to source any new materials needed?

Why should a Canadian consumer buy a product from an Indonesian firm rather than from its competitors?
• Is it cheaper?
• Is it higher quality?
• Is the design unique?
• Does it have innovative attributes?

Packaging and Labelling

Packaging Requirements
The Competition Bureau’s Guide to the Consumer Packaging and Labelling Act and Regulations (www.competitionbureau.gc.ca/eic/site/cb-bc.nsf/eng/01248.html) outlines requirements for packaging of all products sold in Canada. Packages must be filled, displayed, and designed in a way that does not mislead consumers about the quality or quantity of the products inside. Certain products must also be shipped in standardized container sizes, such as glucose syrup and refined sugar syrup. Good-quality packaging facilitates handling, transportation, and disposal. Before making any large shipments, Indonesian exporters should send samples of their packaging to their buyers to ensure the design, size, and materials conform to Canadian laws and regulations, and to the buyer’s requirements. It is cheaper and easier to change a packaging design in Indonesia than in Canada.

Competition
The market for most consumer products in Canada is heavily saturated with both local and domestic suppliers. To compete in the Canadian market, new Indonesian exporters must clearly define a unique selling proposition (USP) for their product and communicate this effectively through their branding and marketing materials.
Packaging Trends
Offering an attractive design or innovative packaging is one way to increase the interest of potential buyers in carrying a product. One of the major trends in recent years is eco-friendly packaging, which includes materials that are renewably sourced, biodegradable, and recyclable. Manufacturers are also reducing the amount and size of packaging to reduce the environmental footprint of their products. The packaging of new or unfamiliar food products should also include a description of how consumers can prepare or use the item, as well as recipes and conversion rates for substitutions. More information on trends is available through Canadian Packaging Magazine (www.canadianpackaging.com).

Labelling and Language Requirements
For products sold in Canada, detailed information must be provided on the retail package regarding the nature of the product, its contents, product quantity, composition, and dealer’s name and principal place of business. The label must be obvious and easy to read and be provided in both English and French. All labels are prohibited from making false or misleading representations of a product.

Footwear and Apparel
The Textile Labelling Act provides an outline of the basic labelling requirements for consumer textile articles in Canada. Under the Act, it is not mandatory to identify the country of origin on imported apparel or footwear under some circumstances. (www.competitionbureau.gc.ca/eic/site/cb-bc.nsf/eng/01249.html#Imported)

Food Labelling
Food products are subject to additional labelling requirements in Canada. The Canadian Food Inspection Agency (CFIA) offers a Food Labelling Tool for Industry (www.inspection.gc.ca/food/labelling/food-labelling-for-industry/eng/1383607266489/1383607344939) and Labelling Requirements Checklist (www.inspection.gc.ca/food/labelling/food-labelling-for-industry/labelling-requirements-checklist/eng/1393275252175/1393275314581) to better understand these requirements. Core Labelling Requirements must be provided in French and English and include: A common name, country of origin, date markings and storage instructions, identity and principal place of business, irradiated foods, legibility and locations, list of ingredients and allergens, net quantity, and nutrition labelling and sweeteners. CFIA also offers guidance on claims and statements (e.g., allergens, gluten-free, health claims, organic), as well as food-specific requirements for certain products (e.g., alcohol, chocolate/cocoa, fats and oils, fish/seafood, fresh produce, honey, meat/poultry, processed foods). For example, all packaged foods must include a Nutrition Facts Table.

1. The name and address of the Canadian dealer, preceded by the words “imported by/ importé par” or “imported for/importé pour”; or
2. The statement of geographic origin located immediately adjacent to the name and address of a Canadian dealer; or
3. The name and address of the dealer outside Canada.

Country of origin marking is not a requirement of the Consumer Packaging and Labelling Act; however, the Canada Customs and Revenue Agency requires a country of origin marking on specific goods. The Canadian Border Services Agency can provide Indonesian exporters with additional information.
When a food product is wholly manufactured outside of Canada, the label must show that the product is imported. This information can be provided in one of three ways:

1. With the name and address of the Canadian company with the country of origin of the product; or
2. With the name and address of the foreign manufacturer; or
3. With the statement “imported for” or “imported by” followed by the name and address of the Canadian company.

For some specific food products, it is also mandatory to state the country of origin. For more information visit CFIA’s web site: www.inspection.gc.ca/food/labelling/food-labelling-for-industry/label/country-of-origin/eng/1334599362133/1334601061354.

**Standards**

Standards for practices, technical requirements, and product specifications are increasingly important in global trade. In Canada, importers are legally liable for defective products. To ensure high and consistent quality, Indonesian exporters to Canada must meet relevant Canadian and/or international standards.

Example: Clothing exports to Canada must meet minimum standards based on factors such as flammability, durability, and strength. In many cases, buyers also have their own specifications for imported items—this could include that clothing be colour-fast, preshrunk, sanitized, stain resistant, etc. Careful attention should be paid to overall workmanship and the quality of detailing.

**International Standards**

Indonesian exporters can familiarize themselves with international standards and apply for certification of their products through adherence to the International Standards Association (ISO) codes (www.iso.org/iso/home.html).

**Canadian Standards**

The Standards Council of Canada (SCC) (www.scc.ca) is the governmental body responsible for developing and promoting standardization in Canada. Canada has four accredited Standards Development Organizations that develop standards by stakeholder committee and can submit new standards to the SCC to be recognized as National Standards of Canada.

- Canadian Standards Association (www.csagroup.org)
- Underwriters Laboratories of Canada (www.canada.ul.com)
- Canadian General Standards Board (www.tpsgc-pwgsc.gc.ca/ongc-cgsb/index-eng.html)
- Bureau de Normalisation du Québec (www.bng.qc.ca/en/)

These organizations develop four types of standards:

- **Performance Standards:** Set based on simulating the performance of a product under actual service conditions. Commonly used in food safety, fuel economy, and design of packaging for transporting hazardous goods.
- **Prescriptive Standards:** Identify product characteristics such as material thickness, type, and dimension. Commonly used for furniture, industrial materials, etc.
- **Design Standards:** Identify specific design or technical characteristics of a product.
- **Management Standards:** Set out standards for quality and environmental management system processes.

Assessment to monitor and verify compliance with standards in Canada is achieved at three levels:

1. **Certification Organizations (COs):** Conduct on-site audits, take samples, and test products and services in order to issue CO marks attesting that they conform to the standards.
2. **Testing Organizations:** Perform tests according to recognized procedures and document their findings as to whether the product or service meets the appropriate standard.
3. **Management Systems Registrars:** Issue certificates to companies meeting ISO standards.
Indonesian exporters should visit the web sites of Canada’s standards development organizations to find out about current Canadian standards for their products, as well as certification and accreditation programs.

**Place**

“Place” refers to how and where an Indonesian exporter will deliver or distribute their product or service. Different retailers and sales channels target different consumers by selling products that meet the criteria their target consumers care about.

For some Canadian consumers, price is the most important factor when buying a product or service. For others, quality is the most important consideration. Canadian consumers care to varying degrees about design, quality, exclusivity, social and environmental impact, customer service, and price. Canadian retailers with higher prices, for example, target consumers who care about high quality, design, and exclusivity; in contrast, Canadian retailers with lower prices sell to consumers who prefer basic quality and design.

Indonesian exporters should do their research to determine where Canadian customers would go to find their products, and then figure out how to access the right distribution channels to get their products or services into these places.

Think about Canadian customers—where do they shop? This will help determine what kind of Canadian partners to look for.

Consider this example: Ibu Adinda’s company produces handmade dresses of high quality. Through her research, she developed a better understanding of the retail market in Canada. She found that big discount retailers have many stores where they sell high volumes of clothing very cheaply. Since her dresses are handmade, she cannot produce at such high volumes or low prices. She decided to focus instead on high-end department stores and independent boutiques, where consumers are interested in unique, high-quality designer items that have a socially conscious story.

She also learned through her research that it is difficult to reach and supply products to these Canadian retailers directly, so she decided to look for an importer or sales agent to help her.

Indonesian exporters should visit TFO Canada’s web site (www.tfocanada.ca) to access Market Information Papers for dozens of sectors in Canada. This can provide useful insight into where Canadian consumers shop and the common distribution channels for a particular sector.

For more information on Distribution Channels, refer to “Step 6—Enter the Canadian Market” (page 32).

**Price**

**Setting Prices in Canada**

Strategic pricing is one of the most important factors in achieving financial success. Part of setting a realistic export price, and therefore an appropriate profit margin, is to examine production, delivery and distribution costs, competition, and market demand. Indonesian exporters should also understand the variables of the Canadian market and other export-related expenses, such as currency exchange rates and fluctuations, market research and credit checks, and translation.
Simply put, if an Indonesian exporter sets their price too high, they will not make a profit because customers will not buy the product. On the other hand, if they set their price too low, they may attract customers but may not be able to cover their costs and could lose money.

In order to properly set prices in Canada, Indonesian exporters should determine:

- The cost of making their product
- Who their target consumers in Canada are and what they will pay for the product
- How competitors price their products in Canada

Knowing how competitors are pricing products gives an indication of the market price, or what consumers would be willing to pay for a product. One strategy for Indonesian exporters is to price their products in the same range as their competitors. Before setting a price, however, it is essential for Indonesian Exporters to make sure they can cover their costs and still make a profit.

Consider this example:
Ibu Putri, an Indonesian producer of women’s jewelry, sells her product to tourists (foreign consumers) through a local retailer for $50. Her retailer says he needs to mark up his products by 60% to cover his rent, marketing, shipping and other costs, and to make some money. So, Ibu Putri calculates her wholesale price like this:

\[
\text{Wholesale Price} = \frac{\text{Consumer Price}}{1 + \text{Retailer’s Percent Markup}}
\]

\[
= \frac{50}{1 + 60%}
\]

\[
= 31.25
\]

Craft Producer

\[
\text{DIRECT COST} \ 21.14
\]

\[
+ \text{MARKUP 48%}
\]

Local Retailer

\[
\text{WHOLESALE PRICE} \ 31.25
\]

\[
+ \text{MARKUP 60%}
\]

Foreign Consumer

\[
\text{CONSUMER PRICE} \ 50
\]

Ibu Putri is now looking to export to Canada because she wants to significantly increase her number of customers. She has decided to sell her product to Canada through an Indonesian trader who then sells to a Canadian retailer. The Indonesian trader has a markup of 30%, and the Canadian retailer’s markup is 200% to cover the high costs of sales, marketing, shipping, warehousing, etc.
**Craft Producer**

DIRECT COST $21.14

+ MARKUP 21%

= WHOLESALE PRICE $25.64

**Indonesian Trader**

WHOLESALE PRICE $25.64

+ MARKUP 30%

= PRICE TO RETAILER $33.33

**Canadian Retailer**

PRICE TO RETAILER $33.33

+ MARKUP 200%

= CONSUMER PRICE $100

**Canadian Consumer**

CONSUMER PRICE $100

As you can see in this example, Ibu Putri had to lower her wholesale price to sell to Canada because of the added cost of reaching consumers. She now needs to determine whether a 21% markup (rather than a 48% markup for selling locally) is worth it in terms of cost, profit, and resources. In this example, she has calculated that a 21% markup covers all her costs and still gives her a profit. While she makes more money per product when selling locally, her overall profit is higher when she exports because she reaches many more customers.

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**Buying Influences in Canada**

Canadian buyers take a number of factors into consideration when making a purchasing decision. Although cost and suggested retail price remain important, buyers also place a strong emphasis on profit margins, exclusivity, and the previous sales success of their suppliers.

<table>
<thead>
<tr>
<th>WHAT INFLUENCES A RETAILER?</th>
<th>RATING OUT OF 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excellent profit margin</td>
<td>8.6</td>
</tr>
<tr>
<td>Exclusivity in my area</td>
<td>8.2</td>
</tr>
<tr>
<td>Previous sales success</td>
<td>8.1</td>
</tr>
<tr>
<td>Availability</td>
<td>8.1</td>
</tr>
<tr>
<td>Cost</td>
<td>8.0</td>
</tr>
<tr>
<td>Design</td>
<td>7.9</td>
</tr>
<tr>
<td>Supplier’s reputation</td>
<td>7.9</td>
</tr>
<tr>
<td>Good suggested retail price point</td>
<td>7.8</td>
</tr>
</tbody>
</table>

**Consumer Taxes**

Taxes of 13% to 15% are applied to nearly all consumer goods sold in Canada, whether produced domestically or imported. These taxes comprise the 5% federal Goods and Services Tax (GST) and a provincial sales tax (PST), which varies by province (www.cra-arc.gc.ca/tx/bsnss/tpcs/gst-tps/rtsgnrl.html). In most provinces, these two taxes are combined into a Harmonized Sales Tax (HST). The only products exempt from taxes are basic necessities, such as food sold in grocery stores and medical and dental services. GST/HST is calculated on the Canadian dollar value of the goods, including duty and excise tax and is collected at the border at the same time as these taxes. The importer of record is responsible for paying the tax on imported goods. More details on GST/HST (www.cra-arc.gc.ca/tx/bsnss/tpcs/gst-tps/gnrl/) and its application to imported goods are available from the Canadian Revenue Agency (www.cra-arc.gc.ca/menu-eng.html).

---

**Price List**

Indonesian exporters should not set up a serious meeting with a Canadian buyer without having a price list. Usually, prices are quoted in FOB (Free on Board) or CIF (Cost, Insurance, and Freight) in $C or $US (more common). Indonesian exporters must offer a competitive price for the Canadian market. Indonesian exporters can compare their pricing with similar products online, in product catalogues, and in Canadian stores. They can also get advice for a fee from a consultant or agent.

*Refer to section on import terms (page 48) for a better understanding of what FOB and CIF mean.*

How an Indonesian company sells its product or service in Canada could have a significant impact on its pricing strategy. Be sure to review Step 6—Enter the Canadian Market (page 32) to understand how each distribution channel may affect price.

**The average landed cost of an imported product includes markups, which cover:**

1. Import duties
2. Federal/provincial sales taxes
3. Brokerage, insurance, and freight fees
4. Advertising, product development, and testing
5. Transportation
6. Overheads
7. Other carrying costs

**Pricing Checklist**

The checklist below can be used to track costs and determine the price of your product in the Canadian market. The space on the right is for making notes about any action items which may be required.

**SAMPLE OF AN EXPORT COSTING WORKHEET**

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost (Indonesian Rupiah)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Product cost per unit</strong></td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td></td>
</tr>
<tr>
<td>Labour</td>
<td></td>
</tr>
<tr>
<td>Factory overhead</td>
<td></td>
</tr>
<tr>
<td>Administration</td>
<td></td>
</tr>
<tr>
<td>Product modification and regulatory approval</td>
<td></td>
</tr>
<tr>
<td>Export administration costs</td>
<td></td>
</tr>
<tr>
<td>Advertising/promotional material</td>
<td></td>
</tr>
<tr>
<td><strong>Total Product Cost</strong></td>
<td></td>
</tr>
<tr>
<td><strong>2. Export cost</strong></td>
<td></td>
</tr>
<tr>
<td>Crating</td>
<td></td>
</tr>
<tr>
<td>Special labelling and packing charges</td>
<td></td>
</tr>
<tr>
<td>Marking charges</td>
<td></td>
</tr>
<tr>
<td>Loading and strapping charges</td>
<td></td>
</tr>
</tbody>
</table>
SAMPLE OF AN EXPORT COSTING WORKSHEET

Forwarding:
- Documentation
- Product insurance

Sub-total, export cost

Add targeted profit

Basic selling price

Add agent’s commission (if applicable)

Ex-works sales price

3. Export shipping cost

Inland freight

Wharfage charge

Total export cost (f.o.b. port)

Add:
1. air freight
2. marine freight
3. insurance

Total c.i.f. at port of entry

4. Convert to Canadian dollar at current exchange rate (show rate) Canadian $

Promotion

In this context, promotion refers to any or all of the communications tools listed below that an Indonesian exporter may use to convince people to buy their product or service.

An Indonesian exporter’s level of responsibility for promoting their products or services depends on their market entry strategy. If the exporter is working with a trading house, agent, or distributor, their role could be very minimal in terms of export promotion, depending on what kind of relationships they have established. In many cases, an Indonesian exporter might have no role for advertising and point-of-purchase promotion in Canada if they are working with a Canadian partner.

If the importer assumes the full cost of advertising or point-of-purchase promotion, the Indonesian exporter will be expected to lower their price. In other cases, the exporter and the importer may enter into a shared cost arrangement for advertising and promotion.

The following are tools an Indonesian firm can use for promoting its products in Canada:

- **Advertising**—Careful selection of the media that have a wide circulation within the firm’s target audience is very important. The firm could consider television, radio, print, online advertising, social media, or word of mouth promotion (testimonials, samples, etc.).
- **Promotional materials**—Elements that are inappropriate, offensive, or meaningless in the Canadian market need to be removed. A commercial writer should be engaged to adapt these materials into the native language and have it double-checked by a Canadian native.
- **Listing and Shelving Fees**—At the retail level, suppliers will often be required to pay listing fees to get their products on the shelves of
large supermarkets, and shelving fees to secure the best shelf position/space in the store.

- **Media**—This typically includes a profile of the firm, new products/services, newsworthy activities, social responsibility initiatives, and any articles published about the company.
- **Personal visits**—Many cultures value personal contact as the best means of promotion and building business relationships.
- **Trade shows**—Attending or participating in international trade shows allows the firm to promote its business, check out the competition, and do market research. Many trade shows offer free opportunities for advertising to exhibitors. It is very important to provide information by the deadline to get a firm’s name and its products listed in the show guide. Most shows have a press office where exhibitors can drop off a press release or firm brochures.
- **Internet**—It is essential to commit time and money to keeping a firm’s web site up-to-date, useful to customers, user-friendly, and maintained in English and other languages.
- **Trade publications**—Canadian trade publications, business journals, and magazines (see Annex 2) often publish an annual buyers’ guide that may include exporter advertisements.
- **Other**—These include brochures, contests, direct mail, gift cards, coupons, giveaways, and special events.

### Reviewing Marketing Tools for the Canadian Market

Below is a list of marketing tools that may be used for the Canadian market. Please note that not all of them will be appropriate for all businesses. An Indonesian firm should go through the list of marketing tools and circle either yes (Y) or no (N) to determine whether or not the tools are adequate for marketing in Canada. It should also circle its response below and indicate the priority of having this tool (H=High, M=Medium, L=Low)

<table>
<thead>
<tr>
<th>MARKETING TOOL</th>
<th>DESIRED IMPRESSION</th>
<th>ARE YOURS...?</th>
<th>YES</th>
<th>NO</th>
<th>PRIORITY</th>
</tr>
</thead>
</table>
| Business Cards | Quality and excellence | • distinctive and high quality  
• informative  
• in appropriate language(s)  
• complete with area codes, country, email, and web site | Y | N | H M L |
| Web Site | Leading edge | • professional looking and informative  
• updated regularly  
• with an email response option  
• with an online purchase option if appropriate | Y | N | H M L |
| Customer Testimonials | Company is highly recommended | • are yours representative  
• are yours from top executives  
• are yours included in brochure | Y | N | H M L |
| Brochures | World class | • highlighting your uniqueness and relevance to the target market  
• highlighting socially responsible aspects if these are a selling point  
• informative and in appropriate language(s)  
• professionally printed and graphically pleasing | Y | N | H M L |
### Marketing Tool

<table>
<thead>
<tr>
<th>TOOL</th>
<th>DESIRED IMPRESSION</th>
<th>ARE YOURS...?</th>
<th>YES</th>
<th>NO</th>
<th>PRIORITY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Media Pieces</strong></td>
<td>Company is a recognized leader</td>
<td>• quoted in brochure</td>
<td>Y</td>
<td>N</td>
<td>H M L</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• reproduced on letterhead</td>
<td>Y</td>
<td>N</td>
<td>H M L</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• displayed in the office, mailed out, and on the web site</td>
<td>Y</td>
<td>N</td>
<td>H M L</td>
</tr>
<tr>
<td><strong>Videos</strong></td>
<td>Informative</td>
<td>• professionally produced</td>
<td>Y</td>
<td>N</td>
<td>H M L</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• describing features and benefits for your client</td>
<td>Y</td>
<td>N</td>
<td>H M L</td>
</tr>
<tr>
<td><strong>Exhibits</strong></td>
<td>Inviting and informative</td>
<td>• professionally designed</td>
<td>Y</td>
<td>N</td>
<td>H M L</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• designed to capture attention</td>
<td>Y</td>
<td>N</td>
<td>H M L</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• easily conveying the main message</td>
<td>Y</td>
<td>N</td>
<td>H M L</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• encouraging visitors to stop and obtain more information</td>
<td>Y</td>
<td>N</td>
<td>H M L</td>
</tr>
</tbody>
</table>

### Advertising Laws


### People

“People” refers to whether an Indonesian exporting company has the necessary staff and appropriate partners to be successful in the Canadian market.

The representative who is in contact with the buyer needs to speak and write clear and accurate English or French, depending on the buyer’s preference.

### Staff

Indonesian companies should make sure their staff have the skills and knowledge necessary to export their products. The make-up of staff will help determine the exporter’s mode of entry into the Canadian market. Do staff have the skills necessary to export directly to a Canadian importer or retailer, or will they need to consider exporting indirectly? [Refer to Step 6—Enter the Canadian Market (page 32) for more information.](#)

Once a firm has decided on an intermediary, it should talk to several companies and make sure they’re reputable before entering into any kind of contract. The firm can also protect itself by entering into a limited-term trial agreement.

### Partners

Once an Indonesian exporter has decided on what kind of intermediary to work with, they will need to evaluate potential partners. The “Checklist for evaluating a prospective intermediary” in Step 6—Enter the Canadian Market (page 32) has been provided to help Indonesian exporters to select the right Canadian partner.
The Five Ps of Marketing
Please go through the following checklist for the five Ps of marketing to build up your Canadian marketing strategy. Make sure your document is all in your Export Plan.

### QUESTIONS FOR THE EXPORT PLAN

**Product**
- What does the customer want from the product or service?
- What features does the product or service have to meet these needs?
- How does it need to be adapted for Canadian markets?
- How is it branded?
- How is it differentiated from competitors' products or services?
- Will there be special packaging and labeling requirements for Canadian markets?
- Does it meet Canadian and international standards?
- Do we need to consider other languages and units of measure?

**Place**
- Where do buyers look for your product or service?
- If they look in a store, what kind?
- How can you access the right distribution channels?
- Do you need to use a sales team?
- What do your competitors do, and how can you learn from that and/or differentiate from them?
- How can you find the right partner?

**Price**
- What is the value of the product or service to the buyer?
- Are there established price points for products or services in this area?
- How will your price compare with your competitors?
- How will you calculate the landed price, which will include transportation costs?
- What kind of payment terms should be negotiated?

**Promotion**
- Where and when can you get across your marketing messages to your target market?
- What trade fairs should be considered?
- Do you have a sufficient budget for promotion?
- Will you reach your audience by advertising, use of media, or the Internet?
- When is the best time to promote?
- How do your competitors do their promotions? And how does that influence your choice of promotional activity?

**People**
- What skills do the employees need?
- Is senior management supportive?
- Does your team understand how to deal with different cultures?
- Have you selected the right partners, agents, and distributors?
- Does the entire team share the same values and have a focus on customer service?
Exporting Services to Canada
The service sector is the fastest growing sector worldwide. Increasingly, services are being traded across borders. The following is a selected list of services which can be traded. There are 4 modes of exporting a service to Canada, and they are listed in the box on the right.

**Services that can be exported**
- Accountancy
- Advertising
- Architecture and planning
- Audio-visual
- Business process outsourcing
- Construction and related
- Design services
- Education and training
- Engineering
- Environmental services
- Event management
- Finance and investment
- Health-related
- Information technology services
- Legal services
- Marketing and communications
- Management consulting
- Packaging services
- Publishing services
- Translation
- Transportation and logistics
- Travel-related

**WAYS IN WHICH SERVICES CAN BE EXPORTED**

**Mode 1: Cross-border**
- The service itself crosses the border. (e.g., via internet or transportation services)

**Mode 2: Consumption abroad**
- The buyer travels across the border. (e.g., tourism-related, foreign students)

**Mode 3: Commercial presence**
- Establishment of an office or entity in the country. (e.g., financial, construction, or distribution services)

**Mode 4: Movement of natural persons**
- The supplier travels across the border. (e.g., trades people, educators, and trainers)

**Exporting Services is Different**
- Because a service is “invisible,” the Indonesian exporter is actually “selling a promise” to perform
- It is necessary to build your profile and credibility in the market
- Good networking skills at events helps to identify contacts and opportunities
- Relationship marketing helps to build confidence over time
- Establishing a strategic alliance with a foreign partner is often a good strategy
- Having excellent promotional materials is key—such as a web site, brochure, client testimonials, past projects
- Making the service more “tangible” also helps—for example, using videos, photos, demonstration of results
Stage Three—Market Entry

**STAGE ONE**

**BUSINESS PREPARATION**
1. Export Potential
2. SWOT Analysis
3. Export Plan

**STAGE TWO**

**MARKET DEVELOPMENT**
4. Market Research
5. Marketing Strategy

**STAGE THREE**

**MARKET ENTRY**
6. Entering the Market
7. Completing the Sale
8. Export Requirements
9. Import Requirements
10. Transportation and Logistics

<table>
<thead>
<tr>
<th>Month 0–3</th>
<th>Month 3–6</th>
<th>Month 6–12</th>
</tr>
</thead>
</table>

**1 YEAR PLAN**

This section first describes the different ways to export to Canada in order to help an exporter determine the best distribution channel. It also describes the different ways an Indonesian firm can find Canadian buyers and highlights some key expectations from these buyers.

The section then reviews the sales process and the various steps involved. It also discusses export and import requirements and related documentation and regulation considerations.

Finally, the section describes transportation and logistical issues related to getting products to Canada.

Stage three (Market Entry) includes five steps: (1) Entering the Market, (2) Completing the Sale, (3) Export Requirements, (4) Import Requirements, and (5) Transportation and Logistics. Since the last step in stage two (Market Development) was step 5, the five steps of stage three are numbered from 6 to 10.

**STEP 6—ENTER THE CANADIAN MARKET**

Snapshot for success: Indonesian exporters have one chance to make a good first impression. They have to use this chance to show what they are selling. Indonesian exporters should develop a web site and have an email address that will allow them to easily provide information. If they do not show in such an immediate and concrete fashion what they are ready to export, the buyer may lose interest.

At this stage, exporters must find the best methods of delivering and distributing their goods or services. This is referred to as developing a market entry strategy.
There are four main ways for Indonesian products and services to enter into the Canadian market:

- **Direct exports:** Manufacturer or service provider exports directly to a buyer in Canada
- **Indirect exports:** Manufacturer or service provider sells to an intermediary in Indonesia who handles the export transaction
- **Incorporating the business in Canada**
- **Setting up a subsidiary in Canada**

New Indonesian exporters to Canada will most likely begin exporting either directly or indirectly. This guide will focus on those two modes of entry. For more information on incorporating a business in Canada, please visit Innovation, Science and Economic Development Canada: Corporations Canada (www.corporationscanada.ic.gc.ca).

### Exporting to Canada Directly or Indirectly

Indonesian exporters to Canada must decide whether to export directly to an importer, distributor, or retailer in Canada, or indirectly through an intermediary such as a distributor, agent, or trading house located in Indonesia.

For many new Indonesian exporters, an intermediary offers the best way to enter into Canada. For some products, it is the only way to sell in Canada. The right intermediary can save your company an enormous amount of time and money.

In general, Indonesian exporters who are new to the Canadian market will probably want to form a partnership with an intermediary at home or in Canada rather than export directly to a Canadian retailer. These intermediaries are familiar with the Canadian market and for a fee will work with the Indonesian exporter to represent and sell their products to buyers in Canada.
If an Indonesian firm:
- has experience exporting
- has the ability to increase production significantly
- has knowledge about Canada or has staff who can spend time researching Canada
- has staff who can read, write, and speak English or French

It may consider partnering with a Canadian intermediary.

If an Indonesian firm:
- has never exported
- can’t produce much volume
- doesn’t know much about Canada
- doesn’t have staff who can speak English or French

It may have more success partnering with an Indonesian intermediary.

Here are a few factors an Indonesian firm should consider when developing a market entry strategy to Canada:
- What does the firm know about the Canadian market?
- How will the firm make key contacts?
- How is its product usually distributed in Canada?
- Does the firm understand the Canadian culture and language (French/English)?
- Will the firm need to make investments, and can they afford it? (equipment, additional staff, etc.)

Intermediaries
Importers and Distributors*
A Canadian importer or distributor is a person or company that purchases the Indonesian exporter’s product or service at a wholesale price to resell it in the Canadian distribution chain. Most products are exported to Canada through an importer who either sells directly to a retailer or through a broker. They take care of marketing and sales to new customers, as well as shipping and export if required. The advantage of using a distributor is that they often provide buyer financing and look after warranty and service needs. They also usually provide after-sales services in Canada, such as guaranteed warranties and repairs. On the other hand, distributors usually set the selling price, which could end up reducing the exporter’s profit margins.
### Example of Major Canadian Importers in 2013

<table>
<thead>
<tr>
<th>Product</th>
<th># of Canadian Importers</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pepper (HS 090411)</td>
<td>13</td>
<td>All of them are located in Ontario and Quebec.</td>
</tr>
<tr>
<td>Men’s and boy’s woven cotton shirts (HS 620520)</td>
<td>86</td>
<td>While most are located in Ontario and Quebec, some are located in British Columbia, Alberta, and Manitoba as well.</td>
</tr>
<tr>
<td>Wooden bedroom furniture (HS 940350)</td>
<td>109</td>
<td>Located in 9 provinces across Canada.</td>
</tr>
</tbody>
</table>

Source: Canadian Importers Database 2013

### Finding Contacts

**The Canadian Importer Database** ([www.ic.gc.ca/eic/site/cid-dic.nsf/eng/home](http://www.ic.gc.ca/eic/site/cid-dic.nsf/eng/home)) contains a list of Canadian importers by product.

**Canadian Company Capabilities** ([www.ic.gc.ca/eic/site/ccc-rec.nsf/eng/00040.html](http://www.ic.gc.ca/eic/site/ccc-rec.nsf/eng/00040.html)) provides a list of Canadian wholesalers by product.

**Agents and Brokers (Representatives)**

An agent secures orders from Canadian customers in exchange for a commission. They may be authorized to enter into contractual sales agreements with Canadian customers on the Indonesian exporter’s behalf. For the exporter, this is usually less costly than setting up their own direct sales operation. This arrangement also gives the exporter control over the price of their product or service and, ultimately, their profit margin. Normally, an agent is paid a commission only when they sell the product or service.

A broker (sometimes called a “representative”) offers the same service but usually works within a specific geographic area and within specific product categories. Good agents or brokers can help an Indonesian exporter identify their target market in Canada, represent them at trade shows, be the main point of contact for orders, manage customer service, prepare export documentation, ship products, develop promotional materials, and supply information on local business practices, laws, and cultural traditions.

Most foods and specialty items enter Canada by way of an agent or broker who sells directly to retailers.

**Find Contacts**


**Trading Houses**

Trading houses are intermediaries in Indonesia that market an Indonesian exporter’s goods or services in Canada. Some trading houses buy products directly from companies in Indonesia, while others act as an “agent,” selling to Canada on commission. A full-service trading house handles many aspects of the exporting process, such as market research, transportation, appointing distributors or agents, exhibiting at trade fairs, and preparing advertising and documentation.

If an Indonesian firm prefers not to sell directly to Canadian customers or worry about finding a Canadian intermediary, they may consider using an Indonesian trading house that specializes in their specific industry or sells to Canada directly.

*Note: The services offered by each intermediary depends on the negotiated contract and incoterms used for shipment. Indonesian exporters are advised to consult an experienced trade lawyer for guidance.*

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1. The ‘Major Importers’ listed comprise those which collectively account for up to 80% of all imports (in terms of $ value). This list does not include individuals or importers whose importer numbers are unavailable.
To evaluate a prospective intermediary in detail, use the checklist below.

<table>
<thead>
<tr>
<th>Category</th>
<th>Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Size of sales force</td>
<td>How many field sales personnel does the agent or distributor have?</td>
</tr>
<tr>
<td></td>
<td>What are their short and long-range expansion plans, if any?</td>
</tr>
<tr>
<td>Sales of record</td>
<td>Has its sales growth been consistent over the past five years? If not, why not?</td>
</tr>
<tr>
<td></td>
<td>What are their sales objectives for the next year? How were they determined?</td>
</tr>
<tr>
<td>Territorial analysis</td>
<td>What territory do they now cover in Canada? Is it consistent with the coverage you are looking for?</td>
</tr>
<tr>
<td></td>
<td>Do they have any branch offices in the Canadian region you wish to cover?</td>
</tr>
<tr>
<td>Product or service mix</td>
<td>How many product or service lines do they represent?</td>
</tr>
<tr>
<td></td>
<td>Are they compatible with yours?</td>
</tr>
<tr>
<td></td>
<td>Do they represent any other Indonesian firms?</td>
</tr>
<tr>
<td></td>
<td>Would there be any conflict of interest?</td>
</tr>
<tr>
<td>Facilities and equipment</td>
<td>Do they have adequate warehouse facilities?</td>
</tr>
<tr>
<td></td>
<td>What is their method of stock control?</td>
</tr>
<tr>
<td></td>
<td>If servicing is required, are they equipped and qualified to do so?</td>
</tr>
<tr>
<td></td>
<td>If necessary, would they be willing to inventory repair parts and replacement items?</td>
</tr>
<tr>
<td>Marketing policies</td>
<td>How are their sales staff compensated?</td>
</tr>
<tr>
<td></td>
<td>How do they monitor sales performance?</td>
</tr>
<tr>
<td></td>
<td>How do they train their sales staff?</td>
</tr>
<tr>
<td>Customer profile</td>
<td>What types of customers are they currently in contact with?</td>
</tr>
<tr>
<td></td>
<td>Are their interests compatible with your lines?</td>
</tr>
<tr>
<td></td>
<td>Who are their key accounts?</td>
</tr>
<tr>
<td>Suppliers represented</td>
<td>How many principals do they currently represent?</td>
</tr>
<tr>
<td></td>
<td>What percentage of their total business would you represent?</td>
</tr>
<tr>
<td></td>
<td>How does this percentage compare with other suppliers?</td>
</tr>
<tr>
<td>Promotion</td>
<td>Can they help you research market information?</td>
</tr>
<tr>
<td></td>
<td>What types of media do they use, if any, to promote sales?</td>
</tr>
<tr>
<td></td>
<td>Would you be expected to share promotional costs?</td>
</tr>
<tr>
<td></td>
<td>If necessary, can they translate your advertising copy?</td>
</tr>
<tr>
<td></td>
<td>Do they have their own web site?</td>
</tr>
</tbody>
</table>
Retailers
Multinational and large national retailers in Canada purchase directly from Indonesian exporters in some sectors, while agents/brokers are commonly used in other sectors. Various buying groups (such as United Grocers Inc. and Distribution Canada Inc. for agri-food) allow both large and small retailers to buy together as groups.

Canada’s retail environment is highly competitive and includes many players. The following pages provide an overview of some of the largest retailers operating in Canada.

Mass Merchandisers
1. Walmart
2. Costco Wholesale
3. Sears

Department Stores
1. Hudson Bay Co.
2. Canadian Tire

Grocery
Canada’s multi-billion dollar grocery sector is consolidating, with the top three retailers operating under numerous banners to target different market segments.

SUPERMARKETS & GROCERY STORES

$80 Billion Market (2014)

- 30% Loblaws
- 25% Sobeys
- 7% Metro
- 7% Independent
- 32% Other

Source: IBISWorld Industry Report 44511CA, February 2015

Loblaws
Banners: Loblaws, No Frills, Extra Foods, Loblaws City Market, Real Canadian Superstores, Bloor Street Market, Fortinos, Independent, Valu-Mart, Zehrs, Maxi/Maxi Cie, Provigo, Save Easy, Atlantic Superstores, Dominion, Shoppers Drug Mart, T&T Supermarket

Metro
Banners: Metro, Metro Plus, Super C, Food Basics, Adonis

Sobeys
Banners: Sobeys, Freshco, IGA, Lawtons Drugs, Foodland, Price Chopper, Thrifty Foods, Canada Safeway

Independents
The Canadian Federation of Independent Grocers (www.owfg.com) represents over 4,000 independent grocery retailers across Canada. Independent grocers account for 7% of market share, or roughly the same as Metro. One of the largest independent grocers is Overwaitea Food Group in Western Canada, operating the banners Save-On-Foods, Urban Fare, Cooper’s Foods, PriceSmart Foods, and Bulkley Valley Wholesale. Other top specialty grocers include Longo Brothers Fruit Markets (Toronto), Pete’s Fine Foods (Nova Scotia), Fresh St. Market (Vancouver), and Farm Boy (Western/ Central Ontario).

Ethnic Grocery Retailers
T&T (www.tnt-supermarket.com) is Canada’s largest Asian supermarket chain, owned by Loblaws, with over 22 stores in Ontario, British Columbia, and Alberta.

Adonis (www.groupeadonis.ca) is a Mediterranean and Middle Eastern retailer, 55% owned by Metro (the largest Quebec-based grocery chain), with seven stores in and around Montréal and one store in Mississauga, Ontario.

Oceans (www.oceansfood.ca) is a price-focused ethnic retailer with three stores in Mississauga.

Sunny (www.sunnysupermarket.com) is an Asian retailer that also offers halal products, with four stores in Ontario.

Nations (www.nationsfreshfoods.ca) is a high-end European, Middle Eastern, Caribbean, and Asian retailer with two stores in Ontario.3

Apparel
Canada’s fashion and apparel sector is in the midst of unprecedented competition. New entrant luxury retailers like Nordstrom and the growth of fast-fashion brands (H&M, Forever 21, Zara) forced many mid-priced brands to close in 2014–15 (Jacob, Mexx, Smart Set). Defying these odds, Quebec-based fashion retailer Simons is expanding across Canada.

WOMEN’S CLOTHING STORES

$5.6 Billion Market (2014)

- 15% Reitmans
- 9% H&M
- 7% YM Inc.
- 69% Other

Source: IBISWorld Industry Report 44812CA, June 2015

Reitmans
Brands: Reitmans, Smart Set, RW & Co., Thyme Maternity, Penningtons, Addition Elle, Cassis

H&M
Brands: H&M, COS, Monki, Cheap Monday, Weekday

YM Inc.
Brands: Suzy Shier, Stitches, Urban Planet, Bluenotes, Siblings, Sirens

Indepedents
Despite increasing competition, specialty stores are growing their market share and are now estimated to control more than 50% of apparel sales in Canada.4 The Canadian Apparel Federation (www.apparel.ca) represents both large and small retailers in Canada’s fashion and apparel industry.

Market Share for Other Clothing Store Segments:
- Men’s Clothing: ($1.6 billion market) Harry Rosen (21%), Moores (17%)
- Family Clothing: ($13 billion market) TJX-Marshalls, Winners (20%), Gap Inc. (5%)
- Children’s Clothing: ($921 million market), Children’s Place (26%), Gap Inc. (13%), Gymboree (4%)

IBISWorld Industry Reports 44811CA, 44814CA, and 44813CA, 2015

Home Décor
Canada’s home decor sector includes several large chains and many small to midsize retailers. Supplying this market is becoming increasingly competitive, with 70% of retailers sourcing from 40 or fewer suppliers.5

HOME FURNISHING STORES

$4.1 Billion Market (2014)

- 19% HomeSense
- 9% Bed, Bath and Beyond
- 8% Home Outfitters
- 69% Other

Source: IBISWorld Industry Report 44229CA, April 2015

HomeSense (Winner’s home decor banner, owned by TJX Companies) and Bed, Bath & Beyond are U.S.-based retailers operating in Canada, while Home Outfitters is a division of Canada’s largest department store, the Hudson’s Bay Company.

Of an estimated 63,000 Canadian stores that sell home decor and giftware, 70% are independents and 30% are chains.6

**Wooden Furniture**
The primary consumer market areas are Toronto, Montreal, and Vancouver. Consolidation of shipments to retail stores in these areas is a common feature of distribution. Location of furniture stores in Canada is largely dependent on population trends, with the highest percentage of establishments located in Ontario and Québec at 42.5% and 19.8% respectively in 2014.

Given that the consumer population and economic activity are concentrated in Ontario and Quebec, these two provinces are the main entry door for new exporters to Canada. However, if a new exporter from Asia is concerned about geographic proximity and reduced freight costs, they may wish to go to Vancouver first to test their product in the Canadian market.7

**Footwear**
The Canadian footwear market was valued at $4 billion, and in the next five years, the industry is expected to grow. Canada’s footwear industry has a low level of market share concentration, with the four largest players in the industry accounting for less than 20.0% of the total industry revenue. Most shoe stores operate as non-chain retailers and a few big chains specialize in the sale of footwear. Data from Innovation, Science and Economic Development Canada indicates that an overwhelming majority of industry operators (99.4%) are small-scale. Low barriers to entry also make it easy for aspiring operators to enter the industry and induce greater competition.8

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**SPOTLIGHT ON INDONESIA—WHO ARE SOME OF THE MAJOR BUYERS OF INDONESIAN GOODS IN CANADA?**

<table>
<thead>
<tr>
<th>Furniture</th>
<th>Footwear</th>
<th>Apparel</th>
<th>Coffee</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Artemano</td>
<td>• Adidas</td>
<td>• GAP</td>
<td>• RGC Coffee</td>
</tr>
<tr>
<td>• Barrymore Furniture</td>
<td>• Nike</td>
<td>• Old Navy</td>
<td>• Café Vittoria</td>
</tr>
<tr>
<td>• Canadian Tire Corp</td>
<td>• Asics</td>
<td>• Mexx</td>
<td>• Royal Coffee</td>
</tr>
<tr>
<td>• Cantrex Nationwide Group Inc</td>
<td>• Converse</td>
<td>• Lululemon</td>
<td>Incorporated</td>
</tr>
<tr>
<td>• Ikea Supply</td>
<td></td>
<td>• Express Fashion Apparel Canada, Inc</td>
<td>• Metro Logistics Inc</td>
</tr>
<tr>
<td>• Indo Asian Carpet</td>
<td></td>
<td>• Columbia Sportswear</td>
<td>• Costco</td>
</tr>
<tr>
<td>• Jordans Interiors</td>
<td></td>
<td>• Under Armour Canada</td>
<td>• Bridgehead</td>
</tr>
<tr>
<td>• Pier 1 Imports</td>
<td></td>
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</tr>
</tbody>
</table>

**How to Find Canadian Buyers**
Finding a Canadian buyer requires a serious commitment of time, effort, and cost, and is often one of the most challenging steps for Indonesian exporters. Finding a good agent or representative for the Canadian market is crucial, and Indonesian exporters should note that different agents may be required to cover separate regional areas of Canada.

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### WHERE DO BUYERS SOURCE NEW PRODUCTS?

<table>
<thead>
<tr>
<th>Source</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade shows</td>
<td>98%</td>
</tr>
<tr>
<td>Catalogues</td>
<td>93%</td>
</tr>
<tr>
<td>Sales Reps</td>
<td>90%</td>
</tr>
<tr>
<td>Web Sites</td>
<td>90%</td>
</tr>
<tr>
<td>LinkedIn</td>
<td>85%</td>
</tr>
</tbody>
</table>

**Source:** Retail News Magazine, Market Pulse 2014 [www.cagift.org](http://www.cagift.org)

### SOURCING FROM TRADE SHOWS

<table>
<thead>
<tr>
<th>Source</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canadian</td>
<td>98%</td>
</tr>
<tr>
<td>International</td>
<td>31%</td>
</tr>
<tr>
<td>U.S.</td>
<td>26%</td>
</tr>
</tbody>
</table>

*Note: Examples drawn from the giftware and home decor sector. Other sectors will vary.*

#### 2. Attending a Trade Show in Southeast Asia

It is a good idea to participate in relevant trade shows in Indonesia or elsewhere in Southeast Asia if possible, since buyers frequently attend these. These trade shows can also be an invaluable source of market intelligence.

### TRADE SHOW ETIQUETTE

When visiting a Canadian exhibitor’s booth for the first time, an Indonesian firm should not try to sell their product to them. Instead, here’s what the Indonesian firm should do:

- Introduce themselves
- Leave a business card and a brochure with product information
- Ask if the Canadian exhibitor can call them to arrange a meeting to discuss their products in more detail.

On the other hand, it is completely appropriate for an Indonesian exporter to try to sell their product or service to potential Canadian buyers who visit their own booth.

#### 3. Consulting with Indonesian Trade Representatives in Canada

Trade representatives at the Indonesian Embassy in Ottawa and the Indonesian Export Promotion Office (IEPO) in Vancouver can help identify potential Canadian importers or direct Indonesian exporters to an independent researcher who can (for a fee) provide a detailed list of potential Canadian buyers.

#### 4. Consulting with the Canadian Embassy and other Entities in Indonesia

The Canadian Embassy, as well as the Directorate General of National Export Development (DGNED) of the Ministry of Trade of Indonesia, the Canada-Indonesia Chamber of Commerce, and the TPSA project team of The Conference Board of Canada in Jakarta may have advance notification of Canadian buyer visits and can help arrange business meetings. Indonesian exporters should let them know that they would like to meet with any visiting buyers of their product line and, if possible, contact the buyer directly to arrange a meeting.

Consult TFO Canada’s online events calendar ([www.tfocanada.ca/events.php](http://www.tfocanada.ca/events.php)) for a list of trade shows in Canada, Indonesia, and internationally.
5. Obtaining a List of Potential Buyers
Indonesian exporters should obtain a list of Canadian buyers who have already traded with Indonesia and identify any that might be a good match for their products. Indonesian exporters can search for potential buyers in Canada through the Canadian Importer Database (www.ic.gc.ca/eic/site/cid-dic-nsf/eng/home), which allows them to search by product or by country of import. Indonesian exporters can also search for wholesalers/distributors through the Canadian Company Capabilities registry (www.ic.gc.ca/eic/site/ccc-rec.nsf/eng/00040.html). Indonesian exporters should contact the industry association for their sector in Canada (see Annex 3) and look for a membership list on its web site for possible leads. Lists of Canadian buyers who have already traded with Indonesia may be available from a local Chamber of Commerce, the Indonesia-Canada Chamber of Commerce, or from the Directorate General for National Export Development (DGNED). Directories such as the Retail Chains Directory (www.mondayreport.ca/mondayreport/drcc.cfm) can also be purchased.

6. Enhancing Online Presence
Web site: A professional web site that provides basic company information, product details, and email contacts is essential. In most cases, the web site is a company’s first impression to buyers and has a substantial impact on whether they will want to do business with an exporter. Indonesian exporters should make sure at least part of their web site is in English or French. If style, design, or the look of the product is important, high quality photos for the product line should be used.

If a firm/company is serious about exporting to Canada, at the very least it should have an email address and a web site that is up-to-date and properly translated into English and/or French.

Other suitability issues to consider are branding, currency denomination, and payment methods. Branding that reflects Canadian customs, laws, and traditions, as well as language, will make a potential buyer feel more at home. Using Canadian or US currency for pricing, shipping, and tax calculations will do the same and will allow customers to compare prices more easily.

Search Engine Optimization (SEO)
Just as exporters use Google to try to find buyers on the Internet, Canadian buyers use Google to find exporters. SEO is a way for companies to make their web site more visible to others who are doing online searches. Indonesian exporters who are hiring someone to update their web site should look for someone who is familiar with SEO. Indonesian exporters who already have a web site can hire an SEO consultant to help make their web site more visible.

Social Media: Indonesian exporters should also consider establishing a presence on LinkedIn (www.linkedin.com), a business networking site heavily used by Canadian business professionals. LinkedIn allows Indonesian exporters to establish their company’s reputation by listing previous sales experience and by requesting recommendations from their business partners in Canada and abroad. These recommendations are posted directly to their profile page. Many smaller companies also use other social media, such as Facebook (www.facebook.com) to enhance their online presence.

7. Electronic Marketplaces (E-Markets)
An e-market is essentially a web site where companies can buy and sell products or services. Think of it as an online trade show, where:

• sellers can display their products, search for new leads, and get market information about their competitors
• buyers can search for products or suppliers, and
• companies can establish new business relationships

Other suitability issues to consider are branding, currency denomination, and payment methods. Branding that reflects Canadian customs, laws, and traditions, as well as language, will make a potential buyer feel more at home. Using Canadian or US currency for pricing, shipping, and tax calculations will do the same and will allow customers to compare prices more easily.
FINDING AN E-MARKET

eMarket Services (www.emarketservices.com) lists over 800 e-markets across 40 different industries.

Or, a firm can review their checklist (www.emarketservices.com/start/Knowledge/index.html) to find the right e-market for its product or service.

Checking E-leads

The precautions Indonesian exporters take in traditional exporting also apply to the world of e-business. Some guidelines for Indonesian exporters are:

- Indonesian firms must be sure to know who they’re dealing with. They have to always verify addresses, and if they can’t identify a potential customer or the country in which an order originates, they should not proceed with the deal.
- Other characteristics of the potential customer’s country are also important. How good is its communications infrastructure? How stable are its financial systems? What level of political risk does it represent?
- Market research is a key component of evaluating e-leads. The principles of market research are the same for e-business exporting as they are for traditional exporting.

Major Trade Shows

Visit TFO Canada’s online Events Calendar (www.tfocanada.ca/events.php) for a more complete list of upcoming Canadian and international trade shows. Below is a summary of the largest trade shows in Canada:

Food and Beverage

Salon International de l’Alimentation
www.sialcanada.com
Processed food and beverages

Canadian Produce Marketing Association
www.convention.cpma.ca
Fresh produce

Grocery Innovations Canada
www.cfig.ca/grocery-innovations-canada

Canadian Health Food Association
www.chfa.ca
Natural and organic products
Three shows: CHFA West, CHFA East, and CHFA Quebec

Canadian Coffee and Team Show
www.coffeeteashow.ca

Grocery and Specialty Food West
www.cfig.ca/grocery-specialty-food-west

Giftware, Home Decor and Furniture

Housewares, handmade items, home decor
www.cangift.org
Three shows: Toronto Gift Fair, Quebec Gift Fair, and Alberta Gift Fair

www.canadianfurnitureshow.com
Furniture
Participating in a Trade Show
Trade shows are one of the most popular ways of promoting sales in Canada. There are specific tasks that need to be considered for each step when participating in a trade show. The following checklist is helpful to make sure that a firm/company is prepared for an upcoming trade show.
Step 1: Before the Trade Show
Whether setting up its own booth as an exhibitor or just attending the trade show, the firm has to make sure that they plan ahead to make their visit successful.

- Set the objective for attending (increased sales, obtaining new customers, or understanding the competition).
- Prepare the budget (airfare, hotel, promotional materials, etc.).
- Prepare promotional materials (business cards, brochures, etc.). Make sure the photography for posters or brochures is of high quality.
- Make sure the website is up-to-date and that there is a working email address.
- Design the booth to reflect the firm/company’s brand. The firm should use their logo, colours, and images to tell the story of their products.
- Prepare for travel (arrange travel documents, prepare for culture, language, etc.).
- Research the target customers and email them to set up appointments.

Step 2: During the Trade Show
When a firm is at the trade show, their representatives should walk around and meet people. A firm must research its competition and build relationships with potential partners or customers.

- Obtain list of delegates, if available.
- Review the representative’s role in the booth, product knowledge, what to say/what not to say, and how to interact with customers and be friendly.
- Make sure there is a lot of space for potential buyers in your booth. Do not overcrowd the booth or block the entrance.
- Walk around the show and research competition.
- Walk around the show and meet potential partners or buyers.
- Prepare giveaways at the booth (to collect business cards).
- Arrange publicity, interviews, and a press conference if appropriate.
- If the firm is selling their products at their booth, they need to make sure to have enough products with them to sell. Each product should be labelled with their logo and price. They should have a table near the entrance of their booth to process customer payments.

Step 3: After the Trade Show
Now is the time for the firms to make sure potential customers remember them. Although the trade show is done, there is a lot of follow-up work needed to keep building their relationships.

- Follow-up with all key contacts and customers immediately after the show (either by email or by phone). Confirm orders and issue invoices.
- Follow-up with any potential customers within two weeks of the show.
- Review budget, calculate expenses, and pay bills.
- Set timeline target to close deals with potential customers.
- Continue networking with customers and potential customers.
- Analyze the success of the trade fair in terms of new sales lead and new contacts.
- Identify key lessons learned to improve for the next show.
IMPORTANT INFORMATION FOR EXHIBITORS!

Indonesian companies planning on exhibiting at a Canadian trade show will need to make sure their products are allowed entry into Canada. Companies should contact the trade show organizers well in advance of the event to help determine whether their products meet Canadian standards and regulations.

Food and plan products, for example, are subject to strict import controls in Canada. However, there are some exemptions for small amounts of product intended only for sampling or other free distribution during a trade show. For more information, visit: www.inspection.gc.ca/food/imports/commercial-importers/trade-shows-and-exhibitions/eng/1376454237501/1376454238341

Each trade show also has its own rules and guidelines that exhibitors should be aware of, including regarding design and set-up of the booth, health and safety, and freight shipments. To see an example of specific trade show guidelines, please review the following online exhibitor’s kit provided by Mode Accessories: www.mode-accessories.com/sites/mode/files/pdf/Jan_2016_Exh_Manual.pdf

What Canadian Buyers are Looking for in a Supplier

Canadian buyers look for a number of things when choosing a supplier. The most important things they look for are:

- Good value and competitive pricing
- Reliability of product quality, continuous supply, and delivery times
- Good relationship and regular communication
- Competence and experience of staff
- Follow-up service
- Innovative products that are not currently in the Canadian market and respond to market niches

Tip: Firms need to ensure that their representative who is in contact with potential Canadian buyers speaks and writes clear and fluent English or French, depending on the buyer’s preference. A misunderstanding between the representative and the Canadian buyer could lose them the sale.

Communication: Indonesian exporters need to maintain good communications with their Canadian buyer throughout the entire sales and after-sales process. An excellent way to ensure this is to answer all emails and phone calls within 24 hours. If an Indonesian exporter is not immediately able to respond to a request or question, they should tell their supplier when they will be able to do so.

Email: A professional email address is crucial. It is often the first tangible reflection of a company (along with a business card). It is best to purchase a business domain and to use a domain name email address. Other tips for Indonesian exporters include:

- Prompt reply, always within 24 hours. Firms should use the auto-response feature if they are away
- Signatures with phone numbers (firms must remember to include an area code)
- In the signature, firms should include a logo and links to their web site and social media presences.

Once an Indonesian firm has found a Canadian buyer, they need to make sure the quality of their product or service is consistent and delivered on time.

Continuity of supply is a key factor in the importer’s, wholesaler’s, and retailer’s commitment to marketing imported goods to Canada. Sporadic shipments will damage reputation and chance of success in Canada.
Skype: Skype allows Indonesian exporters to have a voice conversation with their buyer over the Internet. It is often used with a webcam so they can also see the person they are speaking with. Firms should consider getting a Skype number. It enables overseas clients to reach them via a local number and conduct online meetings via the sharing screen function. It is a great way to build relationships with Canadian buyers and is very cost-effective.

**Reputation:** The Canadian market is relatively small, and most industry players know each other. Maintaining reputation is therefore crucial to long-term success for the exporter. If they send samples of their product, making sure that actual delivered products are of the same quality is crucial. Otherwise, word will get around that they are not reliable. The use of “Linkedln” is one other effective way for an Indonesian exporter to maintain/enhance their reputation to Canadian buyers.

**EXPORT WITH SUCCESS: SOME PRACTICAL TIPS**

**Objective:** To establish a long-term supply relationship with Canadian business partners:

1. **Deliver what was promised**—be realistic in offers and promises
2. **Samples should represent exactly** what will be delivered
3. **Clear pricing**—bring your price list to meetings
4. **Communication:** complete, clear, fast—respond within 24 hours
5. **Be proactive if problems arise**

**HOW TO LOSE A BUYER**

Common mistakes seen in Canada that cause exporters to lose their supply contracts:

1. Failure to answer email/phone calls promptly (within 24 hours)
2. Product quality is inconsistent between units or between shipments
3. Attempts to change price after it has been negotiated & agreed upon
4. Failure to meet supply orders on time
5. Lack of knowledge of packaging and labelling
**STEP 7—COMPLETE THE SALE**

**Sales Contract Process**

Once a buyer has made an enquiry about one of the products or services, the following key steps are typically required to complete the sales contract process.

<table>
<thead>
<tr>
<th>Tips for making your first sale:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Research buyers</td>
</tr>
<tr>
<td>• Review their web site</td>
</tr>
<tr>
<td>• Compare designs, materials, quality, pricing</td>
</tr>
<tr>
<td>• Look for new trends</td>
</tr>
<tr>
<td>• Contact purchasing manager</td>
</tr>
<tr>
<td>• Send high quality photos of your best products</td>
</tr>
<tr>
<td>• Send price lists</td>
</tr>
<tr>
<td>• Send samples</td>
</tr>
<tr>
<td>• Try to make your first sale</td>
</tr>
<tr>
<td>• Make first shipment</td>
</tr>
<tr>
<td>• Follow-up regularly</td>
</tr>
<tr>
<td>• Provide good service</td>
</tr>
</tbody>
</table>

**1. Receiving an Inquiry**

A buyer typically sends the exporter an email to inquire about one of their products or services. It is important that the exporter makes sure that they acknowledge receipt of the inquiry by email or phone within 24 hours, or they may lose the sale. If this is the first time this Canadian importer is contacting them, it is common for them to request samples, as well as ask for quotes for various amounts of the product (e.g., 100, 1,000, 5,000, 10,000 and 50,000 units).

**2. Quoting a Price**

The exporter will need to prepare an export quotation, or pro forma invoice. They should be as clear as possible about costs, delivery, product, service, date of shipment, and payment terms. They can obtain freight costs from the freight forwarder and information from the bank to draw up the quotation. If the Canadian buyer is looking for a large order, it is customary to allow a discount for volume (for instance, 5–10%).

**3. Making an Agreement**

If the buyer is happy with the export quotation and the samples, they will send a **Purchase Order**. The exporter may need to negotiate back and forth a few times to come to an agreement that they are both happy with.

- Clearly state what the price includes, so customers know that additional requests—like special packaging or tags, shipping and insurance—may increase the price. Also, state the time period for which the quote is valid. Keep time periods short in case exchange rates change.

The negotiation process is very important. The exporter must make sure that they understand all the terms of the agreement. Refer to page 48 for more information on negotiating and terms of agreement.

If the exporter is satisfied with the details of the Purchase Order, they will then prepare a Sales Contract. It is important to make sure to include shipping and payment terms.

Once both the parties have signed the Sales Contract, the sale is confirmed.

**Tips for Securing a Sales Contract**

**The First Impression is Key**

With most buyers, Indonesian exporters have one chance to make a good impression. It is very important that the exporter use this opportunity to present their product and company in the best possible light. Information about the exporter should include photographs of their latest product lines and a price list with corresponding product codes that are clearly identified and easy to follow. They can also include photos of their production facilities. Email is an essential tool for communication with Canadian buyers, and attaching photographs is a very good idea in order for an Indonesian exporter to allow buyers to immediately assess if they are interested in pursuing business with them. Indonesian exporters need to list certifications they have for their factory or product (e.g., HACCP, GFSI, Global Gap, Fairtrade, etc.). Many importers or their agents visit
the supplier’s production facilities to assess their capabilities and to build a solid trading relationship.

**Sending Samples**
Sample shipments must be accompanied by an Import Declaration form and any related fees for verification of these forms. In Canada the shipment will be assessed for compliance with regulations and quality standards. The Canadian buyer will also likely perform an in-house company inspection of the product to confirm that it complies with the stated specifications and the company’s own expectations for quality. The importer may also use samples to assess the interest of Canadian wholesalers and retailers in carrying the product.

> Exporters should make sure that any future shipments of the products are exactly the same as the samples. Otherwise, they risk losing their buyer.

**Trial Orders**
If the samples are accepted, the importer may place a trial order with the exporter. If adjustments are required, the importer will request new samples. A trial shipment that is consistent with the accepted samples and delivered according to an agreed delivery schedule can then be sent to Canada. The importer generally advises the supplier on the sizes and varieties of a product that should sell best in Canada and on the condition in which products should arrive in this country. Indonesian exporters must bear in mind that the Canadian market is about 10% the size of the U.S. market. Given the relatively small size of the market, Canadian importers often expect exclusive importing rights for the company or for specific products they agree to import.

**Negotiating the Deal**
Indonesian exporters must be prepared to negotiate. They should try to find out as much as they can about their potential buyer to better understand their position in the sales negotiation.

When negotiating terms of the Sales Contract, Indonesian exporters must be able to justify why their offer makes sense and consider what their potential buyer has to say as well.

Some of the items and terms that may be covered in the negotiation process include:

### PRODUCT ATTRIBUTES
- Packaging
- Logo mold
- Breadth of product line
- Quality
- Price range
- Product exclusivity
- Country exclusivity
- Special arrangements

### ORDERING SERVICES
- Availability of product
- Promptness of initial delivery
- Availability of repeats
- Promptness of repeats
- Product substitution
- Complete or split shipments
- Order revision
- Reliability of shipping to Canada

Indonesian exporters need to foster a trusting partnership for long-term business deals. They should get to know who they are dealing with and let them know who they are. They should also try to be flexible and reasonable and make concessions where appropriate, but they should never accept a deal that they are not happy with.

**Import Terms**
Import terms vary with individual importers. In general, quotations should be made in FOB or CIF to a named port.

FOB (Free On Board) means that the buyer pays for shipping and insurance and takes ownership of the product when it leaves Indonesia.

> If an Indonesian exporter doesn’t want to worry about the shipping and import process, they should consider selling their products FOB.
CIF (Cost, Insurance, and Freight) means the Indonesian exporter will pay for shipping and insurance and will own the product until it arrives in Canada.

Payment for imports from traditional suppliers is generally cash against documents. Most Canadian importers will not work with Letters of Credit because this method is generally expensive. They may select other credit formats and credit terms that would suit both parties. Contracts often include a clause stating that the goods must be inspected and signed off in-country by the buyer or agent prior to shipping. The importer usually requests a guarantee in the contract against hidden quality defects and could request credits as a result of poor product quality, damage before or during shipping, or late delivery.

Payment Terms
The full invoiced amount is not paid until inspection of goods has taken place either in Indonesia or at the end destination by the buyers themselves, their agents, or an independent authority. When the business relationship is well established, an open account method may be used to save bank charges for both parties. The services of an export agent may be useful in handling such intricacies for the first few operations. Once an imported product has established a reputation for high quality, the exporter should adopt a brand name and trademark that will help customers easily recognize the product and its value.

Communication
Indonesian exporters should always stay in touch with their Canadian buyers. Many of the Canadian buyers are flexible and will help the exporter address challenges, such as not understanding their shipping requirements, if they are informed early enough.

Dealing with Risk and Non-Payment

Buyer Reputation
Indonesian exporters should research potential Canadian buyers before entering into any kind of contract or agreement with them. Requesting bank references from buyers is standard practice, and Indonesian exporters should be wary if a buyer is hesitant about providing these. Indonesian exporters can check if a buyer is listed with the Better Business Bureau (www.bbb.org), an organization that provides ethical business ratings based on complaints or reports filed against a company in Canada or the United States. Searching for the company name on Google to check for news stories or public forums may provide information on the buyer’s reputation. Indonesian exporters should also find out if the relevant Canadian industry association or Canadian trade representatives have heard of the buyer. If the buyer fails to pay, these representatives may also be able to supply names of reputable debt collection agencies. If working with a consultant, the Indonesian exporter can ask them to obtain a credit history and a directory or publication with more information on the buyer.

Incoterms
Incoterms are an internationally accepted system of International Commerce terms involved in domestic and international movement of goods. The terms are used in transportation, insurance, and other regulatory processes including export fees, import duties, and taxes. Use of Incoterms has become a crucial part of negotiating sales contracts between exporters and importers in order to ensure a common understanding of responsibilities, expenses coverage, document generation, and ownership of goods being exported. The table in Annex 5 provides an overview of the most commonly used Incoterms.

Will customers arrange and pay for shipping, or will the exporter?
Indonesian exporters need to make sure that they include shipping and payment terms in the Sales Contract. This will affect their price.

Delivery Date
Indonesian exporters should choose a delivery date that allows them to add extra time to their production schedule in case of delays. Something to keep in mind is that if an order is cancelled because the exporter missed the agreed delivery date they will not get paid.
**STEP 8—MEET INDONESIAN EXPORT REQUIREMENTS**

Before an Indonesian company can export its products, it needs to make sure it meets all Indonesian export requirements. The main steps for Indonesian companies to consider have been listed below, but Indonesian exporters should also visit the Directorate General for National Export Development (http://djpen.kemendag.go.id) web site for a complete understanding of all Indonesian export requirements. DGNED has also provided a list of Indonesian Service Institutions (http://djpen.kemendag.go.id/app_frontend/contents/58-export-service-institutions) that might be involved in the export process. Indonesian exporters should review this list to see which ones apply to their product or service.

Visit The Indonesia National Trade Repository web site at www.insw.go.id for more information on Indonesian export requirements.

**Requirements for all Indonesian Exporters**

1. It should be a legal entity, in the form of:
   A) CV (Commanditaire Vennootschap)
   B) General partnerships
   C) PT (Limited Liability Company)
   D) Persero (State Share Company)
   E) Perum (Public Company)
   F) Perjan (Service Company)
   G) Cooperative

2. It must have a TIN (Taxpayer Identification Number-NPWP)

3. It must have a license issued by the government, such as:
   A) Business license (Trade Business License-SIUP) from the Ministry of Trade (domestic companies) and BKPM (foreign/joint ventures)
   B) Export identification number (APE) by Ministry of Trade

**Types of Indonesian Exporters**

An Indonesian firm can be classified either as a Manufacturer Exporter or as a Non-Manufacturer Exporter. Each has different requirements as shown below (Source: DGNED web site (http://djpen.kemendag.go.id/app_frontend/contents/24-requirements-for-exporters)

A) Manufacturer Exporter requirements:
   - Complete the form (for manufacturer exporter) provided by Department of Industry and Commerce in the District/City or Provincial level and related technical institutions.
   - Obtain Industrial Business License.
   - Obtain NPWP (tax identification number).
   - Submit the export realization report to the Department of Industry and Commerce or appointed institutions and officials (regularly every three months) and have it validated by a foreign exchange bank by attaching the letter of statement of non-involvement of tax arrears, banking arrears, and custom issues.

B) Non-Manufacturer Exporter requirements:
   - Complete the form (for non-manufacturer exporter) provided by Department of Industry and Commerce in District/City or Provincial level and related technical institutions.
   - Obtain Trading Business License.
   - Obtain NPWP.
   - Submit the export realization report to the Department of Industry and Commerce or appointed institutions and officials (regularly every three months) and have it validated by a foreign exchange bank by attaching the letter of statement of non-involvement of tax arrears, banking arrears, and custom issues.

**Tax Procedure**

If the export products are taxable goods, then the export tax must be paid before delivery. Products that are subject to Indonesian export tax include:

- Rattan
- Wood
- Oil palm
- Animal skin/rawhide

Indonesian exporters can visit the Tax Procedure section on the DGNED web site (http://djpen.kemendag.go.id/app_frontend/contents/48-tax-procedure) for details on tax procedure for these four product groups. If an
Indonesian exporter’s product is not one of the four mentioned above, exporters are still recommended to visit the DGNED web site to make sure there haven’t been any changes to the list of taxable export products.

**Export Controls**

Indonesian exporters need to know some provisions/regulations on goods to be exported (both Indonesian government regulations and regulations of the export destinations). In accordance with Indonesian Minister of Trade Regulation number 13/M-DAG/ PER/3/2012 dated March 19, 2012, exported goods are classified into the following three categories:

1. **Export-Free Goods**
   Export-free goods are goods that may be exported freely without limitation and prohibition. Every exporter who has a license to export from the Ministry of Trade or other technical institution is free to export goods listed in the law.

2. **Export-Controlled Goods**
   Export-controlled goods are goods that are controlled both in numbers and types in order to:
   - A) Protect national security and public interest.
   - B) Protect human health, animals, plants, and the environment.
   - C) Comply with existing international treaties/agreements signed and ratified by the government.
   - D) Limit supply in domestic market/for conservation purposes.
   - E) Limit capacity of export market countries/destinations.
   - F) Limit availability of raw materials needed by the processing industry.

   Export-controlled goods include: Rattan, Wood, Ox, Crocodile Skin, Napoleon Fish/Fish Seeds, Palm Kernel Oil, Oil/Gas, Precious Metals, Urea, Waste, and Scrap.

3. **Export-Prohibited Goods**
   Goods prohibited from exports should not be exported due to the following considerations:
   - A) Damage to the environment and ecology.
   - B) Threats to national security/the public interest, including social, cultural, and morale implications in society.
   - C) Protection of intellectual property rights.
   - D) Protection of human life and health.
   - E) Compliance with international treaties/agreements signed and ratified by the government.

   Export-prohibited goods include:
   - Agricultural products: baby fish and arowana fish, glass eel seeds, Botia ornamental fish, prawns and shrimp of 8 cm, and panaedae shrimps.
   - Forestry products: round wood, flakes raw materials, rail pads, or trams made of wood and saw timber.
   - Marine products: sea sand.
   - Mining products: tin ores and concentrates, ashes and residues containing arsenic, metals or their compounds (mainly containing lead), precious stones.

Other regulations regarding exports can be found on the web site of the Ministry of Trade of the Republic of Indonesia ([www.kemendag.go.id](http://www.kemendag.go.id)), in the News menu.

The regulations include:
   - Minister of Trade Regulation number 38/M-DAG/PER/5/2015 concerning the Export Benchmark Price (HPE) of Agriculture and Forestry Products subject to export duty.
   - Minister of Trade Regulation number 37/M-DAG/PER/1/2014 concerning Procedures to Determine the Export Benchmark Price (HPE) of Processed Mining Products subject to export duty.
   - Minister of Trade Regulation number 13 Year 2012 on General Provisions regarding Exports.
   - Minister of Trade Regulation number 28/M-DAG/PER/6/2013 concerning types of export and import licensing, standard operating procedures, and the service level arrangement using the electronic system through Inatrade in the framework of Indonesian national single window.
   - Minister of Trade Regulation number 22/M-DAG/PER/3/2015 on conditions and
procedures for the issuance of a certificate of origin for goods from Indonesia.
- Minister of Trade Regulation number 04/M-DAG/PER/1/2015 concerning Conditions of Use of Letter of Credit for Export of Certain Goods (attached).
- Minister of Trade Regulation number 26/M-DAG/3/2015 on specific provisions for execution of a letter of credit for export of certain goods.
- Minister of Trade Regulation number 60 Year 2010 on Issuing institutions of SKA (Certificate of Origin) and Minister of Trade Regulation number 21 of 2012 on the Amended Minister of Trade Regulation number 60 of 2010.

Customs Clearance
In general, Indonesian customs procedures for export are as follows:

1. The exported goods must be reported in advance to the customs office by filling out the export declaration (PEB) documents.
2. PEB registration must include a Company Master Number (NIPER) as well as any other necessary documentation. PEB must be submitted no sooner than 7 days before the estimated date of export and no later than before the exported goods enter the Custom Area.
3. The settlement of export tax must be completed if the goods are subject to export tax. The delivery of PEB can be done by the exporter or by an authorized PPJK (Pengusaha Pengurusan Jasa Kepabeanan—Customs Clearance Service Company).
4. Physical and document checks of the exported goods.
5. Approval and loading of exported goods to the carriers.

Indonesian exporters should visit the Customs Clearance (http://dipen.kemendag.go.id/app_frontend/contents/49-flowchart-of-customs-clearance) section on the DGNED web site for more information on the Indonesian customs clearance process.

For more detailed information, please refer to Annex 5: Indonesian export requirements and process.

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**STEP 9—MEET CANADIAN IMPORT REQUIREMENTS**

Indonesian exporters working with a Canadian partner, such as an agent or importer, will want to be sure that the partner is knowledgeable about Canadian import requirements for their product. Indonesian exporters should work closely with their Canadian partner to make sure their products for export meet all Canadian import requirements and regulations.

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**FAILURE TO COMPLY**

Goods that do not meet all applicable laws and regulations will be refused entry at the Canadian border at the expense of the importer. To avoid delays and penalty fees, Indonesian exporters must work closely with their importers and buyers to make sure the specifications of their product comply with Canadian import requirements.

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**Border Inspection**

**Canadian Border Services Agency**

The Canadian Border Services Agency (CBSA) (www.cbsa-asfc.gc.ca/menu-eng.html) is the federal agency responsible for customs services and compliance with Canada’s border legislation. All products entering Canada must be reported to CBSA and are subject to inspection, whether they are transported by the exporter or a carrier. Many goods must comply with Canadian laws and may require permits, certificates, or inspections. For more information, CBSA offers a Step-by-Step Guide to Importing Commercial Goods into Canada (www.cbsa-asfc.gc.ca/import/guide-eng.html).

**Canadian Food Inspection Agency**

The Canadian Food Inspection Agency (CFIA) (www.cbsa-asfc.gc.ca/menu-eng.html) regulates imports of food products to Canada. The CFIA develops policies on imported food, and these rules are then enforced at the border by CBSA officers who examine food products at the entry point to Canada.

**Other Government Departments**

CBSA provides a reference list (www.cbsa-asfc.gc.ca/import/reflist-liseref-eng.html) of other government departments that may require permits, certificates, or inspections for goods imported to Canada. CBSA is responsible for enforcing the legal import requirements at the border on behalf of these other government departments.
Delays at the border can cost a lot of money. Two common causes for delays at the Canadian border include:

1. **Incomplete documentation.** Indonesian exporters must make sure the person from their company who is filling out export documents can write well in English or French (the language depends on the Canadian port of entry). They have to be careful when measuring and weighing their product and make sure appropriate HS codes are used. They must thoroughly review their documentation to make sure it is complete.

2. **Untreated wood.** Shipments containing wood products, including wooden crates for packaging, must be accompanied by an official certificate from the Indonesian Agriculture Quarantine Agency confirming that it has been treated. See page 66 for more information.

### COMMODITIES/AREAS OF RESPONSIBILITY FOR BORDER INSPECTION

<table>
<thead>
<tr>
<th>CANADIAN GOVERNMENT DEPARTMENT</th>
<th>COMMODITIES/AREAS OF RESPONSIBILITY FOR BORDER INSPECTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canadian Food Inspection Agency</td>
<td>Food, plants, animals, food labelling, food recalls, wood packaging, international waste, and used machinery/equipment</td>
</tr>
<tr>
<td><a href="http://www.inspection.gc.ca">www.inspection.gc.ca</a></td>
<td></td>
</tr>
<tr>
<td>Canadian Heritage</td>
<td>Cultural property</td>
</tr>
<tr>
<td><a href="http://www.pch.gc.ca">www.pch.gc.ca</a></td>
<td></td>
</tr>
<tr>
<td>Competition Bureau</td>
<td>Clothing labels, precious metals, packaging, and labelling of non-food products</td>
</tr>
<tr>
<td><a href="http://www.competitionbureau.gc.ca">www.competitionbureau.gc.ca</a></td>
<td></td>
</tr>
<tr>
<td>Environment and Climate Change Canada</td>
<td>Endangered or threatened species of plants and animals, hazardous waste, ozone-depleting substances, and wild animal and plant trade</td>
</tr>
<tr>
<td><a href="http://www.ec.gc.ca">www.ec.gc.ca</a></td>
<td></td>
</tr>
<tr>
<td>Fisheries and Oceans Canada</td>
<td>Aquatic invasive species, and illegal, unregulated, and unreported fishing</td>
</tr>
<tr>
<td><a href="http://www.dfo-mpo.gc.ca">www.dfo-mpo.gc.ca</a></td>
<td></td>
</tr>
<tr>
<td>Global Affairs Canada</td>
<td>Agricultural products, firearms, goods under trade embargoes, and steel, textiles and clothing</td>
</tr>
<tr>
<td><a href="http://www.international.gc.ca">www.international.gc.ca</a></td>
<td></td>
</tr>
<tr>
<td>Health Canada</td>
<td>Consumer goods, drugs, food, medical devices, natural health products, pesticides, pharmaceuticals, radiation-emitting devices, toxic substances, and vitamins</td>
</tr>
<tr>
<td><a href="http://www.hc-sc.gc.ca">www.hc-sc.gc.ca</a></td>
<td></td>
</tr>
<tr>
<td>Innovation, Science and Economic Development Canada</td>
<td>Radio communications and telecommunications equipment</td>
</tr>
<tr>
<td><a href="http://www.ic.gc.ca">www.ic.gc.ca</a></td>
<td></td>
</tr>
<tr>
<td>Transport Canada</td>
<td>Transportation of dangerous goods, vehicles, and tires</td>
</tr>
<tr>
<td><a href="http://www.tc.gc.ca">www.tc.gc.ca</a></td>
<td></td>
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</tbody>
</table>
Laws and Regulations

Federal, Provincial, and Municipal

Most laws and regulations that apply to imported goods are governed at the federal level. However, Indonesian exporters should be aware that additional laws and regulations may apply at the provincial (e.g., alcoholic beverages) and municipal levels (e.g., recycling of packaging). Knowledgeable Canadian intermediaries should be able to assist the Indonesian exporter to ensure their products meet all federal, provincial, and municipal regulations.

QUEBEC LANGUAGE REQUIREMENTS

Products sold in the province of Quebec are subject to additional language requirements. French must be used for all inscriptions on the product container and packaging, as well as for catalogues, brochures, leaflets, commercial directors, order forms, invoices, and receipts. Visit the Québec French Language Office (www.spl.gouv.qc.ca/fileadmin/medias/pdf/ABCPoliLinQc_Ang_W eb.pdf) for more information.

Organic Product Requirements

Organic products traded in the Canadian market are subject to Canada’s Organic Product Regulation. The products must meet Canadian Organic Standards’ requirements and be certified by Canadian government accredited bodies. Once certified, these products may use the Canada Organic Logo, or other organic logos from countries which have equivalency arrangements with Canada. Current equivalent countries include the United States, the European Union, Japan, Costa Rica, and Switzerland. There are currently seven national industry bodies accredited by the OKPO (Competent Authority of Organic Agriculture), and a further seven international certification bodies operating in Indonesia. The Indonesian Ministry of Agriculture has also developed IndoGAP (Indonesian Good Agricultural Practices) standards for certification. Indonesia, however, does not have an equivalency arrangement with Canada.

The Canada Business Network provides useful information on regulations and standards for each region in Canada. It also provides information for regulated industries, such as food products, pharmaceuticals, and natural health products. www.canadabusiness.ca/eng/page/3424/

Exporters selling to Ontario can also visit Canada Business Ontario’s web site: www.cbo-eco.ca/en/index.cfm/managing/regulations/

Important Tool: Automated Importing Reference System

CFIA maintains an Automated Import Reference System (AIRS) (www.inspection.gc.ca/plants/imports/airs/eng/1300127512994/1300127627409) tool that allows Indonesian exporters to verify Canadian import requirements for their food and agricultural products. AIRS can be searched by HS Code and product information (country of origin, destination, end use, etc.) to generate a list of import recommendations, required documentation, prohibitions, and references to relevant Canadian acts and regulations. View TFO Canada’s Webinar (www.tfocanada.ca/webinarsview.php?view=6) for CFIA to learn how to use the AIRS tool.

### LAWS AND REGULATIONS FOR IMPORTING TO CANADA

<table>
<thead>
<tr>
<th>Health and Safety</th>
<th>Description</th>
<th>Guidance Documents</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hazardous Products Act and Regulations</strong>&lt;br&gt;Health Canada</td>
<td>Regulates the sale and importation of controlled products (e.g., chemicals) considered hazardous and intended for use in a work place. Provides requirements for labelling with hazard symbols.</td>
<td>Work Safe B.C. Summary of Hazardous Products Act&lt;br&gt;<a href="http://www2.worksafebc.com/Publications/OHSRegulation/HazardousProductsAct.asp">www2.worksafebc.com/Publications/OHSRegulation/HazardousProductsAct.asp</a></td>
</tr>
</tbody>
</table>
### LAWS AND REGULATIONS FOR IMPORTING TO CANADA

<table>
<thead>
<tr>
<th>Description</th>
<th>Guidance Documents</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Organic Products Regulations</strong>&lt;br&gt;CFIA</td>
<td>Products labeled as organic must meet mandatory Canadian Organic Standards and be legally certified to be traded across provincial or international borders or to use the Canada Organic Logo.</td>
</tr>
<tr>
<td><strong>Safe Food for Canadians Act</strong>&lt;br&gt;CFIA, expected to come into force sometime in 2016.</td>
<td>This new Act will consolidate three CFIA inspection statutes for agricultural products, fish, and meat into a single set of regulations that will apply to all food that is imported, exported, or prepared for inter-provincial trade in Canada. Importers will have a greater legal responsibility for ensuring the safety of food they bring into Canada.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Plants and Animals</strong>&lt;br&gt; Description</th>
<th>Guidance Documents</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Health of Animals Act</strong>&lt;br&gt;CFIA</td>
<td>Sets rules to stop the spread of diseases and toxic substances that could affect animals or that may be transmitted by animals to persons. This includes animal products such as hides, leather, honey, etc.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Competition</strong>&lt;br&gt; Description</th>
<th>Guidance Documents</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Competition Act</strong>&lt;br&gt;Competition Bureau</td>
<td>Maintains and encourages competition in Canada by regulating mergers, criminal business offenses (e.g., conspiracy, bid-rigging), and reviewable practices (e.g., competitor agreements).</td>
</tr>
</tbody>
</table>
**LAWS AND REGULATIONS FOR IMPORTING TO CANADA**

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</thead>
<tbody>
<tr>
<td><strong>Consumer Packaging and Labelling Act</strong>&lt;br&gt;Competition Bureau</td>
<td>Provides requirements for mandatory label information, package design, fill levels, and standard sizes.</td>
<td>Guide to the Consumer Packaging and Labelling Act and Regulations <a href="http://www.competitionbureau.gc.ca/eic/site/cb-bc.nsf/eng/01248.html">www.competitionbureau.gc.ca/eic/site/cb-bc.nsf/eng/01248.html</a></td>
<td></td>
</tr>
<tr>
<td><strong>Custom Tariff Act</strong>&lt;br&gt;CBSA</td>
<td>Regulates the imposition of Canadian customs duties and other charges according to the World Customs Organization Harmonized System (HS) codes.</td>
<td>Customs Tariff by Chapter <a href="http://www.cbsa-asfc.gc.ca/trade-commerce/tariff-tarif/2015/menu-eng.html">www.cbsa-asfc.gc.ca/trade-commerce/tariff-tarif/2015/menu-eng.html</a></td>
<td></td>
</tr>
<tr>
<td><strong>Tariff Rate Quotas</strong>&lt;br&gt;CBSA</td>
<td>Outlines the established tariff rate quotas for agricultural products included on the Import Control List. Imports within the quota are subject to a lower rate of duty than imports above the quota.</td>
<td>D10-18-1: Tariff Rate Quotas <a href="http://www.cbsa-asfc.gc.ca/publications/dm-md/d10/d10-18-1-eng.html">www.cbsa-asfc.gc.ca/publications/dm-md/d10/d10-18-1-eng.html</a></td>
<td></td>
</tr>
</tbody>
</table>

*Sometime in 2016, The Safe Food for Canadians Act will consolidate legislation from the Canada Agricultural Products Act, Fish Inspection Act, Meat Inspection Act, and for the food provisions of the Consumer Packaging and Labelling Act.*
Intellectual Property Rights

Canadian International Property Office

Intellectual property rights are regulated by the Canadian International Property Office (CIPO) (www.ic.gc.ca/eic/site/cipointernet-internetopic.nsf/eng/Home) to ensure that owners and creators benefit from their original work or investment in creations, designs, or inventions. These rights can apply to a wide range of products, services, or processes, including: creations of the mind, literary and artistic works and symbols, and names or images used in commerce. The CIPO web site allows exporters to search databases of trademarks, patents, copyrights, and industrial designs already registered in Canada. CIPO also provides guidance on how to apply for these forms of intellectual property protection of your goods in Canada.

**TYPES OF INTELLECTUAL PROPERTY RIGHTS:**

**TRADEMARKS**
- A brand or other sign that identifies a company’s goods or services
- Registered trademarks in Canada have exclusive rights for 15 years (renewable)
- Unregistered trademarks may still be protected under common law

**PATENTS**
- An exclusive right granted for an invention, such as a product or process
- Canadian patents apply for 20 years from date of filing an application
- Protected and registered on a national basis (covers Canada only)

**COPYRIGHT**
- Protection for literary, artistic, dramatic, and musical creations
- Copyright is automatic; however, registration is still recommended
- Copyright exists for the life of the author, plus 50 years after death

**INDUSTRIAL DESIGNS**
- Protection for the original visual features of an article
- Registered industrial designs are protected for up to 10 years in Canada
- Firms can sell their rights or license others to make, use, and sell their design

Source: Definitions from Canadian Intellectual Property Office (www.ic.gc.ca/eic/site/cipointernet-internetopic.nsf/eng/Home)
**Combating Counterfeit Products Act**

The *Combating Counterfeit Products Act* came into force on January 1, 2015. The goal of this Act is to reduce trade of counterfeit goods sold in Canada by giving CBSA officers additional authority and enforcement tools at the border. The Act creates new civil and criminal offenses, including new definitions of trademark infringement and offenses related to labels and packaging used to sell, distribute, or advertise counterfeit goods. Owners of trademarks and copyrights registered in Canada can register their rights with CBSA under the Request for Assistance Application (www.cbsa-asfc.gc.ca/security-securite/ipr-dpi/app-dem-eng.html). This allows CBSA to identify and temporarily detain any commercial shipments suspected of containing pirated or counterfeit goods. CBSA will then contact the appropriate right holders to inform them of all details needed to pursue civil court action. Note that a rights holder who submits an application under this program will be liable to the Canadian government for any costs related to storage, handling, and destruction of detained goods, beginning the day after a notice of detention is sent. More information is available from CBSA (www.cbsa-asfc.gc.ca/security-securite/ipr-dpi/menu-eng.html) and Innovation, Science and Economic Development Canada (www.ic.gc.ca/eic/site/064.nsf/eng/07281.html).

**Classification of Goods**

As a member of the World Customs Organization (WCO), Canada’s classification system is based on the WCO’s Harmonized Commodity Description and Coding System, also known as the Harmonized System (HS). HS codes define and describe imported products and assign an applicable unit of quantity/measurement and rate of duty. When an exporter exports goods to Canada, having the correct HS classification of goods is extremely important. It helps the exporter and their Canadian buyer in a number of ways:

- Indicates applicable Canadian regulations that the goods need to comply with to enter the Canadian market;
- Ensures the correct application of duties and other levies on the goods;
- Avoids delays at the Canadian border; and
- Helps the exporter develop a competitive pricing strategy for the Canadian marketplace by allowing them to estimate the customs valuation of their goods as well as mark-ups along the distribution chain.

**Harmonized Tariff System**

Canada has its own Customs Tariff Structure based on the World Customs Organization Harmonized Tariff System. The HS Code is a 10-digit number that defines and describes the imported product to determine the applicable rate of duty. The first six digits are common identifiers used across all countries, while the last 4 digits are unique to Canada.

---

**DIGITS** **PRODUCT DESCRIPTION** **PURPOSE**

<table>
<thead>
<tr>
<th>Chapter 9</th>
<th>Coffee, tea, mate, and spices</th>
<th>Provides general descriptions of the products covered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Heading 0901</td>
<td>Coffee, whether or not roasted or decaffeinated</td>
<td>Linked to the description text in the tariff</td>
</tr>
<tr>
<td>Sub-Heading 0901.21</td>
<td>Coffee, roasted, not decaffeinated</td>
<td>Represents the international subdivisions of the heading test for statistical purposes</td>
</tr>
<tr>
<td>Tariff Item 0901.21.00</td>
<td>Coffee, roasted, not decaffeinated</td>
<td>Duty rate applied at this level</td>
</tr>
<tr>
<td>Statistical Level 0901.11.00.10</td>
<td>Certified organic</td>
<td>Provides product description for statistical purposes</td>
</tr>
</tbody>
</table>

For example, here is the HS Code for coffee:
HS CODE FOR COFFEE

<table>
<thead>
<tr>
<th>International</th>
<th>Canadian</th>
</tr>
</thead>
<tbody>
<tr>
<td>0901.21.00</td>
<td>.10</td>
</tr>
</tbody>
</table>

Determining Your HS Code
Having the correct HS code for exportable goods is vitally important because this is how fees, duties, and other levies will be applied at the border. The right HS code also reduces the risk of non-compliance. Having the wrong HS code can result in penalty fees and delays at the border. Exporters can look up their HS Code in CBSA’s Customs Tariff schedule (www.cbsa-asfc.gc.ca/trade-commerce/tariff-tarif/2015/html/tblmod-eng.html), which includes over 10,000 tariff classifications organized into 22 sections and 99 chapters progressing from raw materials to more processed commodities and finished goods. Chapter 77 is reserved for future use, and Chapter 98 and 99 are country-specific. With the possible convergence of HS product descriptors, classification becomes a complex process. Determining the correct tariff classification should be undertaken in partnership with an experienced importer or customs broker.

The Canada Border Services Agency (CBSA) requires individual imports to be identified by 10-digit HS codes. Importers could be fined if the 10-digit code is not provided.

For more information and guidance on HS Codes:

Tariffs and Duties

Tariff Determination
Importers must provide CBSA with a detailed description of goods (based on information from the exporter/supplier), including the ten digit HS code, dollar value, and country of origin. CBSA will help determine the rates of duty based on the appropriate valuation method, classification, and tariff treatment.

Duties are applied at the border and usually paid in person by the Canadian importer or a customs broker representative.

Rates of Duty
Tariff rates are outlined by HS code in the Customs Tariff schedule (www.cbsa-asfc.gc.ca/trade-commerce/tariff-tarif/2015/html/tblmod-eng.html). The rate of duty for goods depends on the Canadian tariff treatment in relation to the country of origin, which can be affected by the origin of raw materials and components. There are generally four types of preferential tariff treatments:

**MOST FAVOURED NATION TARIFF (MFN)**
- Default tariff for all members of the World Trade Organization (WTO)

**GENERAL PREFERENTIAL TARIFF (GPT)**
- Tariff for over 100 developing countries
- Normally lower than or equal to MFN rate

**LEAST DEVELOPED COUNTRY TARIFF (LDCT)**
- Tariff for 49 least developed countries
- Duty-free and quota-free access

**FREE TRADE AGREEMENTS**
- Bilateral, plurilateral, or regional FTAs
- Tariff reduction or elimination
Products made in Indonesia receive the Most Favored Nation Tariff (MFN). However, if the raw materials or components of the product come from another country, this may affect the tariff rate. Indonesian exporters should refer to the “Rules of Origin” below for more information.

**Duty-Free and Quota-Free Imports**

Under the Market Access Initiative (MAI) (www.publications.gc.ca/site/eng/442000/publication.html), Canada has eliminated duties and quotas on goods imported from over 49 of the least developed countries (LDCT). The only goods excluded are raw and unprocessed dairy, poultry, and eggs. Trade flows from eligible countries have increased significantly since the Market Access Initiative began over ten years ago. The ability to claim benefits under GPT and LDCT is determined by the Rules of Origin, based on what percentage of the product and its inputs were produced in an eligible country. Goods must also be shipped directly to Canada from the eligible country and be accompanied by a Certificate of Origin.

Indonesia is eligible for the Most Favoured Nation Tariff (MFN) rate.

How this could affect an Indonesian exporter is as follows: If an Indonesian exporter is exporting hiking footwear from Indonesia to Canada, since Indonesia is eligible for MFN, they will be subject to the MFN tariff (16%), while exporters from LDCT countries—such as Cambodia—will have a tariff of 0%. Indonesian firms have to keep this in mind when developing their pricing strategy.

**Rules of Origin**

Rules of origin determine preferential tariff treatment for imported goods. The correct rate of duty is applied to goods based on the country from which the inputs of the final product were sourced and the country where the final good was assembled. Goods from these countries have preferential access to the Canadian market, and a certificate of origin must accompany the goods as part of the documentation. The onus is on the exporter to provide a valid certificate for the Canadian importer. This will prevent delays in goods being released.

An example of a preferential tariff treatment is the LDCT and GPT Regulations. Two rules of origin methods determine if goods are entitled to the benefits of duty-free access to Canada. The first method is the general rule, under which all goods currently entitled to the benefits of the LDCT can qualify under a “wholly produced rule” or a “cumulative” manufacturing process in a LDC or GPT country with value-added inputs or cumulations from other LDCs or Canada. The second method applies specific rules to textile and apparel goods (HS 50–63 classification). A good can qualify under the general rules or one of the more specific rules of origin. For more information on LDCT’s rules of origin please visit CBSA Memorandum D11-4-4 (www.cbsa-asfc.gc.ca/publications/dm-md/d11/d11-4-4-eng.html).

**Tariff Rate Quotas and Seasonal Tariffs**

Canada enforces tariff rate quotas (TRQs) (www.international.gc.ca/controls-controles/prod/agri/tarif.aspx?lang=eng) on certain agricultural products on the Import Control List, including dairy, poultry, and eggs. Imports within the quota amount are subject to low rates of duty, and imports over the amount are subject to higher rates of duty. Privilege to import is allocated to firms through import allocations (or “quota-shares”). Seasonal tariffs (www.cbsa-asfc.gc.ca/publications/dm-md/d10/d10-14-3-eng.html) apply to certain fresh fruits and vegetables.

**Anti-Dumping and Countervailing Duties**

In alignment with WTO rules, Canada’s Special Import Measures Act (SIMA) regulates the application of antidumping and countervailing duties on imported goods that cause injury to Canadian industry through dumping and subsidies in the country of origin. Anti-dumping and countervailing duties may also be assessed if goods are imported at prices that are less than their selling price in the country of origin. CBSA maintains a List of Goods Subject to Anti-Dumping Countervailing Duties (www.cbsa-asfc.gc.ca/sima-lmsi/mif-mev-eng.html).
Import Documentation

Releasing Goods at the Border

All products entering Canada must be reported to CBSA. This is usually done in person at the point of entry by the importer or a customs broker representative. Generally, the goods are released immediately upon presentation of the required documentation. Within a few days, either the importer or the broker must present the final customs documents and pay any duties and taxes owing. To facilitate the clearance of goods, Indonesian exporters must give importers timely and complete documentation.


Types of Documents

Depending on the product and country of origin, required documents may include:

1. **Bill of Lading or Airway Bill**: Contract for carriage issued by the ocean or air carrier. Gives title to the goods, and signed copies are proof of ownership.

2. **Cargo Control Document**: Used by carriers to report shipments to CBSA (first record of shipment’s arrival). Also used for shipments moved in-bond to an inland CBSA office, sufferance warehouse, or bonded warehouse.

3. **Certificate of Origin (Form A)**: Required by CBSA to establish where goods were manufactured and to determine the applicable rate of customs duty, including any claims for preferential rates of duty. More information can be found in Memorandum D11-4-2 (www.cbsa-asfc.gc.ca/publications/dm-md/d11/d11-4-2-eng.html).

4. **Canada Customs Coding Form (Form B)**: Used to account for goods regardless of the value imported for commercial use in Canada. An example of the form is available from CBSA (www.cbsa-asfc.gc.ca/publications/forms-formulaires/b3-3.pdf).

5. **Commercial Invoice**: Used by the exporter to charge payment of goods to the Canadian buyer. Exporters can provide either a Canada Customs Invoice (CCI) (www.cbsa-asfc.gc.ca/publications/dm-md/d1/d1-4-1-eng.html) or their own forms that include all of the necessary and standard information. CBSA uses the invoice to apply duties and other import taxes (e.g., GST). Avoid later reassessments by ensuring your invoice has enough detail to identify the goods, determine the quantity, and establish the tariff classification correctly, by means of: date of issue, name and address of buyer and seller, contract number, description of goods, unit price, number of units per package, total weight, and terms of delivery and payment.

6. **Inspection Certificates**: Sanitary and other certificates are required for some types of products entering Canada, including plants, seeds, animals, pharmaceuticals, nursery stock, and meat. More information is available from Health Canada (www.hc-sc.gc.ca/dhp-mps/compli-conform/import-export/index-eng.php).

7. **Export Permits**: Permits may be required, such as those for endangered species, and are issued by the Indonesian government.

8. **Import Permits**: Global Affairs Canada requires import permits for goods such as textiles and clothing, agricultural and steel products, and some food items, such as dairy products, poultry, and eggs. Other government departments (www.cbsa-asfc.gc.ca/import/reflist-listeref-eng.html) may require import permits for a range of goods.

9. **Packing List**: May be required to supplement a commercial invoice and is provided by the shipper. It identifies the shipper, the shipping company, and the importer.

10. **Insurance Documents**: Issued by the insurance underwriter and provides proof that the goods are insured as they are being transported.
Import Control List
CBSA requires an import permit for all goods listed on Canada’s Import Control List (www.laws-lois.justice.gc.ca/eng/regulations/C.R.C.,_c._604/page-1.html#h-1). Buyers must obtain an import permit (www.international.gc.ca/controls-controles/about-a_propos/impor/permits-licences.aspx?lang-eng) from the Export and Import Controls Bureau (EICB) of Global Affairs Canada (GAC). Goods that are subject to import controls include:

- **Agricultural Products**: Applies to beef and veal, eggs and chicken, dairy products (including cheese), margarine, peanut butter, pork, turkey, wheat, and barley.12
- **Firearms**
- **Steel**


**International Import Certificates**

Although a product may not be subject to import controls, the issuance of an International Import Certificate may be required, which is a document that formally recognizes that the Government of Canada is aware of (and has no immediate objections to) the proposed import of specific goods to Canada, by the stated importer, for the stated end-use and end-user. Canadian International Import Certificates are issued to Canadian applicants who in turn provide a copy to their foreign suppliers, who in turn use the International Import Certificates to obtain a foreign export permit. Applications for International Import Certificates may be submitted online using Export Controls On-Line (EXCOL) (from the EXCOL home page, www.excol-ceed.gc.ca/Main-Principal/Home_Accueil.aspx), by clicking on International Import Certificate on the left-hand menu bar. Paper application forms are also available at the Global Affairs Canada web site (www.international.gc.ca/controls-controles/report-rapports/liste_liste/forms-formulaires.aspx?lang-eng).

Prohibited Goods

Certain goods cannot be imported into Canada. Prohibited goods (www.cbsa-asfc.gc.ca/publications/dm-md/d9-eng.html) include child pornography, hate propaganda, dangerous materials, narcotics, base or counterfeit coins and offensive weapons, as well as goods manufactured or produced by prison labour.

Transshipment

Transshipment involves the transport of Indonesian goods through an intermediary country to get them to Canada. This includes transferring goods from one transportation vessel to another in a country other than Canada. Transferring goods from one ship to another or from a ship to an airplane or rail are examples of transshipment. To keep the Country of Origin intact, transshipment must adhere to a number of terms. For example, the goods must:

1. remain under customs transit control in the intermediate country;
2. not undergo any operation in the intermediate country other than unloading, reloading, or splitting up of loads, or any other operation required to keep the export items in good condition;
3. not enter into trade or consumption in the intermediate country; and
4. remain in temporary storage in the intermediate country for no more than six months.

There are no direct routes when exporting products from Indonesia to Canada by sea. All ships must go through at least one other country, and sometimes more than one.

It is generally not recommended for Indonesian exporters to use transshipments that are routed through the United States. Typically, products arriving in the U.S. would need to be unloaded from the ship and sent to Canada by truck, which is a very expensive option. This route should only be considered after careful consultation with your freight forwarder.

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STEP 10—SHIP GOODS FROM INDONESIA TO CANADA

Getting Indonesian Goods to Canada

By Ocean
Most products being exported from Indonesia to Canada are transported by ocean. It is ideal for large items, bulk commodities, and non-urgent or non-expensive goods. Canada has 4 major container ports: Vancouver, Montreal, Price Rupert, and Halifax.

Choosing the right shipping method, or combination of methods, is vital to export success—Indonesian exporters should ensure that the product gets to Canada on time and at the lowest cost.

Shipping from Indonesia to Canada by ocean usually takes about 30 days, but delays are not uncommon. Routes with multiple transshipments can cause additional delays, so Indonesian exporters should give themselves a lot of extra time to deliver their products to Canada.

There are many routes from Indonesia to Canada and they depend on the carrier. Each route and carrier will have its own price, so Indonesian exporters should research different freight services to find the best option for their products. Here are some sample transit times from one freight carrier. Remember, these will vary depending on the route and carrier.

<table>
<thead>
<tr>
<th>ORIGIN</th>
<th>DESTINATION</th>
<th>TORONTO OR MONTREAL</th>
<th>VANCOUVER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jakarta</td>
<td>36–38 days</td>
<td>29–31 days</td>
<td></td>
</tr>
<tr>
<td>Belawan</td>
<td>38–40 days</td>
<td>38–40 days</td>
<td></td>
</tr>
<tr>
<td>Semarang</td>
<td>36–38 days</td>
<td>29–31 days</td>
<td></td>
</tr>
<tr>
<td>Surabaya</td>
<td>36–38 days</td>
<td>29–31 days</td>
<td></td>
</tr>
</tbody>
</table>

By Air
It is not very common for Indonesian exporters to ship by air freight because of the very high cost. Air freight is typically only used when the product is in urgent need, is small, or has a high value. Canada has 13 international airports. Shipping from Indonesia to Canada by air usually takes 2–4 days.

Canada is larger than you think!
As the 2nd largest landmass in the world, Canada encompasses nearly 10 million square kilometers. Be aware of travel time and transportation costs across the regions of Canada. It takes up to eight hours to fly across the country, and travelling by road or train takes several days.

By Train and Truck
Most goods from Indonesia enter Canada by air or ocean shipping and are further transported across the country on land by rail or highway truck freight.

Canadian Port of Entry
Most Indonesian shipments arriving by sea enter at Port Metro Vancouver on Canada’s west coast, however the Port of Halifax on Canada’s east coast is not uncommon and can sometimes be a more suitable choice.
### PORT PROS CONS DETAILS

<table>
<thead>
<tr>
<th>PORT</th>
<th>PROS</th>
<th>CONS</th>
<th>DETAILS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vancouver</td>
<td>Many carriers offer this route&lt;br&gt;Good road and rail access&lt;br&gt;CLOSEST port to Asia</td>
<td>Port congestion&lt;br&gt;Longer dwell times&lt;br&gt;Shortage of railcar</td>
<td>Canada’s biggest and busiest port&lt;br&gt;Vancouver routing can be considered for shipments to anywhere in Canada</td>
</tr>
<tr>
<td>Halifax</td>
<td>Deepest harbour on the North American East Coast&lt;br&gt;Good road access&lt;br&gt;Good rail access in the east</td>
<td>Further port from Asia&lt;br&gt;Fewer carriers offer this route</td>
<td>Halifax routing should only be considered for shipments to other areas on the East Coast, such as Toronto and Montreal</td>
</tr>
</tbody>
</table>

### Distribution Within Canada

Given the large size of Canada, it is common practice for Indonesian exporters to consolidate shipments to the country’s three primary consumer markets—Vancouver, Toronto, and Montreal. Goods are typically shipped to these three cities by rail.

Delays in transporting your goods across Canada are not uncommon, especially between November to April, when snow and bad weather can slow things down.

Major distribution hubs for intra-Canadian trade are Toronto (covering Ontario, Quebec, and Atlantic Canada), Montréal (covering Quebec, Atlantic Canada, and Ontario), and Vancouver (covering British Colombia, Alberta, the Prairies, and the Territories).

Below are estimated transit times from Vancouver and Halifax ports:

<table>
<thead>
<tr>
<th>PORT</th>
<th>DESTINATION: CALGARY OR EDMONTON</th>
<th>DESTINATION: TORONTO OR MONTREAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vancouver</td>
<td>Normal shipment: 3–4 days&lt;br&gt;Consolidated shipment: 5–7 days</td>
<td>Normal shipment: 7–8 days&lt;br&gt;Consolidated shipment: 9–11 days</td>
</tr>
<tr>
<td>Halifax</td>
<td>Not common</td>
<td>Normal shipment: 2–3 days&lt;br&gt;Consolidated shipment: 4–6 days</td>
</tr>
</tbody>
</table>
Transportation Intermediaries
Indonesian exporters (or Canadian importers) will need to deal with a lot of documents and logistics when sending or bringing products to Canada. For this reason, most Indonesian exporters use freight forwarders and customs brokers.

Freight Forwarders
Freight forwarders can arrange for the transportation and delivery of goods in Canada. They can help select the best shipping routes to improve delivery times and negotiate carrier rates on behalf of the Indonesian exporter. Many specialize in arranging shipments to certain countries, while others concentrate on particular types of products.

Their services can also include preparing, translating, certifying and presenting shipping and customs documents, booking transportation space, obtaining and claiming insurance, handling payments, securing charters, and arranging inland transportation (air forwarders).

Contacts can be found through the Canadian International Freight Forwarders Association (www.ciffa.com).

Consolidators
Indonesian exporters of smaller shipments should consider using the services of a freight forwarder who offers the option of consolidating the shipment instead of shipping independently. Consolidation can result in lower shipping costs. It can also provide the convenience of a single billing and tracking service. Indonesian exporters should check the reliability, capability, and experience of the freight forwarder to find one best suited to their needs.

One of the biggest challenges for Indonesian SME exporters is high shipping cost. Consolidating shipments can help reduce this cost.

Customs Brokers
Customs brokers can help an Indonesian exporter clear goods through Canadian customs, prepare customs documentation, and help with payment of all import duties. They are also a good source of information on recent tariff changes and other customs-related developments. Lists of customs brokers can be found through the Canadian Society of Customs Brokers (www.cscb.ca/customs-broker-search) and CBSA: List of Licensed Customs Brokers (www.cbsa-asfc.gc.ca/services/cb-cd/cb-cd-eng.html).

Packing the Goods
Assume the products will have a bumpy ride, particularly if they are being shipped overseas. Indonesian products should be packed to survive rough cargo handlers and poor roads. During transit, handling, and storage, goods may have to endure bad weather and extreme temperatures. If they need special temperature controls or other protective measures, the Indonesian exporter should be sure their products receive these. The type of shipping may determine the kind of packing used. For example, if the goods are carried by ship, it is important to know whether they will be placed above or below deck.

Proper outer packaging is vital. Sub-standard packaging may damage the product during shipping and create problems for the importer in clearing and marketing the goods. The importer may then refuse to do further business.

Outer Packaging
There should be consistency of packaging and package sizes, an orderly loading of containers, shipping marks on the master pack, and article numbers on the inner packs. Shipping containers must be clearly stamped or stenciled on a minimum of two sides, with all code markings in waterproof ink. Since buyers generally use this packaging to ship products out of warehouses, the packages should be sturdy enough for multiple handling. Reusable rather than disposable packaging also addresses environmental concerns.

Wooden Crates
All non-manufactured wood used as dunnage, pallets, crating, or other packaging material must be

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13 ITC has excellent information and database on export packaging for developing countries. See: http://www.intracen.org/itc/exporters/packaging/.
treated by heat, fumigation, or chemical preservatives before being allowed into Canada. Similar restrictions apply to packaging material consisting of straw and hay.

All shipments containing solid wood crating must be accompanied by an official phytosanitary or treatment certificate from Indonesia’s National Plant Protection Agency (NPPO) from the Indonesian Ministry of Agriculture.

Shipments containing solid wood crating must be accompanied by an official phytosanitary or treatment certificate. Shipments not containing solid wood crating must carry a statement that it does not contain this on accompanying documents. Shipments not meeting these requirements may be seized or denied entry into Canada, with incurred costs being the importer’s responsibility.

Labels and marks
Exported products may not clear customs if labels do not conform to Canadian requirements, such as product weight or electrical standards.

Export Documentation Checklist
Go through the following checklist and indicate which items you are totally familiar with and can prepare with little or no assistance.

<table>
<thead>
<tr>
<th>EXPORT DOCUMENTATION</th>
<th>YES</th>
<th>NO</th>
<th>UNSURE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Contract of Sale</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Pro-forma invoice</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td><strong>Contract of Carriage</strong></td>
<td></td>
<td></td>
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<tr>
<td>5. Bill of Lading</td>
<td>☐</td>
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<td>☐</td>
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<tr>
<td>6. Air Waybill</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
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<tr>
<td>7. Road Consignment Note</td>
<td>☐</td>
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<tr>
<td>8. Rail Consignment Note</td>
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<td>☐</td>
</tr>
<tr>
<td><strong>Insurance Policy Document</strong></td>
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<tr>
<td>• Marine Insurance</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td><strong>Payment-related Documents</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Letter of Credit</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>• Bill of Exchange/Bank Draft</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td><strong>Other export documentation</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Commercial Invoice</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>2. Packing List</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>3. Certificate of Origin</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>4. Insurance Certificate</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>5. Pre-shipment Inspection Certificates</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
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<tr>
<td>6. Fumigation Certificates</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>7. Health and Phytosanitary Certificates</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
</tbody>
</table>
## Annex 1—Useful Resources and Contacts

<table>
<thead>
<tr>
<th>Resource Description</th>
<th>Contact Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canadian market information, export assistance</td>
<td>Indonesian Trade Attaché in Canada&lt;br&gt;<a href="http://www.indonesia-ottawa.org/">http://www.indonesia-ottawa.org/</a></td>
</tr>
<tr>
<td>Export assistance and export requirements, finding buyers</td>
<td>Directorate General of National Export&lt;br&gt;<a href="http://dipen.kemendag.go.id/">http://dipen.kemendag.go.id/</a></td>
</tr>
<tr>
<td>Export assistance and information</td>
<td>Indonesian National Trade Repository&lt;br&gt;<a href="http://eservice.insw.go.id/">http://eservice.insw.go.id/</a></td>
</tr>
<tr>
<td>Links to local associations</td>
<td>Indonesian Chamber of Commerce and Industry&lt;br&gt;(KADIN Indonesia)&lt;br&gt;<a href="http://wwwbsd-kadin.org/">http://wwwbsd-kadin.org/</a></td>
</tr>
<tr>
<td>Networking, finding buyers, trade missions</td>
<td>Embassy of Canada in Indonesia&lt;br&gt;<a href="http://www.canadainternational.gc.ca/indonesia-indonesie/">http://www.canadainternational.gc.ca/indonesia-indonesie/</a></td>
</tr>
<tr>
<td>Networking, finding buyers</td>
<td>Indonesia–Canada Chamber of Commerce&lt;br&gt;<a href="http://www.iccc.or.id/">http://www.iccc.or.id/</a></td>
</tr>
<tr>
<td>Links to Canadian associations, market research</td>
<td>Canadian Chamber of Commerce&lt;br&gt;www.chamber.ca</td>
</tr>
<tr>
<td>Market research, export assistance</td>
<td>Trade Facilitation Office Canada&lt;br&gt;www.tfocanada.ca</td>
</tr>
<tr>
<td>Market research</td>
<td>Innovation, Science and Economic Development Canada—Trade Data Online&lt;br&gt;<a href="http://www.ic.gc.ca/eic/site/tdo-dcd.nsf/eng/Home">http://www.ic.gc.ca/eic/site/tdo-dcd.nsf/eng/Home</a></td>
</tr>
<tr>
<td>Canada market research</td>
<td>Statistics Canada&lt;br&gt;<a href="http://statcan.gc.ca">http://statcan.gc.ca</a></td>
</tr>
<tr>
<td>Social responsibility</td>
<td>The UN Global Compact&lt;br&gt;<a href="https://www.unglobalcompact.org/what-is-gc/mission/principles">https://www.unglobalcompact.org/what-is-gc/mission/principles</a></td>
</tr>
<tr>
<td>Social responsibility—women’s rights</td>
<td>The Women’s Empowerment Principles&lt;br&gt;<a href="http://www.weprinciples.org/">http://www.weprinciples.org/</a></td>
</tr>
<tr>
<td>Finding a Canadian importer</td>
<td>Canadian Importer Database</td>
</tr>
<tr>
<td></td>
<td><a href="https://www.ic.gc.ca/eic/site/cid-dic.nsf/eng/home">https://www.ic.gc.ca/eic/site/cid-dic.nsf/eng/home</a></td>
</tr>
<tr>
<td>Finding a Canadian wholesaler for your product</td>
<td>Canadian Company Capabilities</td>
</tr>
<tr>
<td>Finding an agent or broker in Canada</td>
<td>Agent and Broker Directory: Central Canada</td>
</tr>
<tr>
<td>List of e-commerce sites</td>
<td>eMarket Services</td>
</tr>
<tr>
<td>List of Canadian freight forwarders</td>
<td>Canadian International Freight Forwarders Association</td>
</tr>
<tr>
<td>List of Canadian customs brokers</td>
<td>Canadian Society of Customs Brokers and CBSA: List of Licensed Customs Brokers</td>
</tr>
<tr>
<td>Information on Canadian culture</td>
<td>Centre for Intercultural Learning</td>
</tr>
<tr>
<td>Providing training and services to Indonesian women entrepreneurs</td>
<td>Indonesia Business Women’s Association (IWAPI)</td>
</tr>
<tr>
<td></td>
<td><a href="http://www.iwapi.id">www.iwapi.id</a></td>
</tr>
<tr>
<td>Capacity development and networking for SMEs</td>
<td>APINDO</td>
</tr>
<tr>
<td></td>
<td><a href="http://www.apindo.or.id/id">http://www.apindo.or.id/id</a></td>
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<tr>
<td></td>
<td>Perkumpulan Untuk Peningkatan Usaha Kecil PUPUK</td>
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<tr>
<td></td>
<td><a href="http://pupuk.or.id">http://pupuk.or.id</a></td>
</tr>
</tbody>
</table>
Annex 2—Trade Publications

The following publications, magazines, and research firms provide useful information for exporters:

**Apparel and Textiles**
- Trendex North America Inc.—monthly newsletter
  [http://www.trendexna.com](http://www.trendexna.com)
- Apparel Insights
- Canadian Apparel Federation Newsletters
  [http://www.apparel.ca/newsletters.html](http://www.apparel.ca/newsletters.html)

**Building Materials**
- Hardlines
  [http://www.hardlines.ca](http://www.hardlines.ca)
- Woodworking Magazine
  [https://www.canadianwoodworking.com](https://www.canadianwoodworking.com)
- Hardware Retailing
  [http://www.hardwareretailing.com](http://www.hardwareretailing.com)

**Carpets and Rugs**
- Azure
  [http://www.azuremagazine.com](http://www.azuremagazine.com)
- Canadian Interiors
  [https://www.canadianinteriors.com](https://www.canadianinteriors.com)
- Coverings
  [http://www.coverings.com](http://www.coverings.com)

**Cosmetics**
- Cosmetics Magazine
  [http://cosmeticsmag.com](http://cosmeticsmag.com)
- Spa Canada Magazine
  [http://spacanada.ca](http://spacanada.ca)

**Floriculture and Horticulture**
- Canadian Gardening
  [http://www.canadiangardening.com](http://www.canadiangardening.com)
- Canadian Florist Magazine
  [https://canadianfloristmag.com](https://canadianfloristmag.com)
- Flowers Canada Retail Newsletter
- Greenhouse Canada
  [http://www.greenhousecanada.com](http://www.greenhousecanada.com)

**Food and Beverages**
- Canadian Grocer
  [http://www.canadiangrocer.com](http://www.canadiangrocer.com)
- Canadian Seafood Buyer’s Guide
  [http://www.canadiangrocer.com](http://www.canadiangrocer.com)
- Food and Beverage Canada
  [http://www.foodandbeveragecanada.com](http://www.foodandbeveragecanada.com)
- Food in Canada
  [http://www.foodincanada.com](http://www.foodincanada.com)
- Grocery Business Canada
- Organic & Wellness News
Footwear
- Footwear Journal
- Retail Buyers Guide

Furniture
- Magazine Intérieurs
- FurnitureLink
  http://www.furniturerlink.ca
- Quality Canadian Furniture

Home Decor
- Canadian Living
  http://www.canadianliving.com

Jewelry and Fashion Accessories
- Luggage, Leathergoods and Accessories Magazine
  http://www.llanda.com
- Canadian Jewellers Magazine
  http://www.llanda.com
- Complex
  http://ca.complex.com

Natural Health Products
- Canadian Natural Health Retailers
  http://www.cnhr.ca
- Natural Health Products Canada
  http://www.contactcanada.com/guides/health/
- Wholife
  http://www.wholife.com
Annex 3—Canadian Business Associations

**Apparel and Textiles**
- Canadian Apparel Federation [http://www.apparel.ca](http://www.apparel.ca)
- Canadian Association of Wholesale Sales Representatives (Apparel Sales Agents) [http://caws.ca/about-caws/](http://caws.ca/about-caws/)

**Beverages**

**Alcoholic Beverages**
- Association of Canadian Distillers [http://www.acd.ca](http://www.acd.ca)
- Beer Canada [http://www.beercanada.com](http://www.beercanada.com)
- Canadian Association of Liquor Jurisdictions [http://www.calj.org](http://www.calj.org)
- Canadian Vintners Association [http://www.canadianvintners.com](http://www.canadianvintners.com)

**Beverages (Other)**
- Canadian Beverage Association [http://www.canadianbeverage.ca](http://www.canadianbeverage.ca)
- Canadian Bottled Water Association [http://www.cbwa.ca](http://www.cbwa.ca)
- Canadian Coffee Association [http://www.coffeeassoc.com](http://www.coffeeassoc.com)
- Tea Association of Canada [http://www.tea.ca](http://www.tea.ca)

**Building Materials**
- Canadian Homebuilders Association [http://www.chba.ca](http://www.chba.ca)
- Lumber and Building Materials Association of Ontario [http://www.lbmao.on.ca](http://www.lbmao.on.ca)
- North American Retail Hardware Association Canada [http://www.nrha.org](http://www.nrha.org)

**Carpets and Rugs**
- Canadian Carpet Institute [http://www.carpet-rug.org](http://www.carpet-rug.org)
- Canadian Home Furnishings Alliance [http://www.chfaweb.ca/i-about.html](http://www.chfaweb.ca/i-about.html)

**Cosmetics**
- Canadian Cosmetics, Toiletry, and Fragrance Association [http://www.cctfa.ca/site/cctfa/](http://www.cctfa.ca/site/cctfa/)
- Scented Products Education and Information Association of Canada [http://www.cctfa.ca/scented/](http://www.cctfa.ca/scented/)
- Society of Cosmetics Chemists (Ontario Chapter) [http://www.ontarioscc.org](http://www.ontarioscc.org)

**Floriculture and Horticulture**
- Canadian Nursery Landscape Association [http://www.canadanursery.com](http://www.canadanursery.com)
- United Flower Growers [http://www.ufgca.com](http://www.ufgca.com)

**Food**
- Canadian Federation of Independent Grocers [https://cfig.ca](https://cfig.ca)
- Canadian Produce Management Association [http://www.cpma.ca](http://www.cpma.ca)
- Canadian Snack Food Association [http://canadiansnack.com](http://canadiansnack.com)
- Canadian Spice Association [http://www.canadianspiceassociation.com](http://www.canadianspiceassociation.com)
Footwear
- Western Canadian Shoe Association http://wcsa.ca
- Shoe Manufacturers Association of Canada http://www.worldfootwear.com/organizations.asp?id=338
- Ontario Shoe Travellers’ Association http://www.ontarioshoetravellers.com

Furniture
- Quebec Furniture Manufacturers’ Association http://www.afmq.com/en
- Association of Registered Interior Designers http://www.arido.ca
- Interior Designers of Canada http://www.idcanada.org

Home Decor
- Canadian Crafts Federation http://canadiancraftsfederation.typepad.com/canadian-crafts-federatn/

Jewelry and Fashion Accessories
- Canadian Jewellers Association https://canadianjewellers.com
- Jewellers Vigilance http://www.jewellersvigilance.ca
- Luggage, Leathergoods, Handbags and Accessories Association of Canada http://www.lilha.ca/index.php

Natural Health Products
- Canadian Homeopathic Pharmaceutical Association http://www.chpa-aphc.ca/home.html
- Consumer Health Products Canada http://www.chpcanada.ca/en
- HealthCare Canada http://www.healthcarecan.ca

Organic Products
- Canadian Organic Growers http://www.coq.ca
- Organic Agriculture Centre of Canada http://www.dal.ca/faculty/agriculture/oacc/en-home.html

Pharmaceuticals
- Canadian Association for Pharmacy Distribution Management http://www.capdm.ca
- Canada’s Researched Based Pharmaceuticals Association http://innovativemedicines.ca

Other
- Organization for Women in International Trade (OWIT) http://www.owit-ottawa.ca
Annex 4—Canadian Market Information

FOUR SEASONS
Winter: December – March
Spring: April – June
Summer: July – August
Fall: September – November

Second largest land mass in the world
6 geographic regions divided into
10 provinces
3 territories

POPULATION

80% of Canadians live within 160 km of the U.S. border
62% of Canadians live in Ontario and Quebec
1 in 3 Canadians live in Toronto, Montreal or Vancouver

A Step-by-Step Guide for Indonesian SMEs to Export to Canada
• Exports and imports: Innovation, Science and Economic Development Canada, Trade Data Online, Canadian Trade Balances, 2010–2014
• GDP: Statistics Canada, CANSIM Table 380-0064, real gross domestic product expenditure-based, 2010–2014
• Labour and unemployment: Statistics Canada, CANSIM Table 282-0087, labour force characteristics, as of May 2015

• Inflation: Statistics Canada, CANSIM Table 326-0021, Consumer Price Index, 2010–2014
• Population: Statistics Canada, Canada’s population estimates, as of January 1, 2015
• For a full list of provincial and federal holidays, consult the Canada Revenue Agency web page on Public Holidays.
Canadian Economy
Gross Domestic Product
Over the past five years, Canada’s gross domestic product (GDP) has grown at an average rate of 2% per year, reaching $1.7 trillion in 2014.

Canadian GDP Growth
($CAD in billions)

<table>
<thead>
<tr>
<th>Province</th>
<th>GDP (2013)</th>
<th>Share of total GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>1,705,567</td>
<td>100%</td>
</tr>
<tr>
<td>Ontario</td>
<td>632,368</td>
<td>37%</td>
</tr>
<tr>
<td>Quebec</td>
<td>331,231</td>
<td>19%</td>
</tr>
<tr>
<td>Alberta</td>
<td>302,966</td>
<td>18%</td>
</tr>
<tr>
<td>British Columbia</td>
<td>215,218</td>
<td>13%</td>
</tr>
<tr>
<td>Saskatchewan</td>
<td>62,716</td>
<td>4%</td>
</tr>
<tr>
<td>Manitoba</td>
<td>56,486</td>
<td>3%</td>
</tr>
<tr>
<td>Nova Scotia</td>
<td>36,042</td>
<td>2%</td>
</tr>
<tr>
<td>Newfoundland and Labrador</td>
<td>29,588</td>
<td>2%</td>
</tr>
<tr>
<td>New Brunswick</td>
<td>28,272</td>
<td>2%</td>
</tr>
<tr>
<td>Prince Edward Island</td>
<td>5,006</td>
<td>0.3%</td>
</tr>
<tr>
<td>Northwest Territories</td>
<td>3,632</td>
<td>0.2%</td>
</tr>
<tr>
<td>Yukon</td>
<td>2,283</td>
<td>0.1%</td>
</tr>
<tr>
<td>Nunavut</td>
<td>2,030</td>
<td>0.1%</td>
</tr>
<tr>
<td>Outside Canada</td>
<td>685</td>
<td>0.04%</td>
</tr>
</tbody>
</table>

Source: Statistics Canada, CANSIM Table 380-0064, 2010–2014

Ontario and Quebec, home to the majority of Canada’s businesses and financial institutions, continue to lead the provinces in GDP. With the collapse of global oil prices, growth in Alberta’s largely resource-dependent economy has slowed considerably.

Economic Outlook
With a collapse in oil prices and a weakening dollar, Canada appeared to be entering a recession in mid-2015. However, the Organization for Economic Cooperation and Development (OECD) forecasts economic growth to recover in 2016 and reach 2.3% in 2017. The drag from falling energy investment should fade away by early 2016, while non-energy exports lead the subsequent pick-up, with business investment following.¹

Canada’s Consumer Price Index (CPI) measures inflation based on price changes for a range of consumer goods and services. In 2014, the CPI increased slightly to 2%, up from 0.9% in 2013. Canada has among the lowest inflation rates in the world; inflation has remained below 3% for over two decades.²

So far in 2015, the rate of inflation is modest for most items. One important exception is the price of food, which has risen by 3.8% in the past year. This change was driven primarily by higher prices for beef, fruits, vegetables, and baked goods.³

The Bank of Canada’s Inflation Calculator (www.bankofcanada.ca/rates/related/inflation-calculator/) can be used to compare prices for goods in Canada from year to year.

---

<table>
<thead>
<tr>
<th>Type of Store</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail trade (total)</td>
<td>4,389,580</td>
<td>4,567,300</td>
<td>4,681,127</td>
<td>4,829,988</td>
<td>5,050,008</td>
</tr>
<tr>
<td>Motor vehicle and parts dealers</td>
<td>95,540</td>
<td>100,088</td>
<td>105,149</td>
<td>111,752</td>
<td>119,730</td>
</tr>
<tr>
<td>Automobile dealers</td>
<td>82,156</td>
<td>86,096</td>
<td>91,034</td>
<td>96,803</td>
<td>104,440</td>
</tr>
<tr>
<td>New car dealers</td>
<td>76,425</td>
<td>80,211</td>
<td>85,089</td>
<td>90,515</td>
<td>97,937</td>
</tr>
<tr>
<td>Used car dealers</td>
<td>5,732</td>
<td>5,884</td>
<td>5,946</td>
<td>6,288</td>
<td>6,503</td>
</tr>
<tr>
<td>Other motor vehicle dealers</td>
<td>6,987</td>
<td>7,034</td>
<td>7,155</td>
<td>7,481</td>
<td>7,441</td>
</tr>
<tr>
<td>Automotive parts, accessories, and tire stores</td>
<td>6,396</td>
<td>6,959</td>
<td>6,960</td>
<td>7,468</td>
<td>7,849</td>
</tr>
<tr>
<td>Furniture and home furnishings stores</td>
<td>15,035</td>
<td>15,013</td>
<td>15,198</td>
<td>15,350</td>
<td>15,912</td>
</tr>
<tr>
<td>Furniture stores</td>
<td>9,685</td>
<td>9,465</td>
<td>9,527</td>
<td>9,699</td>
<td>10,062</td>
</tr>
<tr>
<td>Home furnishings stores</td>
<td>5,350</td>
<td>5,548</td>
<td>5,671</td>
<td>5,660</td>
<td>5,850</td>
</tr>
<tr>
<td>Electronics and appliance stores</td>
<td>15,362</td>
<td>15,858</td>
<td>15,119</td>
<td>14,656</td>
<td>14,849</td>
</tr>
<tr>
<td>Building material and garden equipment/supplies dealers</td>
<td>27,610</td>
<td>26,917</td>
<td>26,988</td>
<td>27,458</td>
<td>28,262</td>
</tr>
<tr>
<td>Food and beverage stores</td>
<td>104,238</td>
<td>104,907</td>
<td>106,660</td>
<td>107,721</td>
<td>110,827</td>
</tr>
<tr>
<td>Grocery stores</td>
<td>81,125</td>
<td>81,182</td>
<td>82,228</td>
<td>82,370</td>
<td>84,556</td>
</tr>
<tr>
<td>Supermarkets and other grocery stores</td>
<td>74,500</td>
<td>74,715</td>
<td>75,055</td>
<td>75,843</td>
<td>77,692</td>
</tr>
<tr>
<td>Convenience stores</td>
<td>6,626</td>
<td>6,466</td>
<td>6,572</td>
<td>6,527</td>
<td>6,864</td>
</tr>
<tr>
<td>Specialty food stores</td>
<td>4,858</td>
<td>5,025</td>
<td>5,259</td>
<td>5,726</td>
<td>5,955</td>
</tr>
<tr>
<td>Beer, wine, and liquor stores</td>
<td>18,255</td>
<td>18,700</td>
<td>19,174</td>
<td>19,625</td>
<td>20,317</td>
</tr>
<tr>
<td>Health and personal care stores</td>
<td>32,167</td>
<td>32,952</td>
<td>33,548</td>
<td>34,985</td>
<td>36,243</td>
</tr>
<tr>
<td>Gasoline stations</td>
<td>48,898</td>
<td>57,751</td>
<td>59,322</td>
<td>61,407</td>
<td>64,283</td>
</tr>
<tr>
<td>Clothing and clothing accessories stores</td>
<td>24,847</td>
<td>25,786</td>
<td>26,416</td>
<td>27,169</td>
<td>28,095</td>
</tr>
<tr>
<td>Clothing stores</td>
<td>19,323</td>
<td>19,952</td>
<td>20,456</td>
<td>21,284</td>
<td>22,063</td>
</tr>
<tr>
<td>Shoe stores</td>
<td>2,920</td>
<td>2,975</td>
<td>3,000</td>
<td>3,044</td>
<td>3,145</td>
</tr>
<tr>
<td>Jewelry, luggage, and leather goods stores</td>
<td>2,605</td>
<td>2,858</td>
<td>2,961</td>
<td>2,841</td>
<td>2,888</td>
</tr>
<tr>
<td>Sporting goods, hobby, book, and music stores</td>
<td>10,397</td>
<td>10,596</td>
<td>10,660</td>
<td>10,844</td>
<td>11,455</td>
</tr>
</tbody>
</table>
### Retail Sales by Type of Store

<table>
<thead>
<tr>
<th>Type of Store</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>General merchandise stores</td>
<td>53,926</td>
<td>55,997</td>
<td>58,002</td>
<td>60,048</td>
<td>63,744</td>
</tr>
<tr>
<td>Department stores</td>
<td>n/a</td>
<td>26,680</td>
<td>26,712</td>
<td>26,484</td>
<td>27,320</td>
</tr>
<tr>
<td>Other general merchandise stores</td>
<td>n/a</td>
<td>29,317</td>
<td>31,290</td>
<td>33,564</td>
<td>36,424</td>
</tr>
<tr>
<td>Miscellaneous store retailers</td>
<td>10,938</td>
<td>10,866</td>
<td>11,065</td>
<td>11,608</td>
<td>n/a</td>
</tr>
</tbody>
</table>

Source: Statistics Canada, CANSIM Table 080-0020, 2010–2014

### Canadian Consumers and Trends

#### Population

Canada’s population is about 35.5 million. Growing at an average of 1% each year, the population is expected to increase to 43.5 million by 2025—three million from new births and five million from immigration.\(^4\) If this trend continues, the population could reach 63.5 million by 2063.\(^5\)

Most of the population is heavily concentrated in urban areas close to the U.S. border, with the top consumer markets located in the provinces of Ontario, Quebec, and British Columbia. Alberta’s consumer market has also grown considerably in recent years.

#### Canadian Population by Province

<table>
<thead>
<tr>
<th>Province</th>
<th>Population (2014)</th>
<th>Share of total population</th>
<th>Land area (km(^2))</th>
<th>Population density (per km(^2))</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada (total)</td>
<td>35,540,419</td>
<td>100%</td>
<td>8,965,121</td>
<td>4.0</td>
</tr>
<tr>
<td>Ontario</td>
<td>13,678,740</td>
<td>38%</td>
<td>908,608</td>
<td>15.1</td>
</tr>
<tr>
<td>Quebec</td>
<td>8,214,672</td>
<td>23%</td>
<td>1,356,547</td>
<td>6.1</td>
</tr>
<tr>
<td>British Columbia</td>
<td>4,631,302</td>
<td>13%</td>
<td>922,509</td>
<td>5.0</td>
</tr>
<tr>
<td>Alberta</td>
<td>4,121,692</td>
<td>12%</td>
<td>640,082</td>
<td>6.4</td>
</tr>
<tr>
<td>Manitoba</td>
<td>1,282,043</td>
<td>4%</td>
<td>552,330</td>
<td>2.3</td>
</tr>
<tr>
<td>Saskatchewan</td>
<td>1,125,410</td>
<td>3%</td>
<td>588,239</td>
<td>1.9</td>
</tr>
<tr>
<td>Nova Scotia</td>
<td>942,668</td>
<td>3%</td>
<td>52,939</td>
<td>17.8</td>
</tr>
<tr>
<td>New Brunswick</td>
<td>753,914</td>
<td>2%</td>
<td>71,377</td>
<td>10.6</td>
</tr>
</tbody>
</table>

\(^4\) George Condon, “Yes, you should pay attention to ethnic grocers,” Canadian Grocer, (April 1, 2013).

\(^5\) Statistics Canada, Population projections: Canada, the provinces and territories, 2013 to 2063
## CANADIAN POPULATION BY PROVINCE

<table>
<thead>
<tr>
<th>Province</th>
<th>Population (2014)</th>
<th>Share of total population</th>
<th>Land area (km²)*</th>
<th>Population density (per km²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Newfoundland and Labrador</td>
<td>526,977</td>
<td>1%</td>
<td>370,511</td>
<td>1.4</td>
</tr>
<tr>
<td>Prince Edward Island</td>
<td>146,283</td>
<td>0.4%</td>
<td>5,686</td>
<td>25.7</td>
</tr>
<tr>
<td>Northwest Territories</td>
<td>43,623</td>
<td>0.1%</td>
<td>1,143,793</td>
<td>0.04</td>
</tr>
<tr>
<td>Yukon</td>
<td>36,510</td>
<td>0.1%</td>
<td>474,713</td>
<td>0.08</td>
</tr>
<tr>
<td>Nunavut</td>
<td>36,585</td>
<td>0.1%</td>
<td>1,877,788</td>
<td>0.02</td>
</tr>
</tbody>
</table>

Source: Statistics Canada. CANSIM Table 051-0001, Estimates of population by age and sex for Canada, 2014. *Excludes Aboriginal reserves or Aboriginal settlement areas.

## MAJOR CITIES IN CANADA INCLUDE:

<table>
<thead>
<tr>
<th>Province</th>
<th>Cities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alberta</td>
<td>• Calgary</td>
</tr>
<tr>
<td></td>
<td>• Edmonton</td>
</tr>
<tr>
<td></td>
<td>• Red Deer</td>
</tr>
<tr>
<td></td>
<td>• Lethbridge</td>
</tr>
<tr>
<td>British Columbia</td>
<td>• Vancouver</td>
</tr>
<tr>
<td></td>
<td>• Victoria</td>
</tr>
<tr>
<td></td>
<td>• Abbotsford-Mission</td>
</tr>
<tr>
<td></td>
<td>• Kelowna</td>
</tr>
<tr>
<td>Nova Scotia</td>
<td>• Halifax</td>
</tr>
<tr>
<td>Ontario</td>
<td>• Toronto</td>
</tr>
<tr>
<td></td>
<td>• Ottawa-Gatineau</td>
</tr>
<tr>
<td></td>
<td>• Kitchener-Cambridge-Waterloo</td>
</tr>
<tr>
<td></td>
<td>• Hamilton</td>
</tr>
<tr>
<td></td>
<td>• St. Catharines</td>
</tr>
<tr>
<td></td>
<td>• Oshawa</td>
</tr>
<tr>
<td></td>
<td>• Kingston</td>
</tr>
<tr>
<td></td>
<td>• London</td>
</tr>
<tr>
<td></td>
<td>• Windsor</td>
</tr>
<tr>
<td>Quebec</td>
<td>• Montreal</td>
</tr>
<tr>
<td></td>
<td>• Québec</td>
</tr>
<tr>
<td></td>
<td>• Trois-Rivières</td>
</tr>
<tr>
<td></td>
<td>• Sherbrooke</td>
</tr>
<tr>
<td></td>
<td>• Laval</td>
</tr>
<tr>
<td></td>
<td>• Saguenay</td>
</tr>
</tbody>
</table>

## CANADIAN POPULATION BY AGE GROUP (2014)

- **Seniors** (Born after 1950)
  - Age 65+
- **Baby Boomers** (Born 1946–1965)
  - Age 50–69
- **Millennials** (Born 1981–1997)
  - Age 18–34
- **Generation Z** (Born 1997–2015)
  - Age 0–18

Generation Z—Influencing Parents’ Spending

Born: 1997–2015 (age 0–18)
Looking for: Convenience, health, safety, trusted brands

Generation Z strongly affect their parents’ purchasing habits. Following wider consumer trends, Canadian parents increasingly prioritize healthy foods and are more likely to buy organic products. Top trends of 2015 include healthy, preservative-free lunches and convenient home-cooked meals. With the well-being of their family as their top priority, parents are more likely to buy trusted name brands that are proven to be safe for children. Because parents are extremely busy and don’t have a lot of time, they want convenient solutions that make life easier. A 2014 survey found that 70% of Canadian parents are looking for baby products that are easy to prepare or use, and 60% are looking for time-saving products. This market segment has traditionally targeted women because they were responsible for most day-to-day household purchases such as groceries and children’s clothing. In recent years, there is evidence that these responsibilities are being shared more evenly between men and women.

Millennials—Consumers of the Future

Looking for: Price, convenience, trends, eco-friendly, fair trade

Millenials, also called Generation Y, are the consumers of the future. By 2020, millennials are expected to overtake their parents (the Baby Boomers) as Canada’s largest consumer group. These young adults are now entering the early to mid-phases of their careers, buying their first homes, and starting families. Millennials are more open to adopting ethnic products that are new to Canada. Wanting to keep up with trends leads to more purchases of low- to mid-end food, fashion, and home décor products—in fact, 85% of millennials say they like to try new products regularly. They also favour convenience and low-price retailers: the one-stop shops where they can buy all of the items on their shopping list. Millennials primarily base their purchasing decisions on price, with half looking for the least expensive brand when they shop. As tech-savvy and informed consumers, millennials want to know about the products they buy and search out companies aligned with their own values (such as those that provide eco-friendly, responsibly sourced, and fair trade products).

Baby Boomers—Today’s Dominant Consumers

Born: 1946–1965 (age 50–69)
Looking for: Quality, niche/specialty, organics, natural ingredients

Baby Boomers are Canada’s dominant consumer group and will continue to be for the near future. Most Baby Boomers are still active in the workforce and are entering senior roles in their careers. Over half earn an annual income of more than $60,000, which allows them to favour mid- to high-end products that offer superior quality and workmanship. As they age, this group is focusing on having a healthier lifestyle, increasing the demand for healthy, organic products and natural ingredients. Typically well-educated, Baby Boomers value long-lasting quality and practical features over keeping up with trends and are willing to pay more for premium items. Baby Boomers are likely to shop at specialty stores, and many will visit multiple stores to get the best products, advice, and customer service.

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8 Newswire. Summary of BrandSpark’s annual Canadian shopper study, January 1, 2014.
9 Marion Chan, “Look who’s buying groceries now,” Canadian Grocer (July 8, 2015).
10 Birgit Blain, “Canadian food shopping trends,” Food in Canada (November 18, 2014).
12 Meagan Kashty, “Customization is key, say industry experts,” Canadian Grocer (September 29, 2014).
14 IBISWorld Canadian market reports.
Seniors—Significant Population Growth

Born: Before 1950 (age 65+)
Looking for: Health, comfort, safety, ease of use

Although seniors have a limited influence on the overall market, the population growth projected for this age group makes it important. By 2030, the youngest Baby Boomers will be 65, and approximately one quarter of (25%) Canadians will be seniors, up from 15% in 2013. Many manufacturers are already adapting their products to tap into this growing market, appealing to seniors looking for extra comfort, safety, and health benefits. This includes, for example, easy-to-open packages, labels with large print, and home décor adaptations that prevent slips and falls. Very concerned about their health and wellbeing, seniors look for foods fortified with vitamins essential for their age group. Many live alone or with a spouse, creating a demand for individual meal portions and food products that are both healthy and easy to prepare. Opportunities in apparel and furniture are limited, as many seniors keep or repair these items rather than buy new ones.

Increasingly Diverse Sources of Immigration

In recent years, Asia has become the most common continent of origin among Canada’s immigrant population. By 2031, it is estimated that more than half of all immigrants living in Canada will be Asian-born.

NEW IMMIGRANTS TO CANADA

by region in 2013

These changing patterns of immigration are confirmed by immigrant arrivals to Canada in 2013. Over half originated from Asia, followed by Africa (15%), Europe (10%), the Middle East (9%), and Latin America (6%).

About 2 in 3 immigrants settle in one of Canada’s three largest cities: Toronto, Montreal or Vancouver. However, in recent years, there has been a slight increase in immigrants settling in other cities in Alberta, Manitoba, and Saskatchewan.

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16 Statistics Canada, Population projections, 2013 to 2063
17 Statistic Canada, Immigration and Ethnocultural Diversity in Canada, 2015
18 Statistics Canada, Canadian Demographics at a Glance, Section 3: Composition of the population, 2014
19 George Condon, “Yes you should pay attention to ethnic grocers,” Canadian Grocer, (April 1, 2013)
20 Statistics Canada, Canadian Demographics at a Glance, Section 3: Composition of the population, 2014
21 Statistics Canada, Changes in the regional distribution of new immigrants to Canada, 2000–2010
Top Ethnic Markets in Canada

The following table gives a breakdown of the largest ethnic populations in Canada by source region and country.

<table>
<thead>
<tr>
<th>Region</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASIA (INCLUDING MIDDLE EAST)</strong></td>
<td>5,011,220</td>
</tr>
<tr>
<td>Latin America</td>
<td>544,380</td>
</tr>
<tr>
<td>Caribbean</td>
<td>627,590</td>
</tr>
<tr>
<td>Eastern Europe</td>
<td>3,142,775</td>
</tr>
<tr>
<td>Africa</td>
<td>766,735</td>
</tr>
<tr>
<td><strong>Total Asia</strong></td>
<td><strong>5,011,220</strong></td>
</tr>
<tr>
<td>East and Southeast Asia</td>
<td>2,650,000</td>
</tr>
<tr>
<td>Indonesia</td>
<td>18,125</td>
</tr>
</tbody>
</table>

Source: Statistics Canada, Ethnic origin population, National Household Survey, 2011

In 2011, there were over 5 million people living in Canada of Asian (including Middle East) heritage, and this number is growing every year. Of the 5 million, 2.65 million were from East and Southeast Asia and 18,125 specifically from Indonesia.

According to the 2011 survey, the highest percentage (27%) of people with Indonesian heritage live in the city of Toronto. Toronto is also the place where most people (37%) with Southeast Asian heritage live.

Source: Statistics Canada, Ethnic origin population, National Household Survey, 2011
Toronto
Population: 6 million
Province: Ontario

Toronto is the largest urban centre in Canada and the capital of the province of Ontario. It is also Canada’s centre of finance and business, with more than half of the country’s leading companies, banks, and financial institutions headquartered there. More importers and buying departments from major Canadian retailers are located here than anywhere else, making it a focal point for new suppliers to Canada. Toronto is renowned as one of the most multicultural cities in the world, with 1 in 2 inhabitants born outside of Canada.²²

Approximately 2 million people of Asian heritage live in Toronto, with nearly half of them from Southeast Asia. This makes Toronto the largest Asian community in Canada. Toronto is also home to Canada’s largest Indonesian community of nearly 5,000 people.

Vancouver
Population: 2.5 million
Province: British Columbia

A port city on the Pacific coast, Vancouver is the largest urban market in Western Canada. For decades, large numbers of Asian immigrants have settled in Vancouver, transforming this city’s ethnic and cultural mix. As the city’s population has increased, housing and commercial real estate prices have risen dramatically. The city was founded on the forestry and mining industries, but over the past decade, it has diversified its economy to include film and television production, banking, accounting, and technology. Vancouver has a significant number of importers and is the entry point for most Asian exports to Canada.

Montréal
Population: 4 million
Province: Quebec

Montréal is Canada’s second largest urban centre and one of the largest French-speaking cities in the world. While the province of Quebec is less prosperous than some other areas of Canada, Montréal is an affluent city with sophisticated consumers. Both French and English are widely spoken in Montréal. A significant number of major corporations are based here, especially in information and communications technology, transportation, electronic goods, fashion, engineering, aerospace, pharmaceuticals, and financial services. With its major port and significant number of importers, Montréal is the focal point for suppliers hoping to enter the Quebec market.

Multiculturalism Goes Mainstream

From sambal to coconut sugar, mainstream consumers are adopting many products once considered ethnic niche products into their everyday grocery and meal purchases. Despite increasing demand for global flavours, nearly half of non-minority Canadians say they cannot find enough ethnic foods and ingredients at their primary grocery store. Moreover, two-thirds say they would cook more multicultural cuisine if these items were more readily available.²³ To find the assortment of products they are looking for, 17% of Canadian households now shop at ethnic stores. These stores are experiencing one of the highest growth rates in retail sales, at 20% in 2014.²⁴ In response, conventional grocers such as Loblaws (the largest grocery food chain in Canada) and Walmart are integrating more ethnic products into their stores. Entire rows in supermarkets are now dedicated to ethnic products, usually grouped by origin or category, such as Halal, Kosher, Latin American, Asian, etc. Once

²² Diversity Facts, 2015, City of Toronto.
a product has established a brand name in ethnic stores, importers may be able to expand distribution to the mainstream retailers.

Untapped Potential of Ethnic Shoppers
As the number of immigrants to Canada continues to grow, so does the demand for familiar products from their countries of origin. Visible minorities represent half of all shoppers in Canada's urban centres, making them one of the largest and most influential consumer groups in the country. Canadian retailers are working to target their product offering at each store location to better serve the ethnic profile of local customers and are looking for suppliers of authentic ethnic products to meet these demands. Canada's cultural mix varies across the provinces, with French-speaking Quebec attracting more immigration from North and West Africa and Haiti, and the rest of Canada dominated by immigration from Asia.

Ontario attracts more immigrants than any other province. With large populations from all corners of the world, the province offers strong opportunities for introducing new ethnic products.

Halal Market
Canada has a Muslim population of more than 1 million people. This is expected to triple over the next 20 years, reaching 2.7 million (or 6.6% of the total population) by 2031. Evidence suggests that demand for halal products is not being met within Canada's current $1 billion market. A recent survey found that 70% of Canadians in halal households believe food manufacturers do not do enough to meet their dietary needs, and 61% do not find enough halal-certified products in major grocery chains. To meet demand, Canadian retailers are introducing new lines of halal-certified products.

Over half of Canada's Muslim population lives in Toronto, giving this city the highest concentration of Muslims in all of North America. Toronto hosts North America's largest halal food festival, attracting 27,000 visitors each year.

Indonesian exporters that are halal-certified will have a competitive edge. Below are the most common halal certifications used in Canada:

Halal Product Development Services
[www.halalproductservices.com]

Halal Monitoring Authority
[www.hmacanada.org]

ISNA Halal Certification Agency
[www.isnahalal.ca]

Organic Trends
Organic product demand is the fastest growing trend in ethical consumerism. Organic products are increasingly going mainstream in the Canadian market. More than half of Canadians believe that organic farming is good to maintain a healthy environment and consider organic foods a healthier, more nutritious choice.

Food: The value of the Canadian organic food market has tripled since 2006, far outpacing the growth rate of other agri-food sectors. A diverse consumer base is driving the sector, with 58% of all Canadians buying organic products every week. Industry experts predict that sales of organic foods will eventually overtake conventional produce to become the new norm in Canada. Indonesian exporters will find that success in this market will be linked

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27 Chris Powell, “Halal consumers feel underserved by food manufacturers and retailers,” Canadian Grocer (February 24, 2015).
in large part to the quality and uniqueness of their product, as well as how that product addresses consumers’ needs for convenience and nutrition.

There are currently seven national organic farming certification bodies accredited by the OKPO (Competent Authority of Organic Agriculture), and a further seven international certification bodies operating in Indonesia. The Ministry of Agriculture has also developed IndoGAP (Indonesian Good Agricultural Practices) standards for certification.

Apparel: With sales of organic clothing growing at an average rate of more than 15% since 2003, the market has responded by adding organic choices to all categories of clothing, from basic T-shirts to fashionable club jackets. The perception of organic as expensive is slowly changing with the addition of brands at every price point.\(^{30}\)

Other Consumer Trends

Private label trends

Private labels—when a foreign supplier manufactures a product specifically for a retailer in Canada under the name/brand of that retailer—account for 18% of Canadian sales of consumer packaged goods.\(^{31}\) A recent survey found that 73% of Canadian consumers believe private labels are a good alternative to brand names; 66% believe they offer good value; and 61% believe they are as good as national brands in terms of quality.\(^{32}\) Part of the popularity of private brands is being driven by millennials (ages 18 to 34), who are less loyal to name brands and more willing to try new products. Top selling private label products tend to be commodity-driven and high-purchase, including food (especially sauces and condiments, meat, and bread), apparel, and paper products. Suppliers interested in pursuing private label contracts must be prepared to meet strict retailer requirements. For apparel suppliers, criteria can include colour, fabric, styling, sizing, quantity, labelling, and pricing.

Canadian consumer “e-trends”: e-commerce and m-commerce

Online: Online shopping in Canada represented 1.9% of total retail sales in 2014.\(^{33}\) Canada’s online sales still lag behind other countries like the United States (5.0% of total retail sales). However, Canadians are the highest Internet users of any G20 nation, which suggests there is opportunity for online sales’ growth. A recent survey found that 82% of Canadian Internet users have made purchases online in the past year and 68% of these purchases were made from retailers outside of Canada.\(^{34}\) Nonetheless, Canadian–based retailers sold more than $136 billion in goods and services over the Internet in 2013, and many are boosting sales with free online delivery above a certain price point.\(^{35}\) Within the grocery sector, click-and-collect models are also poised for growth, with Loblaw’s, Walmart and Overwaitea now offering this program in select Canadian cities.

Mobile devices: Canadians are increasingly using their mobile devices to make purchases and to compare prices and products on-the-go while they shop in

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\(^{30}\) TFO Market Information Paper “Apparel and Textiles 2013”.  
\(^{31}\) Carman Allison, “Picking up private label”, Canadian Grocer (March 24, 2015).  
\(^{32}\) Nielsen, Global Private Label Report, November 2014.  
\(^{33}\) Food in Canada. Canadian Food Shopping Trends by Birgit Blain, November 18, 2014.  
\(^{35}\) Statistics Canada. Digital technology and Internet use, 2013.
stores. According to the Centre for Retail Research, mobile devices could account for as much as 16% of online sales in Canada by 2015. Leveraging online and mobile sales will become increasingly important as Canada’s tech-savvy millennials begin to overtake populations of seniors and baby boomers. A 2015 survey found that 20% of Canadians aged 18–34 have made a purchase from a mobile device.

Consumer Trends and Considerations in Select Industries
TFO Canada’s web site (www.tfocanada.ca) contains market information papers for dozens of sectors in Canada. These papers have information on Canadian consumer trends, competition, distribution channels, and other key information that is useful to develop an Export Strategy.

Apparel
‘Fast-Fashion’ and ‘Disposable’ Clothing: Value and discount clothing collections, particularly those that do not need to be tried on, are increasingly popular with cash-conscious consumers. While this trend is most popular amongst Canadian women consumers, it is becoming increasingly popular among male consumers as well.

Retail Styling: In general, Canadian consumers demand quality fabrication, construction, and fit similar to high-end retail brands. Many brands have introduced wrinkle-free woven shirts, and many options are available now with multiple convenience qualities such as stain resistance or stain release, adjustable collars, no-curl collars, fade resistance and non-pilling properties.

Team or Athletic Wear: The evolution of performance fabrics such as those offering antimicrobial and anti-odour treatments, temperature regulation, UV protection, and moisture management is a great opportunity for Indonesian exporters who can supply these demands.

Organic Cotton and Recycled Fabrics: While organic cotton continues to be popular in Canada, focus is also shifting to recycled fabrics. These include post-consumer recycled soda bottles to pre-consumer recycled fabrics.

Footwear
Shift to Value: Suppliers are finding innovative ways to make “value” about more than just sale prices.

The Canadian footwear and apparel markets are highly dependent on the season. Canada has four seasons with extreme temperature differences.

Winter: cold and snowy
Summer: hot and humid
Spring and Fall: cool and rainy

This climatic diversity encourages shoe and clothing purchasing—for example, warm and waterproof boots and jackets are a necessity in winter.

Demographics: Many of Canada’s ‘ageing baby boomers’ demand comfortable, stylish shoes and are willing to pay more for quality shoes. Younger Canadians, on the other hand, are willing to sacrifice comfort for style, and are more inclined to buy lower priced shoes. However, in the athletic shoe market, the more expensive the product, the more desirable it is for teenagers, who by and large view these as ‘trendy’ items.

Wooden Furniture
Climate: To accommodate the severe weather conditions in Canada, there must be sufficient tolerance in fitting of doors and drawers to allow for a certain amount of shrinking and swelling during the changing seasons. Also, the finish on the wood must stand up to temperatures of +40°C to -40°C.

Materials: Increasingly, Canadian manufacturers are using novel materials to distinguish their products. These include exotic woods such as teak, rosewood, mahogany, meranti, ramin, and palmwood; materials such as seagrass, woven banana rush and abaca; and fabrics from around the
world, including washable microfibre faux suede, ethnic linens, silks, beaded cottons, and jute.

Eco-Furniture: Environmentally friendly furniture, or eco-furniture, is a growth area in both the residential and office furniture markets. Popular ‘green’ furniture includes sustainably harvested wood, reclaimed or recycled materials, and low-toxicity materials, such as powder coatings that reduce solvent emissions.

Ethical Consumers and Trends
Ethical consumers are a generic term for people who buy products that are made with minimal harm to the environment (including animals) and/or to peoples’ (including women and children) economic and social well-being. In Canada, companies, governments, and consumers are increasingly interested in buying ethically made products and services. Environmental protection, human rights, gender equality, worker rights, and fair wages—these are all things that can significantly influence Canadian buyers.

Recent studies point to a mainstream shift toward eco-friendly purchasing, with 86% of Canadians reporting they buy green products and 43% willing to pay more for products that are responsibly and ethically produced. A large group of Canadian consumers (33%) will look for third-party certification, while 24% conduct their own research to verify environmental claims. Within the food market, more than half of Canadian consumers buy organic products every week, and 46% say that sustainably sourced ingredients and socio-economic concerns are important factors in their purchasing decisions.

Success story: This Indonesian producer of Lampung black pepper understood that if they wanted to be successful exporters to Canada, their business needed to be environmentally and ethically responsible.

“Our facility is designed to be energy efficient. We have natural light and natural ventilation so it will decrease the energy use. We are a fair trade company, we pay our farmers fair prices and we provide social insurance for everybody in our supply chain, 70% of our staff are women, and we have a number of certifications including fair trade.”

This company’s commitment to ethical business practice and high product quality helped them to attract several reputable Canadian partners. They are proof that even small businesses can be socially and environmentally responsible.

It is not enough to just have a good product anymore; Indonesian companies looking to export to Canada should take these environmental and social issues very seriously and do a thorough review of their own business practice to make sure they can meet this ethical and environmental expectation.

The UN Global Compact (www.unglobalcompact.org/) is an international initiative to encourage companies to operate in an environmentally and socially responsible manner. It is based on 10 principles related to Human Rights, Labour, Environment, and Anti-Corruption. It is recommended that Indonesian exporters become familiar with these to better understand Canadian buyer expectations.

Taking Advantage of Supplier Diversity
Supplier Diversity Programs (SDP) aim at increasing opportunities for women-owned and minority-owned businesses in the provision of products and services to the global supply chain. Supplier diversity is a procurement practice common in the U.S. that is now on the rise in Canada. BMO, Telus, TD.

and RBC are examples of prominent businesses that subscribe to SDP. It is worth noting that $73 million in contracts were awarded to 226 global companies as part of the large scale procurement required of the Toronto Pan Am Games in 2015.42

A female-owned business is defined as43
• 51% owned by a woman or women
• Day-to-day and long-term control of the business is in the hands of women
• Contribution of capital or expertise by women
• It is operated independently—not a pass-through company

Indonesian businesses are eligible to become certified and to gain access to global procurement. Female-owned and operated businesses may become certified by registering with WeConnect Indonesia and undergoing a Business Readiness and Certification Assessment. This includes a one-on-one evaluation and review of whether the company meets the universal standards for certification as a women’s business enterprise. With the Seal of Certification obtained, the company has access to capacity building support, the women’s online community of corporate members, invitations to forums, tips on accessing procurement processes, and training workshops. For further information, see: http://www.weconnectindonesia.org/en/indonesia

Environmental Expectations
Small and medium sized enterprises (SMEs) exporting from Indonesia to Canada need to be aware of environmental aspects of Canadian market trends.

Some key expectations from the Canadian market include:
• Transparent information on where the products come from and how they are made.
• Responsible use and protection of resources, such as conservation of water and energy.
• Reducing environmental impacts, such as greenhouse gas emissions and other pollutants across the entire business cycle, from sourcing raw materials, all the way to how products are made and managed at the end-of-life (3 R principles: reduce, recycle, reuse).
• Making and delivering products and services in ways that create more value and less environmental impact.

Regional profile: The province of British Columbia has a strong reputation for environmental awareness, with 71% of consumers saying that the environmental performance of retailers is a key factor in how they decide where to buy.

SMEs can expect many business customers to conduct comprehensive analyses of the overall environmental performance of their products and supply chains.

So what can Indonesian companies do to make sure they meet the environmental expectations of the Canadian market?

One effective way for an Indonesian company to demonstrate and communicate its environmental performance is by developing an Environmental Management System (EMS).

How can an Indonesian firm implement EMS?
Register on the TFO Canada web site (www.tfocanada.ca) as a Foreign Supplier and download the full guide to learn how SME exporters can successfully implement EMS and demonstrate environmental performance to Canadian buyers. ISO 14005 (www.iso.org) also provides guidance for SMEs to design and implement EMS.

An Environmental Management System (EMS) is a systematic approach for a company to improve its environmental performance. Companies use an EMS to set and meet environmental goals (such as reducing waste and emissions), to ensure compliance with applicable environmental regulations, and to drive continuous improvement in environmental performance. The most widely recognized EMS model is the International Organization for Standards (ISO) 14001.44

42 www.supplierdiversitycanada.ca.
43 www.WeConnectInternational.org.
Standardization (ISO) 14001, which is applicable to organizations of all types and sizes. However, adopting ISO 14001 can be a daunting task for SMEs with limited resources. The ISO 14005, therefore, provides SMEs a phased approach to building EMS.

When a company makes products using less resources, less energy, and by creating less pollution, it will typically reduce its cost of production. It may also enhance its relationship with communities, regulators, and employees.

Improvement in the management of environmental performance can lead to a number of business benefits. Some of these benefits are very tangible (e.g., reduced costs from conservation of energy), while others are more intangible (e.g., enhanced reputation with customers due to having good environmental stewards).

Below are a few examples of what a company can do to become more environmentally responsible.

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>DETAIL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Green certification</td>
<td>An eco-label logo can be used to proclaim that a product or service is produced in an environmentally-friendly manner. Eco-labeling can be obtained from an independent, third party certification body. There are hundreds of eco-labels available in different countries for various consumer products. Canadian consumers are often willing to pay more for a product that is certified “green.” Products with green certification (eco-label) also have a greater chance of finding markets in Canada with large retailers. On the other hand, it can be technically complex and expensive to get certified.</td>
</tr>
<tr>
<td>Organic certification</td>
<td>Organic products mean goods that are produced without using synthetic fertilizers, pesticides, hormones, genetically modified organisms, or other substances which could potentially harm human health and ecosystems. Unlike other green certifications which are voluntary, organic certification in Canada is highly regulated. Products that are marked “certified organic” must comply with strict and legally binding standards.</td>
</tr>
<tr>
<td>Improve packaging</td>
<td>Using environmentally friendly packaging materials, such as biodegradable, recyclable, or reusable materials (e.g., cloth bags for shoes).</td>
</tr>
<tr>
<td>Reduce your company’s energy and water inputs</td>
<td>Becoming a more efficient company, e.g., by reducing the use of resources such as water and energy, is good for the environment and could significantly reduce overall production costs.</td>
</tr>
<tr>
<td>Purchase cleaner fuels for production</td>
<td>Using cleaner fuels for production can reduce greenhouse gas and other emissions, thus improving air quality.</td>
</tr>
<tr>
<td>Source materials and inputs locally</td>
<td>Brands are increasingly demanding environmentally sound practices at every stage in the value chain. These brands often look for companies that source their materials locally, so that there is less pollution created from transportation.</td>
</tr>
<tr>
<td>Use sustainable materials for manufacturing</td>
<td>For example, a clothing manufacturer could avoid using fibres from endangered species or old growth forests. Instead, it could use sustainable alternatives such as fabrics made from recycled materials and agricultural residues, such as straw. A furniture manufacturer could avoid using wood from endangered tree species or from unsustainably managed forests.</td>
</tr>
<tr>
<td>Ensure responsibility across supply chain</td>
<td>Partner with local suppliers who share your commitment to environmental responsibility.</td>
</tr>
</tbody>
</table>
Organic Trends
Organic product demand is the fastest growing trend in ethical consumerism. Organic products are increasingly going mainstream in the Canadian market. More than half of Canadians believe that organic farming is important to maintain a healthy environment and consider organic foods a healthier, more nutritious choice.

Food: The value of the Canadian organic food market has tripled since 2006, far outpacing the growth rate of other agri-food sectors. A diverse consumer base is driving the sector, with 58% of all Canadians buying organic products every week. Industry experts predict that sales of organic foods will eventually overtake conventional produce to become the norm in Canada. Exporters will find that success in this market will be linked in large part to the quality and uniqueness of their product, as well as how that product addresses the consumer’s needs for convenience and nutrition.

Apparel: With sales of organic clothing growing at an average rate of more than 15% since 2003, the market has responded by adding organic choices to all categories of clothing, from basic t-shirts to fashionable club jackets. The perception of organic as expensive is slowly changing with the addition of brands at every price point.

Social Responsibility and Gender Equality Expectations
Protecting the rights of individuals at work and in business is based in international law. Regarding women at work, the Convention on the Elimination of Discrimination Against Women confirms the rights of women to work, own property, and run businesses in full equality and free from discrimination.

Human rights also have traction in the marketplace. To gain access to Canadian and other international markets, Indonesian exporters must be ready to meet the social responsibility expectations of Western buyers who are increasingly asking questions about the conditions under which the product was produced—with particular concern for human rights, cultural preservation, gender equality, and fair wages. Consumers want to see compliance with international, national and local laws, and rules and regulations. This includes worker health and safety, wages and benefits, overtime, worker rights, non-discrimination at work, absence of child and forced labour, and transparent and fair complaint processes. In addition to labour standards that apply to both men and women, the International Labour Organization (ILO) has two key conventions pertaining to gender equality for 1) workers with family responsibilities, and for 2) maternity protection.

Western buyers are taking a close look at the value chain for a product or service, and rights violations at any stage may affect their decision to buy from a particular company. It is incumbent upon the exporting firm to account for not only their own practice, but also for the practice of their suppliers. The firm may develop and implement a Code of Conduct for itself and suppliers, and consider subscribing to principles promoted by the UN Global Compact, the Base Code of the Ethical Trading Initiative, or ISO 26000 voluntary guidance standard.

Gender equality is a consideration in most voluntary standards. Some standards are industry-specific, such as the ASC Shrimp Standard; some are generic, such as ISO 26000 (the operation contributes to the health and welfare of society); and others focus on organics—like USDA. What is common to the vast majority of these standards are metrics relating to the concern for women, work, and the community. In the case of standards that involve third-party certification, firms can objectively demonstrate that gender equality and social responsibility are conditions of production.

Indonesian companies can benefit in a number of ways by operating in a socially responsible manner. Benefits can include:
- Increased sales in Canada by become a supplier of choice

45 TFO Market Information Paper “Apparel and Textiles 2013.”
- Improved relationships with customers, communities, and regulators
- Attracting the best employees
- Reduced risk to workers
- Increased employee morale, motivation, and productivity
- Reduced costs of staff turnover
- Increased customer loyalty

The following is a list of factors to which an Indonesian company can refer to see whether it is operating in a legal and socially responsible manner.

### DOES YOUR COMPANY COMPLY WITH ILO STANDARDS AND NATIONAL LAW?

- **Employment is freely chosen and the rights of freedom of association and collective bargaining are protected**
  - GOI Ratification of ILO C. 29, 87, 98, and 105
  - GOI *Trade Union Act* 21/2000
  - GOI *Manpower Act* 13/2003

- **Decent working conditions are provided, including the right to a safe and healthy environment. Working hours are not excessive, wage policy is fair, and social security is met. There is no inhumane treatment**
  - GOI *Manpower Act* 13/2003
  - GOI *Labour Security Act* No. 3/1992
  - GOI *National Social Security Act* No. 40/2004
  - GOI Various Regulations

- **There is no discrimination in employment, hiring, remuneration, promotion, or termination based on religion, age, gender, origin, disability, and marital status, etc.**
  - Constitution of Indonesia
  - GOI Ratification of ILO C. 100 and 111
  - GOI *Manpower Act* 13/2003
  - *Indonesia Human Rights Act* No. 39/1999
  - GOI *Disabled Persons Act* No. 4/1997

- **Special conditions are extended to women at work—relating to night work, pregnancy, maternity leave, nutrition breaks, transportation, and breastfeeding. Women are not terminated for reasons of pregnancy or marriage**
  - GOI *Manpower Act* No. 13/2003

- **Recognizing the importance of children in family production, there is protection for child workers. No children aged 13–15 are hired unless for light work, with parental permission, and with no interference with schooling. Special conditions are extended to youth workers (15–17). No children are engaged in hazardous work**
  - GOI *Manpower Act* 13/2003
  - GOI Ratification of ILO C. 82 and 138

- **There are mechanisms to address sexual harassment and other workplace grievances**
  - GOI mandates that firms with 10 employees have internal regulations that include provisions on sexual harassment and internal complaint procedures
**Does Your Company Subscribe to Voluntary Measures?**

- Promote gender equality through the business and supply chain, considering fair treatment and non-discrimination; access to leadership and training; reduction of gender wage gap; and promotion of well-being of family
  - Develop a Gender Equality Policy, set goals and report on performance
  - Apply principles from:
    - ILO C. 103, 183, 156 on Work and Family (not ratified by GOI)
    - ILO C. 89, 177, 175, and 189 on Night Work, Home Work, Part Time Work and Domestic Work (not ratified by GOI)
    - UN Women’s Empowerment Principles
  - Extend labour protection to home-based workers (who are usually women)
    - Develop guidelines for home-based work (see APINDO)
  - Promote equality through community initiatives and advocacy
    - Develop a community outreach or social program
  - Demonstrate ethical business practices. Provide clarity to employees about acceptable behaviors, particularly relating to gender equality
    - Develop a Code of Conduct based on your firm’s values, and extend this to your suppliers. Report publicly
  - Apply voluntary standards
    - Consider: Fair Trade and ISO 26000
    - See ITC Standards Map

**Voluntary Certifications**

In addition to complying with Canadian laws and regulations, which is mandatory, exporters may wish to pursue additional third-party certifications. These voluntary certifications highlight the product’s specific characteristics and unique value, whether they are related to the product’s safety, environmental performance, social responsibilities, or a combination thereof. They also can increase confidence in the quality of your product; 33% of Canadians check for third-party certification when evaluating environmentally and socially-responsible products.

There are numerous voluntary certifications available for consumer products. Below are examples of voluntary certifications commonly used in Canada:

**Multi-sector**

- **Rainforest Alliance**
  - [www.rainforest-alliance.org](http://www.rainforest-alliance.org)
  - Bananas, cocoa, coffee, ferns and cut flowers, palm oil, tea, forestry, tourism

- **Canadian EcoLogo Program**
  - [www.ic.gc.ca/eic/site/oca-bc.nsf/eng/ca02742.html](http://www.ic.gc.ca/eic/site/oca-bc.nsf/eng/ca02742.html)
  - Environmental sustainability

- **ISO**
  - [www.iso.org](http://www.iso.org)
  - International Organisation for Standardization

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Food and Beverages

**www.globalgap.org**  
Covers food safety and traceability

**www.haccpalliance.org**  
Food safety systems and hazard preventions

**Marine Stewardship Council**  
[www.msc.org](http://www.msc.org)  
Sustainable fish and seafood products

**Canadian Organic Logo**  
Products with 95% or more organic content

Floriculture, Horticulture and Forestry

**www.florverde.org** (Colombia)  
[www.florverde.org](http://www.florverde.org)

**www.veriflora.com** (Ecuador)  
[www.veriflora.com](http://www.veriflora.com)

Fair trade

Fair Trade is one of the most widely known voluntary certification systems for products made in developing countries. Fair Trade is a trading partnership between producers and consumers based on dialogue, transparency, and respect. It contributes to sustainable development by offering better trading conditions and securing rights for producers and workers, particularly in the South. Consumers are actively engaged in supporting producers and advocating for changes in rules and practice of conventional international trade.49 Improving the position of women is a critical element. Fair Trade promotes underrepresented groups in leadership and skill development. Women receive equal pay to men for equivalent work and fully participate in decisions concerning the use of benefits accruing from production.

Fair Trade Canada reports that every year, a growing number of Fair Trade certified products are available in Canadian stores and restaurants. In Canada, they are sold mostly in supermarkets (60% of sales), coffee shops (30%), and health food stores (28%). In May 2013, Toronto was officially designated the largest Fair Trade City in North America, with 273 retail outlets and 155 cafés carrying two or more distinct Fair Trade certified products. When examining demand compared to existing outlets, fast food restaurants and discount stores offer the greatest potential for growth.

To become Fair Trade Certified and be allowed to display the Fair Trade mark, Canadian importers and

distributors must meet stringent international criteria set out by Fair Trade International (FLO) and be certified by an accredited, independent certification organization.

Standards to be met for certification include fair price and premiums; fair and safe labour; environmental standards related to the product and its manufacture; and credit and contracts. Fairtrade Canada offers links to the standards required for 13 product groups through their web site: www.fairtrade.ca/en-ca/buying-fairtrade

ISO 26000

ISO 26000 is the international standard for social responsibility. It contributes to global sustainable development by encouraging businesses and other organizations to practice social responsibility to improve their impacts on workers, their natural environments, and their communities. As a voluntary guidance standard, it does not contain the requirement of certification. The key principles of ISO 26000 are accountability, transparency, ethical behaviour, respect for stakeholder interests, respect for rule of law, respect for international norms, and respect for human rights.

For guidance on applying the standard, please see the Handbook for Implementers, Global Guidance Standard for Social Responsibility for Small and Medium Size Businesses (May 2011).50

The Canadian Trade System

Trade between Canadian Provinces

In Canada, there remain significant trade barriers between provinces. These can limit the movement of people, goods, and services from one province to another. Minor differences in regulations, standards, and licensing programs are all examples of some of the trade barriers between provinces. Canada is working to reduce these inter-provincial barriers through the Agreement on Internal Trade (AIT) (www.ait-aci.ca/index_en.htm).

International Trade

Canada has Free Trade Agreements (FTA) with 15 countries and is in discussion with over 30 additional countries. Exporters from countries that have an FTA with Canada can benefit from reduced or eliminated tariffs and other non-tariff barriers to trade, such as quotas or technical barriers. www.international.gc.ca/trade-agreements-accords-commerciaux/agr-acc/fta-ale.aspx?lang=eng

Trade Relations with Indonesia

Canada and Indonesia maintain strong and friendly bilateral relations. Canada is represented in Indonesia by the Embassy of Canada in Jakarta, which also provides trade commissioner services. Indonesia is represented in Canada by an Embassy in Ottawa, as well as consulates in Toronto and Vancouver. Both the Ottawa and Vancouver offices provide trade promotion services.

Products made in Indonesia receive Most Favoured Nation (MFN) status.

Canada and Indonesia are partners in a number of multilateral organizations, such as Asia-Pacific Economic Cooperation (APEC), the G20, the World Trade Organization (WTO), World Customs Organization, and Codex Alimentarius. This attests to a shared commitment to the Asia-Pacific region and multilateral cooperation.

Canadian Import Market

Size of the Market

CANADIAN IMPORTS ON THE RISE

($CAD billions, excludes minerals)

2010 2011 2012 2013 2014

$324 $347 $365 $380 $411

Excludes minerals (HS codes 26–27 and 71–80)
Source: Innovation, Science and Economic Development Canada, Trade Data Online, 2014

$512 billion
Total Canadian imports, including minerals

$411 billion
Imports excluding minerals
• 11th largest import market in the world
• 5% average annual growth
• Imports represent 31% of GDP

85% of imports
go to Ontario, Quebec and B.C.
A large portion of these imports are then distributed
to other provinces

CANADIAN IMPORTS BY PROVINCE
Value in millions of $CAD
Excludes minerals (HS codes 26–27 and 71–80)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>411,288</td>
<td>100%</td>
<td>5%</td>
</tr>
<tr>
<td>Ontario</td>
<td>258,355</td>
<td>63%</td>
<td>5%</td>
</tr>
<tr>
<td>Quebec</td>
<td>54,673</td>
<td>13%</td>
<td>4%</td>
</tr>
<tr>
<td>British Columbia</td>
<td>36,522</td>
<td>9%</td>
<td>4%</td>
</tr>
<tr>
<td>Alberta</td>
<td>22,123</td>
<td>5%</td>
<td>8%</td>
</tr>
<tr>
<td>Manitoba</td>
<td>12,223</td>
<td>3%</td>
<td>12%</td>
</tr>
<tr>
<td>New Brunswick</td>
<td>9,450</td>
<td>2%</td>
<td>4%</td>
</tr>
<tr>
<td>Saskatchewan</td>
<td>9,183</td>
<td>2%</td>
<td>7%</td>
</tr>
<tr>
<td>Nova Scotia</td>
<td>5,867</td>
<td>1%</td>
<td>-1%</td>
</tr>
<tr>
<td>Newfoundland and Labrador</td>
<td>2,652</td>
<td>1%</td>
<td>5%</td>
</tr>
<tr>
<td>Nunavut</td>
<td>93</td>
<td>0.02%</td>
<td>27%</td>
</tr>
<tr>
<td>Yukon Territory</td>
<td>69</td>
<td>0.02%</td>
<td>-6%</td>
</tr>
<tr>
<td>Prince Edward Island</td>
<td>77</td>
<td>0.02%</td>
<td>13%</td>
</tr>
</tbody>
</table>

*Growth rate is the compound annual growth rate (CAGR) over five years (2010–14).

Imports by Region and Country
The United States remains Canada’s largest trading partner, accounting for more than half of all imports in 2014.

Europe continues to be a major exporter to Canada but has been surpassed by Asia, especially China.
Imports from Latin America are also strong, led by Mexico, a signatory to the North American Free Trade Agreement (NAFTA).

Canadian imports from Southeast Asia have been increasing in total amount and in percentage of total imports worldwide. In 2005, Canadian imports from Southeast Asia represented 2.5% of all Canadian imports. This figure increased slightly in 2014 to 3%.

While most ASEAN countries have maintained a similar percentage of Canadian imports from ASEAN over the past 10 years, 3 countries have seen a major change.

Malaysia’s overall percentage of Canadian imports from ASEAN decreased significantly from 32% in 2005 down to 20% in 2014.

Cambodia’s overall percentage of Canadian imports from ASEAN increased from 2% in 2005 to 7% in 2014, and Vietnam’s percentage increased from 7% to 22% over the same time period.

---

51 Regional breakdown based on countries with imports valued over $500,000. Excludes $3.2 billion in re-imports to Canada.
**CANADIAN IMPORTS BY ASEAN COUNTRY**
Value in millions of SCAD
Excludes minerals (HS codes 26–27 and 71–80)

<table>
<thead>
<tr>
<th>Country</th>
<th>2005</th>
<th>% of Canadian imports from ASEAN countries</th>
<th>2014</th>
<th>% of Canadian imports from ASEAN countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indonesia</td>
<td>910.412</td>
<td>12%</td>
<td>1,391.442</td>
<td>11%</td>
</tr>
<tr>
<td>Philippines</td>
<td>896.063</td>
<td>11%</td>
<td>1,181.794</td>
<td>10%</td>
</tr>
<tr>
<td>Singapore</td>
<td>965.772</td>
<td>12%</td>
<td>1,135.161</td>
<td>9%</td>
</tr>
<tr>
<td>Cambodia</td>
<td>131.437</td>
<td>2%</td>
<td>826.983</td>
<td>7%</td>
</tr>
<tr>
<td>Other</td>
<td>21.406</td>
<td>&lt;1%</td>
<td>37.303</td>
<td>&lt;1%</td>
</tr>
<tr>
<td>Total for ASEAN</td>
<td>7,831.624</td>
<td>100%</td>
<td>12,165.891</td>
<td>100%</td>
</tr>
</tbody>
</table>


**Indonesian Exports to Canada**
Indonesian exports to Canada have been growing steadily, at a compound annual growth rate (CAGR) of approx. 5% over the last 5 years, which is the same as the overall rate of growth of Canadian imports.

Canada is not among Indonesia’s top 20 export destinations. Exports to Canada account for less than 0.75% of Indonesia’s exports. Indonesia’s primary exports to Canada are in 3 product areas: rubber articles, electronic machinery, woven clothing, and articles of apparel.

**CANADIAN IMPORTS BY COUNTRY**
Value in millions of SCAD
Excludes minerals (HS codes 26–27 and 71–80)

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indonesia</td>
<td>910</td>
<td>1,115</td>
<td>1,356</td>
<td>1,242</td>
<td>1,281</td>
<td>1,391</td>
<td>5%</td>
</tr>
<tr>
<td>Total All Countries</td>
<td>304,333</td>
<td>324,002</td>
<td>346,689</td>
<td>364,679</td>
<td>380,022</td>
<td>411,376</td>
<td>5%</td>
</tr>
</tbody>
</table>


**Demand for Indonesian Products in Canada**
Many opportunities exist for Indonesian companies looking to export to Canada. The following table provides a breakdown of the top sources of Canadian imports by region and country for select products:
### CANADIAN IMPORTS BY TOP SOURCES

#### Coffee, not roasted, not decaffeinated

<table>
<thead>
<tr>
<th>HS 090111</th>
<th>Imports 2014</th>
<th>% of total</th>
<th>Growth rate</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL</td>
<td>713,805,000</td>
<td>100</td>
<td>6%</td>
<td></td>
</tr>
<tr>
<td>Colombia</td>
<td>211,281,000</td>
<td>30%</td>
<td>5%</td>
<td>1</td>
</tr>
<tr>
<td>Brazil</td>
<td>97,485,000</td>
<td>22%</td>
<td>10%</td>
<td>2</td>
</tr>
<tr>
<td>Guatemala</td>
<td>97,485,000</td>
<td>14%</td>
<td>5%</td>
<td>3</td>
</tr>
<tr>
<td>Indonesia</td>
<td>29,087,000</td>
<td>4%</td>
<td>12%</td>
<td>6</td>
</tr>
</tbody>
</table>

#### Knitted or crocheted clothing (i.e., Knitted coats of manmade fibres, knitted cotton dresses)

<table>
<thead>
<tr>
<th>HS 61</th>
<th>Imports 2014</th>
<th>% of total</th>
<th>Growth rate</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL</td>
<td>5,266,370,087</td>
<td>100</td>
<td>6%</td>
<td></td>
</tr>
<tr>
<td>China</td>
<td>2,337,458,528</td>
<td>44%</td>
<td>3%</td>
<td>1</td>
</tr>
<tr>
<td>Cambodia</td>
<td>544,514,566</td>
<td>10%</td>
<td>17%</td>
<td>2</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>503,949,365</td>
<td>10%</td>
<td>6%</td>
<td>3</td>
</tr>
<tr>
<td>Indonesia</td>
<td>151,253,118</td>
<td>3%</td>
<td>10%</td>
<td>6</td>
</tr>
</tbody>
</table>

#### Footwear (i.e., Sports footwear with outer soles of rubber)

<table>
<thead>
<tr>
<th>HS 64</th>
<th>Imports 2014</th>
<th>% of total</th>
<th>Growth rate</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL</td>
<td>2,744,285,943</td>
<td>100</td>
<td>7%</td>
<td></td>
</tr>
<tr>
<td>China</td>
<td>1,680,373,964</td>
<td>61%</td>
<td>4%</td>
<td>1</td>
</tr>
<tr>
<td>Vietnam</td>
<td>321,045,678</td>
<td>12%</td>
<td>14%</td>
<td>2</td>
</tr>
<tr>
<td>Italy</td>
<td>164,278,504</td>
<td>6%</td>
<td>13%</td>
<td>3</td>
</tr>
<tr>
<td>Indonesia</td>
<td>90,013,255</td>
<td>3%</td>
<td>19%</td>
<td>4</td>
</tr>
</tbody>
</table>

#### Woven clothing and articles of apparel (i.e., Woven cotton jackets, dresses and shirts of synthetic fibres)

<table>
<thead>
<tr>
<th>HS 62</th>
<th>Imports 2014</th>
<th>% of total</th>
<th>Growth rate</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL</td>
<td>4,865,763,709</td>
<td>100</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>China</td>
<td>2,205,662,221</td>
<td>45%</td>
<td>2%</td>
<td>1</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>593,030,747</td>
<td>12%</td>
<td>10%</td>
<td>2</td>
</tr>
<tr>
<td>Vietnam</td>
<td>319,889,091</td>
<td>7%</td>
<td>19%</td>
<td>3</td>
</tr>
<tr>
<td>Indonesia</td>
<td>163,573,479</td>
<td>3%</td>
<td>12%</td>
<td>7</td>
</tr>
</tbody>
</table>

Source: Innovation, Science and Economic Development Canada, Trade Data Online, 2014

*Growth rate is the compound annual growth rate (CAGR) over the past five years (2010–14).
Spotlight on “up and coming” Indonesian food products for the Canadian market: pepper, coconut (copra) oil, and sugar

**PEPPER**

Indonesian exports of pepper to the USA reached $89 million in 2014. This is 50 times larger than pepper exports to Canada, at only $1.8 million. With a strong demand for ethnic food products in Canada, there is great potential for Indonesian pepper exporters.

<table>
<thead>
<tr>
<th>HS 090411</th>
<th>Imports 2014</th>
<th>% of total</th>
<th>Growth rate</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL</td>
<td>31,561,800</td>
<td>100</td>
<td>17%</td>
<td></td>
</tr>
<tr>
<td>Vietnam</td>
<td>15,999,747</td>
<td>51%</td>
<td>29%</td>
<td>1</td>
</tr>
<tr>
<td>India</td>
<td>6,426,855</td>
<td>20%</td>
<td>5%</td>
<td>2</td>
</tr>
<tr>
<td>China</td>
<td>2,383,464</td>
<td>8%</td>
<td>11%</td>
<td>3</td>
</tr>
<tr>
<td>Indonesia</td>
<td>1,978,435</td>
<td>6%</td>
<td>-1%</td>
<td>4</td>
</tr>
</tbody>
</table>

**COCONUT (COPRA) OIL**

Import growth in Canada over last 5 years has been strong. Indonesian exports of copra oil to the USA are valued at more than 30 times the value to Canada. Untapped opportunities exist.

<table>
<thead>
<tr>
<th>HS 151319</th>
<th>Imports 2014</th>
<th>% of total</th>
<th>Growth rate</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL</td>
<td>63,976,030</td>
<td>100</td>
<td>30%</td>
<td></td>
</tr>
<tr>
<td>Philippines</td>
<td>39,318,858</td>
<td>61%</td>
<td>31%</td>
<td>1</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>8,883,657</td>
<td>14%</td>
<td>407%</td>
<td>2</td>
</tr>
<tr>
<td>United States</td>
<td>4,831,638</td>
<td>8%</td>
<td>13%</td>
<td>3</td>
</tr>
<tr>
<td>Indonesia</td>
<td>3,058,180</td>
<td>5%</td>
<td>27%</td>
<td>5</td>
</tr>
</tbody>
</table>

**SUGAR (MAINLY COCONUT-BASED)**

Indonesian exports to the USA are more than 50 times the value of exports to Canada in 2014. There is high anticipated growth in coconut-based products in Canada. Indonesia is top supplier to USA with exports larger than $75 million in 2014 (compared to $1.4 million in Canada).

<table>
<thead>
<tr>
<th>HS 170290</th>
<th>Imports 2014</th>
<th>% of total</th>
<th>Growth rate</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL</td>
<td>25,667,820</td>
<td>100</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>United States</td>
<td>19,441,137</td>
<td>76%</td>
<td>9</td>
<td>1</td>
</tr>
<tr>
<td>Indonesia</td>
<td>1,564,291</td>
<td>6%</td>
<td>32</td>
<td>2</td>
</tr>
<tr>
<td>Chile</td>
<td>770,806</td>
<td>3%</td>
<td>197</td>
<td>3</td>
</tr>
<tr>
<td>Belgium</td>
<td>685,986</td>
<td>3%</td>
<td>25</td>
<td>4</td>
</tr>
</tbody>
</table>

Market Comparison: Canadian and the U.S.

Although Canada’s market is approximately 10% the size of the U.S. market, it actually imports almost twice as much as the U.S. on a per capita basis. Imports represent 31% of GDP in Canada, while in the U.S., imports only represent 16% of GDP.

<table>
<thead>
<tr>
<th>MARKET COMPARISON BETWEEN CANADA AND THE U.S.</th>
<th>Canada</th>
<th>U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>35.7 million</td>
<td>317 million</td>
</tr>
<tr>
<td>GDP</td>
<td>$1,654 billion</td>
<td>$16,086 billion</td>
</tr>
<tr>
<td>Exports</td>
<td>$525 billion</td>
<td>$1.793 billion</td>
</tr>
<tr>
<td>Imports</td>
<td>$512 billion</td>
<td>$2,590 billion</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MARKET COMPARISON: CANADA AND THE U.S. PER CAPITA</th>
<th>Canada</th>
<th>U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP</td>
<td>$46,331</td>
<td>$50,744</td>
</tr>
<tr>
<td>Exports</td>
<td>$14,706</td>
<td>$5,656</td>
</tr>
<tr>
<td>Imports</td>
<td>$14,342</td>
<td>$8,170</td>
</tr>
</tbody>
</table>

Values in SCAD estimates (2014)
Source: Canadian & US Government sources, Trade Data Online
# Annex 5—Incoterms

<table>
<thead>
<tr>
<th>Incoterm</th>
<th>Mode of Transportation</th>
<th>Responsibilities</th>
<th>Expenses</th>
<th>Risk Transfer</th>
<th>When to use it</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXW</td>
<td>All</td>
<td>Seller</td>
<td>All</td>
<td>All</td>
<td>Both are confident that export formalities can be arranged smoothly. For initial quotation to isolate the logistics cost. Logistics advantages on buyer side at place of origin.</td>
</tr>
<tr>
<td>FCA</td>
<td>All</td>
<td>Buyer</td>
<td>All</td>
<td>All</td>
<td>Buyer assumes all risks when using multimodal documents.</td>
</tr>
<tr>
<td>FAS</td>
<td>Ocean or inland waterways</td>
<td>Buyer</td>
<td>All</td>
<td>All</td>
<td>Typically used for large quantities of relatively low value cargo.</td>
</tr>
<tr>
<td>FOB</td>
<td>Ocean or inland waterways</td>
<td>Buyer</td>
<td>All</td>
<td>All</td>
<td>The loading must be monitored by both parties.</td>
</tr>
<tr>
<td>CFR or CNF</td>
<td>Ocean or inland waterways</td>
<td>Buyer</td>
<td>All</td>
<td>All</td>
<td>Buyer new in international trading and not able to arrange efficient export clearance and transportation.</td>
</tr>
<tr>
<td>CIF</td>
<td>Ocean or inland waterways</td>
<td>Buyer</td>
<td>All</td>
<td>All</td>
<td>Buyer new in international trading and not able to arrange efficient export clearance and transportation.</td>
</tr>
<tr>
<td>CPT</td>
<td>All</td>
<td>Over first carrier</td>
<td>All</td>
<td>All</td>
<td>Buyer new in international trading and not able to arrange efficient export clearance and transportation.</td>
</tr>
<tr>
<td>CIP</td>
<td>All</td>
<td>Over first carrier</td>
<td>All</td>
<td>All</td>
<td>Buyer new in international trading and not able to arrange efficient export clearance and transportation.</td>
</tr>
<tr>
<td>DAP</td>
<td>All (final shipment by land)</td>
<td>Over import customs clearance</td>
<td>All</td>
<td>All</td>
<td>Buyer new in international trading and not able to arrange efficient export clearance and transportation.</td>
</tr>
<tr>
<td>DAT</td>
<td>All</td>
<td>Buyer</td>
<td>All</td>
<td>All</td>
<td>Buyer new in international trading and not able to arrange efficient export clearance and transportation.</td>
</tr>
<tr>
<td>DDP</td>
<td>All</td>
<td>At named destination place</td>
<td>All</td>
<td>All</td>
<td>Buyer new in international trading and not able to arrange efficient export clearance and transportation.</td>
</tr>
</tbody>
</table>
A. Regulations on the Exports of Goods

Exporters need to know important matters concerning goods to be exported, such as their status in relation to the goods: whether they are producers of the goods, or traders acquiring goods from various production centers.

In an effort to improve the effectiveness of exports, exporters also need to know some provisions/regulations on goods to be exported (both Indonesian government regulations and regulations of the export destinations). In accordance with Indonesian Minister of Trade Regulation number 13/M-DAG/PER/3/2012 dated March 19, 2012, exported goods are classified into three categories, namely:

1. Export-Free Goods

Export-free goods are goods that may be exported freely without limitation and prohibition. Every exporter who has a license as exporter from the Ministry of Trade or other technical institution is free to export goods listed in the law.

2. Export-Controlled Goods

Export-controlled goods are goods which are controlled both in numbers and types.

Grounds:
- To protect national security and public interest.
- To protect human health, animals, plants, and environment.
- To comply with existing international treaties/agreements signed and ratified by the government.
- Limited supply in domestic market/for conservation purposes.

Export-controlled goods include:
- Rattan, Wood, Ox, Crocodile Skin, Napoleon Fish/Fish Seeds, Palm Kernel Oil, Oil/Gas, Precious Metals, Urea, Waste, and Scrap.

3. Export-Prohibited Goods

Goods prohibited from exporting should not be exported due to the following considerations:
- Damage to the environment and ecology.
- Threats to national security/the public interest, including social, cultural, and morale threat in society.
- Protection IPR.
- Protection of human life and health.
- Compliance with International treaties/agreements signed and ratified by the government.

Export-prohibited goods include:
- Agricultural products: baby fish and arowana fish, glass eel seeds, Botia ornamental fish, prawns and shrimp of 8 cm, and panaedae shrimps.
- Forestry products: round wood, flakes raw materials, rail pads or trams made of wood and saw timber.
- Marine Products: sea sand.
- Mining Products: tin ores and concentrates, ashes and residues containing arsenic, metals or their compounds, etc. mainly containing lead, precious stones.

Other regulations regarding exports can be found on the web site of the Ministry of Trade of the...
Republic of Indonesia (www.kemendag.go.id), in the News menu. The regulations include:

- Minister of Trade Regulation number 38/M-DAG/PER/5/2015 concerning the Export Benchmark Price (HPE) of Agriculture and Forestry Products subject to export duty.
- Minister of Trade Regulation number 37/M-DAG/PER/1/2014 concerning Procedures to Determine the Export Benchmark Price (HPE) of Processed Mining Products subject to export duty.
- Minister of Trade Regulation number 13 Year 2012 on General Provisions regarding Exports.
- Minister of Trade Regulation number 28/M-DAG/PER/6/2013 concerning types of export & import licensing, standard operating procedures, and the service level arrangement using the electronic system through Inatrade in the framework of Indonesian national single window.
- Minister of Trade Regulation number 22/M-DAG/PER/3/2015 on conditions and procedures for the issuance of a certificate of origin for goods from Indonesia.
- Minister of Trade Regulation number 04/M-DAG/PER/1/2015 concerning Conditions of Use of Letter of Credit for Export of Certain Goods (attached).
- Minister of Trade Regulation number 26/M-DAG/3/2015 on specific provisions for execution of a letter of credit for export of certain goods.
- Minister of Trade Regulation number 60 Year 2010 on Issuing institutions of SKA (Certificate of Origin) & and Minister of Trade Regulation number 21 of 2012 on the Amended Minister of Trade Regulation number 60 of 2010.

B. Export Procedures

In general, the export procedures are:

1. Exporters and importers enter into correspondence and agree to make a Sales Contract.
2. Importers apply the opening of L/C to its foreign exchange bank abroad/opening bank.
3. The opening bank sends L/C confirmation to its correspondent bank in Indonesia, asking the correspondent bank to notify exporters.
4. The correspondent bank/advising bank notifies exporters through L/C advice.
5. The Exporter prepares the goods.
6. The Exporters book a space for the goods with the shipping company.
7. The Exporters take care of the export formalities by filling out a goods export notification (PEB) and making the export tax payment and then PEB is approved by customs.
8. In loading goods to the cargo ship, a shipping company provides Bills of Lading to exporters.
   a. If the L/C requires the COO document to be attached, the exporter should obtain the document from the COO issuing agency.
9. After preparing all the documents required by L/C, exporters then negotiate with the bank for payment.
10. Send the documents required by the L/C from the negotiating Bank to the opening bank.
11. The opening bank forwards the documents to importers.
12. The importers submit the documents to the shipping agent in exchange for the delivery cargo.

C. INCOTERMS (International Commercial Terms)

Definition of Incoterms

Incoterms is a common set of rules issued by the International Chamber of Commerce (ICC) which stipulates the rights and obligations of sellers (exporters) and buyers (importers) in conducting international trade.

In the case of sale and purchase transactions, it outlines costs and requirements that should be borne by the seller at the time of goods delivery, and which subsequently should be borne by the buyer.

D. How to Establish an Export Business

An Indonesian export company should meet several requirements, among others:

1. It should be a legal entity in the form of:
   - CV (Commanditaire Vennootschap)
   - General partnerships
   - P.T. (Limited Liability Company)
   - Persero (State share Company)
   - Perum (Public Company)
   - Perjan (Service Company)
   - Cooperative
2. Have a TIN (Taxpayer Identification Number)

3. It must have a license issued by the government, such as:
   a. Business license (Trade Business License-SIU) from the Ministry Trade (domestic companies) and BKPM (foreign/joint ventures)
   b. Export identification number (A.P.E) by Ministry of Trade

**E. Preparing to Export (Administration, Legality of Exporters, Preparation of Goods, Preparation of Export Marketing)**

Preparations that individuals or companies need to perform as an export business before doing the exports:

1. **Administration Preparation**
   An entity/company undertaking international business should have an office (a permanent or a long-term based contracted place/location) with communication facilities and English speaking operational personnel and “Company Profile” material as a source of information for a potential buyer (importer).

   **For example:**

   **COMPANY’S NAME & LEGAL ENTITY (PT/CV)**

   Address: Jl .................................................................
   No. .................................................................
   City .................................................................
   Post code ............... PO Box ............... Indonesia
   Telephone No.................................................................
   Facs No.................................................................
   Email .................................................................
   Web site .................................................................
   Contact Person .................................................................
   Business Profile .................................................................
   Product Type .................................................................

2. **Legality of Exporters**
   Based on the Minister of Trade Regulation number 13/M-DAG/PER/3/2012 dated March 19, 2012 on General Provisions regarding exports:
   a. Goods to be exported are grouped into: export-free goods, export-limited goods, and export-prohibited goods.
   b. Exports can be executed by: individuals, institutions, and business entities (whether legally incorporated or non-legal entities).
   c. Institutions or business entities that export limited types of goods should meet requirements, such as: be recognised as a registered exporter and have an export approval, a survey report, certificate of origin, other documents as required by laws and regulations.

   Requirements for exporters using export-free goods, among others:
   • Business license from a technical ministry/non-ministerial government institution
   • Company Registration Certificate
   • A Tax Payer Number
   • Customs Identification Number
   • The requirements relevant to the type of goods, such as:
     – Recognition as Registered Exporter (ET)
     – Export Approval (PE)
     – Surveyor’s Report
     – Certificate of Origin
     – Other documents required by laws and regulations.

   Requirements for exporters of export-limited goods include:
   • Business license from a technical ministry/non-ministerial government institution
   • Company Registration Certificate
   • A Tax Payer Number
   • Customs Identification Number
   • The requirements relevant to the type of goods, such as:
     – Recognition as Registered Exporter (ET)
     – Export Approval (PE)
     – Surveyor’s Report
     – Certificate of Origin
     – Other documents required by laws and regulations.

3. **Preparing Products/Goods**
   The exporter needs to carry out the following steps in preparation for goods to be exported:
   A) Physical preparation of goods:
      Exporters need to prepare the goods physically in order to understand the ins and outs of the goods to be exported. This includes taking
part in technical production, quality standards, packaging, and the provisions of international requirements or of overseas market demand (Quantity, Quality, Packing, Labeling, Marking, and Time Delivery), as well as the calculation of costs and, ultimately, setting the product’s selling price.

B) Products profile (information about the product): Generally, importers are interested in purchasing a product after getting examples and information about the products offered. Thus the exporters need to create a “Product Profile.”

For example:

<table>
<thead>
<tr>
<th>PT. KARYA NUSA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of Product: (English &amp; Latin)</td>
</tr>
<tr>
<td>H* Code/SITC</td>
</tr>
<tr>
<td>'Materials</td>
</tr>
<tr>
<td>'Packing</td>
</tr>
<tr>
<td>Price</td>
</tr>
</tbody>
</table>

PRODUCT PHOTO

4. Export Licensing Through INATRADE
On March 5, 2007, the Indonesian Trade Minister inaugurated the establishment of the Trade Services Unit (UPP). Entrepreneurs wishing to obtain export and import licenses can apply for licensing through the Foreign UPP counter. One facility provided by the UPP enables an applicant to monitor the status of its licensing application online (to know whether it is still in progress, has been completed, or denied) through a system called INATRADE.

INATRADE is an online export and licensing service of the Ministry of Trade within the framework of the Indonesia National Single Window (INSW). Through the INATRADE system, all internal license processing is done, starting from the receipt of a person’s application through the UPP Foreign Counter or the INATRADE portal (http://inatrade.kemendag.go.id) to the processing unit. The processing unit of INATRADE for Foreign Trade consists of the Directorate of Import, the Directorate of Export for Industrial Products and Mining, and the Directorate of Export for Agricultural and Forestry Products, as well as the Executive Board.

The INATRADE system provides export and import licensing services electronically through two means, namely, manually via the UPP or online through INATRADE portal.

One of the facilities provided by this system is the tracking system, where the parties applying for licenses electronically can determine the extent to which applications have been processed. In addition, those who have obtained licenses electronically are also able to update their data (updating). Through INATRADE, licensing service can be carried out quickly, accurately, easily, and cheaply, and this is expected to enhance the competitiveness of Indonesian export products, as well as the performance of public services at the Ministry of Trade.

F. Procedure to Obtain an Export Permit Online
- Online Licensing
  The “Access to INATRADE” menu is the registration menu used by users to get access to INATRADE online services. Users use the access to submit online applications for import-export licensing to the Ministry of Trade and for some other facilities. Before using the online services of INATRADE, users should first register via the INATRADE portal.
- In-Person Licensing Procedure
  For companies with no internet facilities, the Ministry of Trade still receives licensing applications in person. The applicant comes to the Services Trade Unit located on the second floor of the main building of the Ministry of Trade, Jalan M.I. Ridwan Rais No. 5 Jakarta Pusat. At present, the licensing services provided by the Trade Services Unit of the Ministry of Trade are licenses for foreign trade, domestic trade, Standardization and Consumer Protection, and licenses issued by the Commodity Futures Trading Regulatory Agency (BAPPEBTI).
G. Customs Procedures
Customs Law number 10 of 1995 defines exports as the sending/transporting of goods from a customs area, meaning that all export activities must be conducted in accordance with the Customs Law. Procedures required by customs are:
1. Exports can be performed by any company or individual with the right to export after obtaining a Business License/Permit from the Technical Ministry and a Company Registration Certificate.
2. Goods to be exported shall be notified to the customs office using the Goods Export Notification (PEB/BC3.0) which can be obtained by filling out the form or by sending it to customs through electronic media. The exporter shall fill out all the columns in the form correctly and in full.
3. Customs Procedure:
   A) The PEB Registration should be attached with a NIPER (Company Identification Number) and the supporting documents (Packing list, Invoice, Export licensing).
   B) Transport of export goods into the customs area.
   C) Inspection of goods to be exported and document verification. If the export goods are subject to export tax, the export tax must be paid in advance. This also applies to goods subject to excise.
   D) The Export Tax (PE) is set based on the Export Benchmark Price (HPE).
   E) The tax rate is the ad valorem tariff with the following tax formula:
      \[ PE = TPE \times HPE \times JSB \times \text{exchange rate} \]
   F) Export benchmark price (HPE) is determined by the Minister of Trade through a Minister of Trade Regulation which is valid for a set period of time.
   G) PE is Export Tax, TPE is Export Levy, JSB is the Number of Units of Goods, and the exchange rate is the ratio of foreign currency and rupiah as set by Indonesia Minister of Finance.
   H) Payment or deposit of the export levy can be made at one of two places, namely: A Foreign Exchange Bank or the Office of Customs and Excise, by way of cash payment and the receipt of documents submitted.
I) Approval and loading of export goods to the transportation facility.

H. The Handling/Completion of Export Transaction Documents
After the process at Customs is complete and goods have been loaded for transportation, exporters need to obtain a Certificate of Origin (COO) or SKA at the District/City/Provincial Office of Industry and Trade.

The export transaction document consists of:
1. Commercial/Invoice
2. Packing list
3. PEB (Goods Export Notification)
4. Bill of Lading (BIL) or Air Way Bill (AWB)
5. COO (Certificate Of Origin)
6. Other certificates include the Goods Quality Certificate from Surveyor and the Marine Cargo Insurance from the insurance company when the terms of trade is CIF.

All original documents are sent to the bank (Advising Bank) for processing. Payment settlement is done by the Issuing Bank (bank abroad/importers), then a copy of a set of documents is sent directly to buyers/importers, and another set is kept as an archive of the company/exporter.

I. Definition of Certificate of Origin
A Certificate of Origin (COO) is a document that is made based on the terms set in bilateral, regional, and multilateral agreements, as well as the unilateral provision of a particular country that should accompany Indonesian export goods entering the territory of a certain country. It attests that the goods are wholly produced and/or processed in Indonesia.

There are 2 types of COO in international trade, namely:
1. Preferential COO
COO which serves as a requirement for getting preferences for certain export goods, so that they will enjoy tariff reduction or exemption given by countries extending these privileges.
Types of preferential COO are:
• G.S.P --> COO Form A
• CEPT for AFTA --> COO Form D
• A certificate regarding traditional handicraft, batik, or cotton fabrics
• A certificate regarding certain handicraft products
• A certificate in relating to silk or cotton handloom products
• An Industrial Craft Certification (ICC)
• A global system of trade preference certificate of origin
• A certificate of handcraft goods (Form H)
• A certificate of authenticity
• China --> COO Form E
• Form Annex Ill (Mexico) --> for 3 commodities: textile, garment, and footwear
• Form AK (Korea)
• IJEPA (Japan)

2. Non-Preferential COO
COO serves as a control document or document of origin of goods that are included with the exported goods to enable them to enter a foreign country.

Types of Non-Preferential COO include:
• ICO Certificate of Origin
• Fisheries Certificate of Origin
• Certificate of Origin for Imports of Agricultural Products into the EU
• Export License (Textile Products)
• Certificate in Regard to Handlooms Textile Handicraft
• Traditional Indonesia Batik Handicraft and Traditional Textile Product of Home Industry
• Certificate of Origin (Textile Product) --> COO Form TP
• Republic of Indonesia Department of Industry and Trade Certificate of Origin Form B
• Certificate de Pas de Origin

Issuing Institution for COO
Basis for agencies/offices/district/cities to be assigned a COO:
• There are adequate export activities
• There is a foreign exchange bank
• There is an export port (land, sea, air) which is open to foreign/international trade
• There is an export-oriented industrial park

Based on the Regulation of the Minister of Trade of the Republic of Indonesia Number: 59/M-DAG/PER/12/2010 concerning provisions on the issuance of Certificates of Origin for Indonesia’s export goods, see as follows:
• Exported goods which should be accompanied by a COO are:
  1. Moving goods
  2. Passenger goods
  3. Goods of the cross-border persons
  4. Diplomatic goods
  5. Goods for mission purposes:
     — Goods for religious mission
     — Goods for sporting mission
     — Goods for art mission
     — Goods for cultural mission
     — Goods for research
     — Goods for humanitarian mission
  6. Souvenirs/gifts
  7. Shipments goods
  8. Goods for exhibition purposes
  9. Samples
 10. Indonesian crafts
 11. Goods to be sent abroad and to be returned to Indonesia
 12. Indonesia’s customs

For an updated list of Certificate of Origin providers, please go to: [http://e-ska.kemendag.go.id/cms.php/home](http://e-ska.kemendag.go.id/cms.php/home)

The application for issuance of SKA is to include the following supporting documents:
A) A photocopy of the Goods Export Notification (PEB), which has been approved by officers of the Customs and Excise Office at the port of loading, or a print out of PEB made in Electronic Data Interchange (POE) and attached with Export Approval Note (NPE);
B) Original copy of Bill of Lading (B/L), or a photocopy of Air Way Bill (AWB), or a photocopy of Cargo Receipt, if the export is through sea ports;
C) A photocopy of Taxpayer Identification Number (TIN);
D) An invoice;
E) A packing list; and
F) Other documents that are relevant to the type of COO, based on the purpose.
The application for the issuance of COO for export goods for specific purposes should be accompanied by the following supporting documents:
A) Proof of purchase for the goods that need COO and/or
B) A photocopy of identity card (KTP) for the Indonesian citizen or a photocopy of passport for foreign a citizen/tourist or power of attorney from the goods owner, if using the services of a Courier Service Company.

Letter of Application for COO for Certain Goods
The COO-issuing agencies for the export of certain goods are stipulated in the Regulation of the Minister of Trade of the Republic of Indonesia Number 21/M-DAG/PER/4/2012, on the Amendment to the Regulation of the Minister of Trade of the Republic of Indonesia Number 60/M-DAG/PER/12/2010 on Issuing Agencies of Certificates of Origin for the Export of Certain Goods.

Settlement of Export Payment
If exporters have loaded or sent goods and prepared documents in accordance with the terms stated in the L/C or sales contract, the exporter should then send or submit the documents to the bank for negotiation/payment. Submission of those documents should be accompanied by a letter from the company/exporter or a form that is provided by the bank. Types of documents to be submitted to the advising bank are:
A) Commercial/invoice
B) Packing list
C) Bill of Lading (8/L)
D) Bill of Money Order (draft) to the buyer/importer
E) Supporting or other necessary documents, such as:
   – PEB (goods export notification) that has been stamped & approved by customs to be loaded at the port of loading.
   – Certificate from surveyor, or other certificate if buyers ask for additional specific document.
Annex 7—Example: Why Export?

Example—Why Export?
In many cases, a company can make more money per product unit when selling directly to the consumer. In the example below, if a company sells directly to the consumer, they will receive a profit of $10 per unit, but if they use an intermediary to sell to the consumer, their profit reduces to $6 per unit.

However, using an intermediary could actually cause the company’s overall profit to increase because the company is able to sell to many more customers. In the example below, when the company sells directly to the consumer, it is only able to reach 25 customers, which equals a total profit of $250. If the company uses an intermediary, on the other hand, it is able to reach 100 customers, which equals a total profit of $600.

In this way, Indonesian companies looking to increase their number of customers significantly may consider exporting as a good way to increase their company’s overall profit.