The Basics of Exporting

A publication of the Southern United States Trade Association

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FOREWORD

The Southern United States Trade Association (SUSTA) is a non-profit export development organization aimed at increasing the export of southern U.S. food and agricultural products. SUSTA works closely with the U.S. Department of Agriculture in the fifteen southern states and the Commonwealth of Puerto Rico. We are funded by the U.S. Department of Agriculture's (USDA) Foreign Agricultural Service (FAS).

Since 1973, our programs and services have assisted exporters of high-value food and agricultural products. SUSTA's mission is to develop export markets for the agricultural and food products of its region and thus enhance the region's economic well-being.

MAP Branded Program
The MAP Branded Program, or Market Access Program (MAP) Branded, reimburses companies up to 50 percent for international marketing expenses, such as trade show participation, advertising, in-store demonstrations, consumer or retailer educational seminars, product label compliance, etc. Companies must apply for the program each year. Companies are eligible for SUSTA's Branded program if they: 1) are classified as "small" by the U.S. Small Business Administration standards, 2) have at least $100,000 in sales, and 3) have products with at least a 50 percent U.S. agricultural origin. For more information about MAP Branded, see Appendix A.

Generic Program
Under SUSTA's Generic Program, low-cost activities are organized by SUSTA and the state Departments of Agriculture. These activities unite U.S. companies with foreign buyers through trade missions, inbound trade missions, one-on-one meetings, hotel and restaurant promotions, in-store promotions, market research, and trade show presence. Generic promotions focus on commodities or products that are at least 50 percent U.S. agricultural origin and not represented by another promotion organization (i.e. Meat Export Federation).

Market Research
Finally, for companies developing an export marketing plan, SUSTA funds and publishes research and data to assist in the effective identification of countries on which to focus their efforts. In addition, SUSTA provides quality trade leads, information about exporting, and up-to-date information on trade shows and industry events worldwide. More detailed information can be found at www.susta.org.

INTRODUCTION

International trade may appear to be a complex undertaking requiring extensive resources, a large and expensive marketing and export department, a significant volume of the product to be marketed, and fluency in the language of the targeted countries. This is not the case. The goal of this handbook is to lay these myths to rest and open the world of exporting to companies that have previously abandoned the idea and new-to-export-companies. We will begin by exploring common misconceptions. The remainder of the handbook expands upon important issues for a successful export business.

Four Common Misconceptions About Exporting

Your company has to be big
While large companies do the most volume of international trade, smaller companies are also taking advantage of the opportunities available in foreign markets. In fact, according to the U.S. Department of Commerce's Exporter Data Base, 89 percent of successfully exporting American firms have fewer than 100 employees. Product quality, price, and service rather than size determine a firm's success in the export market.

You must have a big export department

The size of a company's export department depends upon how products are marketed. A direct exporter sells to a foreign company and is responsible for the transport of the product to the foreign destination. These types of exporters tend to be firms that consistently move large volumes of product overseas. The export department consists of several specialists for marketing, finance, transportation and insurance. On the other hand, if the company ships sporadically and in small quantities, then the transportation and marketing responsibilities can be handled by one employee.

Many companies begin as indirect exporters, selling and delivering to an intermediary in the United States. Several types of export intermediaries exist and will be discussed in Chapter 2: Export Intermediaries. If a company becomes an indirect exporter by selling through an intermediary, more in-house expertise is required than for domestic sales, but less than would be required of a "direct exporter." When a firm becomes a direct exporter, it will need an in-house export capability.

You must have substantial volume

The fact that many smaller companies are actively involved in international trade is a testament that substantial volume is not a market entry requirement. Foreign buyers look to U.S. suppliers for three key reasons: First, there is an image of quality for U.S. products. Second, U.S. suppliers often have products or capabilities that are specialties for the importer. Finally, an importer typically is looking for a relationship with a provider that has a quality product at a fair price with continued availability. If a U.S. company merely wants to sporadically sell excess capacity outside the U.S., exports will probably be disappointing. However, if the company is willing to devote even 10 percent of production capacity to foreign markets and the servicing of these accounts, then it can expect to build substantial and permanent trade. Providing service to the first few non-U.S. customers is extremely important. Thus, the volume of product marketed is not as important as the consistent product supply. A company that is not committed to exporting often makes this mistake. Do not take your foreign representatives for granted; lack of service and attention to foreign accounts can cripple your efforts to export.

You must be fluent in foreign languages

Occasionally management will cite the lack of in-house foreign language capability as an impediment to entry into international trade. Foreign language skills are helpful when marketing and negotiating export agreements but not essential. When correspondence and documents in English will not suffice, exporters can outsource translations and interpretation. Language skills facilitate cultural and social relationships. However, success depends more upon the sound management of the business relationship than language abilities.

Your Export Potential

Technical details of selling abroad differ from domestic sales, but are reasonably standardized and can be learned. Once the knowledge is acquired, selling abroad is not much more complicated than selling domestically.

Your product's success in the U.S. is an indication of its potential in overseas markets, especially where similar needs and conditions exist. Nevertheless, even if the sales of a product are declining in the U.S., sizeable export markets may still exist, especially when products have reached market maturity or are technically advanced. Less developed countries may have lower demand for state-of-the art technology and may prefer older, cost-effective equipment.

Exporters should consider the differences and similarities that exist between the U. S. and target markets. Failure to do so may result in less than profitable sales. An often-cited example of this phenomenon is Chevrolet's introduction of the Nova car into Mexico. The company did not consider that "no va" means "does not go" in Spanish. Needless to say, sales were not as high as anticipated. Such an oversight can be extremely costly and embarrassing. To avoid mistakes, exporters should conduct market research. Methods of market research are discussed in Chapter 3.

Making the Export Decision

Once a company feels that there is a non-U.S. market for its products, it must decide if developing an export business fits company objectives. Management should ask the following questions:

1. What does the company want to gain from exporting?
2. Is the goal of exporting consistent with other company goals?
3. What demands will exporting place upon the company's key resources, personnel, production capacity and finances?
4. How will these demands be met?
5. Are the expected benefits worth the cost, or would company resources be better spent developing new domestic business?

Management's answers to the following questions will clarify the export methods that should be undertaken:

I. Management's Export Experience

1. In which countries has business already been conducted? (or inquiries been received)
2. Which product lines are mentioned most often?
3. What countries are inquiries coming from? (A list of the sales inquiries of each buyer by product and by country will be helpful.)
4. Is the trend of sales/inquiries up or down?
5. Who are the main domestic and foreign competitors?
6. What lessons have been learned from past export experiences?

II. Management and Personnel

1. Is the top level of management committed to exporting?
2. Who will be responsible for the export department's organization and staff?
3. How much time could and should senior management allocate?
4. What are management's expectations for the effort?
5. What organizational structure is required to ensure export sales are adequately serviced?
6. Who will follow through?

III. Production Capacity

1. How is the present capacity being used?
2. Will filling export orders hurt domestic sales?
3. What is the cost of additional production?
4. Are there fluctuations in the annual work load? When? Why?
5. What minimum order quantity is required?
6. What is required to design and package products for export?

IV. Financial Capacity

1. How much working capital can be tied up in exports?
2. What export operating costs can be supported?
3. How will initial expenses of the export effort be allocated?
4. What other new development plans are in the works that may compete with export plans?
5 By what date must an export effort pay for itself?
6. Is outside working capital necessary?

The plan should be reviewed periodically and actual results should be compared with plan objectives. The plan is a management tool and not a static document. Do not hesitate to modify the plan to make it more specific as new information and experience are gained.

For assistance in the development of an export plan, review Appendix D.

The Value of Planning

An export strategy based on good information and proper assessment increases the chances that resources will be utilized effectively and efforts will consequently be carried through to completion. An export plan assembles the facts, constraints, and goals for a market. It also creates a plan of action, taking all factors into account. The plan includes objectives, time schedules for implementation, and milestones so the degree of success can be measured. At first the plan may be simple; it should become more detailed as your company gains exporting experience. The export plan should address the following questions:

1. What products are selected for export development? Are modifications needed to adapt products to overseas markets?
2. What countries are targeted for sales development?
3. In each country, what is the basic customer profile? What marketing and distribution channels should be used to reach customers?
4. What challenges pertain to each market (competition, cultural differences, import controls) and what strategies will be used to address them?
5. How will the product's export sales price be determined?
6. What operational steps must be taken and when?
7. What is the time frame for implementing each element of the plan?
8. What personnel and company resources will be dedicated to exporting?
9. What will be the cost in time and money for each element?
10. How will the results be evaluated and used to modify the plan?

The plan should be reviewed periodically and actual results should be compared with plan objectives. The plan is a management tool and not a static document. Do not hesitate to modify the plan to make it more specific as new information and experience are gained.

For assistance in the development of an export plan, review Appendix D.

12 Common Mistakes for New Exporters to Avoid

1. Failure to obtain qualified export counseling and to develop a master international strategy and marketing plan before starting an export business.
Define your goals, objectives and the constraints in a particular market. Also, develop a plan to accomplish objectives and counteract potential problems. Often outside assistance is helpful, since most small companies do not have a staff with considerable exporting expertise. Your local U.S. Department of Commerce or Small Business Development Center can assist with the development of your plan.

2. Insufficient commitment by top management to overcome the initial difficulties and financial requirements of exporting.
It may require more time to establish yourself in a foreign market than in the domestic one. Although the early delays and costs involved in exporting may seem difficult to justify when compared to your established domestic trade, take a long-term view of this process and utilize your international marketing efforts to overcome these early difficulties. With a solid foundation for your export business, the benefits derived should eventually outweigh your investment. (Remember: Getting started in the U.S. domestic market can also be difficult at first!)

3. Insufficient care in selecting overseas sales representatives and distributors.
The selection of a foreign distributor is crucial. Complications involved in overseas communications and transportation require international distributors to act with greater independence than their domestic counterparts. Also, since a new exporter's history, trademarks, and reputation are usually unknown in the foreign market, foreign buyers will select goods based upon the strength of your distributor's reputation. Therefore, conduct a personal evaluation of the personnel handling your account, the distributor's facilities and the management methods employed. For additional information on selecting a distributor or agent, see Chapter 2.

4. Reliance on orders from around the world rather than concentrating on one or two geographical areas and establishing a basis for profitable operations and orderly growth.
Distributors must be trained to promote your account actively; their performance should be continually monitored. A company may need to relocate a marketing executive to the distributor's geographical region. New exporters should concentrate efforts in one region or two geographical areas until there is sufficient business to warrant a company representative. Then, while this core area is expanded, the exporter can move to another geographical area.

5. Neglect of the export business when the domestic market booms.
Many companies turn to exporting when business falls off in the United States. With the return of a boom in domestic business, these companies may neglect their export trade or relegate it to a secondary position. This neglect can seriously jeopardize relationships with non-U.S. representatives. Then, when domestic business falls off once more, the foreign channel representative may not push the exporter's products. Even if domestic business remains strong, companies may have lost a valuable source of profits.

6. Failure to treat international distributors and customers on an equal basis with domestic counterparts.
Many times, companies carry out institutional advertising campaigns, special discount offers, sales incentive programs, special credit term programs, warranty offers and similar options in the U.S. market. These companies fail to offer similar assistance to their international distributors. A lack of assistance can destroy the vitality of overseas marketing efforts. In addition, many new to export companies fail to take into consideration gross margin requirements.

7. Assumption that a given market technique and product will be successful in all countries.
Markets differ in culture and customs. Just because a product sells well in the United States, it will not necessarily sell in all foreign markets. In addition, the methods of promoting and selling can be radically different. Countries all have different means of product distribution and selling, such as large supermarket chains versus small family-owned shops. An exporter must do research to determine the best strategy for their objective.

8. Unwillingness to modify products to meet regulations or cultural preferences of other countries.
Foreign distributors cannot ignore local safety and security codes or import restrictions. If necessary modifications are not made at the factory, the distributor must make them - usually at a greater cost and, perhaps, not at a high level of quality. The resulting smaller profit margin makes the account less attractive. For long-term success, food products must be packaged according to local import regulations.

9. Failure to print service, sales and warranty messages in foreign languages.
Although your distributor's top management may speak English, it is unlikely that all sales personnel will. Without a clear understanding of sales messages or service instructions, personnel will be less effective. In turn, the customers will not understand the terms of service of a particular product and may receive false information from a sales representative. For food products unfamiliar to local consumers, instructions and recipes in local languages can educate consumers.

10. Failure to consider use of an export management company.
If a company cannot afford its own export department (or has tried one unsuccessfully), it should consider the possibility of appointing an export managing company (EMC). An EMC assists in market research, promotion, sales and distribution of a company's product, therefore saving the company large amounts of time and money. See Chapter 2 for more information on this topic.

11. Failure to consider licensing or joint venture agreements.
Import restrictions, insufficient personnel, financial resources, or a narrowly limited product line cause many companies to dismiss international marketing as not feasible. Nearly any product that can be successfully marketed in the United States can be successfully marketed in any market of the world. A licensing or joint venture agreement may be the profitable answer. In general, all that is required for success is flexibility in using the proper combination of marketing techniques.

12. Failure to provide readily available servicing for the product.
Consumers and distributors are less likely to purchase products which cannot be maintained or repaired. An exporter should provide information and a contact of how to carry out the necessary procedures.

EXPORT INTERMEDIARIES

The most common methods are direct marketing and indirect marketing through intermediaries. Direct marketing requires a total dedication of time and resources, and finances to identify opportunities in a foreign market. The company and its management team are responsible for market research, planning and distribution of the product in a manner, which will produce satisfactory sales results. This is a feasible option for larger companies that have time and resources to devote to exporting. Brand management is another key decision. If a firm wants to control its brand, that will drive options, but if a firm is willing to trust brand development to others, another array of options are opened. Another factor to consider is the importance of personal relationships in exporting. In the long run it may be more profitable for a company to build relationships themselves rather than do so through a third party.

For small and medium-sized companies, indirect marketing through intermediaries is more feasible and can be a good first step in exporting. For example, the use of Export Management Companies (EMCs) and Export Trading Companies (ETCs) can give a smaller firm representation in foreign markets without as significant a commitment of time and money as if it takes on all responsibilities itself. In indirect marketing, management maintains control over the export process while benefiting from the knowledge and expertise of an intermediary. Frequently, the exporting company has a reduced level of financial risk because the intermediary assumes the responsibility for finding overseas buyers, shipping products and collecting payment.

Export Merchants

The export merchant buys and sells on his own account. He purchases products directly from the U.S. manufacturer, marks and packages the goods using his own specifications and preferences. Then, under his own name, the export merchant sells these products overseas and assumes all risk. Because of the high level of personal risk, export merchants primarily deal in staple commodities. For the producers, selling to an export merchant involves the same process as other domestic sales.

Export Agents

An export agent operates as a manufacturer's representative. The agent promotes and markets the product and assumes the risk of loss remains with the manufacturer, not the agent. In transactions with export agents, a U.S. company relinquishes control over the marketing and promotion of its products. Relinquishing control can have adverse effects on future sales efforts if the product is under-priced, incorrectly positioned, or after-sales services are neglected.

Export Commission House

An export commission house is located in the U.S. and acts as a buying agent for foreign companies. Its primary concern is compliance with the instructions of its buyer (by whom it is paid) rather than the interests of the seller. However, there are advantages for the seller. Many times, the seller receives a cash payment in the U.S. and is relieved of the technicalities involving the export of his product.

Export Broker

An export broker brings buyers and sellers together. The broker is paid a commission by either the buyer or seller and assumes no financial responsibility for the transaction. Normally, a broker works in no more than two staples (i.e. cotton brokers and wheat brokers).

Buyer for Export

The buyer for export represents large consumers of industrial goods, such as foreign government purchasing missions.

Export Management Company (EMC)

The services of an EMC may include foreign market research, marketing strategies, foreign distribution, establishing a logistics system, managing and training a foreign sales force, shipping and export information and details, and arranging financial aid and foreign language translation services. Some EMCs work on a fee-basis, while others use a buy-and-sell arrangement or operate on commission. They are experts in foreign trade and recognize the strongest market for an individual product and the best sales strategy to utilize in that market.

While there are thousands of EMCs in the U.S., most are quite small. Most EMCs specialize by product, by foreign market, or both. Resulting from this specialization, the best EMCs are familiar with their products and the markets they serve, and they usually have well-established networks of foreign distributors already in place. This immediate access to foreign markets is an advantage of using an EMC.

On the other hand, a disadvantage of an EMC is that the manufacturer risks losing control over foreign sales. To avoid such a situation, carefully select an EMC that can meet the company's needs and maintain communication. A company may request regular reports on the efforts employed to sell its product and may set provisions which require approval before promotions may be carried out. Such issues should be negotiated before an agreement is contracted since some EMCs are not willing to comply with such limitations. Selling through an experienced EMC is an excellent way to enter the international arena with a minimum amount of effort.

Piggyback Marketing

Piggyback marketing occurs when a manufacturer distributes another firm's product(s). Piggyback marketing is common when a U.S. company has a contract with an overseas buyer to provide a wide range of products or services. Because the company is not able to produce all the contracted products, it turns to other U.S. firms to provide the remaining products. Other manufacturers "piggyback" their products without incurring the marketing and distribution costs associated with exporting. In most cases, the piggybacked product lines are complementary and appeal to the same customers.

Export Trading Company

An export trading company is an organization designed to facilitate the export of U.S. goods and services. It serves either as a trade intermediary, providing export related services to producers, or as an organization set up by the producers themselves. While providing similar services to those of an EMC, an Export Trading Company accepts the title of the exported goods, whereas an EMC does not.

Freight Forwarder

A freight forwarder is a "travel agent for freight." An independent agent that aids and facilitates the shipments of exported goods, freight forwarders are familiar with the procedures and regulations for shipping products overseas. As an agent of the exporter, a forwarder becomes the port representative for the exporter. He oversees and coordinates the movement of the export shipment. The exporter pays for the freight forwarder, gaining both expertise and reduced prices from the aggregation of international shipments that a freight forwarder realizes.

A freight forwarder can be of tremendous assistance regarding the presentation of the sales proposal or quotation to a foreign customer. A freight forwarder can determine the proper terms of sale (i.e., F.O.B. warehouse or F.O.B. vessel), alert the exporter of required import/export license or particular consular documentation, and help select a term of payment such as cash-in-advance, open account, payment by sight draft, or by letter of credit. (These terms are defined in subsequent sections of this publication.)

The freight forwarder coordinates the movement of freight from its point of origin to the buyer's port, arranging for timely delivery and proper loading of the vessel. The freight forwarder prepares the export declaration required by the U.S. Department of Commerce, the ocean bills of lading required by the steamship company for carriage of the goods, insurance certificates and other documentary requirements specified by the letter of credit or shipping instructions.

How to Locate an Importer, Agent or Distributor in a Foreign Country

A common obstacle for exporters is attracting and securing a good importer, distributor or agent. If your company does not have the personnel or financial resources needed to establish a business presence in a foreign market, there are several resources:

U.S. Federal and State Government Offices Abroad — The USDA's Foreign Agricultural Service (FAS) and the U.S. Department of Commerce have trade contact services for American exporters. Additionally, many states have representative offices established in foreign countries, which help facilitate contacts between U.S. manufacturers, exporters and foreign buyers. Another excellent source of assistance is the Agricultural Trade Offices (ATOs) located throughout the world. These offices can give advice about the importers in their country. Contact information for all of the Agricultural Trade Offices (ATOs) is available from the FAS website, www.fas.usda.gov.

Direct Mail — Write a letter to a company requesting that it represent your product. Only a few positive replies are needed to continue your search and evaluation of prospective distributors.

Personal Visits — Once you receive a few prospective distributors, plan a trip to that country. While traveling, visit other potential markets to assess the situation and make contacts. Personal visits eventually pay for themselves in terms of the gained benefits. One order or sale of sample products could cover the cost of your round-trip airline ticket.

Trade Shows and Exhibitions — Trade shows and exhibitions are another excellent way of finding distributors. Distributors visit these events to learn about new products and to evaluate competition. Even if you are just getting started and not quite ready to export, you should at least visit the shows. Speak with non-competing manufacturers in your industry, and ask for names of distributors. Beware of professional "exclusive distributor hustlers" who work on behalf of domestic manufacturers to sign up foreign manufacturers for appointments to control and restrict competition. Always investigate and evaluate several distributors before making a definite decision.

Mail Lists — Domestic and international trade magazines often publish or sell lists of distributors and agents. Many publications compile "Annual Buyer's Guide" issues.

Foreign Consulates and Banks — Generally speaking, U.S.-based foreign consulates, trade promotion offices and banks are not good sources for potential distributor lists. Their mission is to encourage the entrance of imports from their home countries into the United States, rather than to increase the number of U.S. exports their country receives. However, Japan is an exception to this rule. The quasi-governmental JETRO/Japan Trade Center, established in Chicago and several other U.S. cities, actively promotes a "U.S. Exports to Japan" program.

Foreign Magazines and Newspapers — Placing "distributor wanted" or "representative wanted" advertisements in foreign publications can generate responses. However, investigate and qualify the respondents, although this is difficult to achieve without visiting the distributor's offices.

Private Marketing Consultants — Several nationwide companies offer services (for a fee) that bring together American exporters and foreign buyers. Typically, the primary "international marketing program" offered by these consultants includes market assessment and analysis, a distributor search and recommendations, and a marketing- sales promotion plan. As secondary services, these consultants also offer joint venture or licensing development, manufacturing assistance, and observation of your overseas operations. SUSTA's Generic Program provides similar primary services. Visit www.susta.org/services/gip.html to learn about SUSTA's trade missions and training workshops.

Evaluating Your Distributor or Agent

When searching for a potential overseas distributor or agent, obtain:

1. Basic Information

- Name, address, location, telephone/fax numbers, email addresses and contact person
- Annual sales, number of sales outlets, number of salespersons and support staff
- Organizational structure
- Years spent in international business
- Experience in your product category
- Personnel training

2. Sales Staff Information

- Do they hire their own sales staff? How many are on the payroll?
- What are their sales techniques and methods of conducting sales?
- How many customers do they currently serve?
- What is the status of their relationship with their current customers? If possible, assess this relationship by contacting customers directly.
- Are they able to inventory and warehouse your goods? At what additional cost?
- How are deliveries made? Do they have their own delivery fleet, or do they use common carriers?

3. Product Awareness Information

- What related, but non-competitive products do they sell? Do they handle any competitive products?
- Why do they think your product will be successful in the market?
- What do they assess as your product's strengths and weaknesses?
- What modifications do they recommend? Can they assist you in making the recommended modifications?

In addition to the previously mentioned methods, alternative contacts for locating a distributor or agent include:

U.S. Exporter Assistance: The Foreign Agricultural Service's website provides information on the following services:

- Directory of U.S. food distribution companies
- Lists of foreign buyers of food and agricultural products
- Assistance in presenting your products at international trade shows

For more information, go to www.fas.usda.gov.

The **U.S. Department of Commerce** offers services, such as the International Partner Search, for small to medium-sized exporters. This service helps determine the best markets and ways to promote your products. After they receive a specific request, commercial specialists at U.S. embassies and consulates abroad then search the market for qualified agents, distributors, or representatives according to your specifications. Prospective agents or distributors are screened for capability and interest, and within 15 days you will receive complete contact information for up to five of the most qualified candidates, including information on their size, sales, years in business, and number of employees. You will also gain information about sales potential and marketability for your products and services. For more information, contact your nearest **U.S. Export Assistance Center**.

The **Commercial News USA,** a U.S. government catalog/magazine, provides the opportunity to advertise your product as well as attract potential distributors. The publication will promote your product in over 176 countries at a fraction of the cost of commercial advertising. It is distributed overseas bi-monthly at no charge to the recipient. For more information, contact a U.S. Export Assistance Center or ThinkGlobal Incorporated.

Once you have narrowed down the field to one potential distributor or agent, the Dept. of Commerce provides **International Company Profiles (ICP)** at a very reasonable cost. This profile serves as a thorough background check on your potential client, which will reduce your risk and allow you to enter into a new business relationship with confidence. Within 10 days of the request, you will receive a detailed credit report on a prospective overseas partner or sales representative. Commercial specialists abroad will also give their assessment of whether or not you should enter into this relationship. The profile includes bank and trade references, product lines of that distributor, number of employees, financial data, sales volume, reputation and market outlook. In addition, your ICP will qualify as one of the reports required for you to obtain foreign credit risk insurance coverage. To order an ICP, contact a U.S. Export Assistance Center.

MARKET RESEARCH

Technical Assistance for Food Exporters

Now that you have decided to commit valuable resources to exporting, it is time to research and make the necessary, technical changes to your product so that it may enter foreign markets. Your product may only require a label change; however, it could require ingredient modification and new packaging. Due to the variety and number of enforcement and regulation requirements, exporters of agricultural products must address certain technical issues to ensure the product's success overseas.

One way to determine what the import requirements are is via the FAS Foreign Agricultural and Import Standards (FAIRS) reports, which can be found at www.fas.usda.gov under Market and Trade Data.

Besides obtaining required certificates prior to the export of certain products, changes to the product itself and its packaging may also be necessary. You should fully research the technical changes needed for each market. Modifications add expenses.

THE PRODUCT — Will it need adaptation? Regulations for food additives differ from country to country. The U.S. "Generally Recognized as Safe," or GRAS, additives may have maximum content levels or may be prohibited altogether in foreign countries. Documentation is important not only for the amount of additive, but also the source of the product; secondary or indirect additives are also regulated in most countries. Many times, additives must appear on the label in the list of ingredients.

Exporters must assure the safety of their products. Pesticide tolerance or maximum residue levels (MRLs) of the import country must be met. Documenting pesticide use and residues throughout your entire production process will increase your knowledge of your product and assist your compliance with the regulations. The best method of monitoring pesticide applications is to follow the established state or national guidelines. The national guidelines require that for a period of two years, the producer must record within the span of 14 days the brand or product name of the pesticide, the EPA registration number, and be aware of any contract requiring that certain residue standards be met.

Good sanitation procedures are a must! Give special care to microbial growth during the shipment and storage of products since the distribution time is longer than that for domestic sales. Also, fresh foods must be pathogen-controlled, while processed foods should be pathogen-free. Countries may differ on their bacterial standards, so once again know the regulations before the contracts are signed.

Another aspect of your product may need modification. The product formula or recipe may have to be modified to satisfy tastes of the local population of the target country. For instance, a new flavor to which the locals are accustomed may need to be developed.

THE LABEL — What changes will be needed? The product label is an important element in the promotion of your product. Labeling provides required information and a further opportunity to position the product in the market through attractive graphics. To present your product favorably to a foreign buyer, your label may need certain alterations. Product and brand names as well as label colors must be carefully considered for their cultural significance in each country. For example, in Japan, white signifies death, while green is a favorable color in Saudi Arabia.

Like the United States, each country has label standards designed to inform and protect its consumers. The gravitation toward a more nutritionally informed consumer has caused global labeling requirements to become more stringent. Even though this move toward higher standards exists, there is not one standard set of requirements; rather, the particulars differ from nation to nation. Some nations will allow "stickering" of your U.S. label in order to comply with their requirements, whereas other nations will not. Every label should include certain elements: the common name of the product, the net weight or volume in metric units, the brand name, the name and address of the packer or shipper, the country of origin, the recommended storage temperature, special handling instructions, and the name of officially approved fungicides or bactericides used in the packaging process. It is also beneficial, and many times required, to include all information in the native language of the country to which you are exporting. Remember that these as well as other changes will result in additional costs, which should be calculated in your selling price. In addition to these items your company should calculate the cost of registering your brand name or trademark in the foreign country. It is possible your exact brand is already in use in the foreign country. Do this research before investing lots of money. You can search at the U.S. Patent office to find out if your trademark is already registered in the USA: www.uspto.gov.

The Package — What needs to be modified? Depending upon the product(s) shipped, companies will encounter varied constraints based upon the type, size, condition and environmental impact of the container/package utilized. Be aware of the regulations before a contract is signed, because an adaptation of the packaging will increase your production costs. The portion size of the package may also need changes to conform to local eating habits. Additionally, the package may need to be changed so that the product has an adequate shelf life for the new market to which it will be shipped.

In today's world of environmental concerns, the environmental impact of packaging has become a major issue regarding packaging requirements. Many countries have established mandatory recycling programs, packaging bans, and solid waste reduction programs. Many of these laws, such as the German Waste Recycling Ordinance, require the importer of a product to return the excess packaging to the exporting country or recycle/reuse all transportation package material.

In conclusion, agricultural exporters need to prepare themselves for the technical requirements of each target market. Know which questions to ask and to whom these questions should be directed. For answers to technical questions, ask your foreign customer, your freight forwarder or the **Foreign Agricultural Service of the USDA.**

Most countries require a sanitary certification that ensures that the imported plant or animal product meets certain health and quality standards. USDA's Animal and Plant Health Inspection Service (APHIS) provides this inspection for plants. USDA's Food Safety and Inspection Service (FSIS) conducts inspections for meat and poultry products. USDA's Grain Inspection, Packing and Seed Administration (GIPSA) manages inspections for U.S. grains. The U.S. Food and Drug Administration (FDA) manages the seafood inspection program, while the U.S. Department of Treasury's Bureau of Alcohol, Tobacco and Firearms (ATF) registers exporters of alcoholic beverages. Additionally, you might contact the consular office of the country to which you wish to export.

Systematic Market Research

A systematic method of market research should involve a preliminary screening of potential markets followed by a careful assessment of the targeted markets. Exporters engage in market research primarily to identify their marketing opportunities and constraints within individual foreign markets and also to identify prospective buyers and customers. Results of this research should inform the company of the largest markets for its product, the fastest growing markets, market trends and outlook, market conditions and practices, and competitive firms and products. Based on all the information gathered, a company must decide which markets are the most promising and the number of markets the company is prepared to enter. Even if the firm plans to use an export intermediary, it should select its markets before selecting the intermediary, because many EMCs and ETCs have market-specific knowledge and strengths.

Markets may be researched using primary or secondary data sources. Primary market research consists of a company collecting data directly from the foreign marketplace through interviews, surveys, and other direct contact with representatives and potential buyers. Primary research has the advantage of being tailored to meet a company's needs and provide answers to specific questions, but this data collection is very time-consuming and expensive. Most companies employ secondary data sources, such as trade statistics for a country or a product, to focus their marketing efforts. This type of research is a valuable and a relatively easy first step for a company to take. Many times, it may be the only step necessary if the company decides to utilize an export intermediary and export indirectly.

A Step-by-Step Approach to Market Research

1. SCREEN POTENTIAL MARKETS

Step 1: Obtain export statistics that indicate product exports to various countries. The **Foreign Agricultural Service (FAS)** compiles historical data on the value and volume of agricultural exports to pinpoint trends in exports of particular commodities and products in specific markets. The agency also analyzes and tracks the U.S. agricultural trends worldwide for both the calendar and fiscal years.

A starting point is the FAS "BICO" (**B**ulk and **I**ntermediate **CO**mmodity) Reports, which quantify sales of agricultural, fish and forest products to a given country. After you have isolated countries of interest, detailed information on country-specific issues can be found in Attaché Reports. Attaché Reports provide both commodity-specific as well as country-specific data. These reports are available at www.fas.usda.gov.

Both the **Department of Commerce** and **Small Business Administration (SBA)** have many services that can assist with the process of market research. Many cities have **U.S. Export Assistance Centers (USEAC)** containing both offices. Companies may also purchase PIERS data, which includes detailed information on shipments from many major seaports. PIERS can be contacted at www.piers.com.

Companies should also consult **USA Trade® Online** for current and historical trade related releases, international market research, trade opportunities, country analysis and access to their trade library. Provided by the U.S. Census Bureau's Foreign Trade Division, USA Trade Online provides current and cumulative U.S. export and import data on more than 18,000 export commodities and 24,000 import commodities worldwide. Companies can subscribe to this data through the USA Trade Online website, www.usatradeonline.gov.

If you are still encountering problems with your research after consulting these sources, pursue other avenues. There are several questions to consider that may lead you to the information you are seeking. Do your domestic competitors export to certain countries? Could demographic, government expenditure, health, investment, labor and employment data of foreign countries help you?

Step 2: Identify 5 to 10 large and fast growing markets for your company's product. Look at the performance of that product during the past 3 to 5 years. Has market growth been consistent year to year? Did import growth occur even during periods of economic recession? If not, did growth resume with economic recovery?

Step 3: Identify some smaller but fast-emerging markets that may provide ground-floor opportunities. If the market is just beginning to open up, there may be fewer competitors than in established markets. Growth rates should be substantially higher in these countries to qualify as up-and-coming markets, given the lower starting point.

Step 4: Target 3 to 5 of the most statistically promising markets for further assessment. Consult with the Southern United States Trade Association (SUSTA), the Foreign Agricultural Service, your state's Department of Agriculture, the U.S. Department of Commerce, Small Business Development Centers, business associates, industry associations, freight forwarders, the National Trade Data Base (NTDB) and others to help refine targeted markets.

After completing the preliminary research assessment of the possible target markets, use the **Market Research and Assessment Appendix E** and **Market Factor Assessment sheet** included in **Appendix F** to compare the possible market choices:

1. Select two countries in which you think your product has the best market potential;
2. Review the market factors for each country;
3. Research data/information for each country;
4. Rate each factor on a scale of 1-5, with 5 being the best;
5. Select a target market/country based on your ratings.

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2. ASSESS TARGETED MARKETS

Step 1: For each country, examine trends for your company's product, as well as trends for related products that could influence demand. Calculate overall consumption of the products and the amount accounted for by imports. To obtain the reports of this service of the Foreign Agricultural Service, visit www.fas.usda.gov. Additional services are available from the U.S. Department of Commerce providing the economic background and market trends for each country. Additionally, demographic information (population, age, etc.) may be obtained from the Bureau of the Census and the Statistical Yearbook published by the United Nations.

Step 2: Ascertain the sources of competition, including the extent and quality of domestic industry production and the major foreign countries the company is competing against in each targeted market.

Step 3: Analyze factors affecting marketing and use of the product in each market, such as end-user sectors, technological developments, local pricing practices, channels of distribution, cultural norms for the market, and business practices.

Step 4: Identify any foreign barriers (tariff or non-tariff) for the product you are exporting. Identify any U.S. barriers (such as export controls) affecting exports to the country. To find out more about barriers to trade of agricultural products, visit www.fas.usda.gov.

Step 5: Identify any U.S. or foreign government incentives to promote exporting the product.

3. DRAW CONCLUSIONS

After analyzing the data, your company may conclude that its marketing resources would be better utilized if applied to only a few countries. In general, a company's efforts should be directed to fewer than 6 markets if the company is new to exporting, but in many cases one or two countries may be enough with which to start. The company's internal resources should help determine its level of effort.

Tariffs and Harmonized System Codes

In order to export your product it is necessary to determine your product's Harmonized System or Schedule B code. The Harmonized Code System classifies transactions under the categories of approximately 8,000 different products leaving the United States. Globally, every item is assigned a unique six-digit code. In the U.S., the six-digit classification is driven to a 10-digit code providing greater levels of detail, which can then be re-aggregated into the broader categories of 6- and 4-digit codes. The HS code is part of a global system in which tariffs are levied by harmonized code. For help in determining your product's harmonized code, contact the U.S. Bureau of the Census.

Once you have the harmonized system or HS code for each of your company's products, visit the Trade Information Center home page or contact FAS to find the tariff rate for your product in the country to which you want to export.

Locating a Foreign Buyer

Once you have determined that your company is in a position to export and the target markets have been selected, locate customers. You should employ any and all avenues which seem appropriate for your product.

Foreign Agricultural Service: The Foreign Agricultural Service is an excellent contact for initiating the search for foreign buyers. The website www.fas.usda.gov includes information on many services under "U.S. Exporter Assistance": lists of foreign buyers of food and agricultural products, market research resources, assistance in presenting your products at international trade shows, and many more services.

USDA Export Development Cooperators: The cooperator program is one of the oldest FAS market development efforts abroad. The **Cooperators International Offices** provide the contact points for foreign representatives of industry associations, according to market sector and country. These international offices can assist you to develop your channels of distribution and contact with potential buyers. A list of cooperators is available on the FAS website under Market Development Programs.

State Departments of Agriculture: Many state Department of Agriculture offices have means for obtaining trade leads and connecting suppliers with foreign buyers. Services vary from state to state, so you should consult them to learn what assistance may be available in your state. Contact information for state Departments of Agriculture in the SUSTA region is available on page 2.

State Regional Trade Groups: SUSTA is one of four state regional trade groups, which serve all 50 states. These state regional trade groups offer many services, including advice and assistance in the process of locating foreign buyers.

Agricultural Trade Officers (ATOs): The agricultural trade officers or attachés are the official representatives for the U.S. Department of Agriculture overseas. They are in frequent contact with foreign buyers and overseas representatives of U.S. companies and associations. Additionally, ATOs help exporters establish contacts with government officials and participants in foreign trade. Agricultural trade officers are responsible for compiling reports about their respective markets, which may be obtained through the FAS website. Requests for assistance from the ATOs should be as specific as possible. For general information about a country, utilize reports available through the FAS website.

Trade Shows: Trade shows are one of the most effective means of introducing and promoting food and agricultural products overseas. Trade shows offer the opportunity to contact a great number of companies in one trip without incurring the expenses of numerous visits to the market. There are trade shows aimed at many different sectors of the food industry. Your company should look carefully at the type of buyers that will be attending a show before deciding to participate. For information about international shows visit the FAS website at www.fas.usda.gov. Another source of foreign buyer contact is the International Buyer Program sponsored by the **International Trade Administration of the U.S. Department of Commerce**. In this program, qualified buyers and prospective representatives and distributors from all over the world are recruited to participate in U.S. domestic trade shows.

Other Sources:

- The International Divisions of Commercial Banks
- International Freight Forwarders
- State Port Authority Offices

These three sources all possess a vested interest in exporting. By promoting U.S. products, these sources are increasing the chances that their services will be needed. In addition to their interest, these sources can be extremely helpful because they have ongoing contact with international trade representatives.

Benefits of Trade Show Participation

As previously mentioned, trade shows are an excellent opportunity to introduce and promote food and agricultural products overseas. Because so many buyers and sellers are convened in one location, participation in a trade show has many benefits, including:

- Trade shows are one of the least expensive methods of conducting in-country market research and testing to gauge customer attitudes
- Trade shows provide face-to-face contact with buyers
- Trade shows permit product demonstrations, which is an excellent way to promote and sell your product

- Trade shows provide cost-effective direct sales opportunities
- Trade shows offer opportunities to meet important agents and distributors
- Trade shows provide a positive sales and public relations environment. Also, they provide the opportunity for members of your staff to meet other companies' personnel.
- Trade shows offer the opportunity to conduct market intelligence and monitor the activities of competitors
- Trade shows can be useful for staff training, education, and recruiting

Preparations and Budgeting for Trade Show Participation

Thorough planning for participation in a trade show is essential for the success of the exhibit. Unfortunately, many companies overlook the essential preparatory step of adequately budgeting for the show. While budgeting is more difficult for the first trade show, the costs of future shows should be easier to ascertain. To help you construct your budget for participation in a trade show, we have included a **Budget Framework for Trade Show Participation** in **Appendix G**. On the most basic level, the expenses involved in trade show participation are:

Space Rental — Prepayment of booth space is vital. Having paid in advance, your company is more likely to obtain a prime location at the show and will benefit from early payment discounts. In addition, late payments could result in the cancellation of your booth reservation or additional late charges.

Exhibition Booth Design and Construction — At FAS-sponsored trade shows, booth rental cost includes booth construction and basic furnishing for the booth. However, in most trade shows, rental space does not mean that you will receive a constructed booth. Thus, your company will have to make arrangements for the design and construction of a booth. In such instances, booth fittings will also need to be rented. Such fittings include shelves, tables, chairs, telephone, water, plants, carpeting, electrical fittings and a chiller or freezer, etc. Due to these additional rental needs, this component is often the most expensive portion of trade show participation costs.

Promotion — Effective promotion both before and during the trade show is necessary to ensure your success. While the organizers' promotion will bring visitors to the trade show, your company must carry out its own promotion in order to attract visitors to its booth. Your company will benefit most from trade show participation if you do research and contact potential customers prior to the show.

Shipping and Customs — The costs of shipping samples and booth materials to the show should be well planned. Depending upon the location of the show, your company needs to allocate the adequate amount for shipping expenses. Forethought and careful scheduling are vital in order to avoid additional charges, which can be incurred from delays in shipping, improper completion of customs documents, or storage charges.

Personnel Costs — The costs incurred by the company representatives who attend the show are considered personnel costs. The major components of these costs would include accommodation, airfare, ground transportation and meals. In addition, one may hire an interpreter in-country for the trade show. FAS or show organizers may have excellent suggestions as to a firm that can provide industry-knowledgeable interpreters. If hiring an interpreter, determine their level of industry knowledge: each industry has its own jargon and structure. An interpreter who brings industry knowledge to the interpretation task is invaluable.

PRICING, QUOTATIONS, PAYMENT & COLLECTIONS

Pricing

To establish an overseas price, you need to consider many of the same factors involved in pricing for the domestic market. These factors include competition; costs such as production, packaging, transportation and handling, promotion and selling expenses; the demand for your product or service and the maximum price that the market is willing to pay.

There are three common methods of pricing exports:

- **Domestic pricing** is a common but not necessarily accurate method of pricing exports. This type of pricing uses the domestic price of the product or service as a base and adds export costs, including packaging, shipping and insurance. Because the domestic price already includes an allocation of domestic marketing costs, prices determined using the method might be too high to be competitive.

- **Incremental cost pricing** determines a basic unit cost that takes into account the costs of producing and selling products for export, and then adds a markup to arrive at the desired profit margin. To determine a price using this method, first establish the "export base cost" by stripping profit markup and the cost of domestic selling. In addition to the base cost, include genuine export expenses (export overheads, special packing, shipping, port charges, insurance, overseas commissions, and allowance for sales promotion and advertising) and the unit price necessary to yield the desired profit margin.

- **Cost modification** involves reducing the quality of an item by using cheaper materials, simplifying the product or modifying your marketing program, which lowers the price.

In addition, consider your company's objectives and the price sensitivity and uniqueness of your product. A **Price Determination Worksheet** has been included in **Appendix H** in order to aid you in calculating the proper export price of your product.

Quotation

In international trade, an export quotation includes the price and all of the principal conditions of a possible sale. Basically, the quotation describes a product, its price, payment terms, delivery period and the place of delivery. Many times it is advantageous to include gross and net shipping weight in this description. With this information, the buyer can make inland forwarding plans, and many times this measurement is helpful in the determination of import duties at the foreign port.

The most common method of providing a sales quotation is the "pro forma" invoice. A pro forma invoice is not used as a form of prepayment, but rather to further describe products, price, payment terms, and delivery information so the buyer can arrange funds. Many banks provide their customers with a checklist for preparing this information.

A pro forma invoice should include a statement certifying that the pro forma invoice is true and correct and a statement naming the country of origin of the goods. Also, the invoice should be conspicuously marked "pro forma invoice." It is good business practice to include a pro forma invoice with any international quotation, whether it has been requested or not. A **Sample Pro Forma Invoice** can be found in **Appendix I** and a detailed explanation of the terms involved can be found in the **Export Documents** section of this book. We have also included a **Glossary of Exporting Terms** in **Appendix C** of this publication for your reference.

Generally, price quotations should state explicitly that they are subject to change without notice. If a specific price has been agreed upon or guaranteed by the exporter, the precise period during which the offer remains valid should be specified in the pro forma invoice.

Terms of Sale

Since an entirely different set of terms is used in international trade, the buyer and the seller must have a common understanding of the terms of sale. Based upon the quoted terms of sale, your responsibility for insurance coverage will be clarified in terms called Incoterms®. These Incoterms® are used universally to determine who pays for what and when the responsibility for goods transfers from the seller to the buyer. Information on new terms can be obtained from the International Chamber of Commerce at www.iccwbo.org/incoterms and other sources. Of note, Incoterms® are reviewed and modified every 10 years. Buyer and seller should not only use Incoterms® but should also ensure that they are using the same year. The following are descriptions of some of the most common terms and definitions used in international trade:

CFR (Cost and Freight) — Seller quotes a price for the cost of goods, which includes the cost of inland and overseas transportation from the point of origin to port of debarkation. If additional charges outside of the agreed freight charges are charged, they fall to the account of the buyer. Insurance is the responsibility of the buyer. For example, you will see this as “CFR Lagos, Nigeria.” This basically means that your quotation will show the costs involved in landing the goods at the port of Lagos, Nigeria.

CIF (Cost Insurance and Freight) — Seller quotes a price for the costs of the goods, insurance, inland and overseas transportation as well as the miscellaneous charges from the point of origin to a named port of debarkation of a vessel or aircraft.

FOB (Free on Board) — Seller quotes a price for the cost of goods which includes the cost of loading that good into trucks, rail cars, barges or vessels at a designated point. The buyer assumes responsibility for ocean transportation and insurance.

FAS (Free alongside Ship at designated port of export) — Seller quotes a price for the cost of goods which includes the charge for delivery of the goods alongside a vessel at the designated port. The seller is also responsible for the unloading and wharf fees. Loading aboard the vessel, ocean transportation, and ocean cargo insurance are the responsibility of the buyer.

EXW (EX Works named point of origin) — Price quoted applies only at the point of origin and the seller agrees to place the goods at the disposal of the buyer at a specified place on a certain date or within a fixed period. All other charges are the responsibility of the buyer. Many times this term is seen in forms such as EXW Factory or EXW Warehouse. Most often EXW is used to indicate that title transfers at the seller’s loading dock, and that all responsibility for the goods then belongs to the buyer.

Using Terms of Sale in a Quotation
When quoting a price, the exporter should make it meaningful to the prospective buyer. For example, a price for industrial machinery quoted “FOB Columbia, MD, not export packed” would be meaningless because most prospective buyers would have difficulty determining the total costs. Therefore, they would be hesitant to place an order.

For this reason, it is advisable to quote CIF whenever possible because it is easily understood by your prospective customer. A freight forwarder can help you determine a CIF price. However, some countries will not permit quotes in CIF.

Methods of Payment

There are various methods of receiving payment for your exports. These methods include **payment in advance, letters of credit, documentary drafts and open account**.

Payment in advance. This method is most desirable from the seller’s standpoint because all risk is eliminated. While cash in advance may seem most advantageous to you, insisting on these terms may cost you sales. Just like domestic buyers,

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foreign buyers prefer greater security and better cash utilization. Some buyers may also find this requirement insulting, especially if they are considered credit-worthy in the eyes of the rest of the world. Advance payments and progressive payments may be more acceptable to a buyer, but even these terms can result in a loss of sales in a highly competitive market.

Letters of credit. A letter of credit (LC) is a payment method, which substitutes the credit-worthiness of a bank for that of a buyer. Thus, the importer, or buyer, applies to a bank for the LC. An *irrevocable* LC cannot be changed without the expressed permission of the exporter. If an irrevocable letter is confirmed by a U.S. bank, it virtually eliminates the foreign credit risk of an export sale. In part, a letter of credit also protects the buyer, because a bank cannot pay the exporter until the exporter presents documents that comply fully with the terms and conditions of the letter of credit. Of note, in practice, LCs are hard to use with perishable goods as the definition of "quality" that may be part of the contract, and therefore the LC, may be subject to interpretation. In short, LCs are not often used with perishables.

Payment under a LC can be *at sight*, a certain number of days *after sight*, or by a *date certain*. *At sight* signifies that payment must be made within 72 hours, upon presentation of the required documents. Payment a certain number of days *after sight* means that the exporter will be paid sometime after negotiation or acceptance of the documents. Payment at a *date certain* is at a date fixed by the terms of the LC.

When deciding whether to use a LC, consider the additional cost of bank confirmation and related fees. The greater the value of your shipment, the greater the fees are.

Another factor is the possibility that competitors may offer payment terms more favorable to the buyer. Generally, the cost of a LC to the importer is significantly higher than the cost to an exporter. Due to these higher costs, some importers may not accept your payment terms. Consult an experienced international banker to determine which payment method is right for your business.

Documentary Drafts. A "draft" is a written demand by the exporter directing the importer to pay to the order of a third party. There are three types of documentary drafts: sight drafts, time drafts and date drafts.

A sight draft is used when the seller wishes to retain title and control of the shipment until it reaches its destination and is paid for. Before the order can be released to the buyer, the original bill of lading must be properly endorsed by the buyer and surrendered to the carrier of the goods. In actual practice, shipment is made on a negotiable bill of lading that is given to the shipper. The bill of lading is endorsed by the shipper and sent to the buyer's bank or to another intermediary along with the sight draft, invoices, and other necessary supporting documents specified by the buyer or the buyer's country. Some of the necessary supporting documents are packing lists, consular invoices or insurance certificates. The bank notifies the buyer that it has received these documents and as soon as the draft is paid, the bank will turn over the bill of lading, enabling the buyer to obtain the shipment. This method does involve some risk because the buyer's ability and willingness to pay may change between the time the goods are shipped and the time the draft is presented for payment. Also, there exists the risk of a change in the policies of the importing country. If the buyer cannot or will not pay for the goods, the return or disposal of the goods becomes the responsibility of the exporter.

A time draft can be used to require payment within a certain time frame after the buyer accepts the draft and receives the goods. By signing and marking "accepted" on the draft, the buyer is formally obligated to pay in the determined period of time. When this signature is received, the draft is called "trade acceptance" and can either be kept by the exporter until maturity or sold to a bank at a discount so the exporter can receive immediate payment. There is a certain risk involved for the exporter because a buyer may delay payment by delaying acceptance of the draft or refusing to pay at its maturity. In most countries, an accepted time draft is stronger evidence of debt than an unpaid invoice.

A date draft differs slightly from a time draft in that it specifies a date by which the payment is due rather than establishing a time period. When a sight or time draft is used, a buyer can delay payment by delaying acceptance of the draft, but the use of a date draft can prevent this occurrence.

Open Account. Selling on open account carries the greatest risk for the exporter. Under this method the buyer does not pay for the goods until they have been received. If the buyer refuses to pay, the only recourse of the exporter is to seek legal action in the buyer's country. Thus, the open account method should only be utilized when there is an established relationship with the buyer and the country of the buyer possesses a stable political and economic environment. If your sales must be made on open account, the date upon which the payment is due should be stipulated.

Letters of Credit

If the buyer pays in advance, he risks that the goods may not be sent. Similarly, if the seller ships the goods before he receives full payment from the buyer, he risks not being paid. To cover these risks, buyers, sellers, and banks use documentary letters of credit in international trade transactions. Under this method, the supplier requires these documents to be presented before payment is made.

Essentially, a letter of credit adds a bank's promise of paying the exporter to that of the foreign buyer once the exporter has complied with all of the terms and conditions of the letter of credit. The foreign buyer or "applicant" applies for issuance of a letter of credit to the exporter or "beneficiary."

When using a documentary letter of credit, parties base payments on terms contained within the documents, not on the terms of sale, nor the conditions of the goods sold. Before the bank completes the payment process, it verifies that all documents comply with terms in the letter of credit. If a discrepancy exists between the required documents and terms in the letter of credit, the non-complying party must reconcile the differences before payment can be made. Thus, the letter of credit mandates full compliance of documents as specified by the letter of credit.

Confirmed Letter of Credit: The foreign bank often issues the letter of credit, while the U.S. bank confirms it. With confirmation, the U.S. bank adds its promise to pay to that of the foreign bank. U.S. exporters concerned about the political or economic risk associated with the country in which the bank is located may wish to obtain a confirmed letter of credit. An international banker or the local U.S. Department of Commerce district office can help exporters evaluate these risks and determine whether a confirmed letter is necessary. Alternatively, an "advised" letter of credit, in which the U.S. bank gives advice without officially confirming, may be appropriate.

Irrevocable and Revocable Letters of Credit: If a letter of credit is irrevocable, the buyer and the seller cannot make a change unless both agree to it. In contrast, the buyer or seller can unilaterally make a change with a revocable letter of credit. Therefore, most exporters advise against the use of a revocable letter of credit.

Letter of Credit at Sight: The terms of the letter of credit require immediate payment.

Time or Date Letter of Credit: The terms of the letter of credit do not require payment until a future date.

Banks charge fees, usually a small percentage of the amount of payment, for handling letters of credit. They also charge fees for any amendment made to the letter of credit after it has been issued. All quotations and drafts should explicitly state that fees are to be charged to the buyer's account, since the buyer generally incurs all fees.

All terms of sale should be clearly specified, since payment is made according to the document's contents. For example, "net 30 days" should be specified as "net 30 days from acceptance" or "net 30 days from date of bill of lading" to avoid confusion and delay of payment. Likewise, the currency of payment should be specified as "US$xxx" if payment is to be made in U.S. dollars. International bankers can offer other helpful suggestions.

An exporter usually does not receive payment until the advising or confirming bank receives the funds from the issuing bank. To expedite the receipt of funds, wire transfers may be used. However, for an additional charge, the exporter may be able to receive funds immediately by discounting the letter of credit at the bank. Exporters should consult with their international bankers about the bank policy toward letters of credit.

Each documentary letter of credit must contain the following information:

- Expiration date (latest shipping date)
- Dollar amount covered under such credit
- Name and address of buyer (applicant)
- Name and address of seller (beneficiary)
- Reimbursing instructions

Also, the most common documents required under commercial letters of credit are:

- Commercial Invoice
- Customs Invoice
- Certificate of Origin
- Packing List
- Clean on Board Bills of Lading
- Insurance Policy or Certificate
- Airway Bill

A Typical Letter of Credit Transaction
Below is the typical process that takes place when payment is made by an irrevocable letter of credit, which a U.S. bank confirmed:

1. After the exporter and customer agree on the terms of sale, the customer arranges for its bank to open a letter of credit. Delays may be encountered if, for example, the buyer had insufficient funds.
2. The buyer's bank prepares an irrevocable letter of credit, including all instructions to the seller concerning the shipment.
3. The buyer's bank sends the irrevocable letter of credit to a U.S. bank requesting confirmation. The exporter may request that a particular U.S. bank be the confirming bank, or the foreign bank may select one of its U.S. correspondent banks.
4. The U.S. bank prepares a letter of confirmation to forward to the exporter along with the irrevocable letter of credit.
5. The exporter reviews carefully all conditions in the letter of credit. The exporter's freight forwarder should be contacted to make sure that the shipping date can be met. If the exporter cannot comply with one or more of the conditions, the buyer should be alerted at once.
6. The exporter arranges with the freight forwarder to deliver the goods to the appropriate port or airport.
7. When the goods are loaded, the forwarder completes the necessary documents.
8. The exporter (or freight forwarder) presents to the U.S. bank documents indicating full compliance with the terms stated in the letter of credit.
9. The bank reviews the documents. If they are in order, the documents are airmailed to the buyer's bank for review and transmitted to the buyer.
10. The buyer (or agent) gets the documents that may be needed to claim the goods.
11. A draft, which may accompany the letter of credit, is paid by the exporter's bank at the time specified or may be discounted at an earlier date.

Tips on Using a Letter of Credit
Follow the tips below to avoid shipment delays for time-consuming and costly letter of credit amendments. Present this list to your importer.

1. The exporter should carefully compare the letter of credit terms with the terms stated on the pro forma quotation. This is extremely important since the terms must be precisely met or the letter of credit may be invalid and the exporter may not be paid. If there are any discrepancies (including spelling mistakes), the customer should be notified immediately, and an amendment should be requested to correct the problem.

2. Confirm that the amount of credit is sufficient to cover all expenses you want the bank to repay (freight, insurance, forwarding fees, consular fees, inspection fees, etc.). Banks pay only the amount specified in the letter of credit, even if higher charges for shipping, insurance, or other factors are documented.
3. Be sure the letter of credit is irrevocable and will be confirmed by a prime U.S. bank. Stipulate that payment will be made upon presentation of documents to the U.S. bank confirming the credit.
4. If your credit provides for separate amounts for the merchandise and for shipping expenses, be sure that sufficient funds are established for each, since banks cannot permit merchandise funds to be used for expenses, and vice versa.
5. Be sure your bank is shown as the beneficiary, with its name and address spelled correctly.
6. Be sure your correct name is shown as the "opener," since the same name must usually appear as the "buyer" and "importer" on your shipping documents.
7. Require only documents you know your bank can supply, and if analysis or inspection certificates are to be furnished, specify who to issue them and at whose expense.
8. If the goods may be shipped in standard shipping containers, be sure to specify that "container bills of lading" are acceptable. Difficulties also may be avoided if the letter of credit and bill of lading clauses specify "shippers load and count" and "on deck or underdeck loading at carrier's option."
9. If shipment is to move via barge, to be towed by tugs, or to be loaded aboard LASH ships (described below), be sure to specify this fact in your letter of credit. You should also consider stating in the letter of credit that "bills of lading are acceptable as 'on board' when issued by steamship companies for reloading on LASH ship."
10. If "charter party" bills of lading are acceptable, this fact must be specifically stated in the letter of credit.
11. Describe merchandise ordered in English, and in as general and as broad of terms as possible.
12. If you must describe the type of insurance coverage required, be sure that type, such as "all risks," is available for the specific goods being shipped.
13. Allow partial shipments and part payments in your letter of credit to avoid the necessity of expensive and delaying credit amendments should single packages be short-shipped or damaged on the wharf. Also, specify that any statement of quantity (gallons, ton, etc.) is approximate and not exact.
14. Provide in the credit that shipment via air or parcel post is allowed, if your order may be so shipped. If air freight shipment is required, provide in the letter of credit that only one copy of the air waybill is required, and that it is consigned directly to you or your agent ("to order" air waybills are prohibited).
15. Be sure adequate time is allowed for manufacturing, shipment, and presentation of documents before credit expiration (in general, a minimum of two months).

Collections

Collections is the process in which an instrument or document accompanied by a draft is presented to an entity for payment. A draft is the negotiable instrument, which contains an order to pay. It must be signed by the seller and be payable at sight or within a certain time period. Purchased by your foreign buyers, drafts are used in order to pay the bills owed to you, the exporting company or individual. The most commonly employed type of collection is documentary collections, which were described under the previous heading of Methods of Payment.

Local banks offer a selection of collection products. These products provide your organization with an efficient, cost-effective alternative to the in-house handling of collections. For international collections, banks offer lockboxes and electronic data interchange (EDI).

There are two main types of lockboxes, the wholesale and the retail lockbox. The wholesale box is geared toward low volumes of high dollar remittances. Most times the bank will assign an individual teller to a specific group of customers so that he is trained in those customers' special needs and requirements. The retail lockbox service is created for those organizations that receive a high volume of low-dollar remittances accompanied by a scannable document. This retail lockbox system reduces in-house processing costs and the transactions are assigned a unique identification number, which creates a complete audit trail of the deposited checks.

Electronic Data Interchange (EDI), the computerized exchange of information in a standardized format, is quickly becoming vital for a successful business. Customers of the bank can initiate electronic payments or collections accompanied by complete invoice and shipping information needed by a supplier to post the payment. The EDI provide an efficient, cost-effective alternative to handling incoming payments. These advantages include a quick response to trading partners who are using EDI, an improved accuracy of cash flow forecasting, improved control over expected payments or receipts, reduced internal processing and banking transaction costs, reduced time and cost of collecting, tracking and updating open receivables, the notification of incoming payments or collections and a fully automated update of your accounts receivable system.

To determine the best type of collections for your company or for more detailed information about the various services offered, contact your local bank's international division.

FINANCIAL ASSISTANCE

Duty Drawback

Drawback occurs when a duty or tax that had been lawfully collected is refunded or remitted, wholly or partially, because of a particular use made of the commodity on which the duty or tax was collected. Duty drawback is a means by which companies can recover import duties on products they later export. Companies can recover up to 99 percent of the duties paid on the imported materials. In this manner, the government encourages commerce and manufacturing. Duty drawbacks permit the American manufacturer to compete in foreign markets without the handicap of including in his costs, and consequently in his sales price, the duty paid on imported merchandise.

- **Manufacturing Drawback** – In this type of drawback, the product is made in the U.S. of either wholly or partially imported material. If the product is later exported, the company can recover 99 percent of the duties paid on these imported materials (U.S. Customs retains at least 1 percent to defray costs). A company can recover duties even though they never directly imported a product. Companies can persuade their suppliers to assign their drawbacks to the company when the duties are paid to Customs. In order to recover this drawback, claims must be made within three years of the export transaction.

- **Same Condition Drawback** – In this type of drawback, the items are exported in the same condition as when they were imported. This type of refund occurs when the goods do not meet the company's quality specifications, or when the goods are sold to someone outside the U.S. For a same condition drawback, claims must be made within three years.

Most importers utilize a freight forwarder to process both the import transaction and later the duty drawback paperwork. In this way, your company does not need to provide much additional paperwork for the drawback. For more complicated situations, a company that specializes in drawback requests can handle the refund process. These companies often handle the entire procedure on a contingency basis. In such cases, the consulting company is paid a percentage of the amount successfully refunded from Customs.

If your company has unrealized opportunities to recover duties from Customs, speak with your freight forwarder about duty drawback or contact U.S. Customs and Border Protection.

The Export-Import Bank (Ex-Im Bank)

The Export-Import Bank (Ex-Im) is an independent U.S. Government agency that helps exporters obtain financing for foreign sales of U.S. goods and services. Ex-Im Bank guarantees to a lending bank that it will be repaid. This risk minimization enables banks to provide loans and payment guarantees that they might otherwise avoid. Ex-Im Bank provides guarantees of working capital loans for U.S. exporters, guarantees loan repayment and extends loans to foreign purchasers of U.S. goods and services. Ex-Im Bank also provides credit insurance to protect exporters against the risks of non-payment by foreign buyers for political or commercial reasons. In this respect, the Ex-Im Bank does not compete with commercial lenders, but assumes the risks these lenders cannot accept. In the context of these insurance programs, "commercial risks" are defined as insolvency and protracted default. Meanwhile, "political risks" are those of currency inconvertibility, license cancellation, expropriation, loss due to war, revolution, etc.

Today many countries provide export guarantees and credit insurance to their exporters, thus providing tough competition for U.S. companies with regard to extended terms of sale to their foreign customers. Companies in the U.S. should know that through the Ex-Im Bank they can acquire credit insurance almost as inexpensively as their competitors abroad. As an exporter, you should learn all the details and advantages of Ex-Im's programs and how they can help you expand your overseas sales. More information is available at www.exim.gov, but a brief overview of key programs follows.

Programs offered by Ex-Im Bank include:

- **Working Capital Guarantees** cover 90 percent of the principal and interest on commercial loans to creditworthy small and medium-sized companies that need funds to buy or produce U.S. goods or services for export. Exporters may apply for a Preliminary Commitment, which is a letter from Ex-Im Bank outlining the terms and conditions under which it will provide a guarantee, and then use this letter to obtain the best financing terms from a private lender. The lender may also apply directly for a final authorization. Guarantees may be for a single transaction or a revolving line of credit. Generally, guaranteed loans have maturities of 12 months and are renewable.

- **Export Credit Insurance policies** protect against both political and commercial risks of a foreign buyer defaulting on payment. Policies may be obtained for single or repetitive export sales as well as for leases. Short-term policies generally cover 95 to 100 percent of the principal for political risks and 90-95 percent for commercial risks, as well as a specified amount of interest. These policies support the sale of consumer goods, raw materials and spare parts on terms of up to 180 days, and bulk agricultural commodities, consumer durable and capital goods on terms of up to 360 days. Capital goods may be insured for up to five years, depending upon the contract value, under medium-term policies.

- **Guarantees** of commercial loans to foreign buyers of U.S. goods and services cover 100 percent of principal and interest against both political and commercial risks of nonpayment. The sale of capital items such as trucks, construction equipment, scientific apparatus, food processing machinery, medical equipment or project-related services, including architectural, industrial design and engineering services, are covered by medium-term guarantees. Long-term guarantees are available for major products, large capital goods and/or project-related services. The Bank's Credit Guarantee Facility Program can also be used to extend medium-term credit to buyers of U.S. capital goods and services through banks in certain foreign markets.

- **Direct Loans** provide foreign buyers with competitive, fixed-rate financing for their purchases of U.S. goods.

Ex-Im Bank's loans, guarantees and medium-term insurance cover 85 percent of the contract price (100 percent of the financed portion). A 15 percent cash payment is required from the foreign buyer. Fees charged by the Ex-Im Bank are based upon risk assessment of the foreign buyer or guarantor, the buyer's country, and term of the credit. Compared to export credit agencies of different exporting countries, Ex-Im Bank's rates are highly competitive.

Where to Apply for Ex-Im Bank Programs
Ex-Im Bank's programs are easily accessible. Any responsible party — the foreign buyer, the U.S. exporter, a lending institution, or a firm representing either the buyer or the exporter — can apply directly to the Ex-Im Bank for a Letter of Interest (LI). Potential borrowers may also obtain assistance in the application process from any **Ex-Im Bank** office or call (800) 565-3946 (EXIM).

Market Access Program (MAP)

SUSTA administers the Market Access Program (MAP) Branded on behalf of the Foreign Agricultural Service to the fifteen southern states and Puerto Rico. The MAP Branded reimburses exporters 50 percent of qualified international marketing expenses for promoting U.S. agricultural products to other countries. To qualify, firms must be small according to the Small Business Administration (SBA) guidelines, promote products under a brand name, and products must be at least 50 percent U.S. agricultural origin by weight, excluding added water and packaging. Products and promotional materials must indicate that the product is a "Product of the USA." Eligible activities under this program include trade shows, advertising, in-store demonstrations, product brochures and point of sale materials. Visit www.susta.org/services/map.html for more information about MAP Branded.

How MAP Branded Works

Companies apply for funding by outlining where money will be spent and how it will be used. (e.g., brochures, translation of brochure text, trade show expenses, shipment of samples, etc.). SUSTA reviews the application and prepares a contract which must be signed prior to conducting promotional activities. Then, participating companies or their importers expend their own funds to promote the U.S. products. The company collects invoices, proof of payment and proof of performance for the eligible activities and sends them to SUSTA. SUSTA then reimburses the company for half of the cost of the eligible expenses submitted. For more information or to receive an application, contact SUSTA or visit www.susta.org.

Small Business Administration

The Small Business Administration also provides financial assistance programs for U.S. exporters. The SBA assists businesses in obtaining the needed capital to explore, establish or expand into international markets. To participate, a business must qualify as a small business under the SBA's size standards as well as meet other eligibility requirements.

The Office of International Trade of the SBA administers three programs to assist small exporters: the **Export Working Capital Program (EWCP)**, the **International Trade Loan Program (ITL)**, and **Export Express**. All three programs guarantee loans and therefore require the participation of an eligible commercial bank. Most commercial banks are familiar with SBA programs, and can provide more information or assist in the application process.

The Export Working Capital Program (EWCP) provides short-term, transaction-specific financing. The SBA guarantees up to 90 percent of the loan amount, up to $1.66 million. There is a $2 million maximum loan amount when used in conjunction with an Ex-Im co-guaranty. Exporters may use this money:

- to buy goods or services for export
- for pre-export financing of the manufacturing costs of goods for export
- for international receivables generated from these sales
- for standby letters of credit used as bid or performance bonds

Companies should contact a local **U.S. Export Assistance Center** to determine whether they are eligible for this type of financial assistance. A company may receive these funds for a period of up to one year.

Under the **International Trade Loan Program**, loans are made by lending institutions with an SBA guarantee for a certain portion of the loan. The SBA can guarantee a loan amount up to $1.75 million combined for borrowers with both an International Trade Loan and a separate working capital loan, as long as the SBA guaranty does not exceed $1.25

million on the working capital portion of the loan. Loan maturities are typically 10 to 15 years for machinery and equipment and up to 25 years for real estate. To receive this money, companies must:

- Use the loans to expand existing export markets or develop new ones
  OR
- Have been adversely affected by import competition

The **Export Express** program was designed by the SBA to facilitate loans that would enable a small firm to expand an existing market or develop a new one. The maximum loan amount is $250,000, and lenders use their own analyses, procedures, and documentation. Export Express monies can be used to finance export development activities like trade shows and translation of marketing materials, for revolving lines of credit, or to finance standby letters of credit when required as bid or performance bonds on foreign contracts.

Another assistance program of the SBA is the **7(a) Loan Guaranty,** one of SBA's primary lending programs. This program provides loans to small businesses unable to secure financing on reasonable terms through normal lending channels. It is operated through private-sector lenders who provide loans, which are then guaranteed by the SBA, which has no funds for direct lending or grants. For most loans, there is no legislated limit for the total amount requested from the lender. The loans can be used for most business purposes, such as the purchase of real estate to house the business operations; construction, renovation or leasehold improvements; acquisition of furniture, fixtures, machinery and equipment; purchase of inventory; and working capital. Generally, these loans all have a maximum maturity of 25 years for real estate and equipment and a period of 7 years for working capital. To learn more about the terms and amounts of the 7(a) loans, visit www.sba.gov.

Small Business Investment Companies are privately owned and managed companies which are licensed and regulated by the SBA. They use their own funds, plus additional funds obtained from borrowing at favorable rates with an SBA guaranty and/or selling their preferred stock to the SBA, to make venture-capital investments in small businesses.

For more information about SBA's financial assistance programs, policies and requirements, call the SBA **Answer Desk** or the nearest **SBA district office**. Contact information for your local SBA office can be found at www.sba.gov.

FAS Sugar Programs

The Sugar-Containing Products Re-Export Program is designed to put U.S. manufacturers of sugar-containing products on a level playing field. A participant in this program may buy world priced sugar from any of the refiner participants or their agents for use in products that will be exported on the world market.

The Refined Sugar Re-Export Program facilitates the use of domestic refining capacity to export refined sugar into the world market. This program allows one of three options for refiners. First, it allows refiners to export domestically produced refined sugar and later import world raw sugar. Second, it allows refiners to import world raw sugar for refining and distribution into the domestic market and later export refined sugar. Third, it allows refiners to import raw sugar, refine it, and export it into the world market.

The Sugar for the Production of Polyhydric Alcohol Program is established to provide world priced sugar to U.S. manufacturers of polyhydric alcohols. Participating U.S. manufacturers purchase world priced sugar from licensed refiners or their agents for use in the production of polyhydric alcohols, except polyhydric alcohols that are used as a substitute for sugar in human food consumption.

FAS Facility Guarantee Program

The Facility Guarantee Program provides payment guarantees to facilitate the financing of manufactured goods and services exported from the U.S. to improve or establish agriculture-related facilities in emerging markets. By investing in these facilities, it is hoped that the demand for U.S. agricultural commodities and products will increase to these markets, where such demand may have previously been restricted due to inadequate storage, processing, or handling capabilities for these products.

FAS Export Credit Guarantee Program (GSM-102)

The GSM-102 underwrites credit extended by private banks to approved foreign banks using dollar-denominated, irrevocable letters of credit for purchases of U.S. food and agricultural products by foreign buyers. FAS administers the program on behalf of the Commodity Credit Corporation (CCC), which issues the credit guarantees. GSM-102 covers credit terms of up to three years.

The CCC guarantees payments due from approved foreign banks to exporters or financial institutions in the United States. Typically, 98 percent of principal and a portion of interest are covered by a guarantee. Because payment is guaranteed, financial institutions in the United States can offer competitive credit terms to the foreign banks, usually with interest rates based on the London Inter Bank Offered Rate, or LIBOR. Any follow-on credit arrangements between the foreign bank and the importer are negotiated separately and are not covered by the CCC guarantee. Program announcements issued by FAS provide information on specific country and commodity allocations, length of credit periods, and other program information and requirements.

The CCC must qualify exporters for participation before accepting guarantee applications. An exporter must have a business office in the United States and must not be debarred or suspended from any U.S. government program. Financial institutions must meet established criteria and be approved by the CCC. The CCC sets limits and advises each approved foreign bank on the maximum amount the CCC can guarantee for that bank. Fee rates are based on the country risk that the CCC is undertaking, as well as the repayment term (tenor) and repayment frequency (annual or semi-annual) under the guarantee.

Information on the Sugar Re-Export, Facility Guarantee Program, GSM-102 and other FAS programs can be found on their website, at www.fas.usda.gov.

EXPORT PACKING, MARKING AND CONTAINERIZATION

According to the U.S. Department of Commerce, American companies lose more business in the movement of products overseas than in any other phase of the export process. Overseas shipping involves modes of transportation, packaging requirements and documentation, all of which are very different from the requirements for domestic shipping.

The Need for Packing

Proper packaging is essential to contain and protect products while offering a means of conveniently handling them. Each package design has the goal of protecting the product from the assembly line to the user. There are many hazards even in domestic distribution, and international transport and distribution can increase the times products are handled and the probability of damage. Poor packaging leads to damage, decay, low prices (for damaged or incomplete shipments), or in extreme cases, rejection of the shipment by the buyer.

The method of packing or shipping will depend on your product and the infrastructure in the country of destination. Before agreeing to a letter of credit, ensure that the necessary infrastructure is in place in your destination. Pack your goods to avoid unnecessary loss during shipment. Research the **refrigeration, loading, and storage facilities of the destination to ensure that they are adequate for your product**.

How to Reduce Your Losses

The type of materials used for shipping will vary according to the product, the type of transportation (ocean or air), and the ultimate destination. However, the basic principle of packaging is known as the "**unit load**" concept or "**unitization**." Unitization assumes that all shippers should pack their cargo so it may be moved and handled entirely by mechanical equipment, such as lifts and cranes, throughout the distribution network. This practice reduces the need for labor, handling, and damage. It also allows for faster loading and unloading, more efficient distribution center/warehouse operations, and a reduced level of pilferage. The reduced costs of the distributor in terms of labor and time often result in cost discounts for the exporter.

In practice, the unit load concept means that small, highly expensive items, such as calculators, should first be totally enclosed in wood boxes, or double, even triple wall containers to avoid pilferage and damage. Second, the boxes or containers should be secured to pallets with shrink-wrap or steel strapping. Large items can be secured directly to pallets, assuring that they are adequately protected from damage.

Packaging materials should be selected based on product and environmental considerations such as temperature, humidity, desired atmosphere around the product, packaging strength, cost availability, buyer specifications, graphics, labeling, freight rates and government regulations. Packing procedures should adhere to the following recommendations:

1. Your product should be properly cushioned or blocked within the container to prevent movement or rubbing against other products.
2. Select the most advantageous pallet size and style. A four-way entry pallet permits handling from all four sides with a fork or pallet truck. Additionally, the standard size pallet size of 40 inches by 48 inches (1000mm x1200mm) maximizes the volume, which can be loaded into shipping containers.
3. Prepare ferrous surfaces with a rust inhibitor to enable your product to arrive at its destination free from rust or corrosion.
4. Drain holes should be made in the skid or floor area of large containers, boxes or crates. This will allow seawater or condensation to flow out of the container.
5. Do not overload the containers, as the weight might exceed the limitations of the container.
6. Keep markings to a minimum. Do not add trademarks or product descriptions to the box. Marks should be applied with waterproof ink to three surfaces of the container. Cautionary markings should be in English, the language of the country of destination and the international graphic-handling symbol.

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An export packer or freight forwarder is an excellent source for packaging materials and advice. In addition, contact your shipping company for more specific information regarding pallet size, weight, and design. Freight forwarders offer packing services and information about packing requirements for different countries. Most likely, it will be easier to use a freight forwarder who can assist with the entire shipping process rather than separate shipping and packing companies.

Cargo Insurance

Cargo insurance protects the cargo owner's financial interests while the cargo is in transit. Air and ocean carriers provide very limited coverage while a shipment is in their possession. Cargo insurance requires a bill of lading, which states the liability assumed by the carrier. When an exporter files a claim against a carrier, it has to prove that the carrier is directly responsible for the loss. Outlets for obtaining cargo insurance are a freight forwarder or a company specializing in ocean and air cargo insurance.

Shipping Systems

Goods can be moved to the foreign markets by sea, air, or land transportation. When selecting a mode of shipping, consider product characteristics such as size, value, destination, perishability, the required speed of delivery, and cost. Compatibility with the other elements of your distribution system such as packaging, warehousing, inventory control and handling should influence the decision as well.

Ocean shipping is still a common method of shipping, with three primary types of transport. First, bulk shipping is used to transport large amount of goods such as grains, logs, and fertilizers. In bulk shipping, the entire hull or shipload is filled with the product. Second, the break bulk type of ocean shipping is used when the product is loaded on and off by individual piece or bundle of cargo, such as palletized cargo. These ships normally can handle dry or refrigerated cargo. Third, the containerized type is used when the product is loaded into containers and moved from door to door without the contents being handled. This is the most common method used to transport high-value or value-added agricultural exports.

Products Frequently Shipped by Air

Air transport is also a vital method of transport, especially for manufacturers or distributors of highly perishable, high-value foods or low volumes of product.

With the exception of products with a relatively long storage life and a relatively low value per pound or cubic foot, any agricultural product with one or more of the following characteristics can be profitably moved by air:

- Products with a relatively wide spread between local market price and the market in a foreign market.
- Products with seasonal peaks, particularly if the peaks do not coincide with production peaks from other supply sources for the same market.
- Products in potential markets that do not have local or substantially close suppliers.
- Products with some degree of perishability, both in the sense of physical deterioration and susceptibility to the risk of sudden and wide market price fluctuations.
- Products for which the air cost does not comprise a substantial percentage of the selling price and selling demand is so high that the effect of the added air cost to the total selling price does not have a substantial effect on demand.
- Products with a "fad," "snob," or "prestige" appeal.
- Live animals, which can be physically affected by a lengthy transit.

EXPORT DOCUMENTS

Shipping and receiving country requirements, in terms of sale and method of payment, typically dictate the required export documents. Exporters must prepare all documents with absolute accuracy. Therefore, new exporters should consider obtaining the advice and securing the services of a competent freight forwarder, in order to ensure compliance with all necessary documentary requirements. Your freight forwarder can be an invaluable source of information on markets, packing, and shipping costs, as well as documentation for export transactions.

Airway Bill (AWB)

The airway bill, a non-negotiable instrument, serves as a receipt for the shipper. Issued by the airline or consolidator, the AWB indicates that the carrier has accepted the listed goods and obligates itself to carry the consignment to the airport of destination, in accordance with the conditions listed on back of the original bill. In addition, the AWB serves as documentary evidence of the conclusion of the contract of carriage, freight bills, certificates of insurance, the customs declaration. The AWB is a guide to carrier's staff in handling, dispatching and delivering the shipments.

The carrier will not carry any part of the consignment until it receives the entire shipment and the exporter issues the AWB. As stated on the back, the carriers reserve the right to move the shipment in any way they can. This means they can transfer it to other carriers and/or even truck it if they feel it is in everyone's best interest.

Keep in mind that the AWB is non-negotiable, and it cannot be used as a collection instrument. Shipments against a draft should be consigned to a local bank (in the city where the consignee is located) and the consignee's name and address shown as a party to be notified. Even though the AWBs have a space for insurance, check with the carrier to make sure that they offer the coverage. Some carriers do not.

Certificate of Inspection

Many foreign firms require this document for protection in quality and conformity disputes with the shipper. The document, typically in the form of an affidavit from either the shipper or an independent inspection firm, certifies the quality, quantity and conformity of the goods to the purchase order.

Certificate of Insurance

A qualified insurance broker issues a Certificate of Insurance on behalf of the shipper. The shipper provides this document and/or instructions referenced in the letter of credit whenever Letter of Credit or Documentary procedures require him to provide evidence of risk coverage for merchandise shipped. Most freight forwarders have a blanket policy available and can issue the certificate on behalf of customers.

Certificate of Origin

This document certifies that goods were manufactured in the United States. The shipper must sign the certificate, and when required, an accredited chamber of commerce or trade bureau must certify it. Sometimes it must also be sent to a consulate for endorsement. This document must be signed by the exporter (or his representative such as a forwarder), notarized and then signed by a chamber of commerce before presenting it to the consul. A phytosanitary certificate (discussed on page 39) can serve as a certificate of origin.

Certificate of Weight

Foreign buyers occasionally require this document for control purposes. Exporters can use a certified copy of the packing list to fill this request. An export inspection company can certify the packing list.

Commercial Invoice

Normally, exporters use the same invoice for both domestic and international trade. However, some countries require special forms. The invoice must include the dates of billing and shipping, names of exporter or manufacturer, consignee, terms of sale, mode of payment, description of goods, country of origin, packing marks and numbers, numbers of units, price per unit, total price, transportation mode and any other information required by the country of destination.

Consular Invoice

This document covers all the usual details of a commercial invoice and packing list but is written in the language of the foreign country for which goods are destined. Special forms can be obtained from a consulate. Consular fees are payable to the consulate certifying and legalizing the documents. (Note: It is suggested that the sales contract show consular fees and other costs, such as messenger fees, as the responsibility of the buyer to prevent misunderstanding or argument). In dealing with consular documents, keep in mind that these are very technical documents. They should be prepared and completed by experienced personnel such as freight forwarders.

Most countries have requirements pertaining to commercial invoices such as the language used, what information is shown, legalization, etc. Still others (particularly Latin American countries) require a consular invoice in addition to the commercial invoice.

This document is presented to the consul for legalization to ensure that the items being shipped are in accordance with existing import regulations of the receiving country. In attempting to enforce accuracy, consulate employees may go to extremes to see that the form is executed correctly. If a consulate overlooks an error and customs officials at the destination detect it, the buyer is likely to encounter delays and/or fines.

Customs Form 349

Exporters who ship using U.S. water ports must report all shipments on customs form 349. The United States uses this form to levy a fee of .125 percent based on the value of the shipments collected.

Delivery Order/Dock Receipt

This document contains the same information as the short-form intermodal bill of lading, and is sent to the carrier, who acknowledges the shipper's booking of space for the cargo described in the document.

Forwarder's Export Invoice

The forwarder generally pays all third party charges such as inland freight, port charges, insurance, air/ocean freight, consular charges, messenger fees, etc., and bills the exporter/shipper for all of these charges under one invoice, the "Forwarder's Invoice." Supporting documents back up this invoice.

Letter of Credit

The importer's bank issues this financial instrument to the exporter/supplier. In this document, the importer's bank substitutes its own credit for that of the importer and commits to a designated beneficiary (the exporter) to pay a stated amount within a stated time frame. The shipper/exporter must comply with all of the terms and conditions of the letter of credit for the provision mentioned above to hold and to be honored.

Letter of Distribution

International shipments usually require copies of documents to be sent to various parties such as the consignee, overseas agent, shipper, etc. This is normally accomplished through a letter of distribution which shows who is to receive which documents.

Loss and Damage Claim

Exporters use this form to claim insurance compensation for goods lost or damaged during exportation. The claim must fully describe lost items and supporting documents, such as copies of the commercial invoice, bill of lading and insurance certificate.

Manufacturer's Certificate

If a buyer intends to pay for goods prior to shipment, a lengthy lead time exists. If the buyer does not want to tie up-funds in advance, he may require the seller to prepare a certificate stating that the goods ordered have been produced in accordance with the contract. Upon receipt of this document, the buyer will forward payment and shipping instructions to the seller.

Ocean Bill of Lading (OB/L)

The ocean bill of lading serves as a document of title, evidence of the contract of carriage between the steamship company and the shipper, and a receipt for goods given by the steamship company to the shipper. The bill of lading confirms:

- where to deliver the goods
- how freight charges will be paid
- to whom the goods are consigned

The bill of lading spells out all legal responsibilities and liability limits for all parties to the shipment. Since an original bill of lading is a negotiable instrument (copies are not), the shipper/exporter may want to prepare it in such a way that he can retain title to the goods. In addition, the shipper/exporter should find out whether the destination country requires specific wording on the OB/L before completing it.

Two types of bills of lading exist. The shipper uses the first type, non-negotiable "straight bills," when consigning the shipment directly to the final buyer. Meanwhile, the shipper uses the second type, negotiable "order bills," when he does not want title to pass to the buyer until certain conditions have been met. In this instance, the specified shipper must endorse the bill of lading before delivery can occur. An order bill of lading must also show the party to be notified at destination.

Order bills of lading play an important part in international transactions, especially when dealing with letters of credit and drafts. Most letters of credit call for "on board" bills of lading, which provide proof to the buyer that the shipment has been placed on board the vessel.

Packing List

Customs officials use this list to check cargo, while buyers use it to inventory merchandise received. The packing list describes all items in the box, crate, pallet, or container, plus the type, dimensions, and weight of the container.

Phytosanitary Certification

Most countries require that a phytosanitary certificate accompany shipments of raw fruits, vegetables, and plants. The document certifies the product to be free of pests that might damage crops. In addition, treatments required by the importing country, such as fumigation or cold storage, are supervised by the certifying official and documented on the certificate.

Exporters, packers or shippers, and other parties involved in the transaction may request phytosanitary certificates. As a matter of convenience and efficiency, phytosanitary inspections are usually carried out at shipping point, often as the product is being graded and packed.

It is the responsibility of the exporter to ensure that an English copy of the import permit (if required) is furnished to the certifying official so that she may ensure that conditions are met. In addition, the inspector must have the destination, name and address of the foreign consignee, manifest of the load, etc. Without this required information, the inspection cannot be performed and the certificate will not be issued.

Phytosanitary certificates are provided through the USDA's Animal Plant Health Inspection Service (APHIS) and similar state agencies. The state and federal certificates serve the same purpose and the choice is a matter of preference for the parties involved. The phytosanitary inspection is unrelated to quality, grades, and classifications.

Power of Attorney

Exporters give freight forwarders and customs brokers the right to act as their agents with this document.

Pro Forma Invoice

The buyer uses this document when he applies for importation, and if required, for a letter of credit. Therefore, it is important that the pro forma invoice include all the necessary information for an import application, that it reflects your product in a very precise manner, and that it includes every conceivable cost you might have to bear.

In order to create a pro forma invoice, you need to know:

1. The product(s) shipped and its value, weight and cubic dimensions of the shipment.
2. By what means the product is to be shipped. Your forwarder will help you determine the charges for the freight, insurance premium charges, legalization charges (depending upon the country), and the cost for handling the letter of credit. If inland transportation is involved, he can figure those rates as well.
3. Packing method: crates, pallets, or containers.
4. Where the equipment will be landed.

A **sample pro forma invoice** is included in **Appendix I**.

Shipper's Declaration for Dangerous Goods

International Air Transport Association and International Maritime Organization regulations require shippers to declare dangerous cargoes to their air and ocean carriers.

IATA and IMO use separate documents, which they publish in their respective codes.

Shipper's Export Declaration

This form must be submitted for every shipment that goes beyond the borders of the United States, with the following exceptions: a) shipments to the possessions of the United States, excluding Puerto Rico and the U.S. Virgin Islands, b) shipments valued at less than U.S. $2500.00. Forms are submitted through the Automated Export System of U.S. Customs and Border Protection. See Automated Export System below for details on submitting the Shipper's Export Declaration online.

Automated Export System

The Automated Export System (AES) is the paperless way to electronically file Electronic Export Information (EEI) directly to U.S. Customs. For more information on AES you can call the AES toll-free Answerline at 1-800-549-0595 or send an e-mail to AskAES@census.gov.

The AES works like this: The export process begins when the exporter decides to export merchandise. The exporter or his authorized forwarding agent makes shipping arrangements with the carrier. The exporter or his authorized forwarding agent transmits the commodity (Shipper's Export Declaration) information using AES. This information must come from a U.S. Principal Party in Interest (USPPI) or agent such as a freight forwarder certified as an AES filer. The AES validates the data against editing tables and U.S. Government agency requirement files and generates a confirmation message or error messages back to the filer. The filer transmits the export manifest data using AES. The AES validates the transportation data, and then generates either a confirmation message or an error message. Any error messages generated by AES must be corrected and the corrections transmitted to AES.

Shipper's Letter of Instruction

The importance of the exporter/shipper furnishing the freight forwarder with clear, precise instructions cannot be stressed enough. Remember that the forwarder is an extension of your export department. He needs to know as much about the transaction as you do so that he can comply with all of your customer's requirements. Failure to furnish the forwarder with accurate shipping instructions can create unnecessary problems, some of which are listed below:

1. Failure to collect against a letter of credit because the forwarder was unaware that there was a letter of credit involved.
2. Failure to insure the shipment.
3. Forwarder shipping of freight prepaid instead of collect.
4. Failure to prepare certain documents called for on the letter of credit, thinking that the shipper would prepare them.
5. Return of original documents to the shipper for him to distribute them, instead of sending them to a bank and/or consignee.

Transmittal Letter

This document is prepared with a bank draft and used to send shipping documents to a remitting bank for processing either a collection or payment/negotiation under a letter of credit. Shippers include their precise and complete instructions concerning how documents should be handled and payments remitted in the transmittal letter.

Additional Sources for Information about Documents

Not all of the export documents will be necessary for every transaction. However, familiarity with all of them is beneficial. Samples of many of these export documents can be obtained from the website of UNZ and Company. Software to produce the documentation may also be purchased from UNZ and Company. Contact: Unz & Company, 333 Cedar Ave, Bldg B, Suite #2, Middlesex, NJ 08846. Phone: (800) 631-3098 In NJ: (732) 667-1020 Fax: (732) 868-0260, or use the website: www.unzco.com.

The number of documents the exporter must deal with varies depending on the destination of the shipment. Because every country has different import regulations, the exporter must be careful to provide proper documentation. If your company does not rely on the services of a freight forwarder, the following are methods of obtaining information on foreign import restrictions:

- Foreign government embassies and consulates in the United States. A list of diplomatic contacts is available from the U.S. Department of State: www.state.gov/s/cpr/rls/dpl/.
- The Bureau of National Affairs Export Reference Guide on the web is a comprehensive and convenient source for information on foreign markets and rules, policies and practices for getting products to overseas customers. It can be obtained from the Bureau of National Affairs at www.bna.com.
- The U.S. Department of Agriculture's Foreign Agricultural Service provides Food and Agricultural Import Regulations and Standards (FAIRS) reports, which detail import procedures and provide lists of contacts to help get your product into the market. FAIRS reports and other information on import requirements can be found at www.fas.usda.gov.

BUSINESS TRAVEL ABROAD

By visiting foreign countries, you can find new customers while developing and enhancing relationships with existing distribution channel partners. Like domestic business, face-to-face meetings with a customer or business partner are the best form of business contact. As you plan your trip, be aware of the various business customs, travel conditions, entrance requirements, cultural environments, and services for American citizens in the country you are visiting.

American Citizen Services

The U.S. belongs to the **ATA Carnet System**. This system allows U.S. commercial and professional travelers to take commercial samples, tools of the trade, advertising material, cinematography, audio-visual, medical, scientific, or other professional equipment into member countries for temporary periods of time without paying customs duties and taxes or posting a bond at the border. Of note: a Carnet can cover items transported as part of a trade show as long as these items will be brought back to the U.S. at the conclusion of the show.

Generally, the Carnet covers all merchandise with the exception of consumable goods, disposable items, and postal traffic. Carnets are typically valid for 12 months. When using the Carnet, the exporter reduces costs, simplifies customs procedures, and finds a simpler reentry process for returning goods to the United States. For use of the Carnet, companies should expect to pay a required fee based on the value of the goods and put up a security deposit equaling 40 percent of the shipment value.

To obtain a Carnet, contact the Corporation for International Business, Harris Bank Bldg., 325 N. Hough St. 2nd Fl., Barrington, IL 60010, Phone: 800-282-2900 Fax: 847-381-3857, or visit www.atacarnet.com.

Business Meetings

A well-planned itinerary enables a traveler to make the best possible use of time abroad. Before you start your trip, obtain the names of possible contacts, arrange as many appointments as possible, and check transportation schedules. In addition, confirm meetings and other travel arrangements before leaving the U.S.

Keep your schedule flexible enough to allow for both unexpected problems (such as transportation delays) and unexpected opportunities. For example, accepting an unscheduled luncheon invitation from a prospective client should not mean missing the next appointment.

Check with foreign consulates about the normal workdays, including foreign holidays, and business hours in the countries to be visited. For instance, in many Middle Eastern countries the workweek typically runs from Saturday to Thursday. In many Latin American countries, lengthy lunch hours may be customary.

Business language is generally more technical than conversational speech and misunderstandings can be costly. Before leaving the U.S., you should know whether the individuals with whom you are planning to meet are comfortable speaking English. If not, arrange to have professional interpreters at your meetings. Also, you should carry business cards printed in English and in the language of the country visited, since exchanging business cards when first meeting someone is considered a basic part of proper business etiquette in some countries.

Cultural Considerations

Business executives traveling abroad should learn about the history, culture, and customs of the countries to be visited. Business manners and methods, religious customs, dietary practices, humor and acceptable dress all vary greatly from country to country. Although you need not completely adopt business procedures of the countries you visit, flexibility, cultural sensitivity, and adoption should be guiding principles when traveling abroad and conducting international business.

Entrance Requirements and Visas

Be aware that the U.S. and foreign governments may restrict your travel from one country to another. For example, a passport containing an Israeli visa may prevent visits to certain other countries in the Middle East. If you land in Brazil without a valid visa, you will be refused entrance to the country.

You should obtain the necessary travel documents two or three months before departure, especially if visas are required. A travel agent can help make these arrangements.

All travel outside the U.S. requires each traveling family member to possess a valid passport for the entire duration of the trip. You can obtain a passport by applying in person through certain local post offices, public libraries and government offices. Information can be obtained at your local post office or at the U.S. Department of State website, www.state.gov. Requirements for certain vaccinations differ from country to country. A travel agent, airline, or doctor can advise you on the various requirements.

Other Considerations

Consider seasonal weather conditions, differences in electrical currents (plug adapters may be required to use electrical appliances), use of credit cards and travelers checks, currency exchange rates, tipping standards (who is tipped and how much), U.S. customs regulations, and various health care issues when planning your trip. For instance, foreign customs regulations vary widely from place to place, and you should learn in advance those that apply to each country visited. Discuss health care issues, such as what to eat and what non-required vaccinations doctors recommend. Furthermore, you must make allowances for cigarettes, liquor, currency and certain other items because customs officials may impound them at national borders.

Sources of Cultural Information

- **Background Notes**. A publication of the U.S. Department of State that provides historical details, a map and other valuable information about individual countries. The series is periodically updated.
- **Country Commercial Guides**. Prepared annually by U.S. embassies, these U.S. State Department guides provide useful investment climate analyses and business travel information.
- **CultureGrams**. These reports describe the general attributes, customs and courtesies, lifestyle, society, passport and visa requirements, warnings and travel environment of individual countries. Visit www.culturegrams.com.
- **Current History**. An excellent world affairs journal with articles that describe and analyze current political, economic and social trends in selected countries. Visit www.currenthistory.com.
- **Health Information for International Travel**. A publication of the Centers for Disease Control and Prevention advising travelers of vaccine recommendations and other health suggestions for individual countries. Visit www.cdc.gov/travel.
- **International Travel Health Guide**. This guide provides health suggestions for travelers to individual countries.
- **The Statesman's Yearbook**. A statistical and informational guide to all countries and many of their provinces and territories. Updated regularly. Visit www.statesmansyearbook.com.
- **World Development Report**. An annual publication of the World Bank that discusses salient issues, provides economic analysis and presents data for developing countries.
- **World Factbook**. An annual publication of the Central Intelligence Agency. Designed for use by government officials. Visit www.cia.gov.

CONCLUSION

The Southern United States Trade Association (SUSTA) is a regional agricultural trade association composed of the fifteen southern states and the Commonwealth of Puerto Rico. The goal of this publication is to provide basic information to SUSTA regional companies on the basics of exporting and to sensitize them to export opportunities.

Exporting can be profitable and rewarding for companies that commit their time, personnel and financial resources to exporting. The tools in this handbook will assist new-to-export companies on their way to export success.

If you have any comments or questions regarding this publication, SUSTA services or the U.S. Department of Agriculture's Foreign Agricultural Service, please contact the SUSTA office at (504) 568-5986 or visit www.susta.org.

Disclaimer
The Southern United States Trade Association (SUSTA) does not discriminate in its programs on the basis of race, color, national origin, sex, religion, age, political beliefs, or marital/family status.

SUSTA does not endorse any of the products or services mentioned herein. The information contained in this publication is for educational purposes only. It is provided as a service in furtherance of SUSTA's nonprofit and tax-exempt status. SUSTA makes no representations about the suitability of this information and these services for any purpose.

APPENDICES

APPENDIX A: SUSTA'S MAP BRANDED MARKETING PROGRAM

The Market Access Program (MAP) Branded is a reimbursement program designed to assist eligible companies launch a brand in a new international market. Accepted participants receive up to 50 percent reimbursement for certain international marketing and promotion expenses, including eligible trade shows, in-store displays, and required label changes.

Eligible Products:

- Fresh Produce
- High-Value Food Products
- Snack Foods
- Condiments & Sauces
- Specialty Food Items
- Beverages
- *Some* Wood Products
- Hides & Skins
- Pet Foods/Animal Feeds
- Ornamental Horticulture
- Seafood
- And More!

To be eligible, companies must:

- Be "small", according to Small Business Administration guidelines, or be a farm cooperative
- Document total gross sales (domestic & export) in the previous calendar year exceeding $100,000
- Export a product that is at least 50 percent U.S. agricultural origin by weight excluding water and packaging
- Control sufficient quantity to assure uninterrupted supply to international buyers
- Market a product under a brand name
- Label the product as "Product of the USA" or "Made in the USA"
- Have a product sourced from the SUSTA region

Eligible Marketing Expenses:

- Advertising (print, TV, radio)
- Approved domestic trade shows
- Freight charges for sending samples
- In-store displays and promotional materials
- In-store promotions and demonstrations
- International trade seminars
- Printed sales materials
- Promotional gift items (up to $1 per item)
- Required packaging/label changes
- Travel to international trade shows

APPENDIX B: CONTACT INFORMATION

Agricultural Research Service Jamie L. Whitten Building 1400 Independence Ave. SW Washington, D.C. 20250 Tel: (202)720-3656 Fax: (202) 720-5427 www.ars.usda.gov	ARS is the main in-house research arm of the United States Department of Agriculture.
Animal and Plant Health Inspection Service (APHIS) www.aphis.usda.gov	APHIS enforces animal and plant import and export regulations to help ensure that foreign pests and diseases are not introduced into this country and that U.S. agricultural products meet the standards of importing countries.
Commercial News USA Tel: 1-800-581-8533 www.export.gov/cnusa contact@thinkglobal.us	ThinkGlobal Incorporated is the publisher of Commercial News USA, an official publication of the U.S. Department of Commerce. CNUSA is an American export catalog-magazine that promotes U.S. products and services to more than 170 countries. The publication also offers low cost advertising to U.S. companies. CNUSA is printed and distributed monthly outside the United States, free of charge, through U.S. embassies and consulates worldwide.
CultureGrams www.culturegrams.com	CultureGrams are four-page briefings that describe a nation's background, society, and highlight the people's daily living patterns, customs, courtesies, and lifestyles.
Export-Import Bank of the United States 811 Vermont Avenue, NW Washington, DC 20571 Tel: (202)565-EXIM 1-800-565-3946 Fax: (202)565-3931 www.exim.gov	Assists in financing of exports of U.S. goods and services. The ExIm Bank helps U.S. exporters compete in foreign markets against subsidized financing by national governments.
FAS–Foreign Agricultural Service www.fas.usda.gov	Provides services to develop and promote exports of U.S. agricultural products.
Food Export Association of the Midwest USA 309 W. Washington, Suite 600 Chicago, IL 60606 Tel: (312)334-9200 Fax: (312)334-9230 www.foodexport.org info@foodexport.org	Food Export Association of the Midwest USA is one of SUSTA's sister organizations, serving the midwestern region of the United States. Food Export Association of the Midwest USA offers its services to twelve states: Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin.

Food Export USA-Northeast One Penn Center 1617 JFK Blvd., Suite 420 Philadelphia, PA 19103 Tel: (215)829-9111 Fax: (215)829-9777 www.foodexportusa.org info@foodexport.org	Food Export USA-Northeast is one of SUSTA's sister organizations, serving the northeastern region of the United States. Food Export USA-Northeast offers its services to ten states: Connecticut, Delaware, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont.
Japan External Trade Organization Houston Office 1221 McKinney, One Houston Center Suite 4141 Houston, TX 77010 Tel: (713)759-9595 Fax: (713)759-9210 www.jetro.go.jp	JETRO is a nonprofit, quasi-governmental agency dedicated to helping foreign manufacturers, exporters, and entrepreneurs identify market opportunities in Japan, and encouraging technical exchange. Most of its services are free of charge.
National Marine Fisheries Services Seafood Inspection Program1315 East-West Highway Silver Spring, MD 20910 Tel: (301)713-2379 (800)422-2750 www.seafood.nmfs.noaa.gov	Provides a variety of fee-for-service inspections for fishery commodities for export.
U.S. Agricultural Export Development Council (USAEDC) 8233 Old Courthouse Road Suite 200 Vienna, VA 22182 Tel: (703)556-9290 Fax: (703)790-0845 www.usaedc.org	Serves as a liaison between FAS and producer/agribusiness cooperators participating in the FAS foreign market development and export incentive programs. Current lists of domestic cooperators are available through USAEDC.
U.S. Council for International Business ATA Carnet Headquarters 1212 Avenue of the Americas New York, NY 10036 Tel: (866) 786-5625 800-538-8937 (800-5DUTYFREE) Fax: (212) 944-0012 www.uscib.org atacarnet@uscib.org	Permits U.S. commercial and professional travellers to take commercial samples, tools of the trade, advertising materials, cinematographic, audio-visual, medical, scientific or other professional equipment into member countries for temporary periods of time without paying customs duties, taxes, or posting a bond at the border.
U.S. Department of Commerce 1401 Constitution Ave. NW Washington, DC 20230 Tel: (202)482-2000 www.commerce.gov	The Department of Commerce is responsible for programs involving agricultural machinery, equipment, fertilizer, veterinary supplies, and other noncommodity items.

U.S. Department of Commerce— **U.S. Commercial Service** 1401 Constitution Ave. NW Washington, D.C. 20230 Tel: (800)USA-TRADE www.export.gov/cs	The Commercial Service within the International Trade Administration of the Department of Commerce provides export services including identification of foreign market opportunities, market research, sponsorship of overseas sales missions, trade shows in foreign countries, export counseling, and advocacy for U.S. business.
U.S. Department of Commerce— **International Trade Administration** 1401 Constitution Avenue NW Ronald Reagan Building R-TIC Stop Washington, D.C. 20230 Tel: (800) USA-TRADE Fax: (202)482-4473 www.trade.gov/td/tic tic@ita.doc.gov	The Trade Hotline is a comprehensive information hotline for companies seeking information on Federal Programs that support U.S. exports, including overseas markets and industry trends. ITA is dedicated to helping U.S. businesses compete in the global marketplace through four principal units: The Commercial Service, which provides business counseling to U.S. exporters in 83 domestic offices and 134 overseas offices in 69 countries; Trade Development, whose industry sector specialists provide information and analysis to U.S. exporters, policymakers and all trade negotiators; Market Access and Compliance, whose country experts provide invaluable market analysis to U.S. business; and Import Administration, which safeguards the American economy from unfairly priced imports.
U.S. Food and Drug Administration Office of International Programs 10903 New Hampshire Avenue Building 31/32 Silver Spring, MD 20993 Tel: (301)796-4600 www. fda.gov	The FDA offers information on packaging and labeling requirements for food and food-related products.
U.S. Small Business Administration 409 3rd Street SW Washington, DC 20416 Tel: (800)827-5722 www.sba.gov	Assists current and potential small business exporters through business development and financial assistance programs. The SBA has a network of field offices around the country. For general questions or information about the various departments and services offered, contact the help desk.
U.S. State Department 2201 C Street NW Washington, DC 20520 Tel: (202)647-4000 www.state.gov	The U.S. State Department issues passports, publishes travel warnings, and oversees U.S. embassies and consulates in other countries. In addition, the State Department provides valuable country information, such as Background Notes.
USDA—National Institute of Food and Agriculture 1400 Independence Avenue SW, Stop 2201 Washington, DC 20250-2201 Tel: (202)720-4423 www.csrees.usda.gov	Formerly known as the Cooperative State Research, Education and Extension Service (CSREES).

USDA—Economic Research Service 1800 M Street NW Washington, DC 20036-5831 Tel: (202)694-5050 www.ers.usda.gov	Major source of expertise, data, models, and research information about the agricultural economies and policies of foreign countries, the agricultural trade and development relationships between foreign countries and the United States, and U.S. agricultural policies.
USDA—Federal Grain Inspection Service Room 2055- South Building , Stop 3601 Washington D.C. 20250-3601 www.gipsa.usda.gov	Certifies that grain produced in the United States meets the official United States Standards for grain.
USDA—Food Safety and Inspection Service 1400 Independence Avenue SW Washington, DC 20250 Tel: (402)344-5000 www.fsis.usda.gov	Guarantees that meat and poultry products, at the time of export certification, are sound, properly labeled, U.S. inspected and passed, and meet any requirements of the importing country.
USDA—National Agricultural Library 10301 Baltimore Blvd. Beltsville, MD 20705-2351 Tel: (301)504-5755 www.nal.usda.gov	Largest agricultural library in the world. The NAL contains books, journals, maps, microforms, films, videocassettes, filmstrips, slides, and microcomputer software in its collection.
Western U.S. Agricultural Trade Association 4601 NE 77th Avenue Suite 240 Vancouver, WA 98662 Tel: (360)693-3373 Fax: (360)693-3464 www.wusata.org export@wusata.org	WUSATA is one of SUSTA's sister organizations, serving the western region of the United States. WUSATA offers its services to thirteen states: Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

APPENDIX C: GLOSSARY OF EXPORT TERMS

Acceptance: (1) A time draft (or bill of exchange) which the drawee (the payer) has accepted and is unconditionally obligated to pay at maturity. The draft must be presented first for acceptance-the drawee becomes the "acceptor"-then for payment. The word "accepted" and the date and place of payment must be written on the face of the draft. (2) The drawee's act in receiving a draft and thus entering into the obligation to pay its value at maturity. (3) Broadly speaking, any agreement to purchase goods under specified terms.

Ad Valorem Rate: An import duty rate determined "according to the value" (*ad valorem*) of the commodity entering a country, as opposed to the weight or other basis for calculation. An ad valorem tariff is a tariff calculated as a percentage of the value of the goods when clearing customs.

Alongside: A phrase referring to the side of a ship. Goods to be delivered "alongside" are to be placed on the dock or within reach of the transport ship's tackle so that they can be loaded aboard the ship.

Bill of Lading: A document that establishes the terms of a contract between a shipper and a transportation company under which freight is to be moved between specified points for a specified charge. Usually prepared by the shipper on forms issued by the carrier, it serves as a document of title, a contract of carriage, and a receipt for goods.

Bonded Warehouse: A warehouse authorized by customs authorities for storage of goods for which payment of duties is deferred until the goods are removed.

Booking: An arrangement with a steamship company for the acceptance and carriage of freight.

Cash Against Documents (C.A.D.): A payment method by which title to the goods is given to the buyer when the buyer pays cash to an intermediary acting for the seller, usually a commission house.

Cash In Advance (C.A.I.): A payment method for goods in which the buyer pays cash to the seller before the shipment of the goods. Usually required by the seller when the goods are customized, such as specialized machinery.

Cash With Order (C.W.I.): A payment method for goods by which cash is paid at the time of order and the transaction then becomes binding for both buyer and seller.

Certificate of Inspection: Listed under Export Documents

Certificate of Insurance: Listed under Export Documents

Certificate of Origin: Listed under Export Documents

Certificate of Manufacture: Statement by a producer, who is usually also the seller, of merchandise that manufacture has been completed and that the goods are at the disposal of the buyer.

Certificate of Weight: Listed under Export Documents

C.& F.: A pricing term indicating that "cost and freight changes" are included in the quoted price.

C.& I.: A pricing term indicating that "cost and insurance" charges are included in the quoted price.

C.I.F.: A pricing term indicating that "cost, insurance, freight" charges are included in the quoted price.

C.I.F. & C.: A pricing term indicating that "cost, insurance, freight, and commission" charges are included in the quoted price.

C.I.F. & E.: A pricing term that indicates that "cost, insurance, freight, and (currency) exchange" charges are included in the quoted price.

Clean Bill of Lading: A document specifying that the goods were received in "apparent good order" by the carrier.

Conditional Free: Goods free of duty under certain conditions, if the conditions can be satisfied.

Confirmed Letter of Credit: A letter of credit, issued by a foreign bank, with validity confirmed by an American bank. An exporter whose payment terms are a confirmed letter of credit is assured of payment even if the foreign buyer or foreign bank defaults. See LETTER OF CREDIT.

Consignment: Delivery of merchandise from an exporter (the consignor) to an agent the (consignee) under agreement that the agent sells the merchandise for the account of the exporter. The consignor retains title to the goods until the consignee has sold them. The consignee sells the goods for commission and remits the net proceeds to the consignor.

Consignor: The seller or shipper of merchandise.

Consul: A government official residing in a foreign country charged with representing the interests of his country and its nationals.

Consular Declaration: A formal statement, made to the consul of a foreign country, describing goods to be shipped.

Commercial Invoice: Listed under Export Documents.

Consular Invoice: A document, required by some foreign countries describing a shipment of goods and showing information such as the consignor, consignee, and value of the shipment. Certified by a consular official of the foreign country, the invoice is used by the country's Customs officials to verify the value, quantity, and nature of the shipment.

Count Certificate: This particular document will certify the accuracy and quantity of a shipment with regard to the count of its parts or units.

Countertrade: International trade in which the seller is required to accept goods or other instruments of trade in partial or whole payment for its products.

Countervailing Duty: An extra duty imposed by the Secretary of Commerce to offset export grants, bounties, or subsidies paid to foreign suppliers in certain countries by the government of those countries as an incentive to export.

Credit Risk Insurance: Insurance designed to cover risks of nonpayment for delivered goods. Compare MARINE INSURANCE.

Customhouse Broker: An individual or firm licensed to enter and clear goods through customs.

Demurrage: Excess time taken for loading or unloading a vessel. Demurrage refers only to situations in which the charterer or shipper, rather than the vessel's operator, is at fault.

Destination Control Statement: One of a number of statements required by the U.S. Government to be displayed on export shipments specifying the authorized destinations for the shipments.

Distribution License: Listed under Export Documents

Draft (or Bill of Exchange): An unconditional order in writing from one person (the drawer) to another (the drawee), directing the drawee to pay a specified amount to a named payee at a fixed or determinable future date.

Drawee: The individual or firm on whom a draft is drawn and who owes the indicated amount. Compare DRAWER. Also see DRAFT.

Drawer: The individual or firm that issues or signs a draft and thus stands to receive payment of the indicated amount from the drawee. Compare DRAWEE. Also see DRAFT.

Duty: A tax imposed on imports by the customs authority of a country. Duties are generally based on the value of the goods (ad valorem duties), some other factors such as weight or quantity (specific duties), or combination of value and other factors (compound duties).

Export-Import Bank (Ex-Im Bank): An independent U.S. government agency created to facilitate U.S. trade relations primarily through providing financing, insurance, and feasibility studies.

F.A.S.: "Free Alongside (vessel)" is a pricing term indicating that the quoted price includes the cost of delivering the goods alongside a designated vessel.

F.I.: "Free In" is a pricing term indicating that the charterer of a vessel is responsible for the cost of loading goods onto the vessel.

F.I.O.: "Free In and Out" is a pricing term indicating that the charterer of a vessel is responsible for the cost of loading and unloading goods from the vessel.

F.O.: "Free Out" is a pricing term indicating that the charterer of a vessel is responsible for the cost of unloading goods from the vessel.

F.O.B.: "Free on Board" is a pricing term indicating that the quoted price includes the cost of loading the goods into transport vessels at the specified place.

Foreign Credit Insurance Association (FCIA): An association of 50 insurance companies that operate in conjunction with the EXIMBANK to provide comprehensive insurance for exporters against nonpayment. FCIA underwrites the commercial credit risks. EXIMBANK covers the political risk and any excessive commercial risks.

Foreign Sales Agent: An individual or firm that serves as the foreign representative of a domestic supplier and seeks sales abroad for the supplier.

Free Trade Zone: A port designated by the government of a country for entry of any non-prohibited goods. Merchandise may be stored, displayed used for manufacturing, etc., within the zone and re-exported without duties being paid. Duties are imposed on the merchandise (or items manufactured from the merchandise) only when the goods pass from the zone into an area of the country subject to Customs.

General Export License: Any of various export licenses covering export commodities for which validated export licenses are not required. No formal application or written authorization is needed to ship under a general export license. Compare VALIDATED EXPORT LICENSE.

Inland Bill of Lading: A bill of lading used in transporting goods overland to the exporter's international carrier; although a through bill of lading can sometimes be used, it is usually necessary to prepare both an inland bill of lading and an ocean bill of lading for export shipments.

Irrevocable Letter of Credit: A letter of credit in which the bank guarantees the specified payment if all terms and conditions are not met by the drawee.

Letter of Credit (L/C): A document, issued by a bank under instructions from a buyer of goods, authorizing the seller to draw a specified sum of money under specified terms, usually the receipt by the bank of certain documents within a given time.

Marine Insurance: Broadly, insurance covering loss or damage of goods at sea. Marine insurance will typically compensate the owner of merchandise for losses sustained from fire, shipwreck, piracy, and various other causes; but it excludes losses which can be legally recovered from the carrier. Compare CREDIT RISK INSURANCE.

Ocean Bill of Lading: A bill of lading indicating that the exporter consigns a shipment to an international carrier for transportation to a specified foreign market. Unlike the inland type, the ocean bill of lading also serves as a collection document. If it is a straight bill of lading, the foreign buyer can obtain the shipment from the carrier by simply showing proof of identity. If a negotiable bill of lading is used, the buyer must first pay for the goods, post a bond, or meet other conditions agreeable to the seller. Compare INLAND BILL OF LADING, THROUGH BILL OF LADING.

Offset: A variation in countertrade in which the seller is required to assist in or to arrange for the marketing of locally produced goods.

Open Account: A trade arrangement in which goods are shipped to a foreign buyer without guarantee of payment. The obvious risk this method poses to the supplier makes it essential that the buyer's integrity be unquestionable.

Phytosanitary Inspection Certificate: A certificate, issued by the USDA to satisfy import regulations of foreign countries, indicating that a U.S. shipment has been inspected and is free of harmful pests and plant diseases.

Pro Forma Invoice: An invoice provided by a supplier prior to the shipment of merchandise, informing the buyer of the kinds and quantities of goods to be sent, their value, and important specifications (weight, size, etc.)

Revocable Letter of Credit: A letter of credit which can be canceled or altered by the drawee (buyer) after it has been issued by the drawee's bank. Compare IRREVOCABLE LETTER OF CREDIT.

Steamship Conference: A group of steamship operators that operate under agreed upon freight rates.

Swap Arrangements: A form of trade in which title to similar or identical products from different locations is traded to save transportation costs.

Switch Arrangements: A form of countertrade in which the seller sells on credit and then transfers the credit to a third party.

Through Bill of Lading: A single bill of lading covering both the domestic and international carriage of an export shipment. An air waybill, for instance, is essentially a through bill of lading used of air shipments. Ocean shipments, on the other hand, usually require two separate documents, and inland bill of lading for domestic carriage and an ocean bill of lading for international carriage; through bills of lading, therefore cannot be used. Compare INLAND BILL OF LADING, OCEAN BILL OF LADING.

Tramp Steamer: A ship not operating on regular routes or schedules.

Validated Export License: A document issued by the U.S. Government authorizing the export of commodities for which written export authorization is required by law. Compare GENERAL EXPORT LICENSE.

W.A.: "With average" is a marine insurance term meaning that a shipment is protected from partial damage whenever the damage exceeds 3 percent (or some other percentage).

APPENDIX D: EXPORT PLAN OUTLINE

I. Executive Summary (one to two pages maximum)

II. Introduction: Identify reasons why your company should export.

III. Export Policy Commitment Statement

IV. Situation/Background Analysis

A. Product
B. Operations
C. Personnel and Export Organization
D. Resources of the Firm
E. Industry Structure, Competition, and Demand

V. Marketing Component

A. Identification, Evaluation, and Selection of Target Markets
B. Product Selection and Pricing
C. Distribution Method
D. Terms and Conditions
E. International Organization and Procedures
F. Sales Goals: Profit and Loss Forecasts

VI. Action Steps

A. Countries Where Firm has Special Advantages
B. Primary Target Countries
C. Secondary Target Countries
D. Indirect Marketing Efforts

VII. Export Budget

A. Financial Statements: Projected Sales and Expenses
B. Long-term Financial Forecasts
C. Export Taxes

VIII. Implementation Schedule

A. Follow-up
B. Periodic Operational/Management Review: Measurement of Results Against a Plan

IX. Addendum: Background Data on Target Countries and Markets

A. Basic Market Statistics: Historical and Projected
B. Background Facts
C. Competitive Environment

APPENDIX E: MARKET RESEARCH & ASSESSMENT

I. In accordance with the company goals, which countries (or regions) offer the best prospective markets, highest profits, and largest business potential?

II. What are the political conditions in each prospective market?

A. Government stability and continuity of policies.
B. Internal and external (foreign) opposition.
C. Present and historical attitudes toward business and business relations with the United States.
D. National economic and development priorities and goals.

III. What demographic and economic conditions exist?

A. Population size, growth, and distribution.
B. Literacy rate and education level, availability of labor and indigenous management potential.
C. National income, per capita income, and distribution.
D. Economic growth, gross national product (GNP), and industrial sector growth.
E. Role of foreign trade in the economy, foreign trade as a percentage of GNP, balance of payments, and debt service ratio on foreign loans.
F. Currency situation, inflation rate, conversion and currency controls in the local and international economy, and credit regulations.
G. Government/business cooperation and priorities.

IV. What are the development and infrastructure levels?

A. Natural resources.
B. Industrial and technological development.
C. Physical distribution and communications network.
D. Similarities to and differences from the U.S. market.

V. What are the regulatory market entry considerations?

A. Limitations on trade: tariff levels, quotas, restrictions on payments, and import licenses.
B. Documentation and import regulations of the importing country.
C. U.S. documentation and export regulations.
D. Foreign standards, accepted industrial practices, measuring systems, and certification procedures.

VI. What legal considerations apply?

A. Code of laws, civil, or common law system.
B. Investment and licensing laws.
C. Taxation and capital repatriation laws.
D. Employment laws.
E. Patent, trademark, antitrust, and advertising laws.
F. Relevant treaties (signed and enforced) by foreign nations.
G. Reality of the law versus the letter of the law.

VII. What government assistance is available?

A. U.S. government assistance.
B. Foreign government assistance and attitudes toward the specific technology being transferred.
C. Bilateral relations, programs, and treaties between the United States and the importing nation.
D. Development incentives and tax “holidays” for foreign investors.

VIII. Who are the competitors?

A. Host country
B. Other countries

APPENDIX F: MARKET FACTOR ASSESSMENT

MARKET FACTOR ASSESSMENT	Country Rating	Country Rating
COUNTRY NAME		
Demographic/Physical Environment:		
• Population size, growth, density		
• Urban and rural distribution		
• Climate and weather variations		
• Shipping distance		
• Product-significant demographics		
• Physical distribution and communication network		
• Natural resources		
Political Environment:		
• System of government		
• Political stability and continuity		
• Ideological orientation		
• Government involvement in business		
• Attitudes toward foreign business (trade)		
• National economic and development priorities		
Economic Environment:		
• Overall level of development		
• Economic growth: GNP, industrial sector		
• Role of foreign trade in the economy		
• Currency: inflation rate, availability, controls, stability		
• Balance of Payments		
• Per capita income and distribution		
• Disposable income and expenditure patterns		

MARKET FACTOR ASSESSMENT	Country Rating	Country Rating
Social/Cultural Environment:		
• Literacy rate, educational level		
• Existence of middle class		
• Similarities and differences in relation to home market		
• Language and other cultural considerations		
Market Access:		
• Limitations on trade: high tariff levels, quotas		
• Documentation and import regulations		
• Local standards, practices, and other non-tariff barriers		
• Patents and trademark protection		
• Preferential treaties		
• Legal considerations for investment, taxation		
Product Potential:		
• Customer needs and desires		
• Local production, imports, consumption		
• Exposure to and acceptance of product		
• Availability of linking products		
• Industry-specific key indicators of demand		
• Attitudes toward products of foreign origin		
• Competitive offerings		
Local Distribution and Production:		
• Availability of intermediaries		
• Regional and local transportation facilities		
• Availability of manpower		
• Conditions for local manufacture		

APPENDIX G: BUDGET FRAMEWORK FOR TRADE SHOWS

BUDGET FRAMEWORK FOR TRADE SHOW PARTICIPATION	COST	SUBTOTAL
1. SPACE RENTAL	$	$
2. BOOTH DESIGN CONSTRUCTION		
A) BOOTH		
a. Designer's fees		
b. Booth building/erection including material, labor, transportation, dismantling, etc.		
SUBTOTAL		$
B) BOOTH FITTINGS		
a. Rental display units (racks, furniture, tables)		
b. Carpeting/wall covering		
c. Sampling equipment		
d. Electrical fittings		
e. Refrigeration		
f. Video recorder/TV		
g. Telephone installation		
h. Catering (cups, glasses, etc.)		
i. Waste containers		
j. Storage units		
k. Water supply, sink etc.		
l. Potted plants		
SUBTOTAL		$
3. PROMOTION		
A) PRE-FAIR		
a. Product/company brochures (design, printing and translation)		
b. Mailing list purchases		
c. Direct mail, promotion		
d. Press releases		
e. Advertising (local/trade/press)		
f. Reception room rental		
g. Entrance tickets for buyers		
SUBTOTAL		$

BUDGET FRAMEWORK FOR TRADE SHOW PARTICIPATION	COST	SUBTOTAL
B) TRADE SHOW ACTIVITIES		
a. Booth hospitality		
b. Booth photography		
c. Video services, VCR/TV rental, film and processing services		
d. Reception - room rental and catering		
e. Insurance		
f. Return freight		
g. Free gifts/samples, etc.		
SUBTOTAL		$
4. SHIPPING AND CUSTOMS		
a. Packing and transportation to show site		
b. Storage at port of entry/site of show		
c. Customs brokerage charges		
d. Customs clearance charges		
e. Insurance		
f. Return freight		
SUBTOTAL		$
5. PERSONNEL COSTS		
a. Pre-Show visit to finalize arrangements with organizers		
- Airfare, accommodations and meals		
b. Attendance at trade show		
- Airfare, accommodations and meals		
c. Hostesses		
d. Local transport		
SUBTOTAL		$
TOTAL		$
Contingencies		
GRAND TOTAL		$

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APPENDIX H: PRICE DETERMINATION WORKSHEET

Price (or cost) per unit _____X_____units = total	+
Profit (or mark up)	+
Commissions	+
Financing costs	+
EX FACTORY	=
Crating/containerization charges (if done at factory)	+
Labeling & marking costs (if done at factory)	+
Drayage charges (usually associated with movement of containers from railroad ramp to plant and back to ramp)	+
Loading charges, if applicable	+
Demurrage and detention charges, if applicable	+
FREE ON BOARD (FOB)--TRUCK OR RAIL CAR AT POINT OF ORIGIN	=
Inland freight charges (including fuel surcharges)	+
Unloading charges at port facilities	+
Drayage to packer (crater/containerizer), if applicable	+
Containerization/crating charges (if done at port)	+
Labeling and marking (if done at port)	+
Freight forwarding and documentation charges (includes charges associated with consular fees, export license, postage, telex, and telephone/telegram use, etc.)	+
Drayage to warehouse and unloading, if applicable	+
Warehousing charges, if applicable	+
Loading and drayage to pier from packer or warehouse, if applicable	+
Wharfage charges	+
Terminal notification charges	+
Demurrage/detention at port	+
FREE ALONGSIDE VESSEL AT PORT OF______	=
Vessel loading charges	+
Heavy lift or extra-length charges, if applicable	+
Other charges (specify)	+
FREE ON BOARD VESSEL AT PORT OF ______	=
Ocean freight charges	+
Bunker or other surcharges, if applicable	+
COST AND FREIGHT TO _____________	=
Insurance +	
COST, INSURANCE AND FREIGHT TO___________	=

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APPENDIX I: SAMPLE PRO FORMA INVOICE

PRO FORMA INVOICE

YOUR COMPANY NAME, INC.
123 Main Street
City, State 00000
Telephone: (123) 456-7890

SOLD TO: ______________ MARKS:

FORWARDING AGENT

Date:
Expiration Date:
Our Reference No.:
Your Reference No.:

MERCHANDISE:

QUANTITY	MERCHANDISE DESCRIPTION	UNIT PRICE	SUBTOTAL
15	CASES OF BRANDNAME HOTSAUCE 20 CT 7.5 OZ. BOTTLES	$20.00	$300.00

(These headings are suggestions only, you may choose to change them to suit your product, etc.)

Quotation Basis ______________
( ) FOB ______________
( ) CIF ______________
( ) C & F ______________
Port of Embarkation
Port of Discharge

Estimated Gross Wt.
Estimated Cubic Wt.
Number of
Packed for ______________ freight

F.O.B. Factory Price . . . . .US$
Inland Freight via ______ to ______ . . . .
Export Crating fee. . . . . ______
Ocean/Air Freight to ______ via ______ . . . .
Rate (does) (does not) include insurance . . . .
Consular Fees . . . .
Freight Forwarder Charges . . . .
Total (CIF) (C & F) (FOB) (Port of Discharge) approximately ______ US$

TERMS OF PAYMENT: Irrevocable, confirmed letter of credit of certified funds. All letters of credit must be payable upon presentation of shipping documents and must specify that all charges incurred for negotiation are for applicant's account.

I certify the above to be true and correct.

____

YOUR COMPANY NAME, INC.

APPENDIX J: EXPORT RELATED WEBSITES

AccessAsia www.accessasia.com

American Association of Port Authorities www.aapa-ports.org

ATA Carnet www.atacarnet.com

Bureau of Economic Analysis www.bea.doc.gov

Bureau of Industry and Security www.bis.doc.gov

Bureau of National Affairs www.bna.com

Business Network www.interbiznet.com

Census Bureau www.census.gov

Economic Statistics Briefing Room www.whitehouse.gov/issues/economy

Electronic Shipping Guide www.shipguide.com

Emerging Markets Companion www.emgmkts.com

Euromonitor www.euromonitor.com

Export-Import Bank of the U.S. www.exim.gov

Export Legal Assistance Network http://exportlegal.org/

Federation of International Trade Assoc. www.fita.org

Fedlaw www.thecre.com/fedlaw/default.htm

Fedworld Information Network www.fedworld.gov

Foreign Agricultural Service www.fas.usda.gov

Directory of Freight Forwarding Services www.forwarders.com

FreightGate.com www.freightgate.com/directories/directories.tet

FreightNet.com www.freightnet.com/

Global Reach www.euromktg.com

Imex Exchange www.imex.com

Import-Export Bulletin Board www.imexbb.com

Import-Export Institute www.expandglobal.com

InfoNation, United Nations www.un.org/Pubs/CyberSchoolBus

Inter-American Development Bank www.iadb.org

International Chamber of Commerce www.iccwbo.org

International Finance Corporation www.ifc.org

International Trade Administration www.ita.doc.gov

International Trade Law and Customs www.tradelaw.com

Internationalist www.internationalist.com

National Center for Standards & Certification www.nist.gov

National Technical Information Service www.ntis.gov

Overseas Private Investment Corporation www.opic.gov

Pangaea Global Business Resource Center www.pangaea.net

Showcase Europe www.buyusa.gov/europe

Small Business Administration www.sba.gov

SUSTA www.susta.org

The Trading Floor www.tradingfloor.com

Thomas Register www.thomasnet.com

TradeInfo www.tradeinfo.net

Tradeport www.tradeport.org

U.S. Business Advisor www.business.gov

U.S. Commercial Service www.buyusa.gov

U.S. Council for International Business www.uscib.org

U.S. Customs and Border Protection www.cbp.gov

U.S. Maritime Administration http://marad.dot.gov

U.S. State Department www.state.gov

U.S. Trade Commission www.usitc.gov

U.S. Trade Development Agency www.ustda.gov

U.S. Trade Representative www.ustr.gov

USAID www.usaid.gov

USDA Rural Development www.rurdev.usda.gov

World Bank's Fundline www.worldbank.org

World Trade Organization www.wto.org