

EMERGING EXPORTERS

GUIDE



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This guide was put together by



For use by



**Australian
Chamber of Commerce
and Industry**

Table of Contents:

Section	Page Numbers
Background and Advantages of International Trade	4 – 7
Marine Insurance	8 - 9
Export Cycle	10 – 14
Your countries laws / rules and regulations	15
Risk Management Control Tools (part 1)	16 – 17
Quoting and Invoicing	18 – 19
Incoterms 2010®	20 - 22
Financing and Getting Paid	22 – 23
Documentary Credit (UCP600)	24 - 26
Risk Management Control Tools (Part 2)	27



<ul style="list-style-type: none"> • This workbook gives you a good overview of what Emerging Exporters should know.
<ul style="list-style-type: none"> • The templates and information sheets in your packs will give you additional insight and info.
<ul style="list-style-type: none"> • It is impossible to give you in depth knowledge on everything to do with exports – YOU need to learn where to find the answers via CREDIBLE information organisations and platforms
<ul style="list-style-type: none"> • The freight forwarding business is ever changing – YOU need to keep up with change via credible media, credible training and current affairs monitoring
<ul style="list-style-type: none"> • Business in general is about ‘Good’ thinking and risk management – exports is no different
<ul style="list-style-type: none"> • Partner with reputable, credible and reliable service providers – they are a wealth of information

Background and Advantages of International Trade



What is international trade?

Basically, trade is the exchange of value between people or entities (i.e. organisations, companies, countries).

Value could be in the form of:

Money	Goods / product	Services	Title to rights / license	Patent or Property
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History tells us that trading involved by people bartering the goods they had to get the goods they needed.

Modern trade involves the exchange of money¹ for goods, services or title.

This developed over time, because people realised that it was easier to trade a commonly accepted value in the form of money for their goods, services or rights, rather than having to seek out a trading partner that had the goods they wanted, or the trading partner, wanted from them.

International trade = trade occurring between people or organisations in different countries.

It has become an amazing, dynamic system of **inter-relationships** with broad political, economic, social and technological consequences for a people of a country.

A few good examples of how international trade brought about change in countries are:

China	India	Ireland
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If you look at these countries they have become prosperous / innovative / confident



Does international trade bring about a dangerous dependence between countries?

YES	
NO	

¹ The Encarta Encyclopaedia defines money as any medium of exchange that is widely accepted in payment for goods and services and in settlement of debts. Money also serves as a standard of value for measuring the relative worth of different goods and services. The number of units of money required to buy a commodity is the price of the commodity.



Advantages of International Trade

Let's take a look at some possible advantages of international trade for **your country** and **your business**

The Country	The Business
<ul style="list-style-type: none"> ✓ Boost development ✓ Reduce poverty ✓ Enhance competitiveness ✓ New production possibilities ✓ Encourages innovation ✓ New markets ✓ Removing unnecessary barriers ✓ Expands choice for consumers ✓ Lowers prices for consumers ✓ Improved quality, labour & environmental standards – best practice sharing ✓ Contributes to governments cutting spending by expanding supply sources – strengthening competition ✓ Strengthens ties between nations – contributes to peace and stability ✓ Employment opportunities – 	<ul style="list-style-type: none"> ✓ Grow your business ✓ Diversify risk ✓ Better margins ✓ Earlier payments ✓ Less competition ✓ Bigger client base – new markets ✓ Competitive edge ✓ Economies of scale in production ✓ Insulation from seasonal domestic sales ✓ Contribute positively to the country's Gross Domestic Product ✓ Contribute by decreasing unemployment ✓ Getting your share of the international market place ✓ Export incentives ✓ Benefits of Trade Agreements

Now we understand the background to international trade, and the advantages it has for the business, and how it contributes to the country, let's get started with the exciting stuff.



Look out for the following icons...

	New secondary heading
	Your turn to participate



Partnerships

Life is about **PARTNERSHIPS**, and the same goes for International trade – it is ALL about building partnerships to last.

Export partnerships revolve around these 3 basic fundamentals listed below:

<p style="text-align: center;">Vocabulary The international trade and export world of WORDS and acronyms</p>
<p style="text-align: center;">Inter- relationships Interaction with everyone in the export supply chain and sometimes even outside the export supply chain</p>
<p style="text-align: center;">Processes or sequence of events Exports - What happens, when it happens, how it happens, who makes it happen, how we risk control what happens</p>

Before we go any further it is imperative that you understand the **“WORDS OF WISDOM”** mentioned below – YOUR success in exports and international trade depends on this.



Words of Wisdom

 **Remember** in Freight forwarding....

- There is always a process to follow
- There are always documents required within the process
- There are always authority bodies regulating the documents & process
- There are always time frames & deadlines to work to
- Follow procedures & accurately complete documents



Furthermore **everyone** in the export supply chain needs to worry about...



1.

Cost management

2.



3.



4.

5. **Documentation**



It is ALL about the pre-planning, during trip management, post trip reviewing, using the correct risk management tools & consistent cross referencing



Thinking about risk management, list 3 consequences of **not** managing time well, within any process.

- 1.
- 2.
- 3.

Marine Insurance

Note: My role is **NOT** to give you insurance advice – **you need an accredited company or person to do that**, but rather to draw your attention to where insurance fits into the export cycle.



What is marine insurance?

It caters for losses at sea, indemnifies you against theft, pilferage, damages, and for **General Average** i.e. when a vessel comes into distress.

WHEN CARGO COMES INTO MOTION – MARINE INSURANCE COMES INTO EFFECT



Even walking!

There are a number of things to consider with regards insurance that are very wise for risk, cost and customer service management.

<p>MARINE INSURANCE COMPANY</p>	<ul style="list-style-type: none"> ✓ Full contact details ✓ Must be reputable ✓ Well established in the marine industry ✓ Marine insurance products ✓ International representation ✓ Web based – claims tracking
<p>PERTINENT EXCLUSIONS</p>	<ul style="list-style-type: none"> ✓ Examples: don't cover in some countries / won't cover if not packed to standard
<p>INSURANCE VALUE</p>	<ul style="list-style-type: none"> ✓ What is included, to make up this value, in order to get the correct amount of money when a claim is made

<p>CLAIM PROCESS</p>	<ul style="list-style-type: none"> ✓ Understand the claim process ✓ Knowing the claim formula to calculate the claim ✓ Know the time lines applicable within the claim process ✓ Have the correct documentation for claim submission ✓ Tracking the claim ✓ Claim finalisation
<p>UNDERSTAND THE GENERAL AVERAGE SCENARIO IN SEA FREIGHT</p>	<ul style="list-style-type: none"> ✓ A ship gets into distress ✓ A general average decision is made ✓ General average charges get proportioned to what cargo is on the vessel ✓ The CIF value of the cargo is determined ✓ General average % contribution is formulated ✓ This % is your contribution towards general average
<p>INSURANCE COVERAGE</p>	<ul style="list-style-type: none"> ✓ What's covered ✓ What's not covered ✓ From where ✓ To where ✓ On route storage ✓ Market related premiums
<p>CONTROL TOOLS</p>	<ul style="list-style-type: none"> ✓ Insurance claims register ✓ Insurance certificate ✓ Claim check list

INSURANCE MUST BE MANAGED RIGHT FROM YOUR EXPORT PLANNING MEETING

Insurance needs to be managed right from the start of the export process if you are going to manage risk.

This even means at your premises where the product is stored or where the product is manufactured, or if you import to manufacture for export, your import stage must also be covered.

It is “best business practice” to check your insurance risk on a regular basis.

You can insure directly with an appropriate marine insurance company, or you could make use of your Freight Forwarding Agent’s insurance cover.

WHATEVER YOU DO WHEN EXPORTING YOUR PRODUCT MAKE SURE IT IS INSURED CORRECTLY



Think about what consequences **NOT** having insurance cover could have on your business

The Export Cycle

It is extremely **IMPORTANT** that you get a clear picture of what the **EXPORT CYCLE** really is, because within this cycle there is a lot happening and much to manage for risk and cost, continuity of service and giving excellent customer service.

The export cycle is **NOT** just phoning the freight forwarder to collect your parcel, you give them an invoice, and it gets delivered to your customer. It is far more intense than that, and you need to stay focused all the time, if you are going to have a successful shipment.



REMEMBER the words of wisdom earlier on in this book...

Each phase of the export cycle has **RISK** attached to it in various forms, and you need to **MANAGE** these risks adequately, giving serious thought to the consequences of **NOT** managing them:

- Compliance (in EVERY aspect)
- Money
- Time
- Documentation
- Insurance
- Integrity
- Customer service
- Third party activities



Information is a **KEY** factor when exporting your product... Information **MOVES** cargo

Compliant

- You need to make sure you are **Compliant** in every way..
 - ✓ Registered as an exporter - got the code number
 - ✓ Check if you have any Governmental laws you need to comply to
 - ✓ Ensure you know any Governmental documentation requirements and time lines
 - ✓ Product specific compliance – packaging / labelling / packing / transport /customs tariff
 - ✓ Payment from customer
 - ✓ Controlling document and deadlines
 - ✓ Insurance requirements
 - ✓ Paying service providers
 - ✓ Customs requirements

- You need to have an “export Bible” that’s contents is **ACCURATE, UP TO DATE** and **COMPLETE**, covering all the information you need to know within the freight forwarding cycle, that is going to ensure a **SMOOTH** export shipment happens AND that continuity of service is achieved.
- You need to **CONSISTENTLY** use efficient **CONTROL TOOLS** pertinent to each stage of your export shipment to manage risk

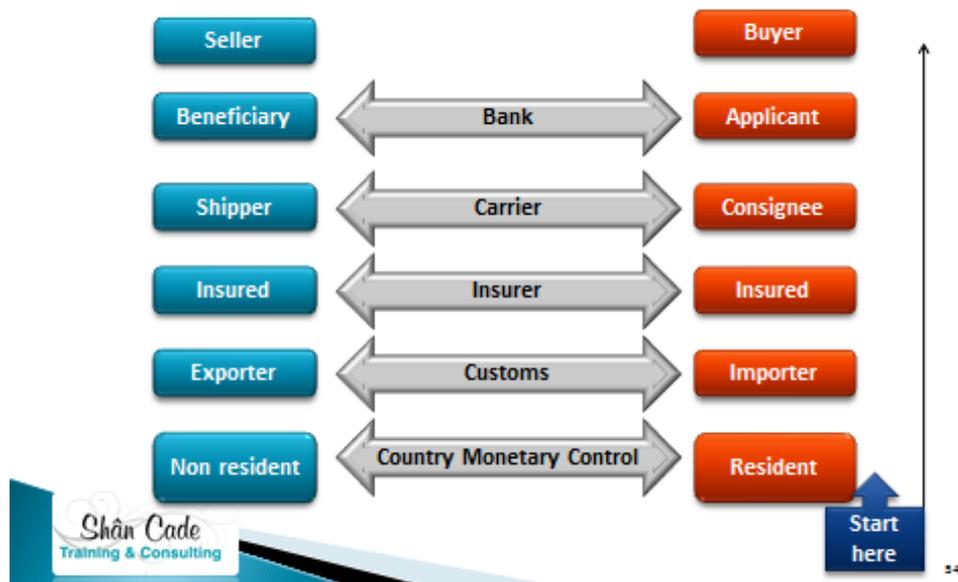


- You need to partner with **CREDIBLE** customers and service providers
- You need to have **TEAMWORK** throughout the cycle (local and foreign working together)



- You need to have strong throughout the process – ALL ROLE-PLAYERS
- You need to **PLAN** well – productive outcome – risk managed
- You need to **KNOW** and **UNDERSTAND** the international market place
- You need to **GET KNOWN** in the international market place for being **RELIABLE** and **COST EFFECTIVE**
- You need to know what “**electronic**” information is available and where to find it
- You need to know the **ROLE-PLAYER** name changes and the sequence of events around them

Understanding the role-players





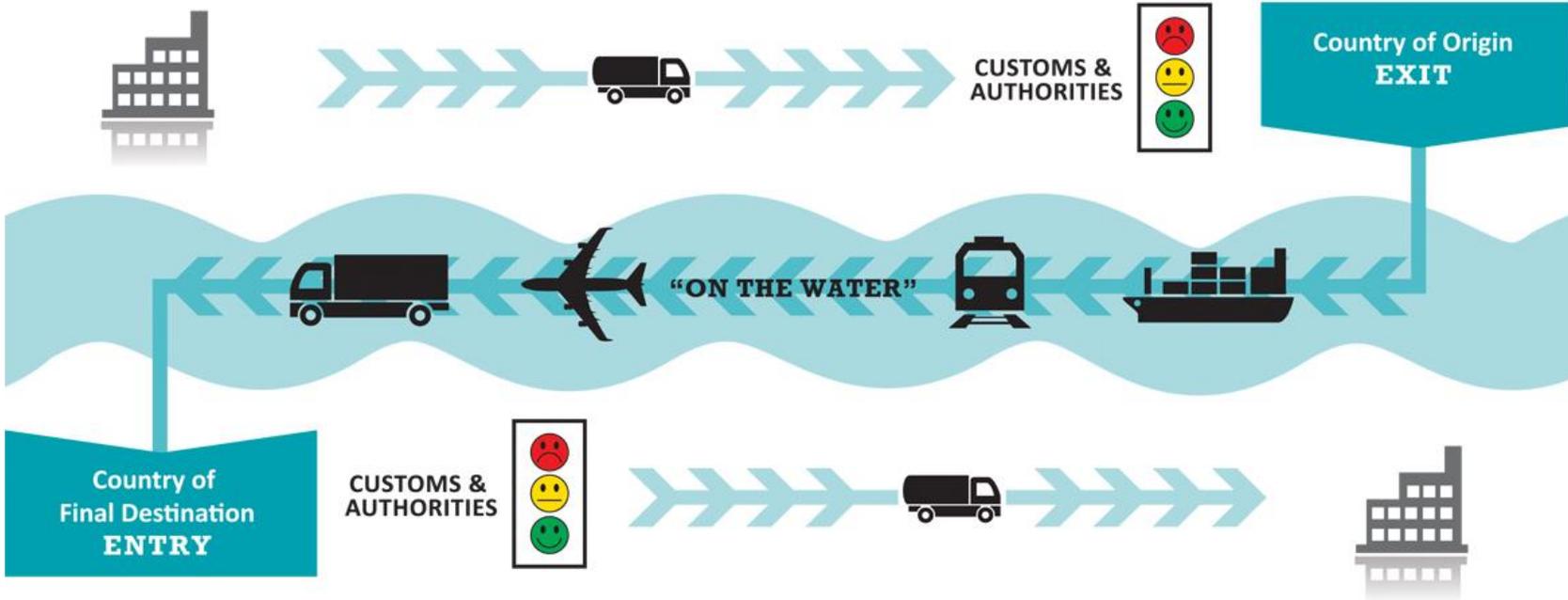
The export cycle components

The Beginning	
Quote	Understood / detailed / accurate / timeous / compliant / insurance / foreign country special requirements
Order	Detailed / accurate / complete / signed off / compliant / insurance / aligned to quote / payment control
Export planning	Holistic view aligned to a planning template for risk management / liaison with freight forwarding agent / implement control tools
Manufacture or just supply	Quality / quantity / timeous completion / aligned to signed order / packaging / labelling / packing / compliance / insurance
Transport from YOU to port / depot of exit	Mode of transport / compliance / documentation control / time lines / insurance / communication
Country of origin - exit (Your country)	
Forwarding Agent	Export instruction / guidance / export customs documentation preps
Customs and authorities (on exit from your country)	Compliance documents / inspections / time lines / Special requirements (product wise)
On the "water" (in transit from exit port to entry port)	Mode of transport requirements / documentation control / insurance / packaging / packing / time lines
Country of final destination - entry (foreign country)	
Clearing agent	Import instruction / import documentation
Customs and authorities (country of final destination entry port)	Compliance documents / inspections / time lines
Transport from port of entry to customer	Mode of transport / compliance / documentation control / time lines / insurance / communication
Customer receipt of shipment	Documentation control / payment control / communication / proof of delivery / Compliant documentation for export file
Post shipment management	
Documentation	In the file / Compliant / on time / complete batch for best business practices / risk management
Customer service	Feedback / handle negative issues
SWOT analysis of shipment	Analyse strengths / weaknesses / opportunities / threats / make change to non-conformance items / update planning template / final shipping register update



FREIGHT FORWARDING OVERVIEW

THE BEGINNING
order / manufacture / supply





How much do you remember? Draw your own version of the export cycle flow.....

Your countries laws / rules and regulations

This component within the shipping cycle is really important to understand – **NON COMPLIANCE** can be costly and detrimental to your company.

You need to keep up with the changes to the laws in your country - when they happen, and ensure you comply with the documentation rules and requirements, and take note of any time lines laid down.



Look at your countries laws / rules / regulations and have important information “at your finger-tips” to avoid delays, non-compliance, frustration and other costly problems.

Being well informed is of high value integrally and from a money perspective.



DEFINITIONS of words used in the relevant LAWS are **important** to understand – NEVER assume anything but rather make sure you seek expert advice when necessary.

Any countries laws / rules and regulations generally manage or control aspects of business and in this case the export cycle too.

These may include:

- Finance issues like foreign currency control
- Transporting of products like animals / hazardous goods
- Permits or licences
- What you can or cannot export
- Registration as an exporter
- Export documentation control
- Tariff usage control
- Customs processes and procedures
- Banking processes and procedures
- Packaging for export regulations
- Labelling for export regulations
- What countries you can or cannot export to
- Trade agreements with certain countries / for certain products



Think about the cost of not complying with your Governments laws / rules and regulations when exporting...

Risk Management Control Tools (Part 1)



The purpose of using control tools within the export cycle is to.....



Structure



Tool	What the tool does	Results of lack of control
✓ Reminder system	<ul style="list-style-type: none"> Ensures ALL deadlines are met by everyone, throughout the export process 	→ Monetary - e.g. penalties → Integral - e.g. customer service → Compliance failure
✓ Shipping register	<ul style="list-style-type: none"> Provides an accurate platform for shipment analysis, that is critical to shipment planning and monitoring 	→ Monetary - e.g. cost of delays not picked up → Risky shipment planning → Inaccurate time line perceptions → No agent or customer performance management → Weak shipment control → Weak financial control → No trend monitoring → Unproductive month end reporting → No analysis foundation → No focus for time / documentation or compliance control
✓ Export file check list	<ul style="list-style-type: none"> Facilitates continuity of service Ensures timeous compliance Manages all risk types 	→ Monetary - e.g. penalties → Integral - e.g. customer service → Compliance failure → Customer frustration
✓ Quote template	<ul style="list-style-type: none"> Ensures ALL information is considered Manages risk of misunderstanding 	→ Monetary <ul style="list-style-type: none"> cost of a misunderstanding Cost in time due to incorrect information

Tool	What the tool does	Results of lack of control
✓ Costing sheet	<ul style="list-style-type: none"> Ensures accurate costing of the product is done consistently Facilitates a quality control step Facilitates a benchmark for negotiation to take place 	→ Weak profit margin management → Unstable standing in the International trade arena → Inaccurate pricing decisions
✓ Export “Bible” – information management charts / websites/books	<ul style="list-style-type: none"> Manages continuity of service Ensures efficiency is maximized 	→ Unhappy customer → Costs due to inefficient gathering of information → Penalties due to lack of information
✓ Graphs	<ul style="list-style-type: none"> Maximizes effective cost control Ensures informed decisions are made Manages early challenge trends 	→ Cost disasters → Costs due to lack of seeing the big picture → Costs due to challenges not being seen early enough
✓ Flowcharts / processes & procedures	<ul style="list-style-type: none"> Ensure continuity of service Manages time risk Manages cost risk Ensures compliance 	→ Continuity disasters → Compliance penalties → Crisis management → Costs due to errors by role-players
✓ Non-conformance management	<ul style="list-style-type: none"> Ensures risk, cost, continuity, quality, customer service are managed effectively 	→ Costs → Drop in standards → Unhappy customers → Weak teamwork → Poor communication problems

YOU CANNOT AFFORD NOT TO USE CONTROL TOOLS, IN ANY WAY SHAPE OR FORM



Look at the Export Cycle diagram, identify risk areas and decide what control tool would manage the risk.

Export cycle risk area	Type of control tool used to manage risk

Quoting and invoicing



Quoting: (Pro-forma) – timeously done with a validity date

This stage of the export cycle is **critical**, and needs to be done accurately and efficiently **RIGHT FROM THE START**... It is this document that guides the **final order** from the customer. ALWAYS double check your lead times are realistic and achievable.

- **Quote contents:**

- **Customer** name (full)
- Customer contact name
- Customer contact status/**authority**
- Customer email
- Customer phone numbers
- Customer country
- Customer country regulation considerations e.g. prohibitions / import rules
- Customer delivery information / final destination / time
- INCOTERMS® 2010 to be used

- **Product** name
- Product code
- Product description
- Product export price each / currency
- Product quantity each
- Product packaging quantity
- Product outer pack quantity/dimensions/weight
- Product labelling
- Product specific rules and regulations
- Product transportation considerations

- **Transport** – mode requested
- Transport regulations/compliance
- Transport packaging/packing
- Transport duration / environment

- **Insurance** – FULL details / cover value

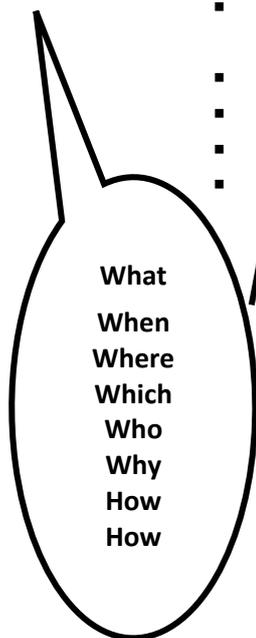
- **Quote contents continued:**

- **Credit guarantee** ← considerations

- **Documentation requirements**
 - Signature control
 - Aligned to Documentary credit
 - Export instruction
 - Customs Bill of Entry

- **Agent details:**
 - Company
 - Contact name
 - Contact email
 - Contact phone/cell

- **Payment details:**
 - Value
 - Trigger point
 - Method – e.g. L/C details (if applicable)
 - Banking details
 - Control documents
 - Payment date / terms
 - Pe





Export Invoicing

An **IMPORTANT** note to remember is that you can use an “export invoice” for shipping but it must correspond in values and information to your “System invoice” for corporate financial control.

Some countries **DO NOT** allow certain words to appear on the export invoice – do your homework well and avoid delays and additional cost.



Referencing your export shipment

When referencing your shipment consider the following and reference your shipments **simply, clearly and logically** – NEVER leave the referencing of a shipment up to people – have a “mini” policy on how shipments are to be numbered.

- Use your electronic system numbering if you have an electronic system
- Avoid possible duplication of a reference / number (make sure you have a list of invoice or export shipment numbers if you are manually referencing)
- Remember people need to be able to find the shipment file timeously using the numbering or referencing methodology
- Make sure the documentation (manual file) is referenced exactly the same as the electronic version
- Make sure you customer knows the reference number for each shipment every time



Invoice preparation

- Pay attention to detail – **accurate and complete**
- Quality control check – **values / currency / quantities / special requirements / product info / transport info / compliance info / “DC” or payment requirements / country specific requirements / insurance**
- Manage time lines – **Physical export date / payment made / compliant documents in file**
- Cross reference as **MUCH** as possible with other documents for tracking
- Format for “customer customs benefit” / customs clarity

→ **Sample invoice for good governance is in your template pack**



Design an export invoice **OR** review your export invoice considering the information shared

Incoterms® 2010

Note: I am not an Incoterms 2010® accredited person. My role is to make you aware of the INCOTERM 2010® concept in general, relating to the export cycle.



International Commercial Trading Term

- Managed and maintained by the International Chamber of Commerce (ICC)
- Reviewed every 10 years
- It simplifies trade
- There are 11 Incoterms 2010®
 - **Multimodal:** EXW / FCA / CPT / CIP / DAT / DAP / DDP
 - **Sea and inland waterway:** FAS / FOB / CFR / CIF
- It is a **BUSINESS TOOL** that helps identify risk and cost, and manage them well
- **Voluntary** system agreed upon between supplier and buyer for **RISK and COST management**
- Incoterms 2010® revolve around the sellers obligations and the buyers obligations
- The Incoterms 2010® book can be purchased
 - The book covers all 11 Incoterms 2010®
 - It is very user friendly – the same format throughout
 - It gives guidance notes at the start of each Incoterms 2010®
- Freight Training (Pty) Ltd sell a couple of great **charts** for risk management & understanding
- Forms **PART** of your CONTRACT of SALE – it is **NOT** the contract of sale
- If something does go wrong with a shipment, the Incoterms 2010® gives good bearing to the result of the legal activities
- When using Incoterms 2010® make sure ALL parties understand their risk and cost obligations
- Correctly written Incoterms 2010® on documents should be as follows:
 - 1) Appropriate rule e.g. **FCA**
 - 2) Specified place or port as precisely as possible e.g. **29 Port Rd, Durban Port, South Africa**
 - 3) Followed by the “Incoterms” year and registered symbol e.g. **Incoterms 2010®**

FCA 29 Port Rd, Durban Port, South Africa Incoterms 2010®

The golden rule in shipping...

“Whoever has the gold rules”

- **YOU** control the money 
- **YOU** decide on the payment trigger point

COST management example:

Incoterms 2010® used	Cost of performance	Cost of cargo	Total cost	Activity
EXW (Ex works)	None	USD 1000	USD 1000	At exporters warehouse
FCA (Free Carrier)	+ Clearance & Loading USD 500		USD 1500	Named place in country of origin
CIF (Cost+ins+freight)	+ Freight & insurance USD 1200		USD 2700	Destination Post & insurance
DDP (Delivered duty paid)	+ Import clearance, duties & taxes, delivery USD 1200		USD 3900	Destination Named place in foreign country

RISK management example:

Incoterms 2010® used	Risk for	Point of risk	Risk management
EXW (Ex works)	Buyer, from notification goods ready @ named place – not loaded on any collecting vehicle	Basically on exporters warehouse floor	Insurance! Storage space Payment trigger point Payment document Documentation control Compliance
FCA (Free Carrier)	Exporter, anything that happens prior handover	Handover point to buyers carrier at named place, country of origin - cleared	Insurance Transport Payment trigger point Payment document Documentation control Compliance
CIF (Cost+ins+freight)	Exporter, anything that happens prior goods being loaded on board a ship in port of loading	Over ships rail, in port of loading	Insurance Transport to port Freight forwarding agent Payment trigger point Payment document Documentation control Compliance
DDP (Delivered duty paid)	Exporter, anything that happens prior to the goods being ready for unloading	On arrival in foreign country, named place	As above Clearing agent Transport from port BUT YOU cannot pay another countries duties/taxes without permission from SARB



Visit the ICC website and read up on Incoterms 2010®

www.iccwbo.org/products-and-services/trade.../incoterms-2010/

Financing and getting paid



Financing (Develop strong partnerships with your bank & other role-payers)

Finance is a large portion of risk within the freight forwarding cycle that needs to be managed well. A few finance considerations that will help you manage the risk are listed below. This list is not necessarily complete – **know where to find the answers.**

Type of finance	 Sources of finance
1. Product development → Research → Prototypes	_____
2. Export “start-up” costs → Administration → Compliance – customs code registration → Facilities <ul style="list-style-type: none"> i. Office ii. Operations iii. Storage iv. Location → Operational/production <ul style="list-style-type: none"> i. Machinery / equipment ii. Production / raw materials iii. Product specifics – packaging / labelling / packing/compliance → HR <ul style="list-style-type: none"> i. skills / expertise ii. Staff complement → IT – website / social media	_____ _____ _____ _____ _____ _____ _____ _____
3. Marketing → Target market research → International Trade Exhibitions	_____
4. Trade Missions → Outbound → Inbound	_____
5. Revolving credit	<ul style="list-style-type: none"> • Credible banking institution
6. Forward exchange cover (FEC)	<ul style="list-style-type: none"> • Credible banking institution



Getting paid

→ **Your transaction is not complete UNTIL you have been paid for it.**

- It is therefore critical that you manage the payment topic as a priority with every deal you make.
- Payment HAS to align to the **your governments laws / rules and regulations**
- Your customer's country rules and regulations also need to be considered.
- The document trail needs to be very strong.
- **ACCURACY** is critical to payment happening without delays or penalties.
- **TIME** management is critical to payment happening without delays or penalties

There are various methods of payment that can be used.

Each method has risk attached to it, and you need to make the correct and wise decision in selecting which method you will use.

Listed below are a few examples:

Method of payment	Transaction / Document involved	Payment trigger point
1. Cash in advance / pre-payment	SWIFT / Cheque / Credit card, etc.	PRIOR to manufacturing or supplying the goods
2. Documentary credit	UCP600	As agreed in the terms stipulated in the UCP600
3. Open account	Seller invoice	An agreed upon future date
4. E-commerce solutions "paperless"	Usance document	An agreed upon future date

Commercial risk

There are **two ways** in which sellers can manage the risks of not being paid:

1. Use of a payment method in which payment is guaranteed with the least possible risk. This will involve either **payment in advance** (very difficult to obtain) **or a confirmed Documentary Credit.**
2. Use of risk insurance through organisations such as **Credit Guarantee is a MUST.**



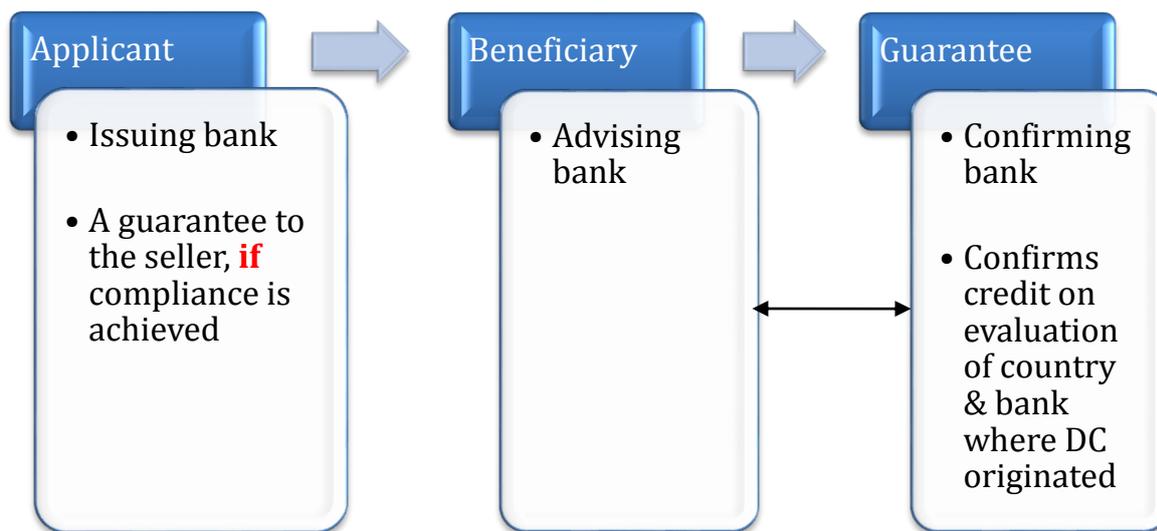
Look at the Freight Forwarding cycle and identify the point of LEAST RISK, where you would ideally want payment to happen. Then, identify the point of MAXIMUM RISK, where you would not want payment to happen. Get these two points clear in your mind and remember them.

Documentary Credit – UCP600



What is a Documentary Credit?

1. A commercial document issued by financial institutions, used mainly for international trade finance, usually providing an irrevocable (cannot be amended or cancelled without prior agreement of the beneficiary) payment undertaking, to a seller of internationally traded goods by a bank.
2. This document is used generally for transactions of high value between a supplier in one country and a buyer in another country.
3. **✓ ALWAYS ask for a DRAFT documentary credit from your customer, to check BEFORE it becomes “concrete”** – amendments take time and have a cost to them.
4. Parties involved when using this document:



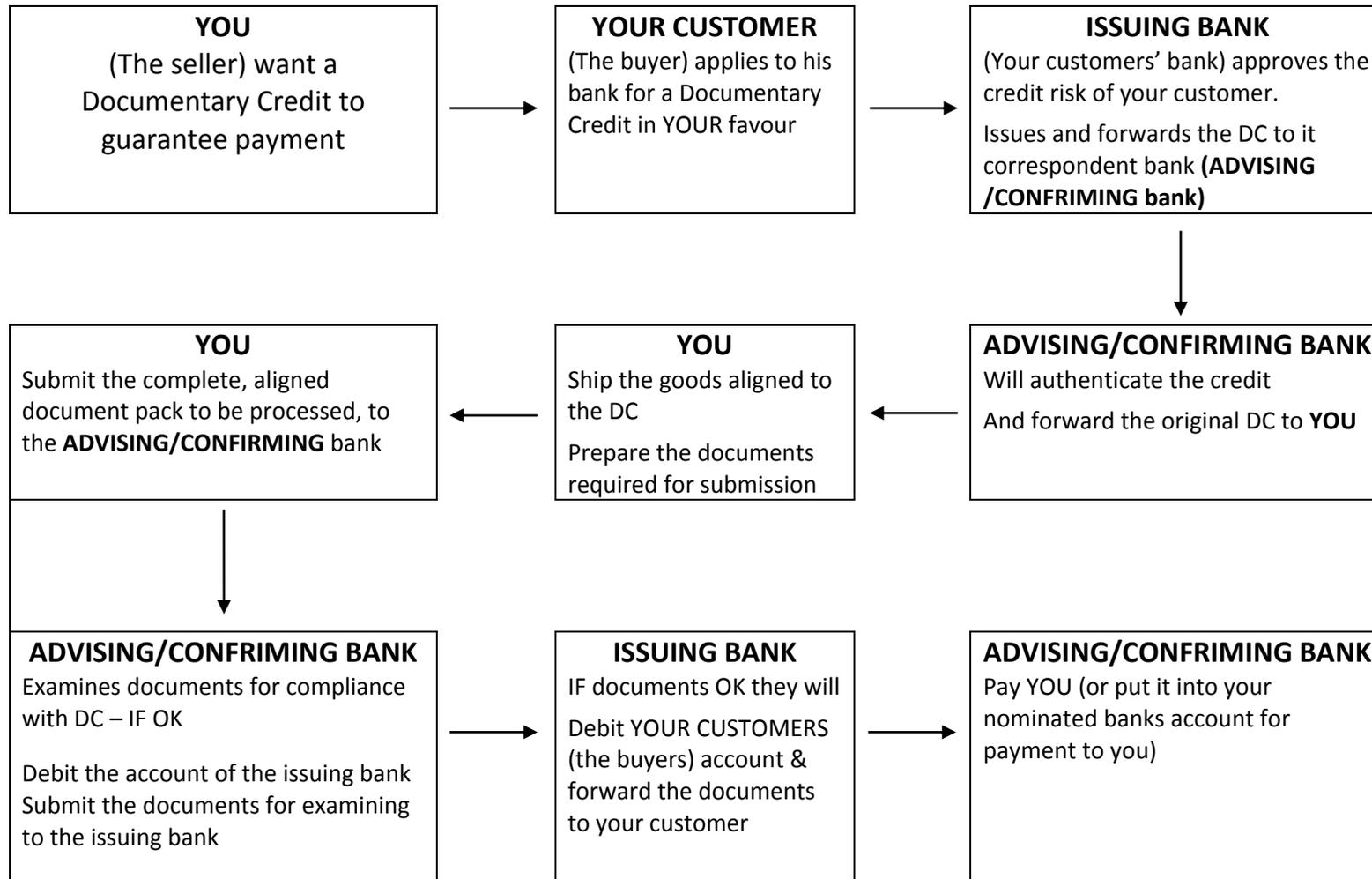
• Applicant	The “person” establishing the documentary credit (your customer)
• Beneficiary	The “person” receiving the money
• Issuing bank	The applicants bank
• Advising bank / Confirming bank	The beneficiaries bank and/or a foreign correspondent bank

EACH STEP on the UCP600 needs to be understood so that you can input the CORRECT information in it that manages your RISK.

There are a number of types of documentary credits that could be considered as a control tool to manage the risk of payment.



Documentary Credit (DC) SIMPLIFIED FLOW





Documents that could form part of the Documentary Credit:

→ **NOTE: Documents must align with dates, times and information** otherwise a Notice of Refusal will be sent and delays with receiving payment will happen.

PAY ATTENTION TO DETAIL - DO YOUR HOMEWORK/RESEARCH

- ✓ **Financial documents:** Bill of Exchange, Co-accepted draft
- ✓ **Commercial documents:** Commercial Invoice / packing list / insurance certificate
- ✓ **Transport documents:** Bill of Lading / Air Waybill / Road Manifest / Rail Consignment Note / other legal or official documents
- ✓ **Warranty of Title** (Clear title to product transfer)
- ✓ **Letter of indemnity** (Guarantee that shipping documents will be provided in good order and on time)
- ✓ **Compliance documents:** Certificate of Origin / License / Embassy legislation / Inspection certificate / Phyto-sanitary Certificate / MSDS – material safety data sheets / Certificates of Analysis



Go through the UCP600 with your bank.

Make sure you make good NOTES on your copy so that you will have an information guide for the future – in fact do an actual example as well.



NOTE: Your banking institution is always there to assist you – **do not make uninformed** decisions and do not guess, be sure.



FINANCE TIPS

- Always be compliant with your countries & other authorities laws / rules and regulations
- Do your homework – facts and figures available (Export business plan)
- Know where to apply for finance
- Know the application process
- Consider the worst case scenario – manage this risk
- Keep well informed on currency rates of exchange
- Use control tools that manage risk and cost
- Ask advice from reputable organisations
- Link up with reputable LinkedIn groups
- Keep well informed on the countries with which you trade - their economic, political and environmental status
- Make sure you use a credible “credit guarantee” organisation / insurance institute
- Keep up to date with current affairs
- Use reputable bankers
- Strictly control ALL documentation

Risk Management Control Tools (Part 2)

Part of ensuring you have smooth running export shipments means that you also need to understand that there are simple tools that can be used to manage risk. You need to make sure you understand how to develop and use control tools within the export process, so that risk, cost, continuity of service and excellent customer service is given.

Below is a check list of control tools you need to have in place to manage the above. Tick the appropriate box when you fully understand what the control tool is, what it is used for and **you have drawn one up**.

Control tool	✓
Reminder system (Diary / calendar / Outlook / Wunderlist other electronic apps)	
Shipping register	
Export file check list	
Quote template	
Costing sheet	
Export Bible	
Graphs data base – set-up	
Export process standard operating procedure – including flowcharts	
Non conformance register	
Non conformance form	

It has been great sharing ideas and knowledge of the export cycle with you. I trust you will take up the challenge and start exporting – your country needs exporters. I wish you well in your endeavours.



- take Care.....Shân

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3. FNB – PMB Forex
4. Various credible websites topic related