GALLEN ON THE GO

Quoting

The exact repeat quote: a quoting department's best friend! At least that *used* to be the case. Gone are the days when you took the old price, and simply duplicated it again on a new quote. You see, part of the quoting department's mandate has always been to provide near instantaneous prices in order to satisfy today's need for instant answers. Truth be told, it's a stressful responsibility. But the new world order is one in which domestic currencies fluctuate on a daily basis. It's a world in which overseas currencies are as volatile as a powder keg. It's a world in which a government's decision to alter General Preferential Tariff rates, has a profound impact on your landed costs. And it's also a world in which raw material prices can change based on geopolitical activities. As someone who oversees the quoting department, what you don't want to do is overlook one of those itsy-bitsy facts. It can mean the difference between making money and losing money on an order. Let's take a look at one of these variables:

Under the GPT, Canada currently offers duty-free or preferential market access to imports of most products from a list of designated countries. However, changes under Canada's 2012 Economic Action Plan, have revealed that the Federal Government would review and modernize the list of countries accorded preferential status in an attempt to manage shifts in income levels and the competitiveness of these developing countries. As a result, effective January 1st, 2015, the government has removed Brazil, Russia, India, and China, as well as 68 other countries from the GPT. Instead, these countries have been reclassified as Most Favoured Nations, otherwise known as MFN status. More simply put, duty rates will increase on imports from these countries; anywhere up to 6%. Just to give you an example, popular product categories like blankets and speakers will see an increase of the full 6%. So why don't we look at the math?

If an item costs $1.00USD from China, we'll have to add 13% to account for the difference between the CAD and USD (as of today's writing). And then there's also that new duty rate, ranging from 0 to 6%, thanks to China's new MFN status. As you can plainly see, an exact repeat no longer translates to an exact repeat price. It's so vitally important to understand these facts so that we can teach the end-user what today's new climate looks like. Moreover, we have to do a better job of managing expectations, in light of so many evolving changes.
A supplier that bears the brunt of the risk when importing goods from overseas should have the right to pass these new costs through the distribution channel. Without doing that, we're all in peril of losing the revenue that goes directly into product development, product safety, and compliance.

When it comes to imported goods, this is the new world order. On January 1st, 2015, the Federal Government rolls out this new program. This means that the importing game is about to get a lot more complex!

Stan Gallen
Senior VP of Sales & Marketing