20’ Container
10 pallets @ 56 cases/pallet = 560 Cases
12 bottles per case = 6,720
$10/bottle
$67,200 USD
Where can I obtain funding?

- Vendors or Suppliers of raw materials or component parts
- Private Banks
  - Loans
  - Letters of credit and documentary collections
  - Transferable letters of credit
  - Line of Credit Allocations
- Factors
- Forfaiting
- Foreign Credit Insurance
Where can I obtain funding?

- Government programs
  - Ex-Im Bank
    - Direct Loan Program
      - Short-term financing
      - Medium-term financing
      - Long-term financing Buyer Credits
    - Loan Guarantee Program
    - Lease Guarantee Program
  - SBA
  - State Programs
- Multilateral Development Banks
- United Nations Development Program
How to Qualify – The Financial Plan

- Cover page and table of contents
- Mission statement
- Executive overview
- Executive summary
- Organization chart
- Product and market overview
- Market analysis and potential
- Funding rationale

- Financial statements
  - Balance Sheet
  - Income Statement
  - Tax Returns
  - Debt servicing and cash flow analysis
  - Internal and external documents
  - Calculating costs
- Source materials
The Risk of International Business
Risks to Consider

- Country Risk
  - Political
  - Economic
- Corporate Risk
  - Buyer Issues
  - Seller Issue
- Commercial Risk
  - Transactional issues
  - Forex
Country Risk

Political Risk + Economic Risk

Country Risk

POLITICAL
- Political Conditions/Stability
  - Legal Structure
  - Local, state & federal
  - Coup, civil disturbance, etc
- Regulation Changes
  - Import license cancellation
  - Forex regulations

ECONOMIC
- Economic conditions
- Economic trends
- Forex controls/ regulations
- Currency flow regulations
- Country’s balance of payments
Corporate Risks

- Corporate Risk
  - Company stability
  - Ability to pay
  - Ability to finance production
  - Competitive threats
**Commercial Risk**

Commercial Risk = Business Transaction Risk

**Commercial Issues**
- Nature of the business
- Financial strength of the businesses
- Nature of the business relationship
- Record of meeting local & international obligations
- Ownership of businesses

**Transaction Issues**
- Non-payment
- Late payment
- Currency devaluation
- Import restrictions
- Bank problems
- Debt chains
- Tariff changes
- Shipping difficulties
- Pilferage
- Potential loss if shipment is not accepted:
  - Goods
  - Value
Foreign Exchange Risk

• Market Drivers
  • Speculative trading
  • Balance of payments position and trends
  • Inflation rate compared to trading partners
  • Investor confidence in economics, politics and business
  • Intervention in the foreign exchange market

• Measuring Foreign Exchange Exposure
  • Transaction exposure
  • Translation exposure
  • Economic exposure
## Forex Risk Reduction

<table>
<thead>
<tr>
<th>Settlement Technique</th>
<th>Participation in Price Movement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>HIGH</strong></td>
<td></td>
</tr>
<tr>
<td>Spot</td>
<td>Present</td>
</tr>
<tr>
<td>Options</td>
<td>Future Date</td>
</tr>
<tr>
<td><strong>LOW</strong></td>
<td></td>
</tr>
<tr>
<td>Forward</td>
<td>Future date certain</td>
</tr>
<tr>
<td>Window</td>
<td>Period certain</td>
</tr>
</tbody>
</table>

Specific date uncertain
Options vs. Forwards

• Forward Contract
  – Eliminates up and downside potential
  – Good tool when company has firm commitments in the future
  – Mark-to-market offset against A/R or A/P
  – No initial cost
  – 10% risk assessment

• Option
  – Eliminates “downside” but leaves “upside”
  – Good tool for company involved in projects with uncertainty
  – “Naked hedge” for commitments not yet recognized on the balance sheet
  – 1-5% premium up front a tough sale
Risk Mitigation Techniques
4 Types of Reactions to Risk

1. Avoidance
2. Transference
3. Mitigation
4. Acceptance
## Techniques & Risk Response

<table>
<thead>
<tr>
<th>Technique</th>
<th>Type of Risk Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial Banks</td>
<td>Mitigation</td>
</tr>
<tr>
<td>Accounts Receivable Financing</td>
<td>Transference or Mitigation</td>
</tr>
<tr>
<td>Governments</td>
<td>Transference</td>
</tr>
<tr>
<td>Factoring</td>
<td>Transference</td>
</tr>
<tr>
<td>Forfaiting</td>
<td>Transference</td>
</tr>
<tr>
<td>Counter trade</td>
<td>Acceptance</td>
</tr>
<tr>
<td>Bankers' Acceptances</td>
<td>Transference</td>
</tr>
<tr>
<td>Insurance</td>
<td>Mitigation</td>
</tr>
</tbody>
</table>
Reducing Commercial Risk

**Credit Report**

- **History of the Business**
  - Business Structure
  - Background of owners
  - Number of employees

- **Payment Trends**
  - High credit
  - Amount owing
  - Amount past due
  - Days taken to pay

- **General Bank Information**
  - Loan information & payment history
  - Account Balances
  - Bad checks

- **Public Records**
  - Suits or judgments
  - Bankruptcies
  - Acquisitions or changes of ownership

- **Financial Statements**
  - Balance Sheet
  - Operating Statements
  - Cash Flow

- **Specialized Industry Info**
Sources Credit Information

Direct Sources
- The Buyer
- Bank Information
- Seller’s Foreign Sales Representatives
- Trade References
- Other
  - Newspapers
  - Directories, Internet, Reference Materials

Indirect Sources
- U.S. Dept of Commerce – International Company Profile
- FCIB
- Dun & Bradstreet
- Experian
- SJ Rundt
- OECD
- Graydon America
# Indirect Sources of Credit Information: Credit Report Agencies & Resources

<table>
<thead>
<tr>
<th>Company</th>
<th>Website</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coface North America</td>
<td><a href="http://www.coface-usa.com">www.coface-usa.com</a></td>
</tr>
<tr>
<td>Credit Reports Worldwide</td>
<td><a href="http://www.creditreportsworldwide.com">www.creditreportsworldwide.com</a></td>
</tr>
<tr>
<td>Dun &amp; Bradstreet</td>
<td><a href="http://www.dnb.com">www.dnb.com</a></td>
</tr>
<tr>
<td>Experian</td>
<td><a href="http://www.experian.com">www.experian.com</a></td>
</tr>
<tr>
<td>FCIB</td>
<td><a href="http://www.fcibglobal.com">www.fcibglobal.com</a></td>
</tr>
<tr>
<td>Graydon America</td>
<td><a href="http://www.graydonamerica.com">www.graydonamerica.com</a></td>
</tr>
<tr>
<td>Hoovers</td>
<td><a href="http://www.hoovers.com">www.hoovers.com</a></td>
</tr>
<tr>
<td>SJ Rundt &amp; Associates</td>
<td><a href="http://www.rundtsintelligence.com">www.rundtsintelligence.com</a></td>
</tr>
<tr>
<td>OECD</td>
<td><a href="http://www.oecd.org">www.oecd.org</a></td>
</tr>
</tbody>
</table>
# Average Cost of Credit Reports

(USD Dollars)

<table>
<thead>
<tr>
<th>Company</th>
<th>Europe</th>
<th>Latin America</th>
<th>Asia</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coface</td>
<td>$130-165</td>
<td>$140-175</td>
<td>$200-245</td>
<td>$200-245</td>
</tr>
<tr>
<td>CRW</td>
<td>$115-220</td>
<td>$140</td>
<td>$220-230</td>
<td>$190-220</td>
</tr>
<tr>
<td>D&amp;B</td>
<td>$340</td>
<td>$415</td>
<td>$516</td>
<td>$516</td>
</tr>
<tr>
<td>Experian</td>
<td>$165+</td>
<td>$165+</td>
<td>$165+</td>
<td>$165+</td>
</tr>
<tr>
<td>Graydon</td>
<td>$75+</td>
<td>$75+</td>
<td>$75+</td>
<td>$75+</td>
</tr>
<tr>
<td>Hoovers</td>
<td>Subscription only</td>
<td>Subscription only</td>
<td>Subscription only</td>
<td>Subscription only</td>
</tr>
<tr>
<td>ICP</td>
<td>$150+</td>
<td>$150+</td>
<td>$150+</td>
<td>$150+</td>
</tr>
</tbody>
</table>
Factoring Process

1. Buyer & Seller Agree

2. Product is Shipped
   Documents are sent to Buyer

3. $100,000 Invoice sold to Factor

4. $90,000

5. $100,000

Exporter/Seller

Importer/Buyer

Factor
Forfaiting Process

1. Forfaiting Agreement
2. Commercial Agreement
3. Guarantee Agreement
4. Goods Shipped
5. Docs & Note Sent
6. Docs Sent
7. Docs Sent
8. Note ok for payment
9. Note Avalized
10. Payment made
11. Note sent for payment
12. Note sent for payment
13. Payment made
14. Payment made

Exporter

Importer

Exporter’s Bank

Importer’s Bank
Bonds & Guarantees

- Bond:
  - An instrument by which a guarantor (insurance company) guarantees the execution of the exporter’s obligation

- Guarantee
  - An instrument by which a guarantor (bank) will agree to pay a sum if the exporter does not fulfill its obligation.
  - Unconditional = obtain payment upon demand
Countertrade

- Barter
- Counterpurchase
- Advance Purchase
- Bilateral Arrangements
- Buy Backs
- Offsets
- Co-production
- Licensed production
- Subcontractor production
- Overseas investment
- Technology transfer
- Consignment
Types of Insurance

- Credit Insurance
  - Receivable Insurance
  - Export Credit Risk
- ATA Carnet
- All Risk Insurance
- General Marine Insurance
  - Customized Cargo Policies
  - Special Risk Cargo Policy
  - Open Cargo Policy
Methods of Payment
Methods of Payment Risk Assessment

Methods of Payment

- Cash in Advance
- Letter of Credit
  - Confirmed
  - Advised
- Documentary Collections
  - D/P
  - D/A
- Open Account

Importer's uncertainty increases

Exporter's uncertainty increases

CONFIDENTIAL

JPMorgan
Methods of Payment Risk Assessment

- Positive
  - Cash in Advance
  - Vendor Financing
  - Open Account

- Neutral Zone
  - Letters of Credit
    - Standby
    - Commercial (Acceptances)
      - Confirmed
      - Transferable
      - Back-to-Back
      - Assignment of Proceeds
  - Foreign Exchange
  - Documentary Collection
  - Shipment

- Negative
  - Importer (Buyer) (Applicant)
  - Exporter (Seller) (Beneficiary)
  - Foreign Receivables
  - Insurance
    - Ex-Im Bank
    - CEFO

- Positive
  - Foreign Receivables
  - Vendor Financing
  - Open Account
Export Letter of Credit Cycle

1. Buyer & Seller Agree
2. Application
3. Letter of Credit
4. Letter of Credit
5. Product is Shipped
6. Documents
7. Documents
8. Documents
9. Importer’s Bank/Issuing Bank
10. Exporter’s Bank/Advising Bank

Applicant Importer/Buyer
Beneficiary Exporter/Seller
# Letter of Credit Terms

## Involved Parties:

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Applicant</td>
<td>Importer</td>
<td>Buy</td>
</tr>
<tr>
<td>Beneficiary</td>
<td>Exporter</td>
<td>Sell</td>
</tr>
<tr>
<td>Opening Bank</td>
<td>Importer’s Bank</td>
<td>Issues L/C</td>
</tr>
<tr>
<td>Advising Bank</td>
<td>Exporter’s Bank</td>
<td>Advises L/C</td>
</tr>
<tr>
<td>Confirming Bank</td>
<td>Advising Bank or 3rd Party Bank</td>
<td>Confirms L/C</td>
</tr>
<tr>
<td>Paying Bank</td>
<td>Any bank as specified in L/C</td>
<td>Pays the Draft</td>
</tr>
</tbody>
</table>
Letter of Credit Terms

- Acceptance
- Advice
- Amendment
- Beneficiary
- Confirmed
- Deferred Payment
- Discrepancy
- Documentation

- Draft –
  - Sight Draft
  - Time Draft
- Irrevocable
- Issuance
- Negotiation
- Revocable
- Sight
- Transferable
Types of Letters of Credit

- Back-to-Back
- Revocable or Irrevocable
- Unconfirmed or Confirmed
- Transferable
- Assignment of Proceeds
- Revolving
- Straight
- Standby
- Transferable
- Usance
1. Application
2. Documents
3. Letter of Credit
3a. L/C
4. Confirmed Letter of Credit
5. Product is Shipped
6. Documents
7. Documents
8. Documents
9. Importer’s Bank/Issuing Bank
10. Beneficiary / Exporter / Seller

Confirmed Letter of Credit Cycle
Transferable Letter of Credit

1. LC Application
2. Transferable LC $50,000
3. Transferable LC $30,000
4. LC $30,000
5. Product Shipped to Seller or directly to Importer
6. Documents & BL
7. Documents & BL
8. Documents & BL
9. $50,000 Received
10. $30,000 Received

Exporter/Seller
Manufacturer’s Bank
Seller/Exporters Bank Advising Bank Transferring Bank
Importer’s Bank/Issuing Bank
Importer

$50,000 Received
$30,000 Received
Letter of Credit Fees

- Issuance
- Pre-advice
- Advice
- Amendments
- Extension
- Confirmation
- Documentary examination
- Payment
- Negotiation
- Acceptance
- Reimbursement
- Collection without examination
- Transfer
- Assignment of proceeds
- SWIFT
- Handling
- Courier
- Discrepancy
- Cancellation
- Discounting
## Documentary Collection

<table>
<thead>
<tr>
<th>Types of DC</th>
<th>DC Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Documentary Collection</td>
<td>Transmitting funds</td>
</tr>
<tr>
<td>▪ Clean Collection</td>
<td></td>
</tr>
<tr>
<td>▪ Cash Against Documents</td>
<td>Issuing banker’s draft</td>
</tr>
<tr>
<td>▪ Documents again Acceptance</td>
<td>Receipt of transfers</td>
</tr>
<tr>
<td>▪ Documents against Payment</td>
<td>Issuing banker’s draft</td>
</tr>
<tr>
<td></td>
<td>Clearing foreign checks</td>
</tr>
<tr>
<td></td>
<td>Clearing checks in foreign currency</td>
</tr>
</tbody>
</table>
Funds Remittance

- Checks
  - Company or Bank
  - Bill of Exchange
    - Clean
    - Documentary
    - Sight
    - Term/Time/Usance
  - Draft
- Bankers Draft
- Electronic Funds Transfer (Wire or TT)
- International Money Order
- Bank Notes - Cash
- Credit Card
## Fund Remittance

<table>
<thead>
<tr>
<th>Type of Remittance</th>
<th>Description</th>
<th>Issues</th>
<th>Charges</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Check</strong></td>
<td>May be drawn on a domestic or foreign bank. May be in any currency.</td>
<td>Delays in crediting checks received in foreign currency/drawn on an overseas bank. Risk of delay or loss in transit.</td>
<td>Fees apply to crediting checks received in foreign currency/drawn on an overseas bank.</td>
</tr>
<tr>
<td><strong>Banker’s draft</strong></td>
<td>Resembles a check but is drawn on a bank by a bank.</td>
<td>If drawn in US Dollars on a US bank can be deposited directly into seller’s bank account. If drawn in foreign currency or on a foreign bank there may be some delays. Risk of loss in transit. Risk of fraudulent Draft.</td>
<td>The bank charges a commission for the issue of a banker’s draft. Seller’s US bank may charge a fee for processing a banker’s draft received from the buyer drawn in foreign currency or on a foreign bank.</td>
</tr>
</tbody>
</table>
**Bill of Exchange Cycle**

1. **Product is Shipped**

2. Documents, including bills of exchange are sent with instructions to remitting bank.

3. Documents & bill sent

4. Documents & bill presented

5. Returns accepted bill

6. Notifies payment to remitting bank

7. Payment is Received

7. Documents received against payment or acceptance used to obtain product.

---

**Exporter/Seller**

**Rемitting Bank**

**Collecting Bank**

**Importer**

**Product**
<table>
<thead>
<tr>
<th>Type of Remittance</th>
<th>Description</th>
<th>Issues</th>
<th>Charges</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electronic Transfer Wire Transfer TT</td>
<td>To ensure speed and security of payments electronic transfers are carried out between member banks using SWIFT. Standard or urgent transfers are available at a higher cost.</td>
<td>Information of Seller, Seller’s Bank, Currency and Amount must be correct.</td>
<td>Transfer fees payable by buyer and seller.</td>
</tr>
</tbody>
</table>
Electronic Funds Transfer Cycle

1. Requests TT

2. Issues Payment Order

3. Sends “By Order of”

4. Funds sent

5. Payment is Received

Exporter/Seller

Product is Shipped

Product

Documents received to obtain product.

Importers/Remitting Bank

Buyers/Receiving Bank

Seller’s/Receiving Bank

Bank
# Fund Remittance

<table>
<thead>
<tr>
<th>Type of Remittance</th>
<th>Description</th>
<th>Issues</th>
<th>Charges</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>International money order</strong></td>
<td>Similar to a banker’s draft but only be available in some currencies and specific amounts</td>
<td>Risk of loss and delay in transit</td>
<td>Fee charged for obtaining</td>
</tr>
<tr>
<td><strong>Bank Notes</strong></td>
<td>Cash</td>
<td>Risk of forged notes or obtained through illegal activity. Government limits</td>
<td></td>
</tr>
<tr>
<td><strong>Credit Card</strong></td>
<td>Personal or Company Credit</td>
<td>Limit to available credit line</td>
<td>Currency exchange fees and seller collection fees</td>
</tr>
</tbody>
</table>
Standards & Guidelines

- UCP – guidelines for documentary collections
  - eUCP – electronic submission and verification of documents for documentary collections
- SWIFT – standard banking communication system
  - Wire Transfers
  - Documentary Collections
ICC Contributions to International Business

- Model contracts
- Business self-regulation of e-commerce
- Codes on advertising and marketing
- Direct access to national governments all over the world and can feed business views into intergovernmental organizations on issues that directly affect business operations
- Sets Rules and Standards
  - ICC International Court of Arbitration is on the increase.
  - Uniform Customs and Practice for Documentary Credits (UCP 600)
  - Uniform Customs and Practice for Documentary Credits (eUCP 600) – electronic supplement
  - Incoterms
Documentation
## International Documentation

<table>
<thead>
<tr>
<th>Document</th>
<th>aka</th>
<th>Description*</th>
<th>Requested by</th>
<th>Issued By</th>
<th>Used by</th>
<th>Used for</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Export Documents</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Letter of Inquiry</td>
<td></td>
<td>Request for availability of product &amp; pricing.</td>
<td>Importer</td>
<td>Exporter</td>
<td>Importer</td>
<td>Qualifying potential supplier</td>
</tr>
<tr>
<td>Request for Quotation</td>
<td>RFQ</td>
<td>Request for a formal quote - product &amp; pricing</td>
<td>Importer</td>
<td>Exporter</td>
<td>Importer</td>
<td>Qualifying potential supplier</td>
</tr>
<tr>
<td>Request for Proposal</td>
<td>RFP</td>
<td>Request for a formal propose for product, pricing, services, etc.</td>
<td>Importer</td>
<td>Exporter</td>
<td>Importer</td>
<td>Qualifying potential supplier</td>
</tr>
<tr>
<td>Proposal/Quote</td>
<td></td>
<td>Written offer of product, price, and details regarding the transaction.</td>
<td>Importer</td>
<td>Exporter</td>
<td>Importer</td>
<td>Qualifying and comparing suppliers and products.</td>
</tr>
<tr>
<td>Purchase Order</td>
<td>PO</td>
<td>A purchaser's written offer to a supplier formally stating all terms and conditions of a proposed transaction</td>
<td>Exporter</td>
<td>Importer</td>
<td>Exporter</td>
<td>Creating Proforam Invoice.</td>
</tr>
<tr>
<td>Proforma Invoice</td>
<td>PI</td>
<td>Order Confirmation or formal quote providing all details of the transaction.</td>
<td>Importer</td>
<td>Exporter</td>
<td>Importer &amp; Exporter</td>
<td>Importer - Import License, L/C application, Quota purchase, Loans. Exporter-Order confirmation.</td>
</tr>
<tr>
<td>Contract</td>
<td></td>
<td>Formal legal agreement with details, rights, responsibilities, terms and conditions of the transaction</td>
<td>Importer</td>
<td>Exporter</td>
<td>Importer &amp; Exporter</td>
<td>L/C Application, licenses, loans.</td>
</tr>
</tbody>
</table>

*Description*: The description provided for each document is a brief explanation of its purpose and typical use in international trade.
<table>
<thead>
<tr>
<th>Document</th>
<th>aka</th>
<th>Description*</th>
<th>Requested by</th>
<th>Issued By</th>
<th>Used by</th>
<th>Used for</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export Documents</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial Invoice</td>
<td>CI</td>
<td>A document which details the transaction between a seller and a buyer. Bill</td>
<td>Importer</td>
<td>Exporter</td>
<td>Importer, Exporter, Freight Frwdr, Banks,</td>
<td>Payment, Transfer of Ownership, Application of duty &amp; tariffs, valuation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>of Sale.</td>
<td></td>
<td></td>
<td>Customs, Insurance Co.</td>
<td>of shipment.</td>
</tr>
<tr>
<td>Packing List</td>
<td>PL</td>
<td>The document listing the merchandise in a particular shipment indicating the</td>
<td>Exporter</td>
<td>Exporter</td>
<td>Exporter, Importer, Banks, Customs,</td>
<td>Customs - Inspections &amp; classification of cargo. Importer - Receiving</td>
</tr>
<tr>
<td></td>
<td></td>
<td>kind and quantity in each package.</td>
<td></td>
<td></td>
<td>Shipping Co., Insurance Co.</td>
<td>Goods, &amp; claims for loss or damage.</td>
</tr>
<tr>
<td>Weight List</td>
<td></td>
<td>A document certifying to the weight of a shipment.</td>
<td>Exporter</td>
<td>Exporter</td>
<td>Exporter, Importer, Banks, Customs,</td>
<td>Customs - Inspections &amp; classification of cargo. Importer - Receiving</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Shipping Co., Insurance Co.</td>
<td>Goods, &amp; claims for loss or damage.</td>
</tr>
<tr>
<td>Shipper's Export Declaration</td>
<td>SED</td>
<td>A document prepared by the shipper and presented to a government authority</td>
<td>Exporter,</td>
<td>Freight Frwdr</td>
<td>Freight Frwdr, U.S. Customs, U.S. Census</td>
<td>Confirmation of transaction parties, collection of trade data, export</td>
</tr>
<tr>
<td></td>
<td></td>
<td>specifying goods exported along with their quantities, weight, value, and</td>
<td>Freight Frwdr</td>
<td></td>
<td></td>
<td>license compliance.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>destination.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
# International Documentation

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<tr>
<td>Export Documents</td>
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<tr>
<td>Insurance Certificate</td>
<td></td>
<td>The document indicating the type and amount of insurance coverage in force on a particular shipment.</td>
<td>Importer or Exporter</td>
<td>Importer, Exporter, Insuranc</td>
<td>Importer, Exporter, Insuranc Co.</td>
<td>Protect investment in the event of loss of cargo.</td>
</tr>
<tr>
<td>Export License</td>
<td></td>
<td>A license issued to exporters by governments to permit them to export certain goods to certain countries. Such goods may be of strategic importance, or simply in short supply, or are controlled to comply with foreign agreements</td>
<td>Exporter</td>
<td>U.S. B.I.S. &amp; Other Federal Agencies</td>
<td></td>
<td>Permission to export controlled products to controlled destinations.</td>
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<td><strong>Transport Documents</strong></td>
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</tr>
<tr>
<td>Bill of Lading</td>
<td>B/L</td>
<td>A document issued by a carrier which is evidence of receipt of the goods, and is a contract of carriage. It describes the goods, the details of the intended voyage, and it specifies the conditions of transportation.</td>
<td>Exporter</td>
<td>Freight Fwdr, Ocean Carrier</td>
<td>Exporter, Importer, Banks, Shipping Co., Insurance Co.</td>
<td>Contract for carriage. If negotiable it is the documentary evidence of title to the goods.</td>
</tr>
<tr>
<td>Airway Bill</td>
<td>B/L</td>
<td>The shipping document used for the transportation of air freight: includes conditions, limitations of liability, shipping instructions, description of commodity, and applicable transportation charges.</td>
<td>Exporter</td>
<td>Freight Fwdr, Air Carrier</td>
<td>Exporter, Importer, Banks, Shipping Co., Insurance Co.</td>
<td>Contract for carriage.</td>
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<tr>
<td>Dangerous Good Declaration</td>
<td>DG Cert</td>
<td>Formal declaration of content of hazardous cargo</td>
<td>Shipping Co.</td>
<td>Exporter</td>
<td>Ocean &amp; Ground Carriers</td>
<td>Confirming responsible party, labeling &amp; packaging requirements.</td>
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<td>Hazardous Material Declaration</td>
<td>Haz Mat</td>
<td>Formal declaration of content of hazardous cargo</td>
<td>Shipping Co.</td>
<td>Exporter</td>
<td>Air Carrier</td>
<td>Confirming responsible party, labeling &amp; packaging requirements.</td>
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<tr>
<td>Import License/Permit</td>
<td></td>
<td>An import license (or import permit) is an authorization by a competent authority for the importation of goods which are subject to restriction</td>
<td>Importer</td>
<td>Importer's Government</td>
<td>Importing Customs</td>
<td>Obtaining the right to import.</td>
</tr>
<tr>
<td>Certificate of Origin</td>
<td>CO</td>
<td>A document attesting to the country of origin of goods.</td>
<td>Importer</td>
<td>Exporter, Chamber of Commerce</td>
<td>Importing Customs</td>
<td>Qualifies cargo for preferential tariff treatment</td>
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<tr>
<td>NAFTA Cert of Origin</td>
<td>A document used for confirming origin of products from the 3 NAFTA countries.</td>
<td>Importer</td>
<td>Exporter &amp; Importing Customs</td>
<td>Qualifies cargo for preferential tariff treatment</td>
<td></td>
</tr>
<tr>
<td>Consular Invoice</td>
<td>An invoice covering a shipment of goods, usually required to be certified by the counsel of the country for which the merchandise is destined. It may be required to be on a special form and be subject to the payment of special fees.</td>
<td>Importer</td>
<td>Exporter &amp; Consulate of Importing Country</td>
<td>Pre-qualifies cargo for import</td>
<td></td>
</tr>
<tr>
<td>Inspection Certificate</td>
<td>A certificate issued by an independent third party verifying the condition of cargo or of property.</td>
<td>Importer</td>
<td>Exporter, Importer, Independent Inspection Co.</td>
<td>Confirms specifications and quality of cargo</td>
<td></td>
</tr>
<tr>
<td>Phytosanitary Certificate</td>
<td>A certificate issued by the agency of a national government indicating that an export shipment has been inspected and is free from harmful pests and plant diseases.</td>
<td>Importer</td>
<td>Independent Testing Co., Gov't Agency</td>
<td>Confirms absense of pestilence.</td>
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<td></td>
</tr>
<tr>
<td>Fumigation</td>
<td></td>
<td>A certificate confirming that cargo has been fumigated or sterilized to</td>
<td>Importer</td>
<td>Fumigation Co.</td>
<td>Importer &amp; Importing Customs</td>
<td>Confirms absence of pestilance.</td>
</tr>
<tr>
<td>Certificate</td>
<td></td>
<td>kill and pests.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Veterinary</td>
<td></td>
<td>A certificate confirming that live animals or fresh or frozen meat are free</td>
<td>Importer</td>
<td>Independent Testing Co., Gov't</td>
<td>Importer &amp; Importing Customs</td>
<td>Confirms absence of disease.</td>
</tr>
<tr>
<td>Certificate</td>
<td></td>
<td>from disease.</td>
<td></td>
<td>Agency</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ATA Carnet</td>
<td>ATA</td>
<td>Called an &quot;A T A Carnet&quot;. An international customs document which incorporates</td>
<td>Exporter</td>
<td>National Chambers of Commerce</td>
<td>Importing Customs</td>
<td>Allows temporary import of sales samples, demonstration products, repair</td>
</tr>
<tr>
<td></td>
<td></td>
<td>guarantees to be used in lieu of Customs documents to enter goods into certain</td>
<td></td>
<td>associated w/ I.C.C.</td>
<td></td>
<td>equipment by exporter.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>countries temporarily without paying import duty or posting bonds.</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Certificate of</td>
<td>CFS</td>
<td>Certifies that products are freely sold in the country of origin and</td>
<td>Importer</td>
<td>Exporter's Chamber of Commerce</td>
<td>Importer</td>
<td>Used in-lieu of government agency documentation (ie. FDA Certification)</td>
</tr>
<tr>
<td>Free Sale</td>
<td></td>
<td>manufactured under good manufacturing standards.</td>
<td></td>
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</tbody>
</table>

• Description Definition Sources
www.itds.treas.gov/glossaryfrm.html
M. Grant
Resources
Resources

- Publications
  - The Global Entrepreneur by J. Foley
  - Dictionary of International Trade, World Trade Press
  - US Commercial Service - Basic Guide to Exporting
- MSU Global - [www.ibcertification.msu.edu](http://www.ibcertification.msu.edu)
- MS globalEdge - [www.globaledge.msu.edu](http://www.globaledge.msu.edu)
Resources

- **U.S. Government**
  - Department of Commerce - [www.doc.gov](http://www.doc.gov)
  - Foreign & Commercial Service - [www.export.gov](http://www.export.gov)
  - International Trade Administration - [www.ita.doc.gov](http://www.ita.doc.gov)
  - Import Administration – [www.ia.ita.doc.gov](http://www.ia.ita.doc.gov)
  - U.S. Census - [www.census.gov](http://www.census.gov)
  - U.S. Trade Representatives: [www.ustr.gov](http://www.ustr.gov)
  - Small Business Administration [www.sba.gov](http://www.sba.gov)
  - International Office - [www.sba.gov/oit/](http://www.sba.gov/oit/)
Resources

- **Databases**
  - Competitive Intelligence Guide [www.fuld.com](http://www.fuld.com)
  - Kompass – [www.kompass.com](http://www.kompass.com)
  - Stat/USA/USA Trade Online – [www.stat-usa.gov](http://www.stat-usa.gov)
  - Trade Point- [www.tpusa.com](http://www.tpusa.com)
  - Trade Port- [www.tradeport.org/ts/](http://www.tradeport.org/ts/)
  - UN Comtrade - [www.un.org](http://www.un.org)
Yours Truly

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