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Export Basics

Shipping Products & Services Across
the Board to Another Country



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Know Your Destination Country

- ✚ Cultural Differences
- ✚ Legal Aspects
- ✚ Economic Situations
- ✚ Political Environments



Common Export Documents

- ✚ Airway Bills
- ✚ Bills of Lading – B/L
- ✚ Commercial Invoices
- ✚ Packing Lists
- ✚ Certificates of Origin
- ✚ Shipper's Export Declarations
- ✚ Shipper's Letters of Instruction



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Apply for an Export License if Necessary

- ✚ For High Tech Products
- ✚ Product & Information with Military Applications
- ✚ Harmonized Schedule B Number



Incoterms

- ✿ **CIF (cost, insurance, freight)** to a named overseas port where the seller quotes a price for the goods (including insurance), all transportation, and miscellaneous charges to the point of debarkation from the vessel. (Used only for ocean shipments.)
- ✿ **CFR (cost and freight)** to a named overseas port where the seller quotes a price for the goods that includes the cost of transportation to the named point of debarkation. The the buyer covers the cost of insurance. (Used only for ocean shipments.)



Incoterms (Cont.)

- ✦ **CPT (carriage paid to)** and **CIP (carriage and insurance paid to)** a named place of destination. These terms are used in place of CFR and CIF, respectively, for all modes of transportation, including intermodal.
- ✦ **EXW (ex works)** at a named point of origin (e.g., ex factory, ex mill, ex warehouse) where the price quoted applies only at the point of origin. The seller agrees to place the goods at the buyer's disposal at the specified place within the fixed time period. All other charges are put on the buyer's account.



Incoterms (Cont.)

- ✦ **FAS (free alongside ship)** at a named port of export where the seller quotes a price for the goods that includes the charge for delivery of the goods alongside a vessel at the port. The seller handles the cost of wharfage, while the buyer is accountable for the costs of loading, ocean transportation, and insurance.
- ✦ **FCA (free carrier)** at a named place. This term replaces the former "FOB named inland port" to designate the seller's responsibility for handing over the goods to a named carrier at the named shipping point. It may also be used for multimodal transport, container stations, or any mode of transport, including air.



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Incoterms (Cont.)

- ✚ **FOB (free on board)** at a named port of export where the seller quotes the buyer a price that covers all costs up to and including the loading of goods aboard a vessel.



Export Payment Terms

✿ **Open account:**

You ship, then forward your shipping documents directly to your buyer and await payment.

✿ **C.A.D. (Cash against documents):**

You ship then forward your shipping documents to an agent named by your buyer (may be a bank) who pays you when authorized by your buyer.

✿ **Sight draft or time draft (Documentary collections):**

You ship, then use your bank as an agent to forward shipping documents to your buyer through his bank. The buyer's bank must obtain payment/promise of payment from the buyer before releasing shipping documents.



Export Payment Terms (Cont.)

✿ **Advised letter of credit:**

Before you ship you receive your buyer's bank's written conditional obligation to pay you, usually upon presentation of conforming shipping documents to the buyer's bank after shipment.

✿ **Confirmed letter of credit:**

Before you ship you receive your buyer's bank's written conditional obligation to pay you, which is further "guaranteed" by a U.S. bank acceptable to you. To be paid you usually present your conforming shipping documents to the U.S. confirming bank.

✿ **Cash in advance:**

You receive cash from the buyer before shipping.

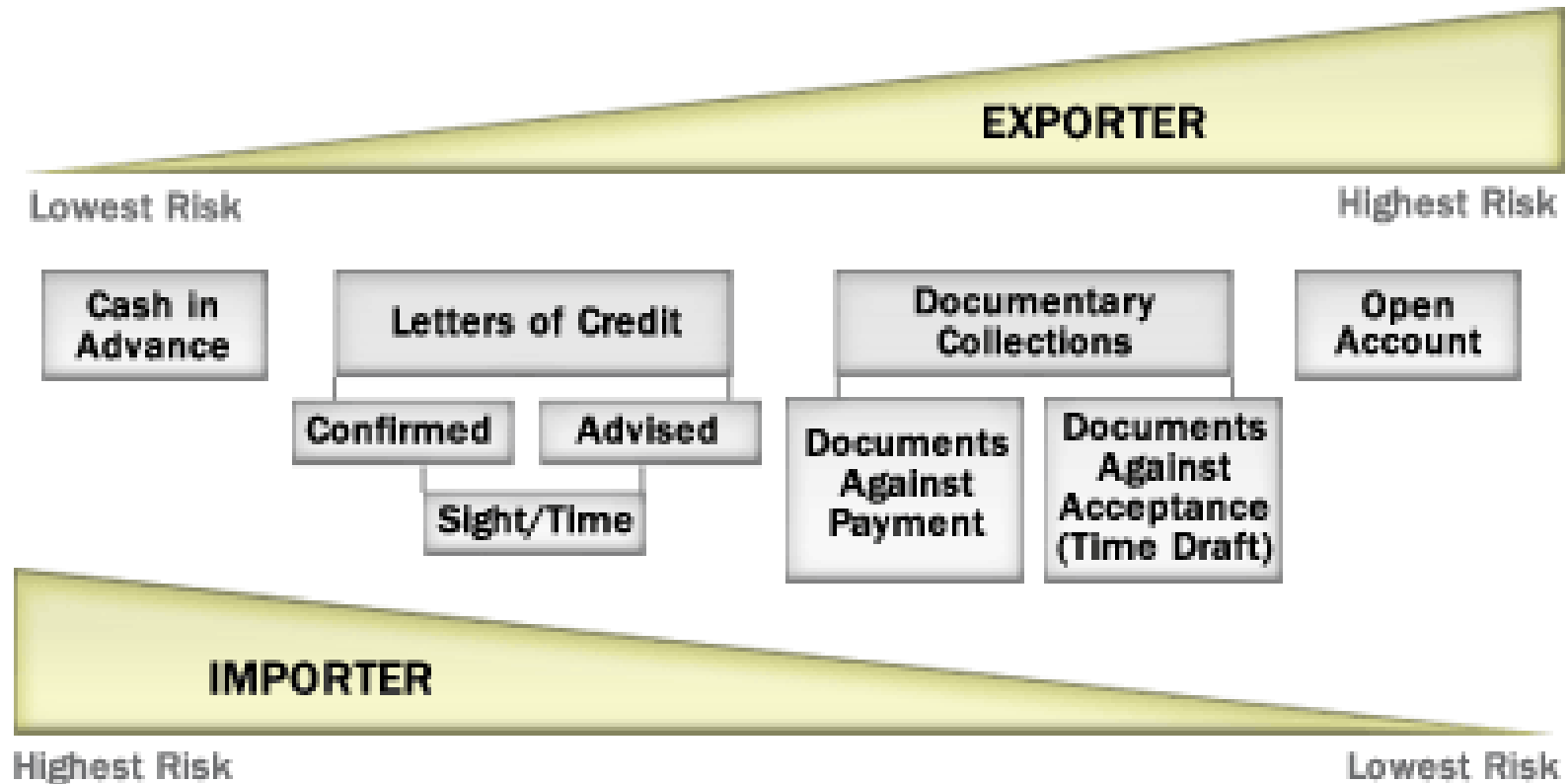


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Methods of payment





Comparison of various methods of payment

Method	Goods Available To Buyer	Usual Time Of Payment	Risk To Exporter	Risk To Importer
Cash In Advance	After Payment	Before Shipment	Very Low	Maximum-Relies on exporter to ship goods as ordered
Letter of Credit Confirmed Unconfirmed (Advised)	After Payment	When documents are available at shipment	Very Low	Assured of quantity and also quality at shipment if inspection report is required
Documentary Collection Sight Draft Documents against Payment	After Payment	On presentation of draft to importer	If draft unpaid, goods must be returned or disposed of, usually at loss	Assured of quantity, also quality, if goods are inspected before shipment



Comparison of various methods of payment

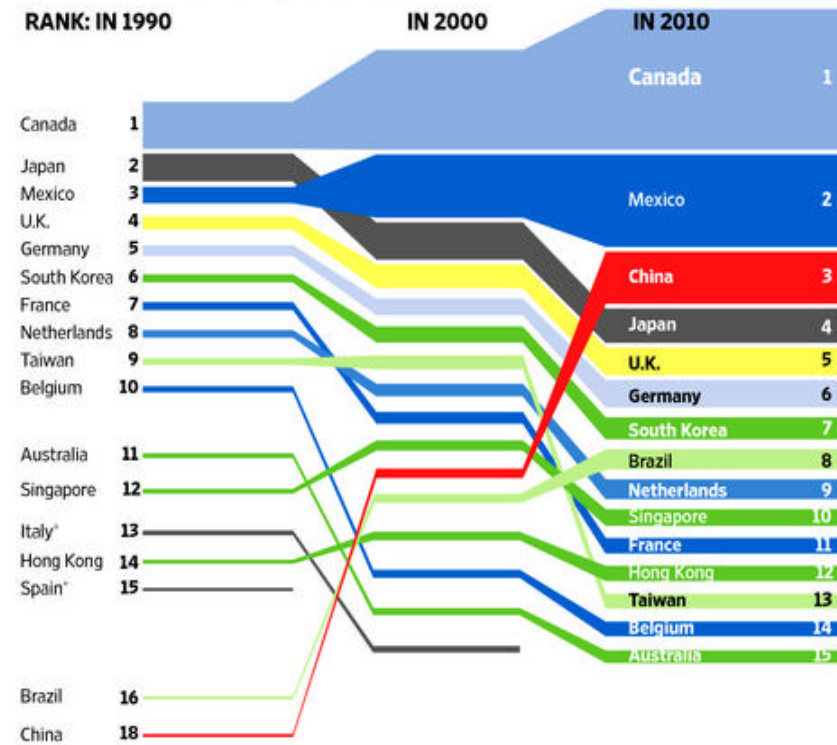
Method	Goods Available To Buyer	Usual Time Of Payment	Risk To Exporter	Risk To Importer
Documentary Collection Time Draft Documents against Acceptance	Before payment	On maturity of draft	Relies on importer to pay draft	Minimal—Can check shipment for quantity and quality before payment
Consignment	Before payment, exporter retains title until goods are sold or used	After use; inventory and warehousing cost to exporter	Substantial risk unless through foreign branch or subsidiary	Very Low
Open Account	Before payment	As agreed	Relies on importer to pay account as agreed-- complete risk	Very Low



Most Exported Destinations:

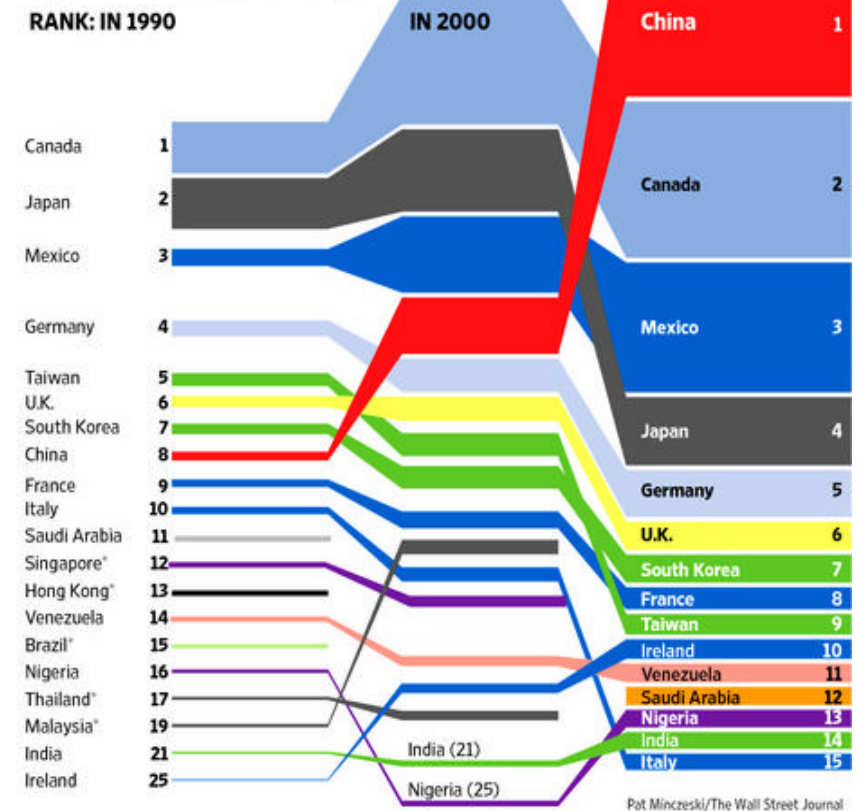
Swap Meet | U.S. trade partners and patterns

Top destinations for U.S. exports each year



* No longer in top 15
Source: Commerce Department; U.S. International Trade Commission

Top sources of U.S. imports each year



Pat Minczeski/The Wall Street Journal



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Where to Get Help:

✚ Export.gov

✚ BuyUSA.gov

✚ SBA.gov