Global Trade
NEWSLETTER

GLOBAL TRADE GUIDE

Learn key information about the Import Export process to help your business succeed in global trade.

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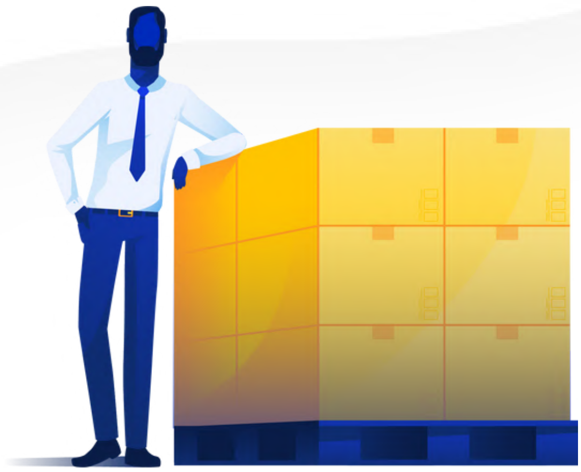
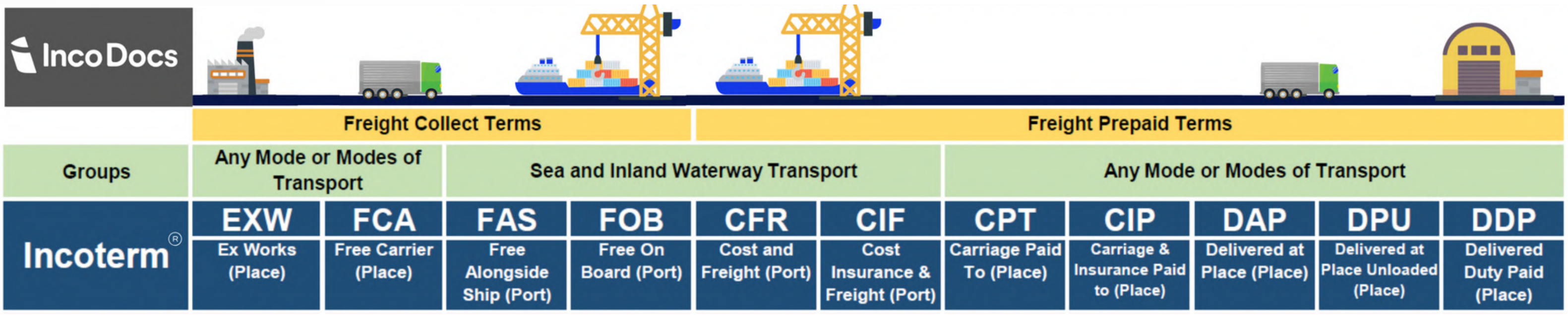
Global Trade Guide

Global trade can become a complex and confusing process if you don't have access to the resources and information that you need. To succeed in the import export process, you must clearly understand the procedures that are involved in buying, selling and shipping products Internationally.

Study the resources below to help your business succeed in global trade.

- **Understand International Commercial Terms, Incoterms® 2020**
- **Shipping Container Specifications & Shipping Methods**
- **Choosing the Right Freight Forwarding Partner for your Business**
- **Free Trade Agreements (FTA) & Certificates of Origin (COO)**
- **Sales & Export Documentation Template Gallery**
- **Countersigning Proforma Invoices, Purchase Orders & Sales Contracts**
- **Payment Terms, International Payments and Trade Finance**
- **HS & HTS Codes**
- **Types of Bills of Lading used in Global Trade**
- **Recommended Cloud Software for Exporters, to allow Remote Working**
- **Landed Cost Calculations**
- **Other Helpful Resources**





Understanding Incoterms®

Put simply, Incoterms® are the selling terms that the buyer and seller of goods both agrees to. The Incoterm® clearly states which tasks, costs and risks are associated with the buyer and the seller. The Incoterm® is agreed between the buyer and seller and states when the seller's costs and risks are then transferred onto the buyer.

Incoterms® are also referred to as International Commercial Terms, which are published by the International Chamber of Commerce (ICC), which relate to International Commercial Law. They are accepted by governments and legal authorities around the world. The ICC published new Incoterms® 2020 that have come into effect from the 1st of January 2020.

The ICC originally published Incoterms® in 1936 and have continually published updates to reflect the changes to the Global Trade environment. It's important that all parties involved in trade clearly understand the changes and how they apply to global supply chains.

The IncoDocs chart displays Incoterms® 2020 in an easy to understand format. Our chart states each Incoterm® and explains the obligations and charges that are accepted by the seller and the buyer. This is general information for guidance purposes only.

For a full and complete description you can refer to the full version of Incoterms® 2020 by the International Chamber of Commerce at the ICC website.

Incoterms® 2020 Rules Responsibility Quick Reference Guide

IncoDocs

	Freight Collect Terms						Freight Prepaid Terms				
Groups	Any Mode or Modes of Transport		Sea and Inland Waterway Transport				Any Mode or Modes of Transport				
Incoterm®	EXW Ex Works (Place)	FCA Free Carrier (Place)	FAS Free Alongside Ship (Port)	FOB Free On Board (Port)	CFR Cost and Freight (Port)	CIF Cost Insurance & Freight (Port)	CPT Carriage Paid To (Place)	CIP Carriage & Insurance Paid to (Place)	DAP Delivered at Place (Place)	DPU Delivered at Place Unloaded (Place)	DDP Delivered Duty Paid (Place)
Transfer of Risk	At Buyer's Disposal	On Buyer's Transport	Alongside Ship	On Board Vessel	On Board Vessel	On Board Vessel	At Carrier	At Carrier	At Named Place	At Named Place Unloaded	At Named Place
Obligations & Charges:											
Export Packaging	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Loading Charges	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Delivery to Port/Place	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Export Duty, Taxes & Customs Clearance	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Origin Terminal Charges	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Loading on Carriage	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Carriage Charges	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Insurance	Negotiable	Negotiable	Negotiable	Negotiable	Negotiable	*Seller	Negotiable	**Seller	Negotiable	Negotiable	Negotiable
Destination Terminal Charges	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller
Delivery to Destination	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Seller
Unloading at Destination	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Buyer
Import Duty, Taxes & Customs Clearance	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller

IncoDocs Create your Sales & Shipping Documents at www.incodocs.com

*CIF requires at least an insurance with the minimum cover of the Institute Cargo Clause (C) (Number of listed risks, subject to itemized exclusions)
**CIP now requires at least an insurance with the minimum cover of the Institute Cargo Clause (A) (All risk, subject to itemized exclusions)

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What are the differences between Incoterms® 2010 and Incoterms® 2020?

The main explanations of Incoterms® 2020 have remained the same, with a few key updates and changes. The main change includes a new DPU term replacing DAT, along with other changes to Incoterms® as below. It's imperative that all parties involved in global trade understand these updates and how they may affect your supply chain.

New Incoterm® DPU Replaces DAT

The previous Incoterm® DAT (Delivered at Terminal) is now called DPU (Delivered at Place Unloaded. It was decided to change the term to DPU to remove confusion that arose in the past. In the past, DAT required 'Delivery at Terminal (unloaded)', however the word "terminal" caused confusion. The new term DPU (Delivery at Place Unloaded) covers 'any place, whether covered or not'.

Different level of insurance cover between CIF and CIP

CIF and CIP are the only two Incoterms® that require the seller to purchase insurance in the buyer's name. Under Incoterms® 2010 the insurance cover for both CIF and CIP was required under Institute Cargo Clause C. Under the new Incoterms® 2020, CIP requires insurance cover complying with Institute Cargo Clause A. Clause A covers a more comprehensive level of insurance which is usually suitable for manufactured goods, where Clause C would likely apply to commodities.

In summary:

- CIF remains the same, it requires 'Institute Cargo Clause C' insurance cover – Number of listed risks, subject to itemized exclusions.
- CIP now requires an upgraded 'Institute Cargo Clause A' insurance cover – All risk, subject to itemized exclusions.

Updated Costs and Listings

Costs became quite a problem with Incoterms® 2010 with some parties. In some cases carriers were changing their pricing so sellers were often faced with new back charged terminal handling charges. Incoterms® 2020 now provides much more detail around costs and now appear under the A9/B9 sections of the rule. This clearly states which costs are allocated to each party.

Increased Security Requirements, Allocations and Costs

In a world with increasing security requirements, the Incoterms® 2020 rules now provide more detail around security allocations and necessary costs. For each Incoterm® rule, the security allocations have been added to A4/A7 and the associated costs have been added to A9/B9.

Buyer's and Seller's Own Transport

Under Incoterms® 2010 it was assumed that all transport would be undertaken by a third party transport provider. Updates to Incoterms® 2020 allows for the provision for the buyer or seller's own means of transport. This recognizes that some buyers and sellers are using their own methods of transport, including trucks or planes to get goods delivered.

- This allows for the buyer's own means of transport under the FCA rule
- This allows for the seller's own means of transport under DAP, DPU and DDP.

FCA, FOB and the Bill of Lading Process

Updates were made to the previous Incoterms® 2010 to encourage exporters of containerized goods to use the FCA Incoterm®. In reality most parties were still using FOB when they should have been using FCA. This is because even experienced sellers still wanted to use FOB because they wanted the contract to be under a Letter of Credit.

Therefore provisions have been made to the Incoterms® 2020 to state that the buyer must instruct the carrier to issue a transport document stating that the goods have been loaded – i.e a Bill of Lading with an 'on board' notation. In the past carriers have frequently refused to issue a Bill of Lading with a notation to the seller if they have received the goods from an intermediary transport (such as a truck), instead of directly from the seller.

How to put Incoterms® 2020 into Practice on Sales Contracts

The new Incoterms® 2020 have come into effect on the 'effective' date of the 1st January 2020. What does that actually mean for your business? Trading partners can still carry on using Incoterms® 2010 if they prefer to, which may occur when it is being used to confirm complex commercial agreements.

All parties must make it clear in contracts which Incoterms® version is being referred to in order to avoid any misunderstanding. Different trading partners will incorporate Incoterms® into contracts at different times.

It is imperative that you check existing contracts to ensure that the Incoterms® edition year is included. If there is no year stated then the following will apply:

- Up to 31st December 2019 – Incoterms® 2010
- From 1st January 2020 – Incoterms® 2020
- If a different year is stated, for example Incoterms® 1990, then the respective terms will apply

The below is the structure that should be used on Sales Contracts:
[Incoterm® rule] [Named port/place/point] Incoterms® 2020
Examples:
CIF Longbeach Incoterms® 2020
DPU 4300 Longbeach Blvd, Longbeach, United States Incoterms® 2020

How to Prepare your Business for Incoterms® 2020

As Incoterms® are updated you should always take the time to assess how any changes may impact your business. It's much better to be proactive rather than reactive should some big issues arise with any of your orders or shipments. Always refer to professional legal advice before making any changes to your business. To prepare for the changes, here are a few things that you may consider:

- Identify the Incoterms® that your business typically uses
- Audit any contracts that are extended into 2020 or that renew in 2020
- If you are buying or selling under a Letter of Credit, you may consider the option to use FCA instead of FOB (refer notes above). This will involve instructing carriers to issue Bills of Lading. Always refer to professional legal advice before making any change.
- Ensure that you make changes to any contracts and documents as necessary
- Ensure that you are stating the Incoterms® edition year that both parties are referring to in sales contracts
- Look further into the updated costs and listings to see if it has any impact on your landed cost calculations
- Increase the level of insurance cover to satisfy the new CIP requirements
- Structure tighter security for imports and exports
- Understand who has the responsibility for loading and unloading charges
- Know where the risk of loss is transferred
- Contract professional legal advice from experienced supply chain and legal analysts to audit current procedures
- Buy a copy of the official Incoterms® 2020 book from the ICC here

Can Incoterms® be used in the United Kingdom?

Because the United Kingdom's position, trade is regulated by the 'Uniform Laws of the Sale of Goods Act 1979' and case laws. However, the terms of trade can be agreed by both parties before the trade is to take place.

Throughout sales contracts the buyer and seller can follow either the ICC guidelines of the Sales of Goods Act 1979's enactments.

Rules for any mode or modes of transport:

EXW - Ex-Works or Ex-Warehouse
"Ex Works" means that the seller delivers when it places the goods at the disposal of the buyer at the seller's premises or at another named place (i.e.,works, factory, warehouse, etc.). The seller does not need to load the goods on any collecting vehicle, nor does it need to clear the goods for export, where such clearance is applicable.

FCA - Free Carrier
"Free Carrier" means that the seller delivers the goods to the carrier or another person nominated by the buyer at the seller's premises or another named place. The parties are well advised to specify as clearly as possible the point within the named place of delivery, as the risk passes to the buyer at that point.

CPT - Carriage Paid To
"Carriage Paid To" means that the seller delivers the goods to the carrier or another person nominated by the seller at an agreed place (if any such place is agreed between parties) and that the seller must contract for and pay the costs of carriage necessary to bring the goods to the named place of destination.

CIP - Carriage And Insurance Paid To
"Carriage and Insurance Paid to" means that the seller delivers the goods to the carrier or another person nominated by the seller at an agreed place (if any such place is agreed between parties) and that the seller must contract for and pay the costs of carriage necessary to bring the goods to the named place of destination.

'The seller also contracts for insurance cover against the buyer's risk of loss of or damage to the goods during the carriage. The buyer should note that under CIP the seller is required to obtain insurance only on minimum cover. Should the buyer wish to have more insurance protection, it will need either to agree as much expressly with the seller or to make its own extra insurance arrangements."

DAP - Delivered At Place
"Delivered at Place" means that the seller delivers when the goods are placed at the disposal of the buyer on the arriving means of transport ready for unloading at the named place of destination. The seller bears all risks involved in bringing the goods to the named place.

DPU - Delivered At Place Unloaded
"Delivered At Place Unloaded" means that the seller delivers when the goods, once unloaded, are placed at the disposal of the buyer at a named place of destination. The seller bears all risks involved in bringing the goods to, and unloading them at the named place of destination.

DDP - Delivered Duty Paid
"Delivered Duty Paid" means that the seller delivers the goods when the goods are placed at the disposal of the buyer, cleared for import on the arriving means of transport ready for unloading at the named place of destination. The seller bears all the costs and risks involved in bringing the goods to the place of destination and has an obligation to clear the goods not only for export but also for import, to pay any duty for both export and import and to carry out all customs formalities.

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Rules for sea and inland waterway transport:

FAS - Free Alongside Ship

"Free Alongside Ship" means that the seller delivers when the goods are placed alongside the vessel (e.g., on a quay or a barge) nominated by the buyer at the named port of shipment. The risk of loss of or damage to the goods passes when the goods are alongside the ship, and the buyer bears all costs from that moment onwards.

FOB - Free On Board

"Free On Board" means that the seller delivers the goods on board the vessel nominated by the buyer at the named port of shipment or procures the goods already so delivered. The risk of loss of or damage to the goods passes when the goods are on board the vessel, and the buyer bears all costs from that moment onwards.

CFR - Cost and Freight

"Cost and Freight" means that the seller delivers the goods on board the vessel or procures the goods already so delivered. The risk of loss of or damage to the goods passes when the goods are on board the vessel. the seller must contract for and pay the costs and freight necessary to bring the goods to the named port of destination.

CIF - Cost, Insurance and Freight

"Cost, Insurance and Freight" means that the seller delivers the goods on board the vessel or procures the goods already so delivered. The risk of loss of or damage to the goods passes when the goods are on board the vessel. The seller must contract for and pay the costs and freight necessary to bring the goods to the named port of destination.

'The seller also contracts for insurance cover against the buyer's risk of loss of or damage to the goods during the carriage. The buyer should note that under CIF the seller is required to obtain insurance only on minimum cover. Should the buyer wish to have more insurance protection, it will need either to agree as much expressly with the seller or to make its own extra insurance arrangements."

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What does 'Freight Collect' and 'Freight Prepaid' mean?

Freight Collect and Freight Prepaid are common terms used in International Freight. It is very important to understand the difference, it is basically a statement of who will be paying for all the International freight charges. If you export your goods on 'Freight Collect' terms (EXW, FCA, FAS and FOB are all Freight Collect terms) that means that the importer (your buyer) will 'collect' and pay all of the freight charges on their side, you will not have to pay any freight at all.

If you are the exporter and sell the goods on CFR, CIF, CPT, CIP, DAP, DPU or DDP terms, this means that you will pay for the freight charges ('Freight Prepaid' – you will pre-pay the freight charges). These are linked to the selling terms of your invoice, if you are selling your goods on 'FOB' terms (Free on Board) then you are only covering the costs to get the goods loaded on board the vessel. All charges thereafter will be charged to the receiver of the goods (consignee) – so it will be Freight Collect. These freight terms are stated on the Bill of Lading, the document issued by the shipping line or freight forwarder.

Resources International Chamber of Commerce (ICC) Incoterms® 2020

Understand the difference between selling your goods on FOB (Free On Board) or CFR (Cost and Freight) terms.

If selling on FOB terms:
You will only have to cover the costs to get the goods loaded on board the vessel ready for export – so you will cover the container trucking from your warehouse to the port plus all of the port and stevedoring charges and loading fees.

If selling on CFR terms:
The International Freight charges will be billed back to you, the shipper. That means you will receive an invoice for the International Seafreight charge (usually in USD) which will usually be billed back to you through your freight forwarder. If you sell your goods on CFR terms then it gives you more control over your goods when on the water. You will remain the owner of the goods until the shipment has arrived at the port of delivery. In some cases, if you have agreed that the seller can make the balance payment for the goods after they have been shipped, then you can use your CFR terms as security by not handing over the original Bills of Lading to the buyer until you received the balance payment. The buyer can only clear the goods into their country once you have handed over the original Bills of Lading.

You must ensure that the International seafreight charge is paid before the goods arrive at the destination.

Shipping Container Specifications and Shipping Methods used in the global supply chain.
There are 4 modes of transport along the International Supply Chain. Goods can be transported via Sea, Air, Road or Rail. Multiple modes of transport will most likely be used for 1 single shipment to get products delivered to International locations.

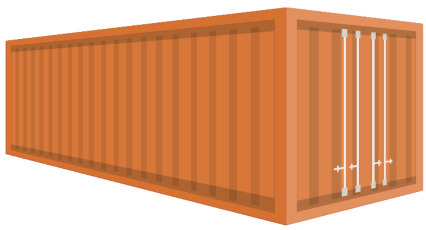
When exporting goods, there are different types of shipping shipping containers available to load and transport goods. The mode of transport and the type of shipping container used mainly depends on the product's overall packing sizes, cubic measurement or total weight.

20'GP Shipping Container (General Purpose)

The 20' container is the most cost efficient way to transport the goods to your buyer. It is known as a 'Twenty-Footer' to signify the overall length of 20 feet. Products are usually packed inside cartons, then cartons stacked and wrapped onto pallets and loaded inside the container for transport. A popular way of exporting palletised cargo is 2 pallets high, 2 pallets wide, 8 pallets deep – 16 pallets total.

40'GP Shipping Container (General Purpose)

The 40' shipping container is the same design as the 20' container but just double the length. So the overall length is 40 feet and can hold double the amount of cargo.



40'HC Shipping Container (High-Cube)

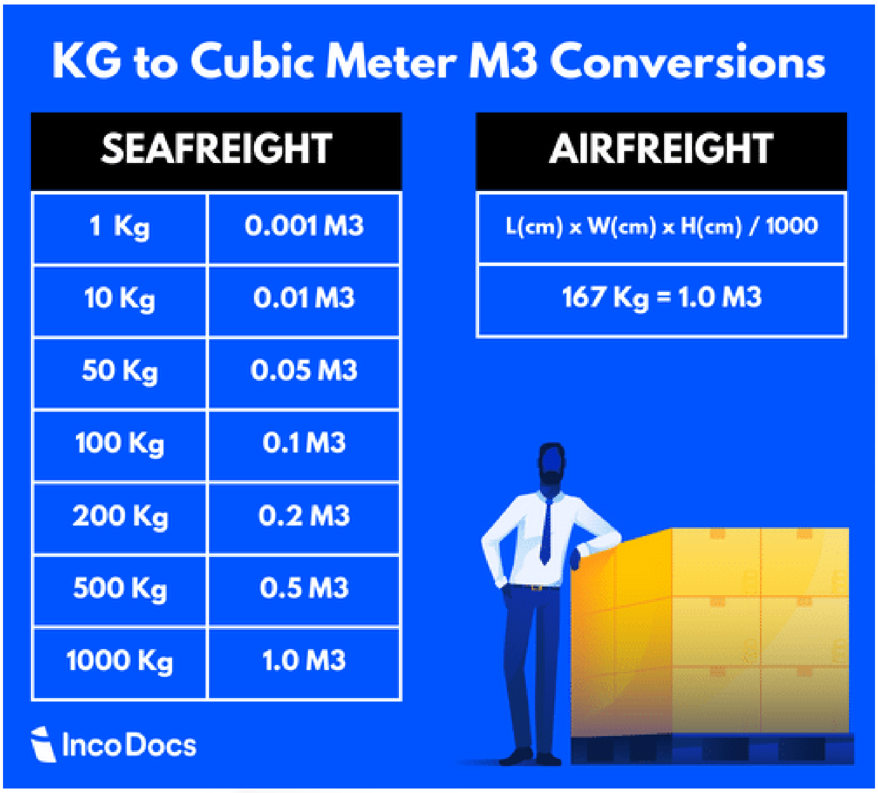
The 40' High Cube shipping container is the same overall length as the 40'GP but it is approximately 40cm taller than the GP. This slight increase in height allows for an extra 10-15% of cargo to be loaded inside. It also allows for some different packing methods which can fit extra cargo otherwise unable to load inside a normal 40'GP container.

LCL Cargo (Less Than Container Load)

LCL shipping is a shipping method used for smaller cargo when the overall size of the goods for export is not big enough to fill a 20’ container. When LCL shipping is used, the goods are still loaded inside a 20’ shipping container and transported the exact same way but the goods are loaded inside a shared shipping container along with other party’s cargo to fill the container (a consolidated container).

The freight cost is charged out depending on the overall product size or weight, the shipping rate will be charged out per cubic meter of cargo (m3) or per Metric Tonne (1,000kg) in weight, whichever is greater.

There are more handling costs involved when shipping LCL cargo as pallets have to be loaded and unloaded more often, incurring more handling charges.


KG to Cubic Meter M3 Conversions

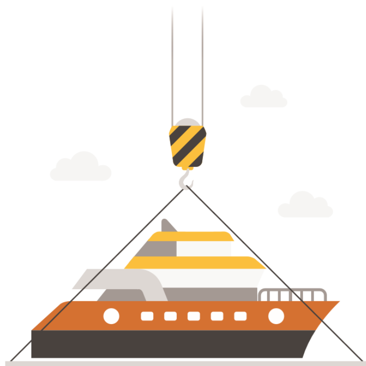
SEAFREIGHT	
1 Kg	0.001 M3
10 Kg	0.01 M3
50 Kg	0.05 M3
100 Kg	0.1 M3
200 Kg	0.2 M3
500 Kg	0.5 M3
1000 Kg	1.0 M3

AIRFREIGHT
L(cm) x W(cm) x H(cm) / 1000
167 Kg = 1.0 M3

IncoDocs

Breakbulk Cargo

Breakbulk Cargo is not a very popular shipping method as it’s generally used for oversized cargo that can’t fit inside shipping containers. Any cargo that exceeds the length, height or weight restrictions of a 40′ container will be shipped by breakbulk cargo. Cargo is loaded on top of the deck of the vessel and has to be carefully loaded into place on the top of the deck by crane. Large machinery, boats and steel are examples of goods that are exported around the world by Breakbulk Cargo.



Shipping Container Specifications & Shipping Methods

The most popular shipping method all over the world is the popular 20 foot long shipping container (20' container). Shipping containers are the most efficient means of transport all over the world as they are designed to seamlessly transport between trucks, trailers, port handling equipment, shipping vessels and railheads. They exist is many variations to transport different size and shaped cargo.

Dry Cargo Containers

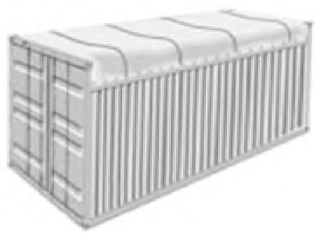
Type	Container Weight			Interior Measurement				Door Open	
	Gross (kg)	Tare (kg)	Net (kg)	Length (m)	Width (m)	Height (m)	Capacity (m³)	Width (m)	Height (m)
20 ft	24,000	2,370	21,630	5.898	2.352	2.394	33.20	2.343	2.280
40 ft	30,480	4,000	26,480	12.031	2.352	2.394	67.74	2.343	2.280

Refrigerated Containers

Type	Container Weight			Interior Measurement				Door Open	
	Gross (kg)	Tare (kg)	Net (kg)	Length (m)	Width (m)	Height (m)	Capacity (m³)	Width (m)	Height (m)
20 ft	24,000	3,050	20,950	5.449	2.290	2.244	26.70	2.276	2.261
40 ft	30,480	4,520	25,960	11.690	2.250	2.247	57.10	2.280	2.205

Open Top Containers

Type	Container Weight			Interior Measurement				Door Open	
	Gross (kg)	Tare (kg)	Net (kg)	Length (m)	Width (m)	Height (m)	Capacity (m³)	Width (m)	Height (m)
20 ft	24,000	2,580	21,240	5.629	2.212	2.311	32.00	2.330	2.263
40 ft	30,480	4,290	26,190	11.763	2.212	2.311	65.40	2.330	2.263



Flat Rack Containers

Type	Container Weight			Interior Measurement			
	Gross (kg)	Tare (kg)	Net (kg)	Length (m)	Width (m)	Height (m)	Capacity (m³)
20 ft	30,480	2,900	27,580	5.624	2.236	2.234	27.90
40 ft	34,000	5,870	28,130	11.786	2.236	1.968	51.90

High Cube Containers

Type	Container Weight			Interior Measurement				Door Open	
	Gross (kg)	Tare (kg)	Net (kg)	Length (m)	Width (m)	Height (m)	Capacity (m³)	Width (m)	Height (m)
40 ft	30,480	3,980	26,500	12.031	2.352	2.698	76.30	2.340	2.585
45 ft	30,480	4,800	25,680	13.544	2.352	2.698	86.00	2.340	2.585

It’s essential to partner with a freight forwarder that fits your import export operations

Freight Forwarders are companies that specialize in all arranging the shipping and logistics of goods from the start to finish of the supply chain. Because the International supply chain involves so many different processes and parties in different countries, freight forwarders specialize in connecting services to streamline freight movements around the world.

Freight forwarding companies are experts that have industry experience and understanding of all of the complex transport and logistics arrangements involved in global trade. They will act on the behalf of shippers to arrange services ranging from export documentation, international seafreight charges, customs clearance procedures, import duties/taxes, port handling fees, local trucking and marine insurance.

Services that freight forwarders provide

Basically, freight forwarders will provide a wide range of services along the supply chain that will depend on your specific requirements. Some companies specialize as ocean freight forwarders or as air freight forwarders, or both. Their freight forwarding service will cover:

- Export and Import customs clearance lodgements
- Intermodal transport options – from road, rail, air and sea
- Trucking container deliveries from port to door
- Verified Gross Mass – Full Container weighing and certification
- HS Code classification, import duties and taxes
- Export documentation
- International sea freight charges
- Port service handling charges
- Quarantine / Fumigation services
- Marine insurance cover
- Agents / office network in countries around the world
- Specialized cargo movements
- Other 3rd party services

Why it's important to choose the right International Freight Forwarder for your business

When products are shipped Internationally there are so many important processes that are involved to get goods delivered through to end customers. Because of this, freight forwarders have access to a broad network of logistics providers along the supply chain. This allows them to connect services between integrated modes of transport, from road, sea, rail and air. They will have existing relationships with trucking companies, port services, International shipping lines, customs agents and marine insurance brokers around the world.

Think of your freight forwarder as a long term business partner. In doing so, you must choose a freight forwarder that understands your exact requirements and that can provide you with the level of service that you require in your business. Very large global forwarding companies normally deal with very large shippers and therefore don’t focus on providing a high level of service to a smaller shippers. On the other hand, small freight forwarders may not have the tools, resources or networks required to service very large volume shippers.

How to request a shipping quote from a freight forwarder.
You should carefully research and speak to multiple freight forwarders to get a feel for the right match for your business. Make sure that you call and speak to a freight manager and give them as much detailed information as you can, including:

- Where you are shipping products to and from (the shipper's pickup address, the final delivery address)
- The Incoterms® agreed between the buyer and seller
- The mode of transport and shipment type – FCL, LCL, Breakbulk, Airfreight etc.
- How often you will be shipping goods
- What capabilities you have as an importer or exporter
- Any specialized support such as over-sized shipments, hazardous / Dangerous goods cargo etc

Based on the Incoterm® and the details mentioned above, forwarders will send you quotes detailing the list of charges that you will be responsible for. You will find that these quote documents are often confusing and contain a long list of charges and industry jargon. However, make sure that you take the time to understand how the charges work so that you can double check the final invoices in future. Exporters must understand their cost of product plus any additional logistics charges that they have agreed to. Importers must accurately understand the total landed cost of goods by the time they are delivered through to their door.

From there, create a shortlist of forwarders then make sure you meet with someone at that company. It's best to get someone to meet with you at your premises to thoroughly discuss and understand all of your specific requirements.

Don't choose freight forwarding companies based on price
In short, moving freight around the world is a complex process. It involves many different procedures which can often go wrong and cause issues throughout the supply chain. If you choose the cheapest freight forwarding service you will not receive the level of service that you need and their team will often lack industry experience and knowledge on how to solve these problems quickly. Because of this, it's worth having a good long term relationship with your freight forwarder and pay a fair price. Choosing a freight forwarding service based on the cheapest price will cost your business more in the long run.

Some important questions to ask your freight forwarder
Who will be handling the shipments from start to finish? Do you deal with a different person in sales, operations and customs clearance?

- If there is a problem with a shipment, who will be the person responsible for fixing any issues? Will you have direct contact with them?
- Do they have an in-house customs clearance broker? It's important that you can speak to a clearance broker directly to clear up any questions around HS codes, tariff classification etc.
- What level of shipment tracking, service and communications will you get from their side? Some freight forwarders are terrible at keeping shippers updated with status of shipments, delays or problems.
- Do they provide a login portal where you can track the status of your shipments? Today some online freight forwarding companies such as Flexport, Freightos and FreightHub provide a high level of tracking through online tracking and communication portals. Flexport provide shippers with a dashboard to access important shipping information.

Free Trade Agreements are special agreements between 2 countries that eliminate the import tariffs (import duty fees) that are paid on imported goods.

What are Free Trade Agreements?

Free Trade Agreements (FTAs) are international treaties that reduce barriers to trade and investment. They are individual agreements between 2 countries that act to reduce or eliminate the import tariffs (import duty fees) that are paid on imported goods. So, these import tariffs are charges that are payable when the country of destination imported products. When the country of import and export have a current Free Trade Agreement in place it will reduce or eliminate the import duty fees payable.

Why do Free Trade Agreements Exist?

Free Trade Agreements exist primarily to increase two-way trade between the countries. They benefit both nations involved as it encourages importers to source and purchase products from exporters in the other. Some of the Importers' costs are reduced which makes the exporter's products more competitive and appealing to buyers in the other country. In addition, they also help with overcoming some internal barriers which impede the trade of goods and services between countries. They also encourage increased investment and cooperation.

Chambers of Commerce play a pivotal role in providing Certificate of Origin documents

A certificate of origin document is an important document used in global trade to confirm the country of origin of where the goods have actually been manufactured or processed. The document will be used when the country of export and the country of import have a current Free Trade Agreement in place.

These free trade agreements can reduce or eliminate import duties and tariffs in the country of import. Chambers of Commerce will authorize Certificates of Origin documents used in global trade.

How a Certificate of Origin works in the import-export process

The certificate of origin document will be used by the importer's freight forwarder, customs agent or customs broker during the import customs clearance process. These brokers will use the certificate to prove to customs that the goods have been manufactured within the country of export. As a result, this will reduce or eliminate the import duties that are payable on imported goods.

Which party provides the Certificate of Origin?

The shipper can create their own Declaration of Origin template to make a declaration on behalf of their company. This document will state the country in which the goods were made (usually the country of export). However, most import countries customs departments will require that the certified document from the local Chamber of Commerce in the country of export. That local Chamber of Commerce will act as the 3rd party that will verify the shipper's declaration. They will charge a fee to sign and stamp the document. That document will then become 'certified' then the shipper will email it through to the importer so that it can be used in the customs clearance process.

The shipper must provide the document before the shipment arrives into the country of import to avoid any problems or delays with the customs clearance process.

Click to view a list of Countries with bilateral Free-Trade agreements

How to obtain a Certificate of Origin from a Chamber of Commerce

Each country have their own set Chambers of Commerce that will specialize in certificate of origin documents. For example, if you've shipped products from the USA to Canada then you can contact any local or state American Chamber of Commerce (AmCham) and submit your NAFTA certificate (now renegotiated as the USMCA) or declaration of origin template.

Most Chambers still manually sign and stamp original documents, whilst other chambers may offer an online digital certificate of origin solution.

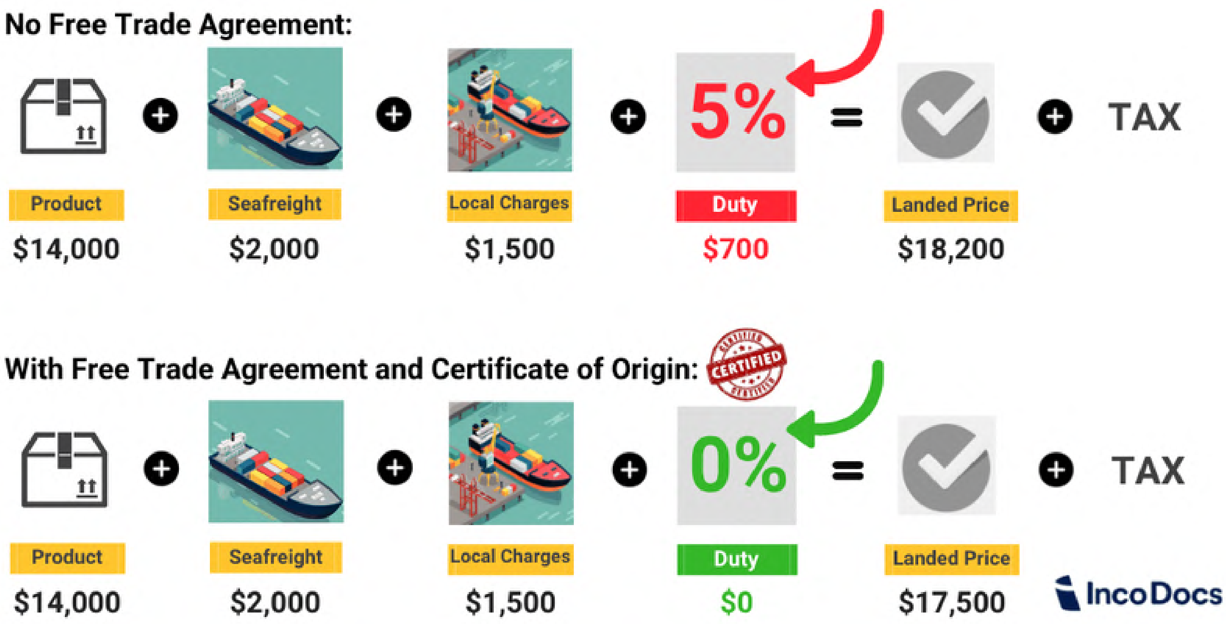
Popular Chambers of Commerce around the world:

- American Chamber of Commerce
- British Chamber of Commerce
- Hispanic Chamber of Commerce
- Indian Chamber of Commerce
- Canadian Chamber of Commerce

An example of how the Certificate of Origin reduces import duties

The below example explains how using a Certificate of Origin can reduce or eliminate the import duties.

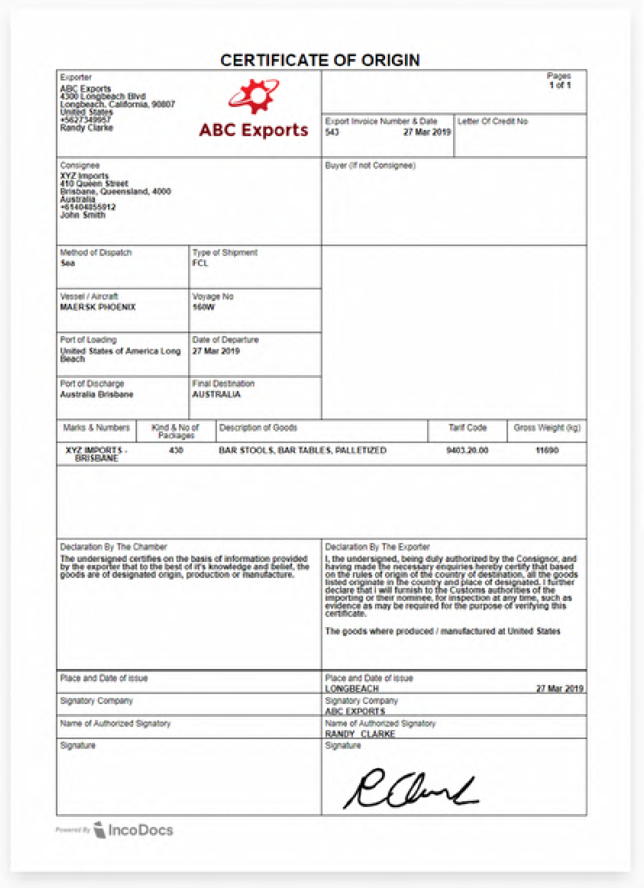
- The importer shipped $14,000 of products
- The importer must pay all associated import costs, including sea freight charges, local port handling/customs charges, import duties & taxes.
- If the country of export and country of the import do not have a current Free Trade Agreement, then the importer will have to pay import duties on these goods (in this example, 5% of the product value).
- However, if the 2 countries do have a Free Trade Agreement in place AND the exporter provides a Certificate of Origin, the importer's fees will be reduced or eliminated (Duty-Free, 0%).



What information is included on the Certificate of Origin template?

A Declaration Of Origin or Certificate of Origin form will include the below details:

- Shipper's (Exporter's) company name, address and contact details
- Consignee's company name, address and contact details
- Port of loading
- Port of discharge
- Vessel Name and Voyage Number
- Date of Departure
- Final Destination
- Certificate Number
- Exporter's Reference
- Letter of Credit (if required)
- 3rd party details (if required)
- Details of products included in the shipment – including shipping marks and numbers, number and kind of packages, description of goods, HS Code / Tariff Code, Gross Weight
- Statement of the country of origin of goods
- Name, date and signature of the authorized company representative



CERTIFICATE OF ORIGIN

Exporter
ABC Exports
4300 Longbeach Blvd
Longbeach, California, 90807
United States
+5627349957
Randy Clarke

ABC Exports

Pages
1 of 1

Export Invoice Number & Date
543 27 Mar 2019

Letter Of Credit No

Consignee
XYZ Imports
410 Queen Street
Brisbane, Queensland, 4000
Australia
+61404855912
John Smith

Buyer (If not Consignee)

Method of Dispatch
Sea

Type of Shipment
FCL

Vessel / Aircraft
MAERSK PHOENIX

Voyage No
160W

Port of Loading
United States of America Long Beach

Date of Departure
27 Mar 2019

Port of Discharge
Australia Brisbane

Final Destination
AUSTRALIA

Marks & Numbers	Kind & No of Packages	Description of Goods	Tariff Code	Gross Weight (kg)
XYZ IMPORTS - BRISBANE	430	BAR STOOLS, BAR TABLES, PALLETIZED	9403.20.00	11690

Declaration By The Chamber
The undersigned certifies on the basis of information provided by the exporter that to the best of it's knowledge and belief, the goods are of designated origin, production or manufacture.

Declaration By The Exporter
I, the undersigned, being duly authorized by the Consignor, and having made the necessary enquiries hereby certify that based on the rules of origin of the country of destination, all the goods listed originate in the country and place of designated. I further declare that I will furnish to the Customs authorities of the importing or their nominee, for inspection at any time, such as evidence as may be required for the purpose of verifying this certificate.

The goods where produced / manufactured at United States

Place and Date of issue

Place and Date of issue
LONGBEACH 27 Mar 2019

Signatory Company

Signatory Company
ABC EXPORTS

Name of Authorized Signatory

Name of Authorized Signatory
RANDY CLARKE

Signature

Signature

Powered By IncoDocs

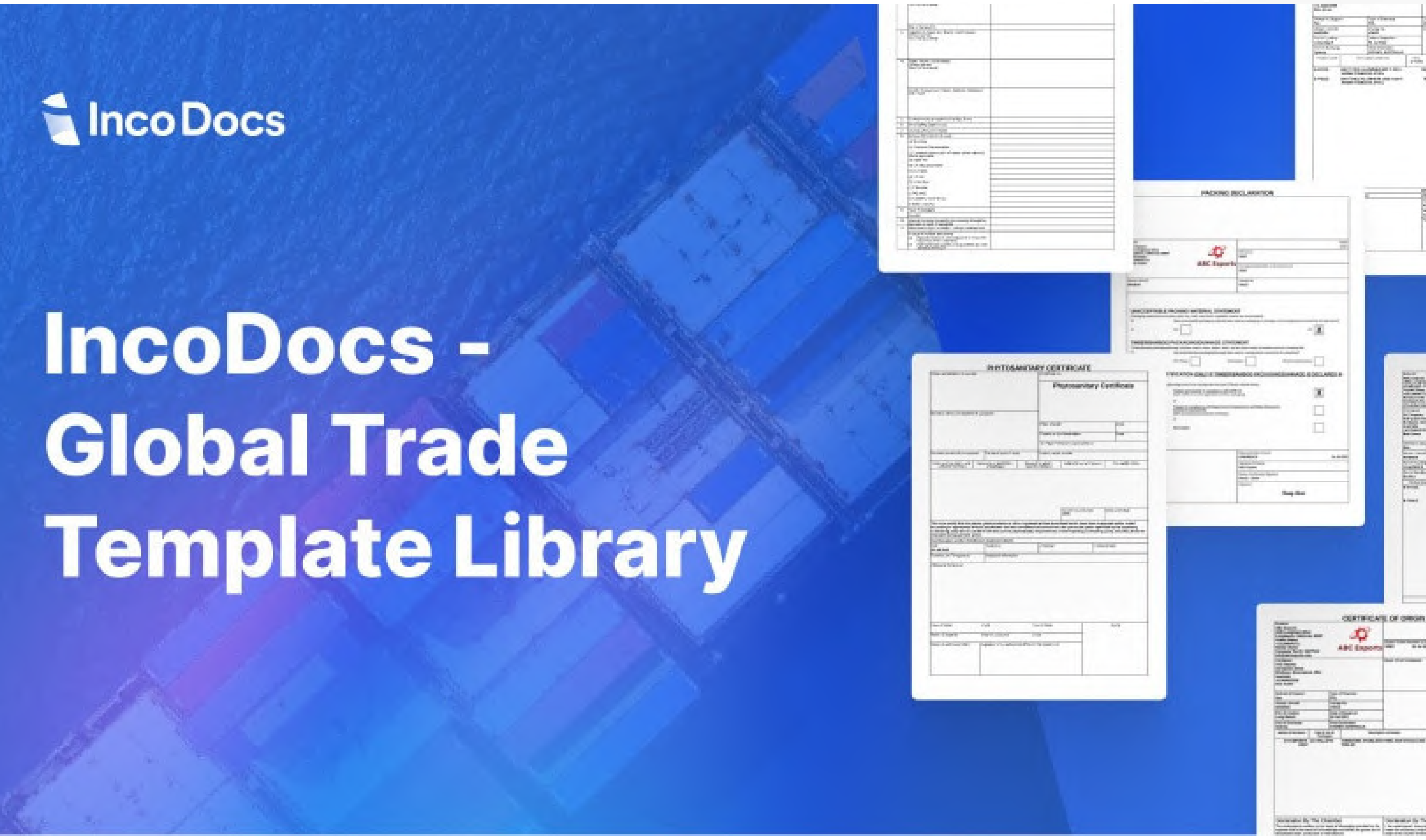
View COO Template

Sales & Export Documentation Template Gallery

Exporters must provide compliant shipping documentation to get products cleared through customs and shipped through to final destinations. Global trade involves commercial invoices, packing lists, declarations, certifications and Bills of Lading to name a few.

Export documentation is essential to get products shipped along the import export supply chain. There are many important sales and shipping documents that must be used. Importers and exporters must understand which party creates each document and how they are used. View the template gallery to understand the main export documentation types involved and when they are required.

Click the image below to view the template library and download example PDF templates.

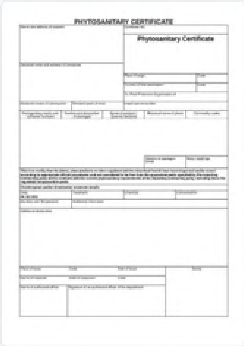


[View Template Gallery]

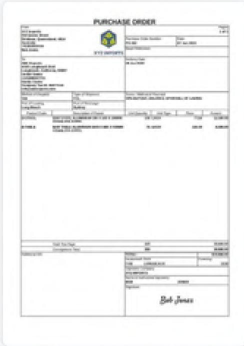
Global Trade NEWSLETTER

Sales & Export Documentation Template Gallery

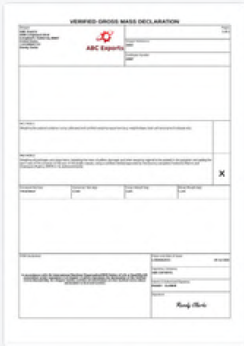
Examples of Sales and Export Documentation Templates

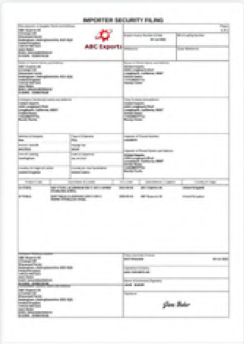

Phytosanitary Certificate

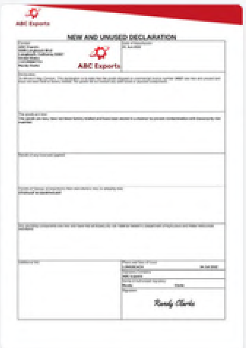

Proforma Invoice


Purchase Order


Quotation


Verified Gross Mass (VGM) Declaration


Importer Security Filing ISF


New & Unused Declaration


Non Asbestos Declaration


Packing Declaration


Packing List

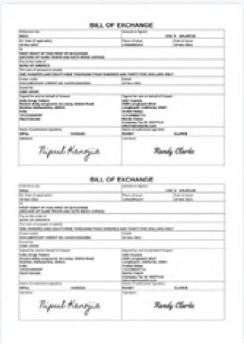

USMCA Certificate of Origin

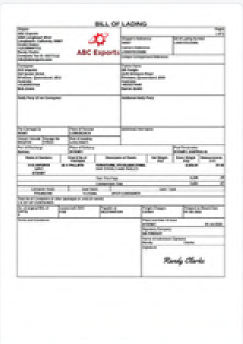

Sales Contract

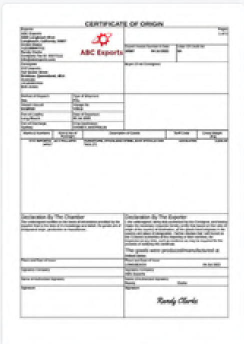

Shipper's Letter of Instruction (SLI)

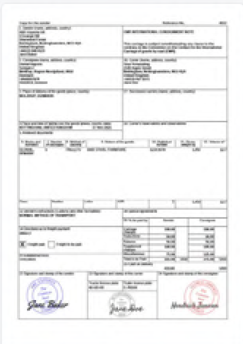

Shipping Instruction


Tax Invoice


Bill of Exchange


Bill of Lading


Certificate of Origin


CMR Consignment Note


Commercial Invoice

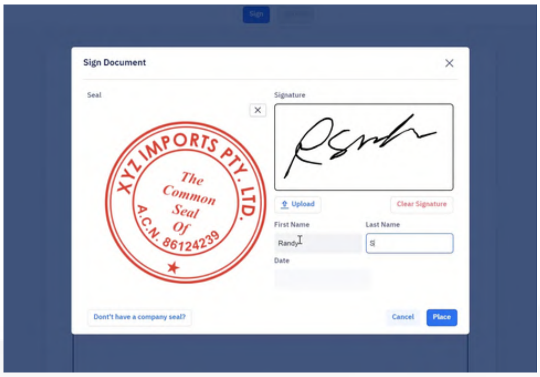
Global Trade
NEWSLETTER

Countersigning Proforma Invoices, POs & Sales Contracts

Countersigned Proforma Invoices, Sales Contracts and Purchase Orders represent a legally binding agreement between the buyer and seller. If there are any problems or disputes relating to the order or shipments, these documents will be referred to in a court of law.

Countersigning proforma invoices, purchase orders and sales contracts requires both buyer and seller to add their company stamp or company seal, and their signature onto both documents.

In the past, both buyers and sellers (importers or exporters) have had to manually print, sign, scan, upload then mail documents between each other. Throughout the history of trade, this has been the adopted process to get contracts signed.



In today's world, buyers and sellers can use new software to digitally sign and countersign documentation to eliminate the manual print, sign, scan and email process. This allows companies to close deals faster, sign contracts from anywhere, increase administration efficiency and reduce paper & operational costs.

Signing and Stamping a Purchase Order

The buyer creates a Purchase Order, adds their company stamp/seal, inserts their electronic signature, then shares the Purchase Order to the buyer to counter-sign.

Countersigning a Proforma Invoice

The seller creates a Proforma Invoice, adds their digital company stamp/seal, inserts their electronic signature, then shares the Proforma Invoice to the buyer to counter-sign.

Other Helpful Resources

Read how to create Proforma Invoice and Purchase Order documents here.
Read the difference between a Proforma Invoice and Commercial Invoice here.

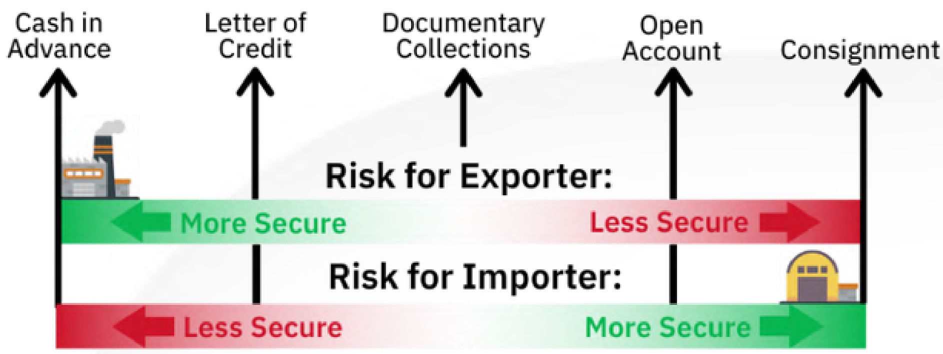
Types of International Payment terms for Import Export Shipments

Importers and exporters involved in global trade connect to negotiate and agree on the terms for goods to be sold. Buyers and sellers will agree to all product details, pricing, Incoterms®, method of shipment, delivery details and the agreed payment terms and payment methods. These details will be represented in Purchase Orders, Proforma Invoices and Sales Contracts that are countersigned by both parties.

There is considerable risk involved in global trade, at some point the exporter will have to decide at what point they require full payment of goods. Some payment terms will be more favorable to the exporter or to the importer, it's up to the 2 parties to negotiate and agree on these critical trade terms. If there has been a good trading history between the buyer and seller and a high level of trust has been built up over time, then the seller may agree to a payment term that is more favorable to the importer.

Importers and exporters must understand the different payment terms that are available and the costs & risks that are associated with each party. This article and info-graphic explains the types of payment terms that buyers and sellers can agree to for the global sale of goods.

International Payment Terms agreed by Importers and Exporters for Global Trade



Cash in Advance – Lowest risk for Exporter

Cash in Advance is the most secure payment method for the seller. Suppliers may often request a deposit amount to get the products under production, then request the balance amount of the invoice or contract before the goods leave the supplier's warehouse. Therefore there is no risk to the supplier on not receiving full payment for the goods.

Letters of Credit (L/C)

A "Letter of Credit" (L/C) or a "Documentary Credit" (D/C) is a legally binding contract between the buyer and seller's bank. They are used to guarantee to release the payment for the goods to the exporter (beneficiary) once certain conditions have been met, usually when the goods have been shipped (when the seller has provided a copy of the Bill of Lading). The importer's bank will guarantee the payment of goods and a take up the collection of payment with the buyer. The payment risk is passed onto the buyer's bank so if the buyer fails to pay then the bank will follow up the collection of payment from the buyer.
A Letter of Credit is a more expensive option as banks will often charge a percentage of the transaction. The process to complete a Letter of Credit is costly and very time consuming to draft and confirm all of the contract details between the buyer, seller and their banks. There are many types of Letters of Credits that can be used, if you are interested in executing a Letter of Credit you should meet with your local bank Manager to understand all finer details.

Documentary Collection (D/C)

Documentary collections is a payment term where the seller will rely on their bank (the remitting bank) to collect the payment of funds from the buyer's bank (collecting bank). Documentary collections are generally used when there is already an established trading relationship between the buyer and seller. They are a cheaper and less time consuming option compared to the Letter of Credit process mentioned above.

Under a Documentary Collection process the buyer will ship the goods then submit a "collection order" to it's bank with instructions to release the original documents to the buyer upon receipt of the buyer's payment. It can be simplified as below:

- Exporter (seller) ships the goods onboard the carrier.
- Exporter then submits the shipping documents and a "collection order" to it's bank (remitting bank) instructing it to release the documents to the buyer when the goods have been paid.
- The remitting bank then forwards the documents, draft and collection instructions to the buyer's bank (collecting or presenting bank).
- The buyer's bank will carry out the "collection order" from the seller to collect the payment from the buyer. The buyer's bank will then remit the payment to the seller's bank, which will be transferred further through to the seller.

There are 2 types of Documentary Collections:

Document against Payment (D/P)

This is also referred to as a "Sight Draft" or "Cash Against Documents". In this case the buyer's bank (collecting bank) will only provide the documents and collection order to the buyer once the buyer has made payment.

Document against Acceptance (D/A)

In this case the buyer's bank (collecting bank) has approved a credit extension that allows the buyer to make payment of the goods at a future date.

Open Account

If the seller has built up trust and has a great business relationship with the buyer, then they may offer the payment of goods on an open account. Under this arrangement the seller will ship the goods without receiving full payment of goods, which are agreed to be paid at a later date. The buyer and seller can negotiate the length of the payment, which can be anywhere from 7, 30, 60 or 90 days after the goods have been shipped or delivered. This is not a secure payment option for the seller as they bear all risk of non-payment of goods. In some cases the seller will buy export credit insurance to cover the risk of non-payment of goods.

On Consignment – Highest risk for Exporter

If Exporters choose to sell goods "on consignment" that means that they agree to supply the goods to the importer, whereby the importer is not obliged to pay for the goods until the importer has on-sold them. So essentially the exporter agrees to bear the risk associated with placing the goods at the buyer's warehouse and retains ownership of the goods until they have been sold. It is essentially an extension of an "open account" as mentioned above, and is generally only used when the exporter and import have a long standing relationship and enough trust to proceed with this arrangement. This method can give the seller the ability to sell new products into new markets without putting large cashflow pressures on their partner importers and distributors.

SWIFT International Telegraphic Transfers and other International payment methods

If you're involved in Global Trade you would be aware that importers and exporters agree to sell goods on agreed payment terms that usually involve a SWIFT Telegraphic Transfer, or T/T payment. Before products can be exported around the world the buyer and seller will agree on the terms of trade (including Incoterms®) then include all details in Purchase Orders, Proforma Invoices and Sales Contracts that are countersigned by both parties.

When the terms in the contracts are agreed, the buyer will need to make an International payment to the overseas supplier. Buyers most often make International payments by Telegraphic Transfer (T/T) to send money to overseas suppliers. However, there are different payment methods that buyers can use to transfer money Internationally. International money transfers usually require exchanging currencies and come with costs and fees.

It's important for importers to understand their payment options and how to secure the best exchange rate for International payments to overseas suppliers. Here's a list of some types of International payment methods buyers can use to send money overseas:

International Wire Transfers via Banks – SWIFT Telegraphic Transfer TT payments

Buyers can make International payments through their local banks. Most banks will use the SWIFT banking system. You can walk into a bank to make an International wire transfer, but unless you have negotiated a good foreign exchange rate with your local business banker, this option will generally not provide a good exchange rate. Some banks will offer an online version of their SWIFT payment system for buyers to login and make payments online. Read more details on how International wire transfers work further down.

Foreign Exchange Providers with Good Exchange Rates

Foreign Exchange (FX) Providers are companies that can offer very competitive foreign exchange rates for importers to make SWIFT payments Internationally. They operate independently to banks and can negotiate good deals for International wire transfers.

Credit Cards for International payments

Credit Cards are easily accessible for buyers in most countries around the world. Payment by VISA, Mastercard or American Express credit cards can be an easy but quite expensive option to make International payments, especially for high value transactions.

PayPal for International Payments

PayPal is a very popular alternative payment method that is offered by many vendors over the world. However, making an International foreign exchange payment using PayPal will not give a good exchange rate to the payer. It is not ideal for high value transactions and is generally used for convenience.

Western Union Wire Transfer

Western Union is a transfer service that has been operating since the 19th Century. Some suppliers may still request payment via Western Union but making International payments this way have proven to take a long time to clear into the seller's bank account. Western Union generally do not offer buyers good exchange rates and have high fees and charges.

An overview on International payments using SWIFT, Wire or Telegraphic Transfer (T/T)

SWIFT is a system that is behind most of the world's International money and security transfers. Banks and financial institutions use it to securely transmit information and instructions through a standardized system of codes (made up of 8 or 11 characters). Before the SWIFT payment system, Telex was the only means to make International funds transfer which required senders to describe transactions in sentences which were interpreted and executed by the receiver. The Telex process was a slow, unsecure process that was prone to human errors.

The SWIFT (Society for Worldwide Interbank Financial Telecommunications) system was formed in 1974 by 7 major International banks. It began a cooperative society to operate a global network to transfer financial messages faster and more securely than the Telex system. Today the SWIFT network is the global standard for transferring money Internationally.

How long does a SWIFT payment take to clear into the receiver's bank account?

The SWIFT network relies on transferring money between multiple banks before the funds are received at the seller's bank account. This process can take anywhere from 1-5 working days depending on the countries and banks involved in sending and receiving the transaction. Public holidays will add to the time taken to clear money into the beneficiary's account.

Details the seller must provide to the importer to make a SWIFT wire transfer

Exporters will generally share a Proforma Invoice or Commercial Invoice that includes all details of the order, along with their SWIFT and IBAN bank account details requesting the buyer to make a Telegraphic Transfer (T/T) payment. The exporter may request a deposit payment to get the order under production. The bank details will include the below:

Beneficiary Details

- Beneficiary Business Name
- Beneficiary Business Address

Payee Bank Details

- SWIFT Code (Bank ID). Each financial institution in the SWIFT network has a unique SWIFT code that is between 8 and 11 characters. This is known as a SWIFT ID or a bank identifier code (BIC). You can lookup a SWIFT/BIC Code here. For example, to make a Bank of America wire transfer, the Bank of America SWIFT code is BOFAUS3N
- Bank Location (Country)
- Bank Location (City)
- Bank Name
- Intermediary Bank Details (optional). If the seller uses an Intermediary bank to accept payments, the Intermediary bank details should also be included, i.e. SWIFT Code (Bank ID) Bank Location (Country), Bank Location (City), Bank Name.
- IBAN – International Bank Account Number

Transaction Details

- Transaction Currency
- Transaction Amount
- Reference Number (generally a unique Invoice or Purchase Order Number)

How to make International Wire Payments via SWIFT network

If you are logging into a Bank or foreign exchange provider's online system, you can login to make the International Wire transfer as below:

- Login online (usually using Two-Factor Authentication – 2FA)
- Add a new Payee (if making a payment to them for the first time).
- Enter the buy or sell currency amounts and the system should display the foreign exchange rate offered to you to make the payment. You will have a limited amount of time to accept the foreign exchange rate offered. Read more on securing the best foreign exchange rate below.
- Click to confirm the rate then assign the payment to a Payee.
- You should be able to add any additional information related to the payment, such as date, reference number, Payment Reason and SWIFT fee charge type (OUR, BEN or SHA). Read more on OUR, BEN and SHA payment fees further down.
- Review all of the information entered.
- Submit to confirm the payment.

How to secure the best foreign exchange rate for International Wire transfers

Over the last decade growing competition in the foreign exchange space has provided consumers with access to better foreign exchange rates to send money overseas. In the past the banks have dominated the market, but today there are quite a few options to make better International wire transfers with great exchange rates.

Before you send money overseas you should take the time to research and accurately understand the foreign exchange that you can secure with every available option. A small difference over high value transactions can mean tens of thousands of dollars saved.

Check with your bank, foreign exchange providers and other providers such as PayPal and Western Union mentioned above. Call your bank and other foreign exchange providers to find out the exchange rates they can offer. Ask if they have a minimum transaction amount? Does the foreign exchange rate that they offer fluctuate with different volumes? How long can they secure your rate? Do they provide a web login where you can check rate and make payments easily? Some foreign exchange systems are quite old, so the experience of logging in to make a payment can be terrible.

Exchange rates are changing every minute. A simple way you can check the latest rates is to use Google's currency converter. Type "currency converter" into Google's search or Google Chrome and you can select currency types and amounts to check the conversion rates. This is known as the 'mid-market' exchange rate or 'interbank' exchange rate. When you compare the foreign exchange rate that you can secure with a bank or FX provider, you can compare it back to this rate. Don't just compare the foreign exchange rate, also compare the transaction fees.

Fees involved with processing International SWIFT T/T payments

When you are comparing your foreign exchange rate providers make sure you also understand the fees that are charged per transaction. Some banks can charge $40 or more, and it’s also important to understand that the receiving banks may also charge fees. There can be anywhere from 1-3 intermediary banks that charge fees.

Therefore, make sure you do your research to understand these additional costs as there are some foreign exchange providers that have more competitive fees compared to the banks.

OUR, SHA and BEN payment fee types for International SWIFT payments

When you make an international wire transfer you can choose which party will pay the fees for the International transfer. BEN, SHA and OUR are codes that payers can select when making a SWIFT payment to confirm which party or parties will cover the transaction fees.

OUR instruction:
Selecting OUR will confirm that the Payer (sender) will be charged all of the International payment fees. The beneficiary (receiver) will receive the full amount of the payment without any fees deducted from the payment.

SHA instruction: SHAred
Selecting SHA will share the fees between both the Payer and Payee. The Payer (sender) will be charged the fees of the sending bank, the Payee (receiver) will be charged the fees of the corresponding receiving bank.

BEN instruction: BENeficiary
Selecting BEN will pass all of the payment transaction fees onto the Payee (the recipient of the payment). The recipient will receive the payment minus the transfer fees and charges. The Payer (sender) will not be charged any of the payment fees.

Global Trade Finance enables exporters and importers to get fast access to finance to get products manufactured and shipped Internationally.

If you're an exporter or importer involved in global trade, getting access to International Trade Finance is a key part to succeeding in International trade. Global trade finance can also be known as pre-export financing, import export finance or export invoice finance. Learn about the different types of global trade finance products that are available and how they can be utilized to enable global trade between exporters and importers all over the world.

Why is Trade Finance required for global trade?

Trade Finance leverages various financial instruments to make the requisite finance available to importers and exporters or buyers and sellers to conduct global trade. The World Trade Organization estimates that 80% – 90% of world trade relies on some form of Trade Financing and most of it is for a short-term tenure.

In a note in August 2020, the World Bank estimated that the Trade Financing gap globally stood at USD 3.4 trillion covering all the available forms of Trade Financing. In 2018, as per ICC and ADB Global Survey 2018, this gap stood at USD 1.6 trillion.

How Import Export Finance can Benefit Your Business

Import Export Finance is often required as importers usually place new orders for high value bulk shipments that require an upfront cost to manufacture. There is considerable risk to assess when producing a high volume of products. Cashflow and working capital management are fundamental for exporters, importers and trading companies.

The main benefit of having a suitable import export finance solution is that it will provide the seller or buyer with upfront finance to make deposit or balance payments for the goods to be manufactured and shipped. Different trade finance options usually provide finance on 30-120 day terms.

Using Export Trade finance, sellers do not have to dilute equity to allow their business to grow. It allows exporters and importers to remain working capital positive, to focus on optimizing operations & growth and expand into new markets.

Receiving finance up front hedges and reduces the risks of financial defaults. It also enhances the speed of confirming new deals and reduces the time between manufacturing and loading goods on board vessels for export.

Types of Import Export Finance used in Global Trade

When exporters and importers connect to confirm new deals, Proforma Invoices or Sales Contracts can be paid using different International payment methods, depending on what has been agreed between the exporter and importer. Both buyer and seller must clearly understand the Incoterm® that is agreed in the Proforma Invoice or Sales Contract.

By working with banks or financial institutions in the country of export and country of import, various trade and export finance facilities can de-risk invoices or contracts between the seller and the buyer by guaranteeing payment to the seller to enable them to do business with overseas counterparts.

Import Export finance includes various mechanisms such as:

- Letters of Credit
- Factoring
- Invoice discounting
- Export invoice finance
- Bank guarantees
- Overdraft facilities
- Inventory
- Mid and long term loans

Banks and financial institutions can also provide other bespoke solutions such as foreign exchange products to mitigate risks of adverse currency movements. Export finance can include forms of insurance to protect the seller if the buyer goes default, or a form of bond or guarantee (a deposit to show to a buyer that an exporter is financially able to produce and deliver the goods on the agreed terms).

How to Apply for Global Trade Finance

There are hundreds of International Trade finance companies. These include companies such as Corporate & Commercial Banks, Alternative Finance Providers & Non-Bank Lenders, Development Finance Institutions (DFIs) and Export Credit Agencies (ECAs). These companies specialize in providing bespoke trade finance to exporters and importers in almost all industries.

Depending on the type of facility that you need, providers will need to get an understanding of your business and your import export operations. Generally, if you already have a history of dealing with companies Internationally, it can make the approval process easier.

Details of Import Export Operations:

- Financial details such as Profit & Loss Statement, Balance Sheet, Cash Flow Statement. In some cases management accounts, creditors, ledger, debtors ledger and stock ledger
- Budgets and forecasts
- Overview of the industries that you operate in
- Competitor landscape
- Types of products that you sell
- Types of International clients and countries that you do business with
- Details of your trading history with International partners
- Current Invoices or Purchase Orders

Company Background Details:

- Legal Company Name
- Certificate of Business Registration
- Information on any related companies
- Business Registration Number
- Registered office address
- Details of Director(s)
- Contact Details

It's important to note that businesses applying for trade finance should negotiate the most favourable terms, including interest rates, fixed charges, fees and non-interest related costs. Once satisfied you can move forward with signing legal documentation.

Get Connected with a Trade Finance Provider

The HS Code and HTS code Explained

A HS code or HTS code plays such a vital role in International trade. However, the system of codes and jargon involved around the these codes can make it difficult to classify and understand. In this article we explain the common terms that are used throughout the customs clearance process so that shippers can meet regulations and have a better understanding of global trade.

What is a HS code and HTS code used in global trade?

The HTS code or HS code are part of a worldwide standardized system of classifying goods in international trade. They are also know as a Harmonized System Code or a Tariff Code. These are significant unique numbers that are used to identify and determine the different types of products that have been shipped around the world. These codes contain a minimum of 6 digits and can be up to 10 digits long. Customs departments and governments around the world will use them to correctly identify and clear products through customs departments around the world.

As of July 2012 over 206 countries, territories and economic or Customs unions are applying HS in practice. Over 98% of the merchandise in international trade is classified in terms of the HS. HS codes are used for goods only and not relevant for services.

Why are HS codes and HTS codes important for global trade?

The Harmonized System code for goods, or it’s full name – the Harmonized Commodity Description and Coding System – was adopted by the World Customs Organisation (WCO) in 1983. It has been used by member countries since then to classify goods in international trade for Customs tariff purposes. The system is reviewed periodically for adjustments to take account for advances in technology.

A HS Code is used primarily to identify goods that are to be cleared through customs in countries around the world. Apart from that, HS codes are extensively used by governments, international organizations and the private sector for a number of other purposes. These purposes include trade statistics, internal taxes, trade policies, monitoring of controlled goods, rules of origin, freight tariffs, transport statistics, price monitoring, quota controls, compilation of national accounts, and economic research & analysis.

Why must shippers understand the harmonized tariff schedule and harmonized tariff code?

Shippers must correctly identify and classify goods so that the correct import duty rate will be applied in the country of import. Therefore, if the incorrect classification of goods is made then shippers can be paying a higher or lower rate of import duty.

As a result, customs authorities will issue fines and financial penalties for incorrect classification of goods. On top of that, additional costs for wharf and storage charges can also be incurred if there are delays due to incorrect classification.

Customs authorities may issue fines for incorrect tariff code classification.

How is the HS code used throughout the customs clearance process?

The supplier of goods will usually include the product HS code on their shipping documentation such as Commercial Invoices and Packing Lists. It’s important to note that in some cases there may be slight discrepancies between the HS Code suppliers use and the correct HS Code in the country of import. Therefore you should contact your freight forwarder or customs broker to get help classifying your tariff code. Import duty rates vary for every country, so it is vital that you consult with a professional.

The clearance agent arranging the customs clearance will use this number to submit information to the customs department. They do this to confirm the rate of import duty (%) or import tariff that is payable on imported goods. Therefore it’s important to give your customs clearance agent as much detail as possible about the products so they can be cleared correctly through customs.

How do Free Trade Agreements affect import duty rates?

Import duty rates will vary depending on the country of import and export. These rates will be influenced by bilateral or multilateral trade agreements which can result in favorable duty treatment. Therefore when the country of export and country of import have a current Free Trade Agreement in place, import duties can be reduced or eliminated.

In this case, the exporter will have to provide the importer with a Certificate of Origin document. This document will then be used in the customs clearance process to reduce or eliminate import duty fees.

Details on how the HS code system is structured.

The HS is a nomenclature for the coding, description and classification of goods/products in international trade. It consists of over 5,000 commodity groups. These are structured into 21 Sections (Sections I to XXI) and 97 Chapters (1 – 97). They contain four-digit headings and six-digit sub-headings. Chapters 98 and 99 are for national use only. The HS harmonizes the codification of commodities up a six-digit scheme.

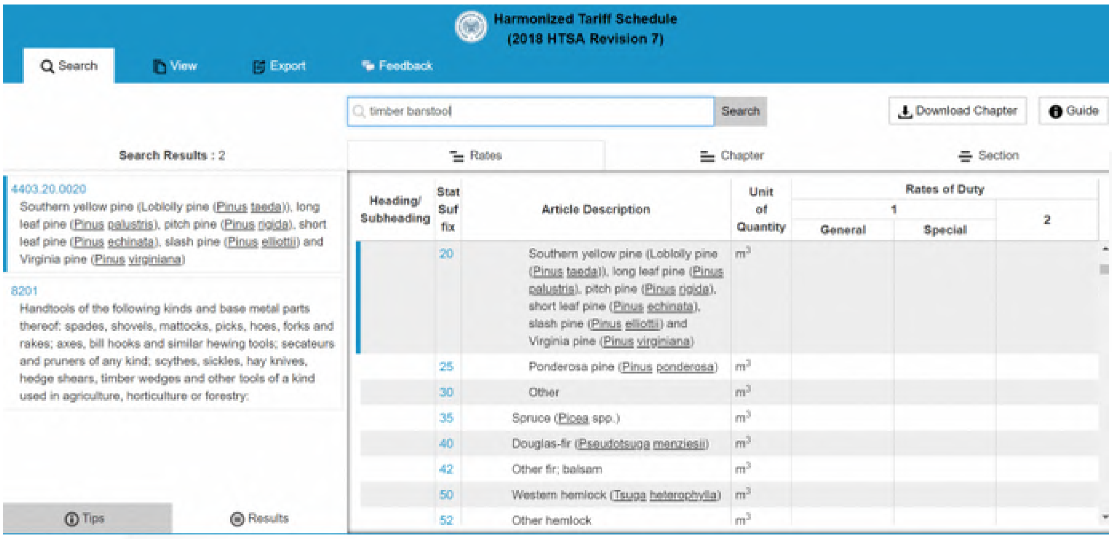
The HS code system is a logical progression of commodities. It starts in Chapter 1 with live animals, raw materials and minerals in early Chapters. Then it progresses through to manufactured goods, machinery and electrical goods, then Chapter 99 which covers works of art.

The Tariff classification (HS code) is determined using the Customs tariff schedules. It consists of 6 digits but can be subdivided further to 8 digits where countries generally set their duty rates. Goods are classified by factors like form, function and composition. The first six digits of an HS code will be common for all countries. However, the digits following this will not be the same in all countries even if your product is the same.

How do you find out the correct HS Code list for imported products?
Customs Brokers and Freight Forwarders employ trained experienced operators who deal with classification issues daily. For this reason, it's best to leave it in professional hands because opinions frequently vary on what is the "correct" classification.

When goods are declared to Customs for either export or import clearance, the owner is responsible for the correct classification of the goods. Sometimes suppliers share this information but it's not always reliable with accuracy. Customs authorities will provide a binding legal ruling on the correct classification, if requested, referred to as a Tariff Advice.

You can search this Harmonized Tariff Schedule website to search the HS code list and tariff code yourself.



HS code lookup through Harmonized Tariff Schedule

What is a Bill of Lading?

A Bill of Lading is a the most important shipping document involved in the import export process. However, some shippers may not understand the bill of lading meaning or the types of bill of lading that are issued along the supply chain. So, in this article we give insight into the bill of lading and the different types of bill of lading used in International trade.

A Bill of Lading (B/L or BoL) document is an extremely important document involved in the shipping and logistics industry. A Bill of Lading is a document that the Carrier of goods issues to the "Shipper" of the goods.

It's a document to provide evidence or proof of shipment. This is extremely important in International Trade as it provides 'title' as to who legally owns the cargo. Moreover, the Bill of Lading acts as evidence of Contract of Carriage, receipt of goods and document of Title to the goods.

Also, the owner of the cargo (the holder of the B/L) has the legal rights to claim the goods or arrange transfer ownership of the cargo to another party in the supply chain.

How to use a Bill of Lading between the Parties involved in Global Trade

The Bill of Lading is important in International Trade when it comes to the Incoterms® that the goods are sold on and the payment terms agreed between buyer and seller. In alot of cases, buyers and sellers will agree to pay a deposit to the supplier then arrange the balance payment 'upon receipt of Bill of Lading'.

This means that when the goods have been shipped and the shipper receives the B/L from the carrier (shipping line). The shipper will use this document as security and will only email a 'copy' of the Bill of Lading and other shipping documents to the buyer to prove that the goods have been shipped and to request the balance payment. The shipper will hold title to the original Bill of Lading (originals) and therefore legally retain ownership of the cargo. The shipper will use this as security to ensure that they receive the balance payment for the goods.

A B/L is also used when shippers and consignees arrange Letter's of Credit (L/Cs) with both party's banks. Letters of Credit are contracts written between the shipper's bank and the consignee's bank that will guarantee payment of goods 'upon Bill of Lading'.

Once the buyer has made the balance payment the shipper will 'surrender' the B/L and tell the shipping company to issue an 'Express Release' or 'Telex Release' Bill of Lading.

This Express Release B/L will allow the title of goods to be transferred to the buyer without the buyer having to actually receive the original B/L documents in the mail. The buyer will use this Express Release B/L to arrange customs clearance and release of their cargo at the port of destination.

Types of Bill of Lading

There are many types of Bill of Lading documents and formats that carriers can issue along the supply chain. Below are a few examples of B/L types:

- House Bill of Lading
- Surrender Bill of Lading
- Straight Bill of Lading
- Master Bill of Lading
- Blank Bill of Lading

What is the difference between Freight Collect and Freight Pre-Paid?

The B/L will state that the shipment has been sent on ‘Freight Collect’ or ‘Freight Pre-Paid’ terms. These terms relate to which party will be paying for the International Freight costs.

If the shipment is sent Freight Collect – the freight charges will be ‘collected’ by the Consignee. If the shipment has been sent on Freight Pre-Paid terms, the shipper will be billed for the freight charges. It’s important to note that the carrier must receive payment of the shipping charges (by either party) BEFORE they will release the cargo to the Consignee.

- Freight Collect Incoterms® include – EXW, FCA, FAS, FOB
- Freight Pre-Paid Incoterms® include – CFR, CIF, CPT, CIP, DAP, DPU, DDP

What information is on a Bill of Lading format?

See Bill of Lading example format.

- Shipper’s details including company name, address and contact details
- Consignee’s details including company name, address and contact details
- Notify Party (if different to the Consignee). In most cases the Notify Party will be the same as the Consignee, so the Notify party will be marked as ‘same as consignee’. This notify party can be used to notify any 3rd parties that need to be made aware of the shipment updates, progress and delivery.
- Carrier’s details, including company name, logo, address, contact details and their Terms and Conditions of carriage.
- B/L Number – the unique B/L number issued by the Shipping Company or Freight Forwarder that is arranging the carriage of the cargo.
- Vessel Name and Voyage number
- Place of Receipt, Port of Loading, Port of Discharge, Place of delivery, Final destination
- Container Number, Seal Number, Shipping Marks & Numbers, Description of goods, Gross Weight, Cubic Measurement (m3), Special Instructions
- Freight Prepaid or Freight Collect
- Place and Date of Issue, Signature
- Terms and Conditions of Carriage (usually on next pages)

View BL Template

The Electronic Bill of Lading

Read [how the electronic Bill of Lading will streamline the future of global trade here.]()

Best Software for Small Business Exporters in 2022 and beyond

Today there are many new cloud-based software solutions for export companies to streamline their export processes, increase visibility, allow teams to work remotely and to grow their export sales.

It's also never been easier and cheaper to upgrade or change to new systems. Nowadays, SME businesses have access to more powerful tools than ever before, at a fraction of the price of traditional Enterprise software. So with cost of change and adoption being low, the only thing in your way is finding the right software for your business.

We've put together a list of recommended software for export companies that you can use to streamline your company's procedures, allow your teams to work remotely or to grow your sales.

What to consider when purchasing software solutions for your import/export business
Choosing the right software depends on entirely on your business and your goals. That being said, there are 4 main things that are worth taking into account when considering which software is best for your export business:

1. Your Business Goals
Before choosing the right software for your export business, you must clearly understand what it is that you are wanting to improve or streamline. Are you wanting to get more visibility into your export operations? Free up resources by automating manual procedures? Or are you looking to go paperless to enable your team to work more efficiently from anywhere?
Every software offering will have its own unique set of features that may be able to provide solutions to your problems, so write down your business goals first, before moving on to testing software to see how it can help you achieve your goals.

2. Ease-of-use & Change Management
Implementing a new solution within your organization should make things easier for all people that are involved in the process and some systems make this process smoother than others. Older software systems for example are often more difficult to pickup & learn and often require training and a lot of manual setup. More modern cloud solutions however are typically much easier to learn and use and have built in features to make migrating systems as quick and painless as possible.
You should consider the following:

- Is the new export software intuitive and easy to learn?
- How much time will it take for each team member to understand the new process and confidently make the switch to the new software?
- How long will it take to train new employees to use the new software?

We strongly recommend booking a demo to get a guided tour of the software and you'll also be able to talk to a sales representative and ask them the questions about the above points.

3. Scalability & Flexibility

Most businesses require multiple tools to run different sections of their business. Along with that, exporters often work with customers, partners and supply chain partners to communicate important information and data. It is therefore important that your software can be easily integrated with your tools to help you automate workflows, eliminate double-handling and scale your business without growing your manual workload.

You should consider the following:

- Does the software have out-of-the-box integrations with the tools you use?
- Does the software have a well-documented API (application programming interace) to allow you to integrate with any system, being your ERP, TMS or even legacy back-end systems.

Integrating your tools helps keep everything in sync and can do alot of the heavy lifting for you through automation, allowing your business to scale without all the growing pains.

4. Price

When it comes to evaluating the pricing of software, you should have a good understanding of the value that it can provide to your business. At their core, software tools should be helping your business either save money (by saving you time & cutting operational costs) or helping you make more money (by growing your sales & revenue).

You should consider the following:

- Does the software require a monthly or annual subscription, or is it based on a transactional model?
- Will you be required to upgrade as you scale your business?
- Does the import export software allow you to sign up to a free trial period?

It's always best to be able to test the new software before you commit to implementing it in your process. Most cloud software allow you to instantly sign up to a trial, or provide a cut-down free tier so that someone in your team can test it alongside your current processes to understand exactly what value it can bring to your business.

Export Operations Software

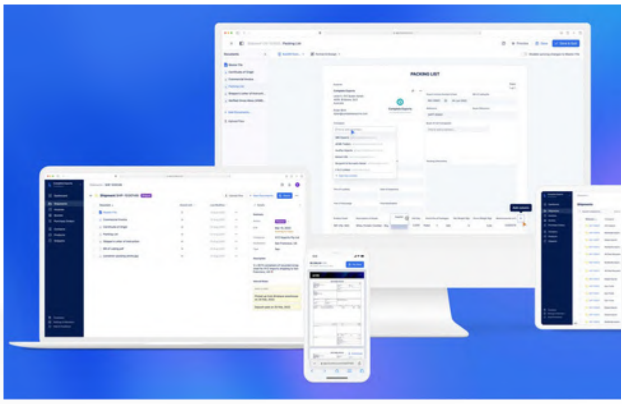
IncoDocs | All-In-One Export Document Software

Manage & streamline your global trade sales, shipments & export documentation in one place, with features to eliminate data re-entry and help you create perfect sales & shipping documents up to 80% faster.

IncoDocs is designed for SME exporters to streamline the creation of sales and export documentation used in international trade. Using IncoDocs, exporters eliminate manual data re-entry and create compliant export documentation to avoid delays, fines and missed shipments.

Export teams are joined in 1 shared workspace to create professional compliant documentation, eliminate data re-entry and gain visibility into export operations. Users can easily modify the layout of document templates and save multiple versions of templates to suit their business.

Digital signatures and stamps allow export teams to have a paperless process by eliminating the manual print, sign, scan, upload process to allow teams to work remotely. IncoDocs have 1 click integrations with Xero and QuickBooks cloud accounting, and can be integrated with your ERP, TMS and/or other back-end systems via API to automate document creation and more.

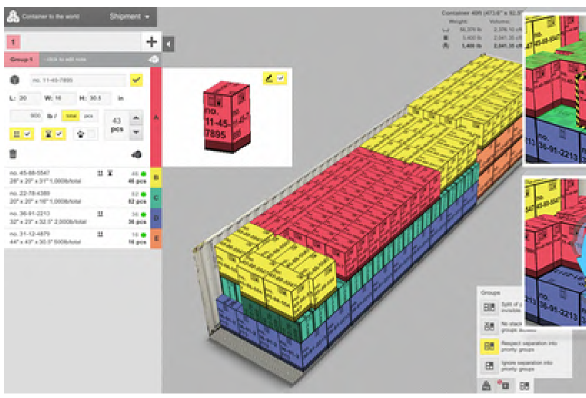


Pricing: Free plan, upgrade as you grow.

EasyCargo | Truck & Container Loading Software

Streamline load planning and determine the most cost-effective utilization of truck & container space to reduce freight costs.

EasyCargo provides a 3D visualization to allow shippers to maximize loading space, ensure safe load distribution and reduce shipping costs when loading shipping containers and trucks.



The software allows shippers to save and insert packages that can be individually rotated and adjusted so that shippers maximize the number of products that are loaded into shipping containers to minimize transport costs.

The cloud based software supports various types of container and truck/trailer sizes. Loading plans can easily be shared to 3rd parties and API integrations are available.

Pricing: Free Trial, 1-Day ticket, Monthly & Annual Subscriptions

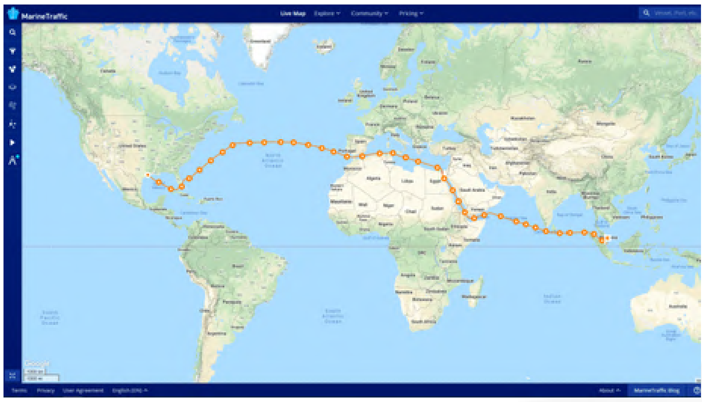
Marine Traffic | Global Ship Tracking Intelligence Software

Get real-time information on the movements of ships and view the current location of ships in harbours and ports.

Marine Traffic is tracking software for the world's marine vessel data. Marine Traffic displays near real time positioning of all types of ships and yachts worldwide. The software is connected to the largest network of Automatic Identification System (AIS) receivers to provide vessel positioning on a global map.

Marine Traffic enables users to monitor, review, analyze and plan shipping operations by providing information for a vessel or a port at a global level to provide the shipping, trade and logistics industries with actionable insights into shipping activity. Users can create and track their own 'fleet' of vessels to get instant insight and notifications of important shipping activity.

Pricing: Free tier, upgrade as you grow, API pricing.



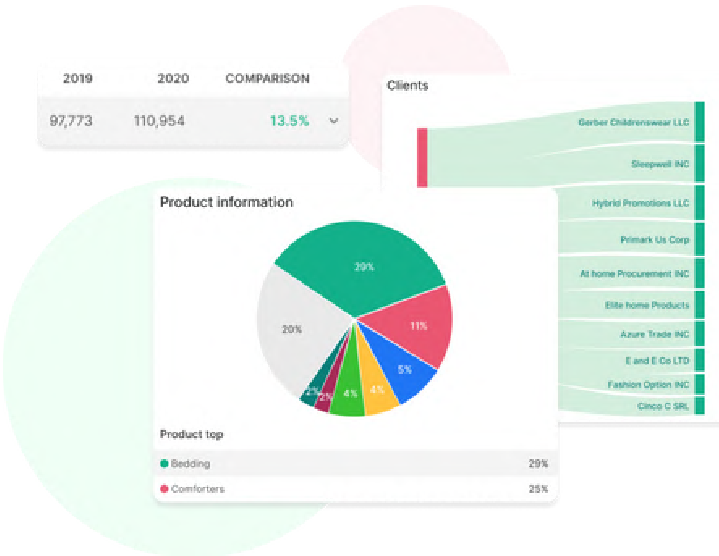
Sourcing Playground | Supplier Sourcing & ESG Supply Chain Intelligence Platform

Qualify and discover sustainability-focused suppliers fast with verified insights & ESG data.

Sourcing playground is a specialist in supply chain insights for sourcing. The software allows buyers to streamline supplier sourcing with verified data insights.

Sourcing Playground provides a responsible and sustainable sourcing solution that analyzes supply chains at an ESG level by providing in depth pre-vetting to rapidly assess a supplier's suitability.

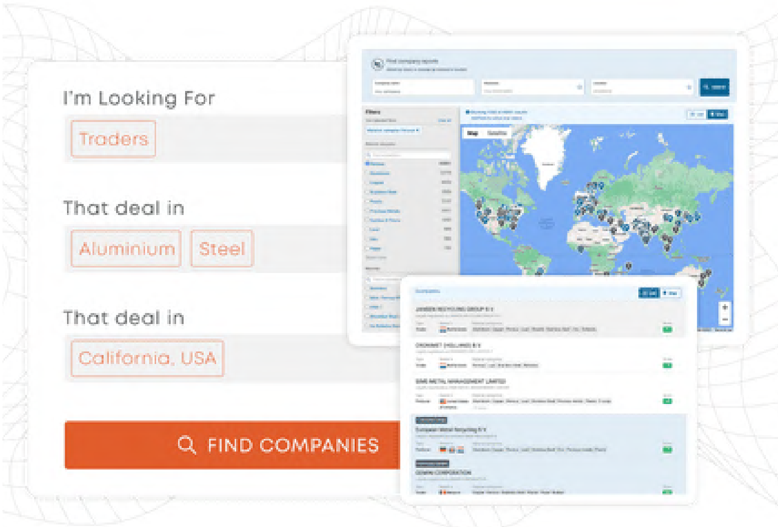
Pricing: No free trial. Book a call for a demo.



TradeFox | Business Risk Intelligence Platform for the Recycling Industry

Tradefox simplifies due diligence and brings transparency to International Trade in the recycling industry.

Tradefox is a unique platform that allows buyers, sellers and trading companies in the recycling industry to gain unique insights and visibility into recycling company operations globally. The software enables B2B businesses to find the right companies and people to do business with, by providing data and insights into a potential trading partner's operations and reputation in the market.



The Tradefox community provide and view feedback, report unfair trading behavior and allows users to receive instant notifications on a partner's unfair trading practices.

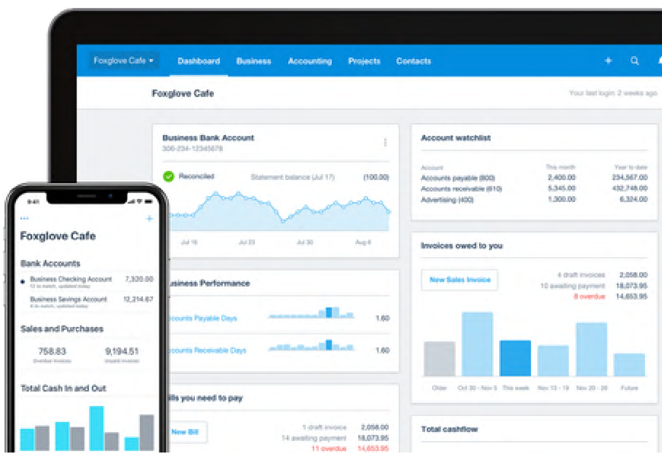
Pricing: Free tier account, upgrade as you grow

Accounting Software

Xero | Cloud Accounting Software

Xero is a cloud-based small business accounting software with tools for managing invoicing, bank reconciliation, inventory, purchasing, expenses & more.

Xero is cloud based software that allow SME businesses to manage their business accounts. Businesses use Xero to send local invoices & purchase orders, reconcile bank transactions and manage local tax and accounting obligations.



The Xero App Store provides a large range of integrations to seamlessly integrate with many other software systems to eliminate data re-entry.

Pricing: Free Trial, paid plans upgrade as you grow.

Communications Software

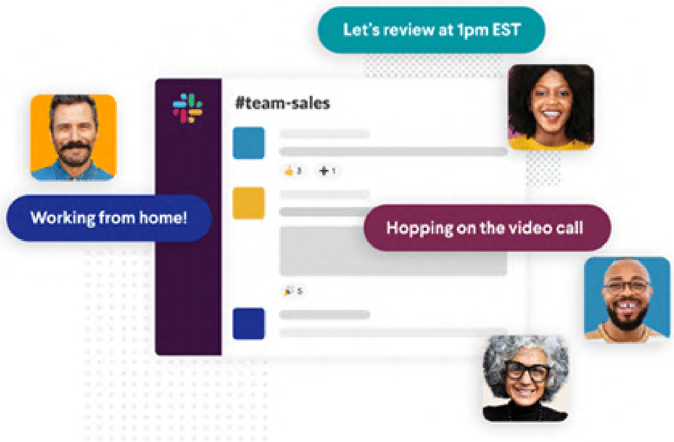
Slack | Workplace Messaging & Collaboration Platform

Slack makes it easy for teams to communicate & collaborate in real-time with instant messaging, video calls and integrations with all your favourite work apps.

Slack is a famously popular chat software which is so intuitive and useful it has been said to the “email killer”. Slack allows messages to be sent instantly and stored centrally in an easily searchable archive.

It also allows real-time conversations between multiple employees, which keeps everyone in the loop. On top of that, they provide an opportunity to schedule reminders and tasks, which helps keep everyone on track.

Pricing: Free Trial, Free tier, upgrade as you grow.



Zoom | Video Conferencing Software

Online Video Conferencing software to host digital meetings, worldwide.

Zoom has solidified itself over the years an industry leading solution for video calls and conferencing. Sessions are easy to setup and boast end-to-end encryption, role-based user security, and easy-to-use screen sharing and collaboration tools.

Video conferencing is a great way to maintain communication within your teams and is a great tool to enable remote work.

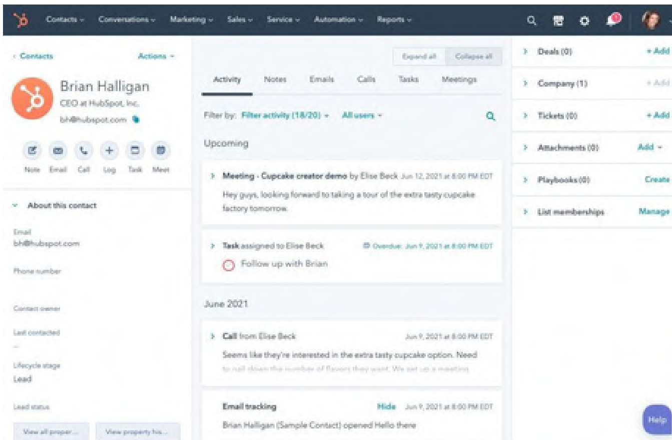
Pricing: Free Trial, Free tier, upgrade as you grow.

Sales & Marketing Software

Hubspot | Customer Relationship Management (CRM) Software

Hubspot CRM not only manages your contacts, but also your sales, pipeline, digital marketing and lead nurturing too.

Hubspot's CRM platform has all the tools and integrations needed for marketing, sales, content management and customer service. Each of Hubspot's products can be used individually or together if needed, to streamline sales and marketing processes for businesses of all sizes.

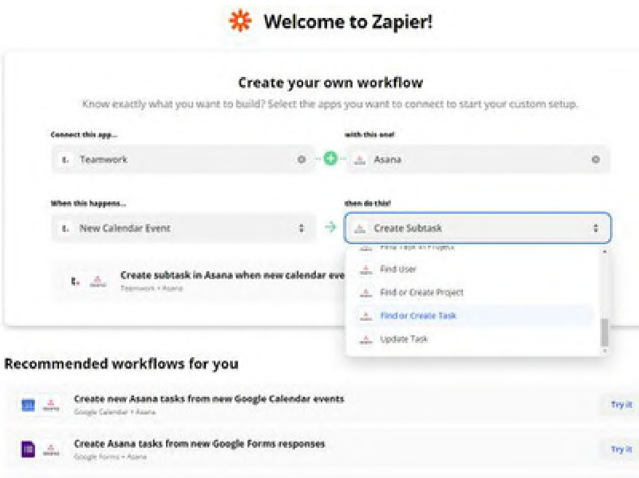


If you're looking to grow your sales starting with a simple to use CRM, Hubspot will help you to improve your outreach and sales management process to grow your exports.

Pricing: Free CRM, Paid add on features.

Zapier | Online Workflow Automation Tool

Zapier allows you to connect two or more apps to automate repetitive tasks without coding or relying on developers to build the integration



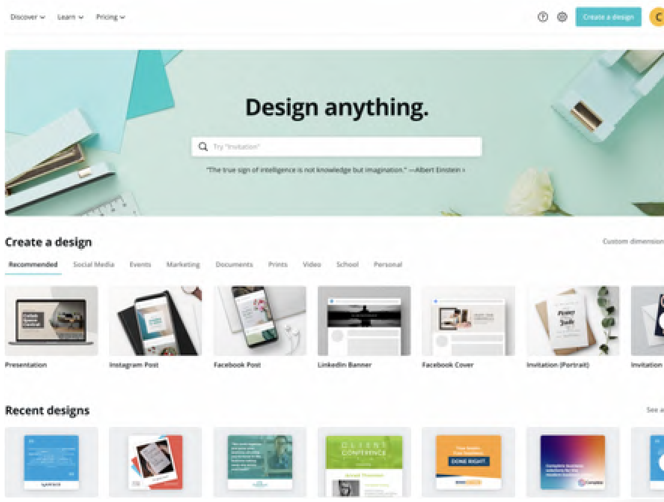
Zapier provides a powerful software platform that allows users to streamline and automate tasks of all types through no-code integration tools. Using Zapier, users can easily connect integrations between over 5000 apps, to automate your business processes.

Pricing: Free plan, upgrade as you grow.

Canva | Free Online Graphic Design Tool

Canva makes it easy to create professional looking social media posts, business cards, presentations, posters, videos, logos and more.

Canva provide easy to use software that makes it easy for teams to create professional designs together. Users won't need to learn complex design tools to be able to provide quality design files to use for sales, marketing and other areas of their business.



Canva provide a template gallery with thousand's of templates to get started with a design, for anything. Canva will be an invaluable tool to allow teams to improve sales and marketing functions to grow their exports.

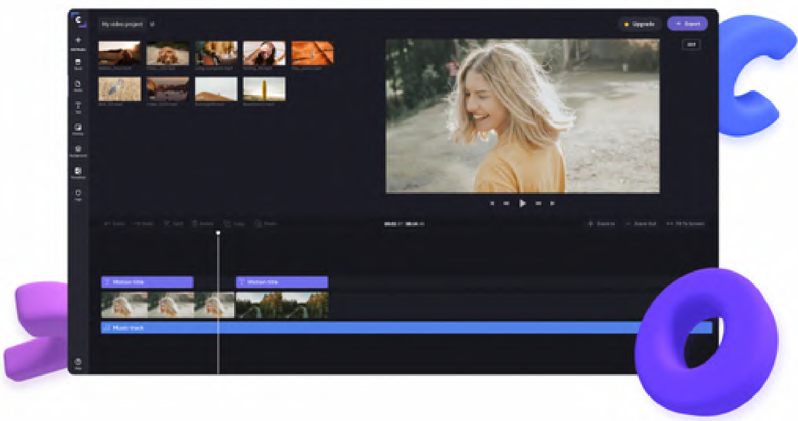
Pricing: Free plan, upgrade as you grow.

Clipchamp | Free Video Creation & Editing Software

Clipchamp is an online video editor designed to make video creation easy for everyone, even for those with no prior editing experience.

Clipchamp provide easy to use video editing software, all within the browser. Their software makes it easy for teams to create professional quality videos in multiple formats and includes amazing compression technology to provide smaller size video files.

Clipchamp provide a stock library to choose from a large selection of images and videos to use in your designs. Users won't need to learn complex traditional video editing tools to be able to create quality video files. If you're looking to improve your sales and marketing, Clipchamp will be an invaluable tool to grow your business and brand Internationally.



Pricing: Free plan, upgrade as you grow.

How to Calculate the Landed Cost of Imported Goods

Businesses must have a good understanding of what the landed cost of imported products will be in advance so that they can make smart decisions for their business. If a business is planning to import products and on-sell them in their market, then they must have a good idea of what the actual final landed cost is for each item.

Understanding the landed cost of imported products allows business to plan how much capital will have to be invested to purchase products and get them delivered through to location. On top of that, it also helps businesses to plan their sell prices and profit figures that will eventuate when the products are sold.

If businesses do not take the time to understand their landed cost, they could be faced with unexpected fees and charges which could make importing the products nonviable. Calculating the landed cost requires an understanding of some key costs and correctly applying them to each product to get the final landed cost per item.

Landed Cost Calculator and Guide

Calculating the landed cost per item can be a long, time consuming process. On top of that, if you make any mistakes in the calculations then your projections could be well under or over the actual charges. To support importers during the landed cost process, IncoDocs created a simple to use Landed Cost Calculator and walkthrough guide.

This guide provides Landed Cost Excel templates, and a PDF & video walkthrough guides to show exactly how you can gather together all of the pricing and information required, then move onto working out the landed cost and sell pricing for imported products:

- How to Assess a Supplier's Export Quotation
- Understanding International Shipping Charges, fees, duties and taxes
- Determine if your freight is charged by Cubic m3 or by Weight Kg
- Shipping container sizes and specifications
- Step by step guide to using the landed cost calculator
  - Entering all of the supplier pricing and additional costs
  - Using the calculator to determine your landed cost per product
  - Using the calculator to apply a markup or margin to calculate your sell pricing
- Placing a new International Order | Confirming Buyer and Seller Purchase Order & Proforma Invoice Agreements

View Landed Cost Calculator & Guide

Global Trade
NEWSLETTER

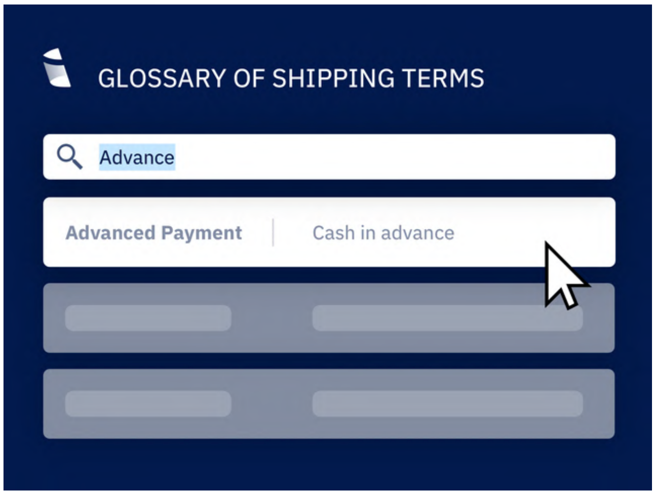
Other Helpful Resources

Glossary of Shipping Terms

The International shipping and marine transport industry is full of unique shipping terms and shipping abbreviations. And these are used every day to describe everything from modes of transport, units of measure, pricing structures, IncoTerms and much more.

It's important that importers, exporters and freight companies correctly communicate freight terms to avoid problems or disputes arising from misunderstanding them.

We've put together this shipping glossary chart to help you navigate global trade.



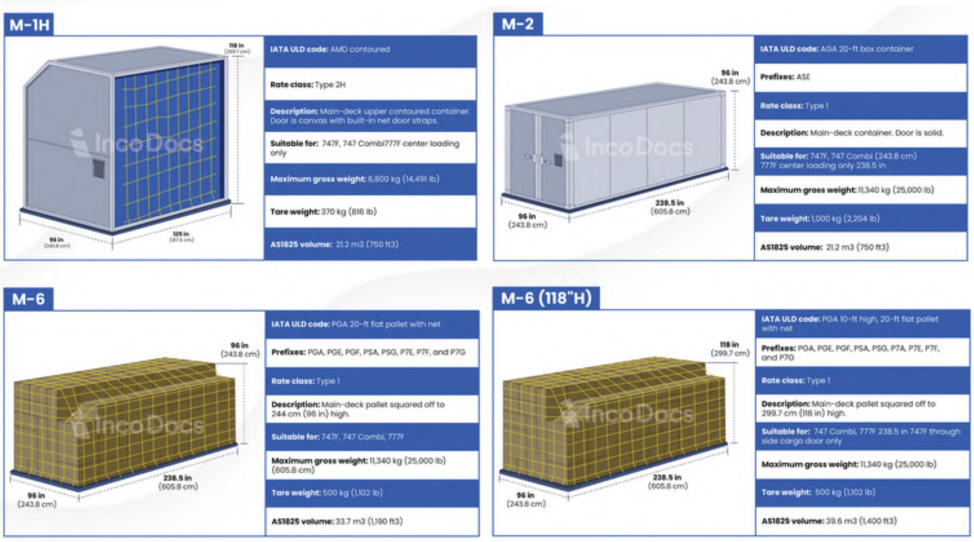
Use Glossary

ULD Specifications Chart

Unit Load Devices (known as ULDs), are specially designed cargo pallets and containers that are used to load freight, luggage and mail onto aircraft. These devices allow large quantities of cargo to be bundled and strapped together securely onto 1 mobile unit, so they can safely and securely transported.

The International Air Transport Association (IATA) is responsible for publishing regulations around the use of Unit Load Devices. They can also be referred to as a cargo pallet or a PMC pallet.

Download the Specifications PDF to get detailed sizes and specifications of all types of ULDs



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