Agenda

• The Commitment You Are Making
• Establishing Credibility
• A Fresh Look at the 4 P’s of Marketing
• Lessons Learned
Exporting Requires Commitment

Expanding or starting your export operations requires commitment in a number of areas.

• Sacrifice short-term profits
• Increased travel and administrative costs
• Hire additional staff
• Develop appropriate marketing materials
• Comply with international standards
• Obtain the necessary export licenses and import permits
• Foreign currency exchange fluctuations
• Seek out additional financing
Establishing Credibility

To be successful in domestic and global markets you must offer the customer A REASON TO BUY FROM YOU VERSUS THE COMPETITOR.

- Offer greater benefits to your customers than the competitors
- Over the long-term, creates lower costs or greater efficiency
Rethinking the 4 P’s

- **Product**
  - What needs do you meet?

- **Price**
  - What are the benefits relative to price?

- **Place**
  - Consider entire purchasing process

- **Promotion**
  - Provide information at each point in the purchase cycle

- **Solution**
  - Value

- **Access**
  - Education

For more, see Jan-Feb 2013 Harvard Business Review, p. 26
What is Your Solution?

Your Product

Translation
Training
Design Services
Calibration
Financing
Complementary Products
Reverse Distribution
Pilot Programs
Certification
Installation
Change Management
Customer Support
Spare Parts
Refrigeration
Accessories
Warranty

Confidential
What’s Your Unique Value?

- Product
- Appellation
- Skill
- Service
- Customer Experience
- Identity/Brand

- Trademark
- Story
- Song
- Software
- Design
- Recipe
Access to Markets

Think through your channel to overseas markets

- *Finding a solid partner will help ensure success*
How Do You Get Market Access?

You can use a variety of promotion techniques to help identify and select potential partners.

• Tap into foreign visitors at domestic tradeshows
• Exhibit at key foreign tradeshows; Foreign publications
• Determine how your competitors are entering markets
• Network through key international trade associations
• Ask for leads and referrals from your network
• Tap into overseas American Chambers of Commerce
• Utilize U.S. Commercial Service assistance (i.e. Gold Key)
• Participate in Trade Missions through the U.S. Commercial Service
Selecting a Partner
(The Easy Stuff)

You should understand a potential partner’s:

• Market presence
• Customer base
• Track record
• Consistency of brand
• Capabilities

✓ Remember: you are delivering a Solution
Selecting a Partner
(The Hard Stuff)

Success comes from:
• Executive commitment
• People fit
• Cultural fit
• Shared vision
• Trust
• Aligned incentives
Bake the Cake Before the Wedding

Goods

Roles

Boundaries

Ground Rules

Pricing, Place, Logistics, Financing

Sales, Marketing, Service, Liability, Warranty, Quality

Territory, Duration of Agreement

Exclusivity, Confidentiality, Intellectual Property, Termination, Handling of Customer Information
Educating Your Customers

So Now You Have:

✓ Your Unique Solution
✓ Your Value
✓ Your Access

✓ Next Up:
   Educating...
   ✓ Your business partners
   ✓ Your target market
Researching potential markets helps in many ways:

- Finding where your products are most likely to sell
- Identifying market segments and niches
- Determining both domestic and international competitors
- Discovering how to overcome barriers to market entry
- Understanding customers' needs and accommodating as appropriate
- Identifying new trends
- Determining your price competitiveness
Leverage the Web

Once you have a website you are already “out there” and open to global exposure whether you want it or not.

- Try a “phased” approach with continual improvements
  - Make it easy to find your international partners on your website
  - Internationalize or localize your website
  - Consider specific country web domains (www.acme.dk)

- With your International partners:
  - Translate your sales tools
  - Move to “print-on-demand”
  - Place Google AdWords in target countries
  - Pass leads to your international partners
    - they will love you
Marketing Lessons Learned

- Global brands vs. local brands
  - RSIGuard vs. Guardian
- Website domain ownership
  - acme.de, acme.za, ...
- Global data privacy regulations
  - Safe Harbor program
  - Who owns customer information - you or your representative?
- Stay focused
  - Know what you are NOT going to do
Questions
Thank you!

Contact Remedy Interactive:
Erik Andersen
415 331 4646
eandersen@remedyinteractive.com
One Harbor Drive, Suite 200
Sausalito, CA 94965
Export University
Petaluma, California
May 9, 2013

U.S. Government Export Resources
The U.S. Commercial Service is part of the U.S. Department of Commerce, an agency of the United States government.

Our Mission:
To maintain and create jobs in the United States by helping small- and medium-sized U.S. companies to expand their export sales.
Worldwide Network

- Trade specialists in over 100 U.S. cities and 74 countries worldwide along with 54 State Dept. partner posts

OUR TEAM CAN ASSIST IN:

- Locating international buyers (distributors/agents)
- Provide counseling at various stages of the export process
- Help you to enter new markets faster and more profitably
Market Research for Target Countries
(www.export.gov; www.fas.usda.gov)

- Export Statistics/ Top Markets
- Market Overview and Opportunities
- Import Regulations/Documentation
- Distribution channels
- Competition
- Trade Shows and other Promotional Events
Customized Market Research

- Evaluate Your International Sales Potential
- Establish Effective Selling and Distribution Strategies
- Identify Your Competitors
- Pinpoint Market Impediments Including Quotas, Duties and Regulations
- Obtain Pricing Information on Comparable Products and Services
Gold Key Service
(Finding Overseas Business Partners)

- Pre-screened appointment schedule arranged for you before you travel overseas
- Customized market and industry briefings with our local trade specialists
- Timely and relevant market research
- Post-meeting debriefing with our trade specialists and assistance in developing appropriate follow-up strategies
- Help with travel, accommodations, interpreter services, and clerical support
The Single Company Promotion service offers support and event facilities which will allow you to engage your target audience through:

- Product launches
- Sales seminars
- Staff training
- Networking receptions

Facilities available include exhibition halls, auditoriums, meeting rooms, hotels, and even the residences of some US ambassadors.
International Trade Shows
http://californiastep.org/events/

- Beauty World Dubai
  - May 28-31, 2013 (UAE)

- Musikmesse Russia
  - May 16-19, 2013 (Moscow)

- SIAL China: International Food and Beverage Exhibition
  - May 2013 (Shanghai)
Commercial News USA (CNUSA) is produced in partnership with the U.S. Commercial Service. This trade magazine helps American companies find buyers and distributors for their products and services. The print version of the magazine reaches more than a quarter million readers in 178 countries.

http://thinkglobal.us/

Advertise in USA Product Showcase or Industry Section
Half Page Sample of Advertisements

USA Product Showcase: New Products from Companies Seeking Partners Worldwide

**Industrial Spray On Liner Dries in Seconds!!**
The Portable Vortex Spray On Liner system applies a high impact coating great for truck beds to industrial floors. Completely self-contained and can be used on decks, floors, containment wells, trucks, equipment & more.

**Eco-Meric Seamless Roof System!**
This liquid roof system creates a seamless roof membrane to water-proof & reflect up to 85% of the sun rays reducing your utility bills by up to 32%. Inexpensive & easy to apply. Renew a concrete, metal or composite roof easily with the Eco-Meric system.

**Granitex Baked On Floor System!**
This portable system applies a seamless faux granite floor finish or hundreds of different high impact, high gloss colors. Great for floors, concrete, tile and more. Create a new floor in a matter of hours.

**Seeking Distributors & Retailers Worldwide**
We are an experienced export company specializing in frozen food, cheeses, extended life milk, health & beauty supplements, warehouse club products (Costco/ Sams) and foodservice (hotel & restaurant).

Let us help you grow your business.

**Seeking International Distributors**
Gripnail manufactures insulation fasteners and machinery for HVAC and insulation contractors. Our new SnapStik insulation hangers and spindle anchors are packaged to help prevent hand injuries and use a third less space. We are seeking distributors in many countries.

**No More Flat Tires with Nitrogen Infused Tire Lyna Sahara**
Tire Lyna USA is seeking distributors to move their signature product line. Tire Lyna TCC to the next level. They are seeking distributors worldwide with trusted relationships in the heavy commercial and industrial transport sector.

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 vortexsprayliners.com

**Vortex Spray Liners**
info@vortexsprayliners.com
 vortexsprayliners.com

**Vortex Spray Liners**
info@vortexsprayliners.com
 vortexsprayliners.com

**Tire Lyna USA**
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Building/Construction/Hardware

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Insulated concrete forms are stacked into the shape of exterior and interior bearing walls of any structure, reinforced with steel rebar, and filled with concrete.

These energy-efficient, interlocking forms stay in place providing insulation, saving construction time and labor and are environmentally friendly, quiet, comfortable and safe.

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12105

10625

12349
International Company Profile
DUE DILLIGENCE

- A detailed credit report on a prospective overseas sales representative or partner in approximately 15 – 20.
- A listing of the company's key officers and senior management.
- Banking and other financial information about the company.
- Market information, including sales and profit figures, and potential liabilities.
- Opinion as to the viability and reliability of the overseas company.
Key Partners

- **Western U.S. Agricultural Trade Association (WUSATA)**
  A non-profit trade association whose members are the thirteen western state departments of agriculture. WUSATA® is administered by the USDA 's Foreign Agricultural Service (FAS) and funded through the Market Access Program (MAP)

  www.wusata.org

- **Foreign Agricultural Service**
  A government agency that works to improve foreign market access and build new markets for U.S. agricultural products.

  www.fas.usda.gov

- **California Wine Institute**

  www.wineinstitute.org
How to Contact Us

North Bay Export Assistance Center
At: Dominican University of California
50 Acacia Avenue
San Rafael, CA 94901

Elizabeth Krauth (Office Director)
Tel: 415-485-6209
E-mail: elizabeth.krauth@trade.gov

Daniel Giavina (International Trade Specialist)
Tel: (415) 705-2280
Daniel.Giavina@trade.gov
GLOBAL DEMAND FOR CREDIT

--------------------

EXPORT FINANCE TOOLS

Presented
9 May 2013
by Robina Peanh
Meridian Finance Group
Specialty broker providing credit, insurance, and trade finance tools exporters can use to expand their international sales.

Collaboration / Strategic Partnerships:

- U.S. Department of Commerce
- Export – Import Bank of the United States
- U.S. Small Business Administration
- Private Sector Insurers
- Banks, non-bank lenders, and other financial institutions
Challenges in world economy but also opportunities for growth

- Global financial crisis not affecting every sector of economy
- Many companies continue to grow, particularly export sales
- Worldwide demand continues to engender international trade
- U.S. only 5% of world population and <25% of global GDP
- All countries linked but each region on its own path to recovery
Exporters have four fundamental options from which to choose when negotiating payment terms with their international customers:

- Cash in Advance
- Letters of Credit
- Documentary Collection
- Open Account
Exporters need to extend credit terms to expand international sales:
- When customers refuse to pay cash in advance or open L/Cs
- For foreign buyers facing limited access to capital
- As alternatives to high foreign interest rates, exchange controls
- By way of a competitive tactic vs other suppliers
- To develop and support distribution and foreign representation
- And to keep doors open in strategic markets (even during the global economic recession)
But what happens if exporters don’t get paid? Foreign credit risks:

- Debtor bankruptcy, receivership, or insolvency
- Cash flow problems or balance sheet issues
- General economic conditions (there or in USA)
- Currency fluctuations, foreign exchange, transfer controls
- Expropriation, war, strikes, sanctions, and other political risks

Plus exporters may face working capital issues:

- International sales require longer payment terms
- Lenders may exclude foreign A/R from collateral
Export credit insurance enables exporters to:

- Protect their foreign receivables against virtually all default risks
- Extend competitive export payment terms with confidence
- Enhance their borrowing capacity by including their foreign A/R

Where to buy export credit insurance (through a specialized broker)

- Ex-Im Bank
  - Higher-risk markets, unique small-business policies
  - Only for products manufactured in USA
- Insurance Companies
  - Flexible, no content restrictions, minimum premiums
Export Credit Insurance Policies

- **Types of Policies**
  - Whole turnover, top buyers, reasonable spread of risk
  - Single buyer, adverse selection (cherry-picking)

- **Premium**
  - Premium rates are a fraction of 1% of exporter’s invoice amounts
  - Premiums are paid monthly, quarterly, or annually

- **Claim Filing**
  - Immediately for some bankruptcy/insolvency or political risks
  - Flexible window of time for protracted defaults

- **Buyer Approvals**
  - Named buyer credit limits by underwriter
  - Decisions by exporter using discretionary limits
Beyond risk protection, export credit insurance helps exporters:

- Extend more competitive payment terms
- Make larger shipments, transfer inventory costs
- Establish distributors, fill supply chains, promote brands
- Penetrate new markets, increase market share

... and the coverage is a financing tool exporters can use to:

- Arrange financing for their foreign receivables
- Negotiate favorable advance rates and terms
- Strengthen their balance sheets, cut reserves
Pre-export financing provides the exporter with working capital needed to fulfill the order from the foreign buyer. The lender’s primary risk is the exporter’s contractual performance.

Post-shipment credit provides the foreign buyer with competitive payment terms. The exporter’s/lender’s risk is default by the buyer.
Export Working Capital Guarantees

Export Working Capital

- 90% guarantee for banks/lenders
- Transactional (purchase order) or asset-based
- Advances based on foreign A/R and export-related inventory

SBA:

- $5MM max loan amount
- No U.S. content limitations, military/defense OK

Ex-Im Bank:

- No limit on loan amount
- Product: min. 51% U.S. content/ No Defense
Express Loans:
- Ex-Im Bank Global Credit Express, SBA Export Express
- Up to $500,000
- For transactions or export development

SBA International Trade Loan
- Up to $5MM, Fixed Asset financing / term loan
- Real Estate = 25 years ; Working Capital = 10 years
- Used to purchase equipment, facilities, R/E
Meridian Finance Group

- **Insurance**
  - Export credit insurance
  - Political risk insurance
  - Policies for financial institutions

- **Trade Finance**
  - Cross-border equipment financing
  - Revolving buyer credit facilities
  - Custom financing structures

1247 7th Street, Santa Monica, CA 90401
+ San Francisco, San Jose, Seattle, Phoenix, Raleigh, Tallahassee
tel 310 260 2130 x125 / fax 310 260 2140 / robina@meridianfinance.com
The Movement of Information, Money, Goods
Getting Started – Plotting Your Expansion

Logistics choices incorporated into the international expansion plans ensure landed costs and profit margins are optimal.

- **Define the logistics program that fits your business need**
  - Movement to owned entity or joint venture with in-country fulfillment
  - Movement to distributors using your fulfillment program
  - Movement to distributors as final sale (no visibility to in-country fulfillment)
  - Movement to end users

- **Define the INCOTERMS to be used – multiple programs may be needed based upon your buyer**

- **Determine if the skill level of your resources will support in-house tasks**
  - What training will be required to support in-house tasks
  - Which tasks can brokers perform for you? Ensure you have visibility/reports included in your agreement.
International Considerations

Focusing on these areas will ensure you are ready for international orders from the logistics perspective.

- Types of logistics companies – Who are they? How do they differ from freight forwarders, integrators, brokers, importer of record, etc.
- Incoterms
- Documentation requirements
- Packaging and labeling requirements
- Common mistakes / things to watch out for
- Compliance – denied parties list, etc.
- Foreign customs requirements (stand in the shoes of a foreign customs official)
- Returns process and policies
Types of Logistics Companies

Integrators and Freight Forwarders – What do they do?

**Integrator**
- Lots of choices
- Cost inclusive
- Documentation prep and Tools
- Broker Inclusive
- Resource Required

**Forwarder**
- Customized
- Costing based on line item needs
- They are your resources

---

*Do you have some knowledge and resource?*

*Do you need assistance? No resource?*
Consider the following:

– Value of product
  ▪ High
  ▪ Low

– Time required – Speed to market
  ▪ Need to get there fast
  ▪ No rush

– Competitive environment and new produce releases
  ▪ You want to be first to market
  ▪ No competition to worry about
International traders use a widely agreed-upon shorthand type of terminology called INCOTERMS to define the basis for the sale (INTERNATIONAL COMMERCIAL TERMS).

Once the buyer and seller agree on one of these terms, it clarifies:

1. Where in the journey the seller releases the goods to the buyer
2. What charges and documentation are the seller’s responsibility prior to that point
3. What charges and documentation are the buyer’s responsibility after that point

An INCOTERM is always paired with a location and is meaningless without it. For instance, FCA Memphis is quite a different price from CIF Laredo, but the same goods may pass through both points en route to a customer in Mexico.
### International Commercial Terms 2010

#### Group E — Departure — The seller makes the goods available at the named place

<table>
<thead>
<tr>
<th>Term</th>
<th>Carriage</th>
<th>Risks</th>
<th>Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXW (EX Works, named place of delivery)</td>
<td>Carriage of the goods from the “named place of delivery” is arranged by the BUYER</td>
<td>Risk transfers from SELLER to BUYER when the goods are made available to BUYER at SELLER’s “named place of delivery”</td>
<td>Costs transfer from SELLER to BUYER when the goods are made available to BUYER at SELLER’s “named place of delivery”</td>
</tr>
</tbody>
</table>

#### Group F — Main Carriage Unpaid — The seller/exporter is only responsible to deliver the goods to a carrier named by the buyer

<table>
<thead>
<tr>
<th>Term</th>
<th>Carriage</th>
<th>Risks</th>
<th>Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>FCA (Free Carrier, named place of delivery)</td>
<td>Pre-carriage, if any, is arranged by the SELLER</td>
<td>Risk transfers from the SELLER to the BUYER when the goods have been delivered to the CARRIER at the “named place of delivery”</td>
<td>Costs transfer from the SELLER to the BUYER when the goods have been delivered to the CARRIER at the “named place of delivery”</td>
</tr>
<tr>
<td>FAS (Free Alongside Ship, named port of shipment)</td>
<td>Pre-carriage is arranged by the SELLER</td>
<td>Risk transfers from the SELLER to the BUYER when the goods have been placed alongside the ship at the “named port of shipment”</td>
<td>Costs transfer from the SELLER to the BUYER when the goods have been placed alongside the ship at the “named port of shipment”</td>
</tr>
<tr>
<td>FOB (Free On Board, named port of shipment)</td>
<td>Pre-carriage is arranged by the SELLER</td>
<td>Risk transfers from the SELLER to the BUYER when the goods are loaded onboard the vessel at the “named port of shipment”</td>
<td>Costs transfer from the SELLER to the BUYER when the goods are loaded onboard the vessel at the “named port of shipment”</td>
</tr>
</tbody>
</table>

#### Group C — Main Carriage Paid — The seller contracts and pays for carriage, but is not responsible for costs or risks once the goods have been shipped

<table>
<thead>
<tr>
<th>Term</th>
<th>Carriage</th>
<th>Risks</th>
<th>Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-carriage</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loading at vessel</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transport by Air, Rail or Ocean</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Onboard Ship or Vessel</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discharge at Port of Arrival</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Delivery at Terminal Buyers’ Side</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Onward Carriage</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Import Formalities and Duties</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buyer/Importer</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Group C — MAIN CARRIAGE PAID — The seller contracts and pays for carriage, but is not responsible for costs or risks once the goods have been shipped

<table>
<thead>
<tr>
<th>Incoterms</th>
<th>Carriage</th>
<th>Risks</th>
<th>Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CFR</strong></td>
<td>Carriage of the goods to the &quot;named port of destination&quot; is arranged by the SELLER</td>
<td>Risk transfers from the SELLER to the BUYER when the goods are loaded onboard the vessel at the &quot;named port of shipment&quot; (not destination)</td>
<td>Costs transfer from the SELLER to the BUYER upon delivery at the &quot;named port of destination&quot;</td>
</tr>
<tr>
<td><strong>CIF</strong></td>
<td>Carriage of the goods and insurance to the &quot;named port of destination&quot; is arranged by the SELLER</td>
<td>Risk transfers from the SELLER to the BUYER when the goods are loaded onboard the vessel at the &quot;named port of shipment&quot; (not destination)</td>
<td>Costs transfer from the SELLER to the BUYER upon delivery at the &quot;named port of destination&quot;</td>
</tr>
<tr>
<td><strong>CPT</strong></td>
<td>Carriage of the goods to the &quot;named place of destination&quot; is arranged by the SELLER</td>
<td>Risk transfers from the SELLER to the BUYER when the goods have been delivered to the (first) CARRIER</td>
<td>Costs transfer from the SELLER to the BUYER at the &quot;named place of destination&quot;</td>
</tr>
<tr>
<td><strong>CIP</strong></td>
<td>Carriage of the goods and insurance to the &quot;named place of destination&quot; is arranged by the SELLER</td>
<td>Risk transfers from the SELLER to the BUYER when the goods have been delivered to the (first) CARRIER</td>
<td>Costs transfer from the SELLER to the BUYER at the &quot;named place of destination&quot;</td>
</tr>
</tbody>
</table>

### Group D — ARRIVAL — The seller is responsible for all costs associated with bringing goods to the "named place of port"

<table>
<thead>
<tr>
<th>Incoterms</th>
<th>Carriage</th>
<th>Risks</th>
<th>Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DAT</strong></td>
<td>Carriage of the goods to the &quot;name terminal at port or place of destination,&quot; unloaded, is arranged by the SELLER</td>
<td>Risk transfers from the SELLER to the BUYER when the goods are made available to the BUYER at the &quot;name terminal at port or place of destination&quot;</td>
<td>Costs transfer from the SELLER to the BUYER when the goods are made available to the BUYER at the &quot;name terminal at port or place of destination&quot;</td>
</tr>
<tr>
<td><strong>DAP</strong></td>
<td>Carriage of the goods to the &quot;named place of destination&quot;</td>
<td>Risk transfers from the SELLER to the BUYER when the goods are made available</td>
<td>Costs transfer from the SELLER to the BUYER when the goods are made available</td>
</tr>
<tr>
<td><strong>DDP</strong></td>
<td>Carriage of the goods to the named place of destination ready for unloading</td>
<td>Risk transfers from the SELLER to the BUYER when the goods are made available ready for unloading</td>
<td>Costs transfer from the SELLER to the BUYER when the goods are made available ready for unloading cleared for import at the &quot;named place of destination&quot;</td>
</tr>
</tbody>
</table>
International Documentation

There are specific details required on the international shipment documentation

- **International requires additional details**
  - Importer of record if different than consignee. ‘Ship To’ and ‘Sold To’ person
  - Full commodity description with value of the goods
  - Harmonized Tariff Code
  - Package Marks
  - Certifications
  - Payer for Duty/Tax’s when assessed
  - Destination Control Statement – When applicable

- **Most commonly used/required documentation types**
  - International Air Waybill/Bill of Lading
  - Commercial Invoice
  - Shippers Export Declaration
  - Export License
  - Packing Slip
  - Insurance Certificate

- **What is their purpose?**
  - The contract between the shipper and the carrier.
  - Main entry document used by Customs
  - US Export Controls – Data collected by Census
  - Validates approval to export. Used by Govt.
  - Establishes true origin of goods. Used by Govt.
  - Identifies content. Used by Customs
  - Identifies the insurance on the shipment in carriage
Export Documentation

Correct documents ensure shipments are cleared through customs timely, efficiently and correctly

- Documentation issues are the number 1 reason for delayed shipments

<table>
<thead>
<tr>
<th>Bad Descriptions</th>
<th>Good Descriptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Samples</td>
<td>Wood screws (samples)</td>
</tr>
<tr>
<td>Parts</td>
<td>Guide, part for printing press</td>
</tr>
<tr>
<td>Promotional items</td>
<td>Golf balls, ballpoint pens, key chains (for promotional use only, not for sale)</td>
</tr>
<tr>
<td>See Commercial Invoice or see invoice</td>
<td>Desktop computer system (see Commercial Invoice for breakdown)</td>
</tr>
<tr>
<td>Part #Tf123</td>
<td>USB computer cable</td>
</tr>
<tr>
<td>Gift</td>
<td>Man’s 100% cotton T-shirt (gift)</td>
</tr>
<tr>
<td>No description</td>
<td>Business letter</td>
</tr>
</tbody>
</table>
A large majority of companies are utilizing on-line platforms to accommodate electronic record keeping and increase efficiencies. Paper documents remain appropriate and are accepted.
Commodities Valued at $2,500 or More

- The U.S. Census Bureau documents and records export shipments with single commodities valued at $2,500 or more that leave the U.S.
- Shippers must file electronically with the U.S. Census
  - Previously known as the ‘Shippers Export Declaration’
  - Electronic filing mandatory as of Sept. 1, 2008
- Multiple choices are available to enable exporters to meet the requirement
  - Direct Filer - via U.S. Census site. Registration is required. [www.aesdirect.gov](http://www.aesdirect.gov)
  - Contract with a broker to file on behalf of the exporter

Training is available through the U.S. Census Bureau for using their site – AES Direct and through your Vendor for filing via their on-line ‘Agent’ choice.

Do you have the internal resources to learn and self file?
Packaging contributes to the overall size and weight of the shipment. Consider this when preparing rate requests:

- Protect from damage, but don’t over pack
- Packing considerations for international
- Wood pallet fumigation and chemical treatment requirements
- Recyclable materials requirements
- Some buyers may designate required packaging
- Consider product specific packaging for retail
- What country specific markings are required?
Securing cargo insurance protects your financial interests. Carriers are not responsible for losses beyond their control.

- Know the differences between freight insurance and declared value to ensure you make the best choice
- Protects against the risk of physical loss/damage in transit
- Law or tariff restrictions limit liability
You are a customs official in Morocco -

- OK...So you are a customs official in Morocco and you need to process an entry. Do you have all the info you need to make entry and correctly classify it?
- What is it? Machine parts will not work!
- What is it made of? (metal, glass, cotton)
- Where was it made? (country of manufacturer)
- Who is receiving it? (who is the importer)
- How will it be used? (what are they going to do with it?)
- How many items are there? (quantity of items)
- What is the value per piece and per shipment) $$$
- What is the HS code? Don’t have one? OK...I’ll give it one...OHHH SMILE!
What is your returns process and policy?

- **Returns can be costly.** Consider the following before have a product/order shipped back:
  - What is the value of the item?
  - Is it necessary to receive it back?
  - When should you consider advising customs to destroy it?
  - Can you repair the customer experience with a replacement shipment?
  - Who will cover the duty/tax on the already received/imported product?
  - Who will cover the replacement shipping costs?
  - Who will cover the return shipping costs?
  - Who will prepare the return shipping documents?

*Note: An international shipment that has already cleared customs will be considered an import when returning back to the U.S.*
Three Common Challenges International Shippers Encounter:

Q1. Which of these items will ensure your shipment is delayed during the customs clearance process?

Q2. Which of these items cost you more money, thus downsizing your estimated profit margin?

Q3. Which of these items may result in a business meeting with the Bureau of Industry Security?

1. You have missing, incorrect or improperly completed documents
2. You did not proactively estimate duties and taxes
3. You did not check the Denied Parties List.
4. You do not have a Compliance program with regulations and laws
5. You are using the same set of documents for Mexico, China, and France
Online Tools and Resources Assist Exporters

- Check the Governments Denied Parties list and receive advisories
- Find the appropriate tariff code that fits your commodity
- Estimate your duties, taxes and landed costs
- Determine which documents are required for your shipment, use templates to complete them
- Use online data warehouse to store your consignee info and previously used shipment documents
- Electronically send required documents – eliminate paper – GO GREEN

The above noted functionalities represent today’s basic tools to assist exporters with ease of processing, efficiencies, landed cost estimates
Denied Party Screening

- Identifies individuals, companies and other parties that have been denied the privilege of engaging in international business transactions.

How well do you know your buyer?
Advisories

- This feature gives you important regulatory information for the import and export side of your transaction, as well as for the commodity you are shipping
- Staying informed will keep you compliant

http://www.bis.doc.gov/complianceandenforcement/liststocheck.htm
Harmonized System Defines products for customs purposes.

- Recognized by country customs officials in approx 179 countries.
- Code is the globally
- First six digits are universal

Usage

- Product classification
- Duty-Tax rates
- Quota’s when required

Note: Aircraft parts should be further defined, i.e. Brake Caliper
Find Duty/Tax Rates

Identifying the duty and/or tax rates is an important step in defining your price points.

Shipment detail
- Country of import
- Commodity description
- HS number

Use the HS number and the country to which you are shipping to find estimated rates.
Estimate Duties, Taxes and Landed Cost Results

Use calculator tools to define your bottom line

<table>
<thead>
<tr>
<th>Duty and tax amount by type</th>
<th>Landed cost estimate</th>
<th>Shipment description</th>
</tr>
</thead>
</table>

**International Tools: FedEx Global Trade Manager**

**Duty and Tax Estimate**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Duty</td>
<td>$5.00 USD</td>
</tr>
<tr>
<td>VAT</td>
<td>$29.38 USD</td>
</tr>
<tr>
<td>Duty and Tax Estimate</td>
<td>$35.06 USD</td>
</tr>
<tr>
<td>Freight/Transportation</td>
<td>$70.00 USD</td>
</tr>
<tr>
<td>Insurance</td>
<td>$0.00 USD</td>
</tr>
<tr>
<td>Custom Value of Goods</td>
<td>$100.00 USD</td>
</tr>
<tr>
<td>Landed Cost Estimate</td>
<td>$295.06 USD</td>
</tr>
</tbody>
</table>

**Shipment Details**

| Origin country                | UNITED STATES OF AMERICA    |
| Destination country           | UNITED KINGDOM               |
| Currency of Transaction       | United States Dollars        |
| Shipment date                 | 06/10/2010                   |
| Shipping Charges              | $76.00 United States Dollars |
| Insurance charges             | $0.00 United States Dollars  |
| Mode of transport             | Air                            |

**Product 1**

| HS Code                      | 8023420900                  |
| Description                  | 0.8 diameter exceeding 5.5 cm |
| KILOGRAMS                    | 1.0E                            |
| NUMBER OF CELLS/UNITS        | 10.00                         |
| Customs Value                | 160.09 United States Dollars  |
| Country of Manufacture       | UNITED STATES OF AMERICA      |

**FedEx® Global Trade Manager**

March 2010
Today’s tools are almost fool proof. You can identify the documents you need, and then receive templates to help you complete them.

Use additional assistance when you need it to ensure the documents are accurate.
Required documents are shipment specific depending mainly upon the country, commodity, value.

Utilize online tools to identify and prepare required documents.
Document Preparation Efficiency

- Save partially completed documents to finish at a more convenient time
- Select a pending document profile to resume preparation and complete or to delete as needed
- Prepared customs documents are stored in the Document Archive for complete visibility
- View and modify each document or create a document profile to reuse the document for future shipments
- Upload your company letterhead to be used with your Commercial Invoice and also upload a signature image for customized and professional-looking documents
Factoring in Cost on Choices

Factoring costs into your choice

- Shipping cost vs. product cost
- Dimensional consideration as it relates to cost of shipping
- Duty and taxes costs - based on commodity
  - options for US shippers to either prepay duties and taxes or have recipient be responsible
- Using an in-house or outside resource
  - its effect on total costs

1. What is the cost of inventory reductions due to destroyed product?
2. What is the cost of loosing a customer?
3. What is cost of delayed orders?
4. What is the cost of not identifying your program costs in advance?
The ‘Make’ and ‘Operate’ sections of a basic plan will be impacted by logistics and transportation choices.

### Revenue Impact & Cost of Good Sold
- Inbound transportation for materials/parts
- Making the product
- Manufacturing labor
- Utilities

### SGA – Sales, General, Admin.
- Packaging costs
- Transportation to warehouse
- Transportation costs for outbound shipping
- Duty/Tax
- Broker costs/Documentation
- Customer service calls
- Tracking shipments
- Tracking payments

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### Make
- Revenue
- Cost of goods sold
- Gross profit
- Gross profit margin

### Operate
- SG&A expenses
- Depreciation & amortization
- Operating income
- Operating margin

### Non Operate
- Interest expense
- Taxes
- Extraordinary gain or loss
- Net income
- Net margin

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### Own
- Current assets
  - Cash
  - Accounts receivable
  - Inventories
- Fixed assets
  - PP&E
- Other assets
- Total assets

### Owe
- Current liabilities
  - Accounts payable
  - Notes payable
  - Taxes
- Long-term liabilities
- Total liabilities

### Equity
- Owner’s equity
- Total liabilities & equity
International Export Expansion is Manageable

- Additional information can be found online at fedex.com/international

- Find more export education programs in the online calendar at fedex.com/knowandgrow

- **Recommended Resource:**
    - Available online at [www.amazon.com](http://www.amazon.com) – Approx $21.00
  - Dictionary of International Trade
  - Department of Commerce website
FedEx is committed to bringing learning opportunities to the exporting community with topics relative to your business growth through export expansion.

Thank you for learning!

www.Fedex.com/knowandgrow

www.export.gov/fedex

1-800-247-4747 FedEx International Customer Service