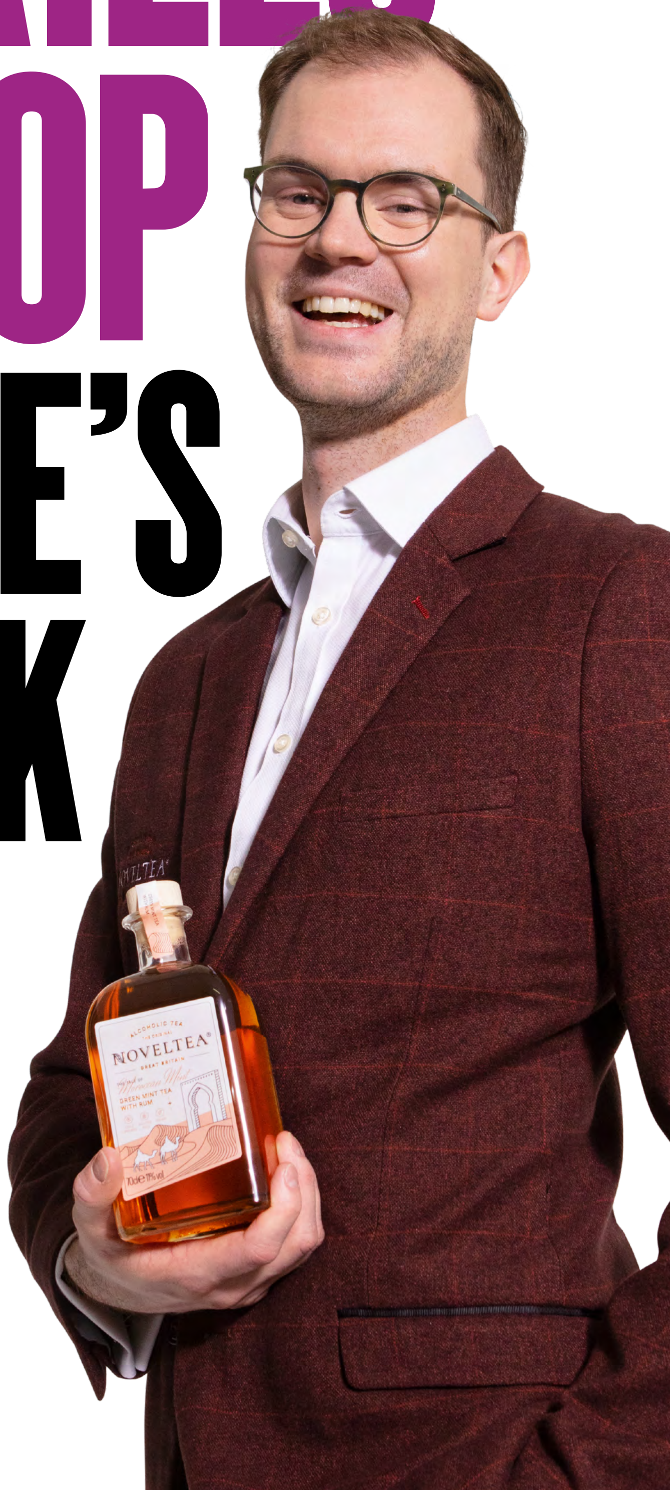
Department for
International Trade

EXPORT SKILLS WORKSHOP DELEGATE'S WORKBOOK



UK Export
Academy

CONTENTS

Delegate name	
Company	
Start date	

Description of products or services

Objectives (make a note of what you are seeking to achieve from this course. Include any particular skills or knowledge relating to you export plans that you hope to cover)

SUPPORTING NOTES
MODULE 1: OVERVIEW

MODULE 1: OVERVIEW

Research shows that sales grow faster, more jobs are created, and staff usually earn more in exporting companies. The evidence shows that small and medium-sized businesses that export achieve higher turnover growth, innovate more and create more jobs; but exposure to international competition also brings challenges and risks. Britain is still a world-class manufacturer. 'Made In Britain' remains highly regarded around the world where people also like how we do business. Although traditional exporting requires careful strategic planning, hard work, travel and a willingness to learn about other cultures, overseas markets are generally keen to trade with us. Businesses that export also cope better with upheavals in their economy and are more likely to stay in business than those that just sell domestically.

Exporting can also raise your profile and credibility, whether you target established partners, such as the EU and the USA, or more remote, high-growth markets such as Brazil, China, India, Colombia and Vietnam, by accessing the huge amount of professional support on offer.

Ultimately, exporting is professionally and personally enriching. You will be exposed to new ideas, new sales and marketing techniques and different ways of competing that will be stimulating and may help you develop your products and services in ways you would not otherwise have discovered.

In virtually every respect, the challenges you expose yourself to by accessing overseas markets will make you raise your game and enhance your own and your company's skills – and this can last forever. International trade used to be regarded as the province of only large, long-established manufacturing companies, but now a huge range of businesses across a wide range of sectors are finding their place in exporting helped by online marketplaces.

There are so many elements within international trade that to cover each element in depth could extend a course to 10 weeks of hard work. Just imagine, for instance, how long you could spend on the "History of World Trade" and a review of current trading blocs. The aim of these modules is not to spend too much time on the fine brushwork but to take an energetic look at exporting as it affects those at the sharp end – people who would like a practical view of the main principles of export.

Exporting, like any other industrial process, involves inputs and outputs, points where measurement should take place, etc. Overall, the objective is to achieve a profitable, trouble-free supply to the overseas customer with as little difficulty, as if that customer was in the next town rather than a different country. Achieving this objective can range from the very simple to the enormously complicated, but, whichever applies, there is no substitute for preparation and the allocation of adequate resource. Efficient, effective, and profitable exports do not happen by accident!

Failure to acknowledge the special needs of exporting can lead to problems, for example, with the market or with payment for the goods which may lead to a falling off of enthusiasm and a return to home trade activity that is both safe and familiar. If preparation, research and allocation or resource had all been performed, then a wider potential for sale of the product would have been opened up with the possibility of improved margins and economies of scale as just two of the likely benefits.

For those of you who are mathematically inclined, you could work out the permutations involving some 200+ countries outside the UK and the number of export products and services possibilities involved. The answer would be astronomical. How then can modules looking at key points help you develop? The answer is that selling goods and services to other parties in countries around the world still contains the same principles as selling goods and services anywhere. Export just has more complication possibilities and, what we hope to achieve, is to take the jigsaw of international trade apart and look at the pieces one by one so that they lose their mystery.

We need to remember that cost and risk are important to our employers and that we must keep these issues at the forefront of our minds. We aim to give you a practical insight into all areas covered in this course with the introduction of team exercises. These modules will only be the start of your learning. We hope you will all enjoy the subject of EXPORT as must as we do and find it both a stimulating and fascinating topic. There is always more to learn.

QUICK QUIZ MODULE 1

Q1	Name three of the five rewards of exporting
a)	
b)	
c)	

Q2	Exporting accounts for more than 25% of the UK Gross Domestic Product (GDP)
	☐ **TRUE, or**
	☐ **FALSE**

Q3	What percentage of UK Exports are made up of services?

Q4	Which is the best way to start exporting? (Choose from one of the following.)	
a)	Use an internet search to find prospective buyers and promote your goods / services to them all to see who is interested	☐
b)	Develop an export strategy and marketing plan	☐
c)	Use your website to promote your goods / services and accept orders from overseas customers as they arrive	☐

Q5	What is export market scoping?

Q6	Is it important to know our competitors in an export market and their brand presence and pricing arrangements?
	☐ **YES, or**
	☐ **NO**

SUMMARY
MODULE 1

(Note any actions arising from this module)

ACTIONS

On the completion of this course, you are likely to have identified several actions to progress your export plans. Use this space to summarise all the key actions.

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SUPPORTING NOTES:
MODULE 2: BASIC EXPORT PROCEDURES

MODULE 2:
BASIC EXPORT PROCEDURES

It is important that you and your organisation have an awareness of your obligations as an exporter and that you do not try to pass on your legal responsibility to a forwarder or carrier. Forwarders and carriers are an important part of exporting, but you have to accept full responsibility for your actions.

1. Export documentation can be divided into four categories:

Those required under **UK HM REVENUE & CUSTOMS REGULATIONS** (sources HMRC Tariff and Public Notices). The requirement varies as to the type of goods, or the export procedure code used, e.g. temporary export, permanent export, duty suspension goods. Generally speaking, this is an uncomplicated procedure administered by your forwarding agent.

Legally, all exports leaving the UK must be presented to customs prior to departure, this is known as an export customs presentation to HM Revenue and Customs (HMRC). This gives HM Customs the opportunity to check to see that all legal requirements have been met. Customs officers use information in export declarations to decide whether to check that the goods are as described and ensure they do not contravene any regulations. Most export presentations are made by the freight forwarder responsible for carrying the freight. A word of caution, the export presentation of the C88 form is the exporter's legal statement to HM Revenue & Customs and any false declarations or misstatements are the responsibility of the exporter. This is your only official customs evidence that the goods were exported and exported correctly.

2. Documents Required By Other UK Bodies:

A TRANSPORT DOCUMENT, completed correctly, is a vital part of the export process. In its simplest form, it will be completed by the shipper (e.g. DHL/UPS, etc. courier notes) at the other extreme, a sea freight Bill of Lading or an airline Master Air waybill are completed for you by the agent or carrier. A Bill of Lading, in fact is the only transport form which is a document of title and a negotiable document. The content of the transport document is important, and the shipper is responsible even if the agent completes it on the shipper's behalf. The transport document also plays an important role as it forms part of your commercial evidence of export for VAT zero-rating export supplies.

The other documents in this category include the Aviation Security Declaration, imposed by the Department of Transport, for air freight consignments following the Lockerbie disaster, the sea freight shipper's declaration form known as the SSN (Standard Shipping Note) and the vitally important DANGEROUS GOODS NOTE which is mandatory for classes of goods ranging from chemicals and explosives to more innocent sounding aerosols and batteries. The safety of our fellow passengers is your responsibility.

3. Destination Country:

What documents are needed when your shipment arrives at in your overseas customers' country(ies)? Failure to check this can lead to errors or omissions that could stop your goods from being imported, customers not receiving their goods on time or you / them being asked to pay additional and unexpected duties and taxes.

Ensure your invoice shows the country of origin (manufacture) of the product, as this is needed at import into your customers' country(ies). Occasionally, depending on the type of goods you are supplying, you will have to obtain a Certificate of Origin from a Chamber of Commerce – this isn't required for all exports, only when additional certification by an external body is legally required by the authorities at import.

4. Contractual requirements:

Lastly in this section, don't forget to thoroughly scan the order from your customer, it may well include vital instructions as to the name of his customs clearing agent, delivery point – port / airport, etc., and any additional documents required.

If a Letter of Credit or Bill of Exchange is part of your export transaction, the set of documents (and the wording) required by the bank to ensure your payment must be complete and 100% accurate (repeat – 100% accurate). We cover this more in the 'Getting Paid' module.

MODULE 2: BASIC EXPORT PROCEDURES

Export Documents Checklist

HMRC recommends that Customs Brokers and Agents obtain full instructions including:

1. exporter EORI number
2. details of consignor and consignee
3. a commercial reference, if appropriate
4. details of the goods - full description, commodity code
5. currency and value of the goods
6. any procedure that the goods may have been subject to
7. inward Processing, Outward Processing, Customs Warehousing
8. any documentary requirements
9. documentary Proofs of Origin
10. preference Documents (EUR1s, Invoice Declarations)
11. Certificates, Licences or Permits
12. a formal statement to the effect that "the goods are not subject to further licensing requirements" or "No Licence Required" *

* This might be achieved by way of a statement on the shipping invoice or similar commercial document.

QUICK QUIZ: MODULE 2

Q1	How long must you retain evidence of export for customs / VAT purposes?

Q2	Do you charge VAT to your overseas customers on an export order for goods?
	☐ **YES, or**
	☐ **NO**

Q3	What do the letters EORI stand for and why is it import to have one?
	EORI means...
	It is important because . . .

Q4	Name four things that can affect the type of documents you require to export goods
a)	
b)	
c)	
d)	

Q5	A Certificate of Origin is exactly the same as a Preference Certificate
	☐ **TRUE, or**
	☐ **FALSE**

Q6	What does FPO mean when used to indicate a means of transport?			
	Free Parcel Operator	☐	Fast Parcel Organisation	☐
	Forwarder's Preferred Operator	☐	Fast Parcel Operator	☐

Q7	Which of the following is the main transport document for sea freight shipments?			
	Bill of Lading	☐	CMR Note	☐
	Consignment Note	☐	AWB	☐

Q8	A customs declaration is only required when importing goods
	☐ **TRUE, or**
	☐ **FALSE**

Q9	To VAT Zero-rate an export shipment, you must have evidence of export, what are the two types?
a)	
b)	

Q10	What do the following abbreviations mean?
CHIEF	
FCR	
EAD	
HMRC	

SUMMARY
MODULE 2

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SUPPORTING NOTES:
MODULE 3: INTERNATIONAL MARKET RESEARCH

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Export market research supports successful strategic decisions. Selling to a new market without the right information can cost time and money. Research helps exporters determine:

- which markets to enter and when
- the best routes into a market
- how to position your product or service in your chosen markets
- suitable customers, and any competitors
- barriers to market entry

Before undertaking or commissioning research you should:

- identify clear objectives: detail what you want the research to do
- establish what information is essential to you: define what you need to know, rather than what is nice to know
- know your short- and longer-term marketing objectives, and make sure they are in line with your market research

Types of research and their uses

Consider what you need your market research to help you do. Is it to plan marketing, get market overviews, find customers, or perhaps all three? The needs you have will determine what research approach is best for you.

Quantitative research

This gathers information which is numerical and statistical, for example:

- demographics: population size, age breakdown, market size
- costs and pricing
- This is excellent for analysis at the macro level - for establishing overviews and identifying trends. It helps with scoping projects and prioritising activities

Qualitative research

This gathers information which is observable and in-depth, rather than numerical and statistical, for example:

- behaviours and tastes of consumers: what, when and why customers buy
- appearance and quality of competitor products
- This in-depth information can support your marketing and communications strategies

Methods of research

In-market research

If you've gathered enough data through online research to help you select appropriate market/s for your product or service, the next step should be in-market research, also known as field research.

A country visit will allow you to gather specific information on the market for your product or service. This could be combined with a visit to a trade show or conference, or participation in a trade mission. The data you'll gather in-market should be accurate and up-to-date.

The disadvantages of in-market research are the extra costs involved, and the additional time and effort. Find out more about in-market research.

Online market research

Also known as desk research, this is usually carried out before any other type of research activity. Online sources are readily available and generally free or inexpensive.

You can carry out research yourself or hire others to do this for you. It's a good way to gather information on things like appropriate markets, customer segmentation and rules and regulations.

Disadvantages of this type of research are that data may be unreliable or outdated, or not directly applicable to your circumstances. Find out more about online market research.

Department for International Trade publishes export market guides which will give you an overview of the opportunities, business environment and regulations in overseas markets.

MODULE 3: INTERNATIONAL MARKET RESEARCH

Assess market potential

To research the size and potential of a market look for:

- the size and age of the population
- the country's GDP and average disposable income
- the amount and value of similar products or services
- imports of similar products or services
- the number of online searches for your products or services

Online resources for market information include:

- the World Bank for country briefs and regional forecasts and GDP by country
- the World Trade Organization for economic research and statistics
- the Organisation for Economic Co-operation and Development for country and population statistics

Find customers: analyse trends and consumer behaviour

To research market trends and consumer behaviour look for:

- trends in sales of similar products over a number of years
- trends in consumer spending over a number of years

Online resources on consumer behaviour and market attractiveness include:

- exporting market guides for an overview of economic and industry information
- market research reports
- Kwintessential for country guides that cover business etiquette, customs and culture

Analyse the competition

Competitor analysis will help you understand the amount of competition you will face in your prospective export market and decide how to position your product or service. Important information to find out about your competition includes:

- who they are
- their market share
- the price of their products or services
- how they market their products or services
- why consumers buy their products or services over others

Resources to help you find this information include:

- Search engines like Google, or major online marketplaces like Amazon. Searching for your product is a good starting point to identify your competitors and current price ranges in the market for your product. Remember to check marketplaces which are popular in overseas markets.
- Competitor websites and social media accounts. This is a good starting point to understand your competitor's positioning in the market. Are they promoting a low price? Quality experience? It could also help you understand the shipping experience which your competitors give customers, which you may need to match.
- Look at online reviews. What do customers like? What don't they like?

MODULE 3: INTERNATIONAL MARKET RESEARCH

Assess market barriers, risks and benefits

Use online databases and reports to find markets that match your capabilities and priorities. Research factors like trade regulations and tariffs, ease of doing business and political stability to avoid pitfalls and identify opportunities. You should also be aware of potential risks such as failing to comply with laws, regulations and customs that apply in the country to which you're exporting.

Sources include:

- exporting market guides for economic and industry overviews, legal and intellectual property issues and language and cultural information
- overseas business risk reports for information on political instability, terrorism, crime, corruption, human rights issues and intellectual property risks
- Doing Business - from the World Bank, gives country-by-country data on ease of doing business
- Transparency International and the Business Anti-Corruption portal give market-by-market information on corruption levels

Find the best routes to market

Consider the best way for you to get your goods to overseas markets, or how (and from where) you'll deliver your services. Find more information on routes to market.

Use the government's overseas network

The Overseas Market Introduction Services (OMIS) is a chargeable service offered by the Department for International Trade through its network of staff in overseas embassies and consulates. It can be commissioned and managed online. OMIS offers:

- bespoke market research, sector advice and market entry strategies
- support during overseas visits
- identification of possible business partners
- help preparing for exhibitions, events and trade fairs

QUICK QUIZ: MODULE 3

Q1	When starting to undertake international market research should your objectives be... (Select one.)	
a)	Long-term objectives?	☐
b)	Short-term objectives?	☐
c)	Both?	☐

Q2	Which two of the following are PRIMARY research methods	
a)	On-line surveys directed to prospective customers	☐
b)	Collecting data from on-line industry publications	☐
c)	Using studies published by government agencies	☐
d)	Visits to competitors' locations	☐

Q3	Which form of research will give you data on the feelings and reaction to the quality or appearance of your products or services?	
a)	QUANTATIVE	☐
b)	QUALITATIVE	☐

Q4	**What does the S in PESTEC refer to?**			
	Systems	☐	Standards	☐
	Social	☐	Shipping	☐

Q5	**What does the second E in PESTEC refer to?**			
	Economy	☐	Environment	☐
	Education	☐	Export	☐

Q6	**Name three things it is advisable to research about your competitors**
a)	
b)	
c)	

Q7	**The World Bank's www.doingbusiness.org rates countries against what criteria?**

Q8	**The Overseas Market Introduction Service (OMIS) is offered to UK companies via the DIT**
	☐ **TRUE, or**
	☐ **FALSE**

Q9	Which two of the following are found when researching the P in PESTEC?			
	Trade Tariffs	☐	Transport Infrastructure	☐
	Political Risk	☐	Business Etiquette	☐

Q10	Which of the following countries was Number 1 in the 2019 Ease of Doing Business table?			
	UK	☐	Japan	☐
	Sweden	☐	New Zealand	☐

SUMMARY
MODULE 3

(Note any actions arising from this module)

ACTIONS

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SUPPORTING NOTES:
MODULE 4: PRICING & DISTRIBUTION

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Pricing

Pricing your product or service for an export market properly, giving complete and accurate quotations, choosing the terms of the sale, and selecting the payment method are four critical elements in making a profit on your export sales. Of the four, pricing can be the most challenging due to different market forces and pricing structures around the world. The exporter must take into account not only the cost of production but also the influence and impact of the conditions prevailing in the international markets.

What determines a successful export pricing strategy? The key elements include assessing your company's foreign market objectives, product-related costs, market demand, and competition.

As you develop your export pricing strategy, these considerations will help determine the best price for your product overseas:

- what type of market positioning (i.e. customer perception) does your company want to convey from its pricing structure?
- does the export price reflect your product's quality?
- is the price competitive?
- what type of discount (e.g. trade, cash, quantity) and allowances (e.g. advertising, tradeoffs) should your company offer its international customers?
- should prices differ by market segment?
- what pricing options are available if your company's costs increase or decrease?
- is the demand in the foreign market elastic or inelastic?
- is the destination government going to view your prices as reasonable or exploitative?
- Do the destinationcountry's antidumping laws pose a problem?

Cost and price are very rarely related. We do need to think about costs of course. If we don't, how do we know if the job's worth doing? But, as with everything in marketing, our first concern should be the customer. What is my customer prepared to pay? It's not an easy question to answer, particularly when we're focusing on a new export market, and may not even be sure who our customers are.

The Economist magazine publishes a regular survey called the Big Mac Index. It started as a joke, but the feature was so well received, that it has been regularly updated for 32 years and is still going. It shows the typical price of this almost universal delicacy in almost 50 countries, and is assumed to give a very general idea of retail price levels. In the most recent edition, the price for a Big Mac varied from as little as US$1.75 in Egypt to US$6.54 in Switzerland. It seems hard to understand why the price of such a basic, widely recognised product should vary so widely. Remember that McDonald's is a global brand, and the business has got where it is by understanding its customers. We need a similar customer-focused approach.

Something as simple as the Big Mac Index can at least give a general indication of spending power in each market. But does that apply to all products? Most importantly, does it apply to what we have to sell? We can try to find out, for example, by looking at what our competitors charge. In the internet age, it's getting easier to find information. If our product is a consumer product, we might find the information on a local retailer's site. If it's a B2B product, the information might be found on a commercial supplier's site, but there's a chance we'd need to register to get the information.

If that is not helping us, we can try finding prices for comparable products. This could be crucial if we are hoping to introduce a new product to the market. Imagine trying to introduce e-book readers in a country where people only use traditional printed books? Naturally, you'd have to look at whether the technological infrastructure was in place for them to actually be usable and, if it was, then you would probably consider the prices people paid for books when setting your prices, both for the reader itself, and for content.

We might seek to calculate the value in terms of savings that the purchase might make. This could be particularly appropriate in B2B markets, where our product might give a business a competitive edge.

This information, however, is not even half of the story. Even in an established market, we will need to think about how our product should be positioned compared to competitors. Price speaks to the buyer, and it says something about the product's value. The price decision should be part of our marketing strategy. If we want to gain market share quickly, we might set our prices lower. Or if we are more concerned about building brand reputation, we might settle for slower growth and set prices higher. In any case, we really need to have gathered this information and reached a decision about how we want to approach this market before we take the next steps.

Only when we have a clear idea of how the product should be priced for the end-user can we start thinking about cost. We now need to work backwards through the intended supply chain and see if the business looks worthwhile. How will the product reach the market? If we are supplying through distributors and / or wholesalers, then everyone in the supply chain will naturally want to make a return. Try to find out what expectations are likely to be.

Remember to think about costs directly linked to exporting, which will be different to domestic costs. As well as shipping, there will be costs related to export documentation and compliance. The buyer will face import tariffs, handling fees and local taxes. Do you know how much these will be?

MODULE 4: PRICING & DISTRIBUTION

Pricing Summary

It is important to remember several key points when determining your product / service price:

- determine the objective in the overseas market
- compute the actual cost of the export product
- compute the final consumer price
- evaluate market demand and competition
- consider modifying the product to reduce the export price
- include ‘non-market’ costs, such as tariffs and customs fees
- exclude cost elements that provide no benefit to the export function, such as domestic advertising

Distribution

An effective distribution strategy will enable you to use your sales channels effectively and maximise profits. Focusing on a small number of sales channels lets you invest in each one and build strong relationships with key intermediaries.

A strategic approach to distribution will also identify conflicts and minimise them. For example, if you sell your product directly online and through other offline retailers, you will find yourself in competition with your own distributors.

The most common methods of exporting are indirect selling and direct selling. In indirect selling, an export intermediary normally assumes responsibility for finding overseas buyers, shipping products, and getting paid. In direct selling, the UK exporter will deal directly with overseas buyers.

The paramount consideration in determining whether to market indirectly or directly is the level of resources a company is willing to devote to its international marketing effort. There are some other factors to consider when deciding whether to market indirectly or directly:

- the size of the firm
- the nature of its products
- previous export experience and expertise
- business conditions in the selected overseas markets

Indirect Exporting

The principal advantage of indirect marketing for smaller companies is that it provides a way to penetrate export markets without the complexities and risks of direct exporting. Several kinds of intermediary firms provide a range of export services:

Commission Agents

Commission or buying agents can be used to find firms that want to purchase UK products. They seek to obtain the desired items at the lowest possible price and are paid a commission by their overseas clients. In some cases, they may be government agencies or quasi-governmental firms empowered to locate and purchase desired goods. Government purchasing missions are one example.

Export Agents

Export agents, merchants, or retailers, etc. purchase products directly from the manufacturer, packing and marking the products according to their own specifications. They then sell overseas through their contacts in their own names and assume all risks for accounts.

In transactions via agents, the UK company relinquishes control over the marketing and promotion of its product, which could have an adverse effect on future sales efforts abroad. For example, the product could be under-priced or incorrectly positioned in the market, or after-sales service could be neglected. On the other hand, the effort required by the manufacturer to market the product overseas is very small and may lead to sales that otherwise would take a great deal of effort to obtain.

Piggyback Marketing

Piggyback marketing is an arrangement in which one manufacturer or service firm distributes a second firm's product or service. The most common piggybacking situation is when a UK company has a contract with an overseas buyer to provide a wide range of products or services. Often, this first company does not produce all the products it is under contract to provide, and it turns to other U.S. companies to provide the remaining products. The second UK company thus piggybacks its products to the international market, generally without incurring the marketing and distribution costs associated with exporting. Successful arrangements usually require that the product lines be complementary and appeal to the same customers.

MODULE 4: PRICING & DISTRIBUTION

Direct Exporting

The advantages of direct exporting include more control over the export process, potentially higher profits, and a closer relationship to the overseas buyer and marketplace. These advantages do not come easily, however, since the UK company needs to devote more time, personnel, and corporate resources than are needed with indirect exporting.

When a company chooses to export goods or services directly to overseas markets, it usually makes internal organisational changes to support more complex functions. A direct exporter normally selects the markets it wishes to penetrate, chooses the best channels of distribution for each market, and then makes specific overseas business connections to sell its product. The rest of this chapter discusses these aspects of direct exporting in more detail.

Conclusion

A company new to exporting generally treats its export sales no differently to its domestic sales, using existing personnel and organisational structures. As international sales and inquiries increase, however, the company may separate the management of its exports from that of its domestic sales.

The advantages of separating international from domestic business include the centralisation of specialised skills needed to deal with international markets and the benefits of a focused marketing effort that is more likely to lead to increased export sales. A possible disadvantage of such a separation is the less efficient use of corporate resources due to segmentation. Regardless of how a company organises for exporting, it should ensure that the organisation facilitates the marketer's job. Good marketing skills can help the firm overcome the handicap of operating in an unfamiliar market. Experience has shown that a company's success in international markets depends less on the unique attributes of its products than on its marketing methods.

Once a company has been organised to handle exporting, the proper channel of distribution needs to be selected in each market. These channels include sales representatives, agents, distributors, retailers, and end-users.

QUICK QUIZ: MODULE 4

Q1	Pricing cannot be done in isolation, what three things do we need to review prior to setting our export prices?
a)	
b)	
c)	

Q2	List three elements to be considered when pricing for export that are different than when selling domestically?
a)	
b)	
c)	

Q3	When starting to undertake international market research should your objectives be… (Select one.)	
a)	Long-term objectives?	☐
b)	Short-term objectives?	☐
c)	Both?	☐

Q4	We should always consider the price to the end-user even when distributing through an intermediary.
	☐ **TRUE, or**
	☐ **FALSE**

Q5	Which of the following can be defined as a fixed cost to take into consideration when pricing our goods / services?			
	Profit	☐	Labour	☐
	Material costs	☐	Rent	☐

Q6	What do we call the price point at which the total profit of the seller is maximised? (Choose from one of the following.)	
a)	Premium pricing	☐
b)	Optimum price	☐
c)	Psychological pricing	☐

Q7	Which of the following is not a consideration when initially setting a strategic pricing policy?			
	Competitor pricing	☐	Currency rate of exchange factors	☐
	Business objectives	☐	Customer perceptions	☐

Q8	Pricing is part of the marketing mix along with which other three factors
a)	
b)	
c)	

Q9	Which of the following is a direct route to market?			
	Using a commission agent	☐	Selling via our own website	☐
	Send sales teams into our customers' markets	☐	Via a retail outlet to our end-users	☐

Q10	Under which representative arrangement would you sell the representative your product or service for them to find customers / end-users to on-sell the product or service.
	☐ **AGENT, or**
	☐ **DISTRIBUTOR**

Q11	It is legal to fix the prices your agents and distributors charge for goods or services.
	☐ **TRUE, or**
	☐ **FALSE**

SUMMARY
MODULE 4

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Description

What you need to do

Action 4

Description

What you need to do

Action 5

Description

What you need to do

NOTES

SUPPORTING NOTES:
MODULE 5: CUSTOMS PROCEDURES

MODULE 5: CUSTOMS PROCEDURES

Importing and exporting bring with them many rules and regulations that must be complied with. HM Revenue & Customs has more powers than the police if investigating a company or person they believe to be involved in fraud or suspect of having broken the law in some way.

Key Information on customs declarations:

- type of Goods – commodity code, also known as tariff number, based on the Harmonised System of Coding (HS Code)
- nature of transaction – customs procedure code (CPC) – temporary – returns – repairs
- value of goods – very strict rules on valuation based on the World Trade Organization (WTO) Valuation Rules – Rule One:

  Transaction price:

  - must always be converted to Pounds Sterling on UK declarations using HM Customs own rate of exchange applicable on the date of entry / declaration
  - genuine commercial samples can be treated differently

Export VAT Zero-rating

UK VAT registered traders must charge UK VAT (generally 20%) but zero for some food, children's clothes and books) on goods supplied to customers unless they can provide evidence that they have been:

1. exported outside the United Kingdom, which includes to EU member states if the UK exporter is based in GB (England, Scotland or Wales)
2. if the UK exporter is based in Northern Ireland then sales to companies based in the EU can be VAT zero-rated as long as the goods are supplied to a VAT registered trader in another member state of the EU

Evidence required:

3. commercial evidence of the transaction, copy of a transport document evidencing shipment of the goods from UK, stamped copy of the export declaration form (SAD/C88/NES) this includes sales to EU member states if the UK exporter is based in GB (England, Scotland or Wales)
4. if the UK exporter is based in Northern Ireland then sales to companies based in the EU can be supported by commercial evidence of the transaction including a commercial invoice showing the EU customer's VAT Registration Number and transport document evidencing shipment

This may cause issues to UK Traders when they trade on ExWorks terms. The statement from Customs is very simple – if you cannot provide the evidence required you must charge your customer VAT.

The Harmonised System

Classification of goods for customs purposes is an essential activity and this is known as Tariff Classification. The tariff number, also known as the commodity code, identifies the:

- export restrictions specific to those goods
- clearly identifies the goods for the compilation of trade statistics
- rate of import duty and VAT to be paid
- points to any import restrictions on the goods into your customers' country(ies)
- indicates if any preferential agreement applies
- relates directly to any trade policy measure affecting the import of the goods, e.g. AntiDumping Duties (ADD), Tariff Quotas (TQ), etc.

Correct classification cannot be achieved without reference to a copy of the current UK Global Online Tariff also known as the Trade Tariff. The Commodity Code Numbers are listed in Volume 2 of the Tariff (known as the schedule). It was significantly amended in January 2017 and the next revision will become effective in the EU from 1st January 2022. The Schedule in Volume 2 of the Tariff contains 21 sections covering product types or ranges of broadly similar characteristics, broken down into 97 chapters. There is an 'A-Z' search facility on the online trade tariff which is an alphabetical list that can be used to guide you to the section that should include your products.

Straightforward responses to the questions below can go a long way towards providing the information necessary to arrive at a correct classification:

- what is it?
- what is it made of?
- what is its essential characteristic?
- how is it presented
- how is it packaged?

If a trader has issues finding the commodity code, you can send an email to the HMRC classification service: classification.enquiries@hmrc.gov.uk

MODULE 5: CUSTOMS PROCEDURES

Origin and Preference Rules

Rules of non-preference origin are laid down in the Customs (Origin of Chargeable Goods) (EU Exit) Regulations 2020, but these are mainly written for import purposes. There are no UK rules on non-preference origin for export. If known, the exporter must comply with the rules of non-preference origin laid down by the importing country's authorities. The default is to use the above referenced UK regulations; UK Chambers of Commerce may have issues with raising certificate of origin if the rules are not supported by UK standards.

The UK regulations states that goods whose production involves more than one country shall be deemed to originate in the country where they underwent their last, substantial, economically justified processing, or when work results in the manufacture of a new product or representing an important stage of manufacture.

Certificates of Origin

Not to be confused with preference origin statement made on invoices or UK EURforms, which are preference certificates, a certificate of origin is required by some importers or the importing country authorities to confirm the origin of the goods to:

- act as a supplier verification of origin/ manufacture
- meet Customs import measures such as licensing, anti-dumping, quota and ceiling regulations
- support off-set deals
- ensure goods aren't imported which originate in embargoed/boycott countries
- comply with UK/ EU / UN conditions of aid / funding

There are four types of Certificates of Origin (C of O):

- invoice declaration of origin
- declaration made on the exporter's/manufacturer's letterhead
- UK certificate of origin
- Arab-British Chamber of Commerce certificate of origin

The destination country or your customer will identify which one is applicable. The UK certificate of origin is issued by Chambers of Commerce and is generally certified by the chamber at a fee (approx. £25.00). The Arab-British Certificate of Origin is issued when trading with a Middle East country. The C of O is then sent to the Arab-British Chamber, via a local chamber of commerce, who certify the document. The fees involved depend on the Middle East country involved and the value of the consignment - it can be hundreds of pounds – though the Arab / British Chamber is aiming to cap the fees at £900 maximum. The procedure can take a week to complete, though there are Consular Services available to walk documents through at a reasonable cost. There is a possibility that your customer in the Middle East may be able to get freight released without the Arab-British Cof O (perhaps on payment of a small fine); check this out as it could save both of you time and money.

Preferential Origin

UK exporters may issue a preference certificate or statement only when the goods being exported qualify under a preferential trade agreement with the specific country of destination of the goods. This certificate/statement permits the goods to be imported into that country at a reduced rate of duty, in most cases zero duty. This means that a preference certificate or statement is a powerful document.

Benefits of Preferential Origin

These include:

- gives a sales edge for UK goods
- overseas customers may pay a lower rate of duty, or none at all, on goods imported from the UK UK importers pay a lower duty rate on goods covered by Free Trade Agreement schemes

Issuing the preference statement/certificate is not just a formality, neither is it ever a legal requirement to allow goods to be imported into certain countries. It is a declaration made on behalf of the company certifying to the customs authorities that the goods you are supplying qualify for preferential status under the terms of an international trade agreement. It allows the goods to be imported into your customers' countries at a reduced or nil import duty rates. The exporter is legally bound to check the qualifying status of his equipment before issuing the preference certificate.

Customs Valuation:

The law governing the valuation of goods states that, wherever possible, imported goods should be valued on the basis of the transaction value. If you are not buying the goods, e.g. they are being sent as a sample or being returned after repair, and a transaction value does not apply, then you must use one of HMRC other methods of calculating the value of goods.

The true value for customs, on which duty is levied at import, must not only have the costs of the goods but often additional costs such as international freight and insurance, irrespective of whose actually paid these sums. At export, the customs-declared value must include domestic transport costs to the port / airport of departure, but not international freight.

MODULE 5: CUSTOMS PROCEDURES

Briefly the WTO Valuation methods are:

Main Method:

a) Method 1: the transaction value

Other Methods

b) Method 2: (only use if Method 1 does not apply) - value of identical goods

c) Method 3: (only use if Methods 1 and 2 do not apply) - value of similar goods

d) Method 4: (only use if Methods 1, 2 and 3 do not apply) - equivalent selling price in the UK

e) Method 5: (only use if Methods 1, 2 and 3 do not apply; interchangeable with Method 4) - cost of production of the goods

f) Method 6: the fallback method if Methods 1-5 do not apply

It is important to understand the key customs processes relating to exporting goods. All companies trading internationally should be audited by HM Customs every 2 to 3 years – we know this doesn't always happen, but that does not absolve the company from its responsibilities in respect of maintaining records, understanding the regulations that apply to their goods and trading circumstances and ensure correct declarations are made on behalf of their company.

QUICK QUIZ: MODULE 5

Q1	What is used to describe your goods numerically for customs purposes?

Q2	Which of the following is mandatory for exporters to hold in order to send goods out of the UK?			
	EORI – the Economic Operators Registered Identification number	☐	VAT Number	☐
	Company House Registration	☐	Membership of a Chamber of Commerce	☐

Q3	A value must always be declared to customs at export, even if we are commercially supplying goods free of charge.
	☐ **YES, or**
	☐ **NO**

Q4	Which of the following is used on a customs declaration to advise the type of export, i.e. whether it's a permanent export, a return or an export after process under customs control such as a repair?			
	HS Code	☐	EORI	☐
	CPC	☐	MRN	☐

Q5	The commodity code is based on a Harmonised System, so 98% of countries use the same first six digits of the number to describe the same goods.
	☐ **TRUE, or**
	☐ **FALSE**

Q6	Non-preference origin of goods must be shown on the shipping invoice, what is another way of describing non-preference origin?	
a)	Where goods are packed in and shipped from.	☐
b)	The economic nationality of goods referring to where it was manufactured.	☐
c)	Confirmation that goods qualify for a reduced duty rate in our customers' country(ies).	☐

Q7	All goods exported from the UK must be accompanied by a Certificate of Origin obtained via a Chamber of Commerce.
	☐ **TRUE, or**
	☐ **FALSE**

Q8	Which of the following statements is correct about preferential origin and Free Trade Agreements (FTA)? (Choose one.)	
a)	When the UK has an FTA with an overseas country, all goods shipped from the UK will become duty zero on import.	☐
b)	At FTA means that goods do not need to be declared to customs at export or import and can circulate between the partners of the FTA deal without let or hindrance.	☐
c)	Goods that meet the qualification conditions, generally based on where they were made and the amount of non-originating material, can be traded between the partner countries of the FTA with reduced, often zero tariff applying at import.	☐

Q9	The customs value of an export shipment must always include the international freight costs.
	☐ YES, or
	☐ NO

Q10	It is important that the exporter understands what is submitted to customs authorities on export declarations, and a copy of the export customs declarations should be retained by the exporter not just the freight company.
	☐ TRUE, or
	☐ FALSE

SUMMARY
MODULE 5

(Note any actions arising from this module)

ACTIONS

On the completion of this course, you are likely to have identified several actions to progress your export plans. Use this space to summarise all the key actions.

Action 1

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SUPPORTING NOTES:
MODULE 6: INCOTERMS® 2020 RULES

MODULE 6: INCOTERMS® 2020 RULES

The terms Incoterms® Rules is a registered trademark of the International Chamber of Commerce.

The full legal text published by the International Chamber of Commerce (ICC) in their Guide to Incoterms ® 2020 rules (ICC Publication 723E)

INCOTERMS stands for 'International Commercial Terms' sometimes called 'International Contract Terms'. They are a shorthand way of legally defining delivery under international contracts and the responsibilities that go along with the delivery of goods. A form of delivery term has historically been used in international contracts for hundreds of years – some of these ancient terms survive in the official set, e.g. CIF, FOB – but without being clearly defined in an internationally recognised legal sense. That is what the International Chamber of Commerce (ICC) did when they created the first set of Incoterms® Rules back in 1936. It is important to note that one of the key changes introduced in the 2010 set still applies; that the ICC registered the word 'Incoterms' as a trademark, so it must always now be written with the ® after the word 'Incoterms'. Also, they have clearly expressed that the word must never be used without the 's' on the end, and it is not a noun, so when discussing the set of terms in general or an individual term you must always call them 'the Incoterms ® rule(s) or term(s)'.

The Incoterms® Rules legally defined the 'delivery point' in sales – not just international sales, as the 2020 set, like the 2010 set, allows for some of the terms to be used in domestic sales contracts as well. The 'delivery point' is important, especially in international transactions, because once the seller has delivered the goods, they generally:

- can claim payment
- have no further shipment costs to pay
- have no further responsibility for the goods if they are lost or damaged after that specific point named

But note, the Incoterms® Rules do not indicate where ownership passes from a seller to buyer – known as transfer of title. This is a common misconception and can lead to incorrect Incoterms® Rules being agreed in contracts that are inappropriate for the movement of goods.

Deciding on the delivery point under the Incoterms® Rules is very important, though, and it must be a point that is acceptable to both the buyer and the seller. Only when a seller knows exactly where they must deliver the goods can they accurately calculate a selling price. Only when the buyer knows where they must take responsibility for the goods and any additional charges after that point can the accurate 'cost of ownership' be known. For example, the delivery point may be at the seller's premises, in which case the buyer would be paying all shipment costs so the seller's export price would only be the selling price of the goods plus any extra for packing, but the buyer would have to organise transport, pay all costs to bring the goods to their door and take the maximum risk.

If the seller must deliver to the buyer's premises overseas, then the costs of transportation, etc. should be added to the price of the goods to get to a true selling price.

When looking at a specific sale, the decision must be made, firstly, as to which of the four groups of terms matches the level of responsibility the seller wants.

The four groups within the Incoterms® Rules are designed to follow the movement of goods from the seller's premises to the buyer's country. The choices, broadly speaking are as follows:

1. E-Group: delivery is made at the seller's premises

Terms:

ExWorks named place of delivery	**EXW**

2. F-Group: delivery made at a named point of export with the seller responsible for export customs formalities

Terms:

Free Carrier named place	**FCA**
Free Alongside Ship named port of shipment	**FAS**
Free on Board named port of shipment	**FOB**

MODULE 6: INCOTERMS® 2020 RULES

3. **C-Group:** delivery made at the place of export, but the seller must contract for carriage and pay all costs up to the arrival point in the destination country

Terms:

Carriage Paid To named place of destination	**CPT**
Carriage + Insurance Paid to named place of destination	**CIP**
Cost and Freight named port of destination	**CFR**
Cost, Insurance and Freight named port of destination	**CIF**

4. **D-Group:** delivery, costs and risk are the seller's up to a named point in the country of destination

Terms:

Delivered At Place named place of destination	**DAP**
Delivered At Place Unloaded named place of destination	**DPU**
Delivered Duty Paid named place of destination	**DDP**

The Incoterms® Rules cannot be supported in law unless the term is included and accepted in the contract of sale. It must be noted that The Incoterms® Rules do not replace every clause required in an export contract. They only relate to the rights and obligations of the parties in respect to the delivery of goods. Other issues must be covered by specific contract clauses.

Issues not covered by The Incoterms® Rules include:

- breaches of contract
- method and terms of payment

- the responsibility for taking out transit insurance (though this is added in two of the terms CIF and CIP, see below)
- transfer of title / ownership of the goods, etc.

Sellers: Pricing Under the Incoterms® Rules

Once you have decided on the Incoterms® rule to use, or have been asked to quote under a specific term by your buyer, you must ensure that:

- the price you quote covers your responsibilities under that term
- you understand the legal point of delivery and can deliver to that point without any problems
- you know what risks are your responsibility and have adequate cover, e.g. if delivering under a D-term ensure you have insurance cover up to your delivery point
- you don't use an Incoterms® rule which is inappropriate to the type of transport used or intended to be used, as this will leave you open to disputes and indeterminate costs and risk
- remember that if you go out of your way to perform an action under the Incoterms® Rules that is not your obligation you maybe helping your customer, but if you suddenly fail to do it, they have no redress

Wise and prudent sellers and buyers will not need to be reminded of the importance of the Incoterms® Rules. The Incoterms® rules were first introduced when the world was very busy with political events, businesses were facing uncertainty with high tariffs, trade wars and autocratic leaders of countries pursuing their own agenda. That was 1936 and the business community needed some stability to trade, so the Incoterms® Rules were created to establish commonly accepted definitions and rules related to the sale of goods between trading partners worldwide.

QUICK QUIZ: MODULE 6

Q1	Name three of the six areas of supply chain obligations that can be covered in a contract by using a Incoterms® Rule.
a)	
b)	
c)	

Q2	Which of the following is correct about Incoterms® Rules? (Choose from one of the following.)	
a)	They relate to transport law.	☐
b)	They are only law and legally binding if included within a valid contract.	☐
c)	They determine when a seller will get paid for the goods.	☐

Q3	The current set of Incoterms® Rules that came into force on 1st January 2020 automatically replaced older versions of the rules within established contracts.
	☐ **TRUE, or**
	☐ **FALSE**

Q4	Which of the following is not a current (2020) Incoterms Rule?			
	DPU	☐	FCA	☐
	C+F	☐	CIF	☐

Q5	In broad terms, what are the obligations of a seller if a contract is covered by an Incoterms ® Rule that starts with an 'F', such as FOB and FCA?	
a)	To arrange and organise the transport to deliver the goods to their customers' country(ies).	☐
b)	To organised import customs declarations in their customers' country(ies) and pay relevant import and duty charges.	☐
c)	To load / deliver the goods to the first carrier named by the buyer at a named place in the seller's country and arrange for the export customs paperwork to be completed.	☐

Q6	Which are the only two Incoterms ® Rules that the seller has the legal obligation to insure the goods for loss / damage and evidence that the insurance has been arranged in the customer's name?			
	EXW	☐	CIP	☐
	DDP	☐	CIF	☐

Q7	Which one of the following is covered as a responsibility or obligation under Incoterms ® Rules which means the other three should be included in different clauses within a contract?	
a)	The Incoterms® Rule sets the place when ownership (title) passes from the seller to the buyer.	☐
b)	Obligations if there is a breach of contract.	☐
c)	The seller must ensure that the goods supplied are in accordance with the contract.	☐
d)	Which party (seller of buyer) has the responsibility if goods cannot be shipped due to supply chain disruption such as the COVID-19 pandemic global lockdown.	☐

Q8	What Incoterms ® Rule would we use as a seller to:	
a)	pay for the transport to our buyer's country	☐
b)	bear the risk of loss or damage until the goods arrive at the named place in the buyer's country	☐
c)	deliver once the goods have arrived	☐
	But the seller would not be obligated to:	
i)	arrange import customs declarations	☐
ii)	ii) pay import duties	☐
iii)	iii) off-loaded at the buyer's premises?	☐

Q9	If ExWorks (EXW) is used in a sales contract, seller's often do more than they are legally obliged to do which can lead to disputes and unexpected costs.
	☐ **YES, or**
	☐ **NO**

SUMMARY
MODULE 6

(Note any actions arising from this module)

ACTIONS

On the completion of this course, you are likely to have identified several actions to progress your export plans. Use this space to summarise all the key actions.

Action 1

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NOTES

SUPPORTING NOTES: MODULE 7: EXPORT LICENSING CONTROLS

MODULE 7:
EXPORT LICENSING CONTROLS

Some products are 'controlled' or restricted when exported from the UK. It affects goods under the following categories:

1. Prohibitions and restrictions –

Includes agricultural products and endangered species - wild flora and fauna, furs, ivory, etc.

2. Prohibitions and restrictions - other legislation

Includes counterfeit goods, notes, coins, animals, drugs, fish, spirits, etc.

3. Department for International Trade

Goods subject to export licensing controls, e.g. military/dual-use (strategic) goods and technology

4. Department of Digital, Culture, Media, and Sport Licensing Controls

The most pertinent of these categories to industry in general are the DIT Export Controls Joint Unit Organisation (ECJU), these impose legally-based control on the export of certain classes of goods.

These regulations are covered in the Export Control Order 2008 (which came into force on

16.6.2009) as amended. Sections 1 and 2 above show prohibitions and restrictions whereas Section 3 refers to more complex controls which exporters are legally obliged to comply with. The Heritage ones we will pass by in this course, as it seems unlikely that you are exporting national art treasures. An admirable ECJU publication 'The Beginners' Guide to Export Controls' is a useful introduction to export responsibilities if you have controlled goods/technology it is available on the www.gov.uk website https://www.gov.uk/guidance/beginners-guide-to-export-controls.

Agricultural goods may be controlled under the auspices of Department of Environment, Food and Rural Affairs (DEFRA). The Home Office also controls the export and trade in specific areas such as explosives and firearms. A full list of the types of goods controlled and the licensing requirements can be found in Volume 1 of the Tariff.

Embargoes and sanctions

These can be imposed by the United Nations (UN), the United Kingdom or European Union (EU) or by individual countries and may **forbid** the export of some or all goods to countries whose human rights or internal repression activities have placed themselves in a position of disfavour. You should know the countries to which you cannot legally export your goods. Unless you are in the military goods field, you will not generally be caught by sanctions – but be very sure. There is also a new act covering trade with Embargoed countries (military exporters mainly).

The best place to check on current embargoes and sanctions is the www.gov.uk website Business/ Imports exports/Embargoes and sanctions. These currently include the following countries for some products.

Note: Sanctions also cover 'trading with', so this can include technical assistance and financial trade restrictions.

MODULE 7: EXPORT LICENSING CONTROLS

Destinations with trade restrictions				
Afghanistan *	Albania #	Argentina **	Armenia #	Azerbaijan *
Belarus *	Benin ++	Bosnia/ Herzegovina #	Burkina Faso ++	Burma (Myanmar) *
Burundi #	Cameroon #	Cape Verde ++	Central African Republic *	Chad #
China *	Colombia #	Congo (Brazzaville) #	Côte d'Ivoire (Ivory Coast) ++	Democratic Rep of the Congo *
Dubai #	East Timor #	Eritrea #	Ethiopia #	Gambia ++
Georgia #	Ghana ++	Guinea ++	Guinea-Bissau ++	Haiti #
Hong Kong SAR #	Iran *	Iraq *	Jamaica #	Kenya #
Kyrgyzstan #	Lebanon *	Liberia ++	Libya *	Macao SAR #
Mali ++	Mauritania #	Moldova #	Montenegro #	Morocco #
Nepal #	Niger ++	Nigeria ++	North Korea *	Oman #
Pakistan #	Russia*	Rwanda #	Senegal ++	Serbia #
Sierra Leone ++	Somalia *	Sri Lanka #	South Sudan *	Sudan *
Syria *	Taiwan #	Tajikistan #	Tanzania #	Togo ++
Trinidad & Tobago #	Turkmenistan #	Uganda #	Ukraine **	Uzbekistan #
Venezuela *	Yemen *	Zimbabwe *		

Trade Restrictions as follows:

1. * trade sanctions including an arms embargo, and transit control
2. # transit controls
3. ++ ECOWAS restrictions and transit control
4. ** trade sanctions and transit control

End-use control

If your goods have the capability of being used in the manufacture, development, use, testing etc. of weapons of mass destruction, they are subject to control whether or not they are specifically listed in the control lists.

End-Use controls are also in place for military end-use in overseas countries and in the case of Russia *, as well as the military end-use restrictions, there are also EU (and USA) export restrictions on supporting certain types of oil and gas exploration activities / businesses. The responsibility for assessing this lies firmly with you, the exporter, but there is help at hand for dealing with suspicious enquiries. Seek advice from the DIT Export Control Compliance Unit.

As explained earlier, checking compliance with end-use controls comes under the UK Border Force (BF) responsibilities. It is this government body that will stop shipments as they leave the UK to ensure that they can be legally exported. Their main concerns are goods subject to export prohibitions and trade with embargoed / sanctioned countries, companies, or person.

Dual-use goods

Regulations relating to the movement of dual-use goods between the UK and EU27 changed on 1st January 2021 when an export licences became necessary for the transfer of goods, technology and software control on the dual-use strategic export control list between the UK and EU Member States.

You can register for an Open General Export Licence (OGEL) via the Export Control Joint Unit (ECJU) SPIRE website to permit you to do this. It is entitled 'Open General Export Licence (Export of Dual-Use Items to EU Member States'.

Once you are registered, you will be able to use it immediately - though you must note the specific terms and conditions of use and the supporting evidence you must retain for audit purposes. You must treat it like other OGELs and ensure it is declared on the export customs entries for physical deliveries of goods or technology and record any tangible transfer of technology on your technology transfer log. There are some exceptions to dual-use categories, and you must know that the goods are remaining in the EU and not being immediately shipped on without alteration. If the goods are going to be re-exported from the EU unchanged, you will need an EUU and probably a SIEL, though other OGELs may apply.

Failure to keep up to date with changes can mean that incorrect forms are completed, goods delayed and / or unnecessary and unsatisfactory charges incurred. Keeping up to date in the ever-changing world of international trade is essential.

QUICK QUIZ: MODULE 7

Q1	Which of the following type of document is used to receive payment in advance for goods or services?			
	Packing List	☐	Proforma Invoice	☐
	Shipping invoice	☐	Despatch Note	☐

Q2 Put the following methods of payment in order of risk to the seller – with the method with the least risk at the top.		
Documentary letters of credit	**Least Risk**	
Payment in Advance	**Lesser Risk**	
Open Account Terms	**Some Risk**	
Documentary collections	**Most Risk**	

Q3	Payment terms such as 30 days from date of invoice or from month end are known as what type of payment method?			
	Open Account	☐	Confirmed Letter of Credit	☐
	Deferred Payment	☐	Payment in Advance	☐

Q4	Which of the following is a payment method requiring a bank to hold onto shipping paperwork until payment has been made by the buyer?	
a)	Documents Against Acceptance	☐
b)	Documents Against Payment	☐
c)	Delivered Duties Paid	☐

Q5	A Sight Draft is also known as which of the following?			
	Letter of Credit	☐	Proforma Invoice	☐
	Bill of Exchange	☐	Bank Draft	☐

Q6	Under which method of payment does a bank guarantee payment to the seller if the written terms and conditions are met in full?			
	Letter of Credit	☐	Proforma Invoice	☐
	Bill of Exchange	☐	Bank Draft	☐

Q7	Exporting goods or services can mean trying to control a rate of exchange risk when other customers/ countries use different currencies. Which of the following is not a way of mitigating this risk? (Choose one of the following.)	
a)	Use a Documentary Letter of Credit	☐
b)	Receive payment with order or in advance of delivery	☐
c)	Take out a foreign exchange contract	☐
d)	Don't exchange the currency	☐

Q8	What does a UKEF Bond Insurance Policy provide?

Q9	List three advantages and three considerations for using Documentary Letters of Credit	
	ADVANTAGES	CONSIDERATIONS

SUMMARY
MODULE 7

(Note any actions arising from this module)

ACTIONS

On the completion of this course, you are likely to have identified several actions to progress your export plans. Use this space to summarise all the key actions.

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NOTES

SUPPORTING NOTES:
MODULE 8: MOVEMENT OF MONEY (GETTING PAID)

MODULE 8:
MOVEMENT OF MONEY (GETTING PAID)

When selling goods, you have to face the fact that you want to be paid. With international trade, a mystique has grown around this part of the transaction. Distance, political and financial differences, different currencies, language and cultural differences can make selling overseas complicated. The basic principles remain, though, that the seller wants security and speed of payment and the buyer wants to ensure he receives the goods as ordered while leaving payment to the latest possible time.

The basic methods of payment:

1. **Advance**
2. **Open Account**
3. **Documentary Collections -** cash against documents
4. **Bills of Exchange**
5. **Documentary Credits -** letters of credit

These methods of settlement provide different degrees of protection to the interests of the buyer or seller. When negotiating payment terms, the seller should consider their position with regard to the buyer. Your first question when negotiating the sale should be: Do we have the power to impose our company's preferred payment terms?

The choice will depend very much on the relationship between the seller and their customer.

SOME FACTORS TO BE CONSIDERED BY THE EXPORTER WHEN NEGOTIATING THE METHOD OF PAYMENT:

- exporter's level of knowledge of the customer; their financial security and reputation
- stability of customer's country (Market Risk)
- security of payment required
- speed of payment required
- the costs involved in collecting payment
- the Value of the Contract/Product
- delivery schedules and INCOTERMS ® Rule
- customer's requirements
- your bank's requirements
- competition in the market (What do they offer?)
- the Distribution Channel involved (e.g.: Agents/Distributors/Direct to Customer)

1. Payment in Advance:

This is of least benefit to the buyer as they are, in effect, extending credit to the supplier. The buyer pays on receipt of a pro-forma invoice before the goods are despatched. This means the buyer must trust the seller to supply the right goods, on time, to the agreed quality and specification. The money is either sent to the supplier through the electronic banking system or by cheque through the mail, then the goods are despatched. This can leave a big hole in the buyer's bank account, but some exporters will refuse to supply unless payment is received in advance. It does mean the buyer has to trust the seller to supply the goods.

2. Open Account:

This method is the most beneficial to the buyer. Simply, the exporter sends the goods to the buyer, an invoice is then sent, usually by post. This invoice gives the date payment is due, e.g. 30 days after date of invoice. It is down to the buyer to pay the money within the agreed time. The exporter has very little control when this payment method is agreed – though they could, for example, hold up another delivery – so there is a reluctance to consider an open account without there being a long-standing, trusting relationship between the two parties.

3. Documentary Collection:

This payment method is normally carried out through the seller's bank. The seller gives the export documents to his bank (or even a forwarding agent) with instructions for collecting payment – Cash Against Documents. The buyer can only collect them on payment of the full amount. This method generally evolves as trust develops between the parties. With this method, both parties retain some control, i.e. the buyer pays after the goods have been shipped, the seller can retain control of the delivery by instructing his bank (or forwarding agent) not to release the documents / goods until payment has been made but, as there is no bill of exchange involved, the seller is not really protected against non-payment.

4. Bill of Exchange: (also known as "drafts")

This payment method is normally controlled by the seller and their nominated bank(s). The seller gives the export documents to their bank with a bill of exchange and any additional instructions required to obtain payment. The bill of exchange, with supporting documents, is sent to a bank in the buyer's country; the buyer can obtain the documents either on payment of the full amount, or on issuing an undertaking to pay at a future date (whichever has been agreed between the buyer and seller). This method goes some way to protecting the interests of both parties. The seller, through the collecting bank, retains control of the documents, necessary for the buyer to take delivery, until payment is made. The buyer is not obliged to pay before checking that the documents, and sometimes the goods, are in order. This method is of slightly more benefit to the buyer as the collection process is being controlled in their country and they

MODULE 8: MOVEMENT OF MONEY (GETTING PAID)

know, in most transactions, that the goods have been sent. The seller, in some cases, could be wary about agreeing to this method. They have very little direct control over the actions of the collecting bank and, when shipments are not sent by sea under a Bill of Lading, they cannot be sure that the importer will not be able to gain access to the goods before payment is made (i.e. the documents that arrive with an air freight shipment may be sufficient for the goods to be cleared and delivered without the buyer collecting the documents from the bank).

5. Documentary (Letters of) Credit:

This payment method is normally carried out through the buyer's bank. The buyer applies for a Letter of Credit to be issued in the seller's favour. The buyer and the issuing bank stipulate the circumstances under which payment will be made. The issuing bank guarantees payment to the seller if they comply strictly to the terms of the letter of credit (L/C). Disadvantages of this method could be the bank charges, the comparative inflexibility once the L/C is in place and the effect it has on the buyer's loan facility with the bank. Payment is made (or in some cases, agreed to be made at a future date) when the bank accepts that the seller's export documentation is in line with the L/C. Depending on the type of L/C, payment can be made in the seller's country or by the buyer's 'acting' bank in the UK. Documentary Credits give protection to both parties. The seller knows he will get paid by the bank whatever happens to his customer; the buyer can construct the terms of the L/C to his advantage and ensure the right goods, quantity, etc. have been despatched before payment. This is a complicated method of payment which we are to look at in greater depth today.

The parties in a Letter of Credit transaction are:

BENEFICIARY	The person being paid, usually the exporter
APPLICANT	Party paying and / or raising the Letter of Credit, usually the buyer
ISSUING BANK or, **OPENING BANK**	Bank in applicant's country which 'opens' the credit
ADVISING BANK	Bank in beneficiary's country which will act on behalf of the issuing bank
CONFIRMING BANK	Bank in beneficiary's country which will pay on receipt of valid documents
NEGOTIATING BANK	Bank in beneficiary's country which will negotiate the L/C with the beneficiary and may pay on receipt of documents

Because getting paid in full and on time is the ultimate goal for each export sale, an appropriate payment method must be chosen carefully to minimize the payment risk, while also accommodating the needs of the buyer. During or before contract negotiations, you should consider which method in the figure is mutually desirable for you and your customer.

QUICK QUIZ: MODULE 8

Q1 Which of the following products could come under export licensing restrictions? (Select all that are relevant, there is more than one correct answer.)

	Wood	☐	Pharmaceutical drugs	☐
	Firearms	☐	Telecommunications item with a high level of encryption	☐

Q2 Export licensing controls only apply to goods.

	☐ **TRUE, or**
	☐ **FALSE**

Q3 What do the following abbreviations stand for?

ECJU	
MOD	
DIT	
FCDO	

Q4 The list of goods subject to Prohibitions & Restrictions (called P&R goods) is found in which section of the gov.uk website?

Q5	**If you are exporting controlled goods that you don't own, for example, returning them to your overseas supplier, you are responsible for obtaining the correct UK licence or permit.**
	☐ **YES, or**
	☐ **NO**

Q6	**High tensile or special metals, materials and articles made from these materials may require an export licence as they could be dual-use controlled.**
	☐ **TRUE, or**
	☐ **FALSE**

Q7	**What is the Export Licensing digital system run by the DIT Export Control Joint Unit called?**

Q8	**Which of the following are UK export licence types? (Two of the following are correct.)**	
a)	DSP5 – Department of State Permit	☐
b)	EUU – End-User Undertaking	☐
c)	SIEL – Standard Individual Export Licence	☐
d)	OGEL – Open General Export Licence	☐

Q9	Which of the following is not a current (2020) Incoterms Rule?	
	OFSI ☐	OFAC ☐
	UKBF ☐	HMRC ☐

Q10	KYC is important, especially with reference to embargoes, sanctions, anti-money laundering and bribery and corruption regulations. What does KYC stand for?

SUMMARY
MODULE 8

(Note any actions arising from this module)

Action 1

Description

What you need to do

Action 2

Description

What you need to do

Action 3

Description

What you need to do

Action 4

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What you need to do

Action 5

Description

What you need to do

NOTES

SUPPORTING NOTES:
MODULE 9: SUPPLYING SERVICES

MODULE 9: SUPPLYING SERVICES

UK companies export the following services:

- legal and accountancy services
- financial services
- architecture and design
- education and training
- ICT and creative industry
- property and real estate
- management and business consultancy
- HR services
- PR and marketing services

Factors that can help you decide the right approach for delivery include:

1. geography – is the market a considerable distance away?
2. regulation – does the service require a fully regulated local presence?
3. market size – is there going to be a consistent volume of work, or just projects?
4. global versus local – do clients prefer a global name or a local supplier?
5. type of service – does it require ongoing presence, such as maintenance, or can it be delivered in short bursts, like training?

And, in many ways the information, research and skill set for exporting services rather than goods are very similar and follow the same key points:

- market research
- product definitions – the type of service
- routes to market
- pricing Policy

But we can expand these when looking at selling services which is often a more personal relationship than the sale of goods (though, of course, these extra 'Ps' should still be considered when selling goods as well). Service firms are hired for their knowledge. Staff and owner knowledge is a notable marketing tool, and the aims should be to send a clear message of expertise to your potential customers and turn service into an experience:

- Product – the customer benefits derived from using your products
- Price – the buying cost and discounting practices for customers
- Promotion – communication plans highlighting why they should buy from you
- Place – the location of all your sales channels
- People – the staff involved in the selling and procurement process
- Process – the operational procedures needed to procure a sale.

And we can add to the above defining the value of our service, building relationships and know-how we will engage and problem-solve if required. Also, we mustn't underestimate the importance of proven quality.

Potential clients will look for indications of the quality of your service, so to meet expectations, you'll need to research:

1. how the services' market operates, and competitor activity
2. any cultural considerations relevant to your service
3. the location and impression of any local office
4. the quality and suitability of your marketing material, including your online communications

Product

For exporters of services, you should be aware that, though you have your own products, new product ideas will come in response to customer needs. Use your services to advertise your products – customer service representatives are unique in that they can tailor conversations to specific potential clients and truly identify solutions for them. Successful service businesses excel at showing customers they can solve problems versus simply offering a one-size-fits-all service. This is a great way to stand above the competition.

MODULE 9: SUPPLYING SERVICES

Price

Value is often the most important decision when pricing services and should be included in your marketing message.

Place

Place is largely defined by your target market. To effectively sell and deliver a service, you need to be where the prospects and customers are. Lawyers' offices are typically found near a courthouse, and medical practices are often clustered around a hospital. For the service business you are marketing, the proper place means less travel time between revenue opportunities and also the appearance that you are somehow connected with the larger entity.

People

Having the right people makes all the difference to a service business. The way that staff and leadership interact with prospects and clients contributes to business success. Create a marketing plan that promotes your service business staff, not just your brand. Customers find more value in personal relationships with their service providers over brand recognition.

Relationships anchor clients. Relationships enable well-managed service firms to gain a competitive advantage by creating protection against service issues and competition and to uncover new growth opportunities. Marketing efforts should clearly show a high level of commitment to customer relationships throughout the service firm. If customers are pleased with how you resolve their problems, they are much less likely to consider a competitor. Customers are likely to be receptive to additional sales opportunities when they feel valued.

QUICK QUIZ: MODULE 9

Q1	Name three of the five factors that can help us decide on the right approach for delivery of a service overseas.
a)	
b)	
c)	

Q2	Potential clients will look for indications of the quality of your service.
	☐ TRUE, or
	☐ FALSE

Q3	Put the following in order of importance for selling and promoting your services in an overseas market – with the most important first (1) and least relevant last (7).	
Levels of competency	**1.**	
Skills, knowledge and expertise	**2.**	
Relationships	**3.**	
Qualifications and accreditation	**4.**	
Compliance	**5.**	
Adding value	**6.**	
Fit for purpose	**7.**	

Q4	What percentage of UK Exports are made up of services?

Q5	Creating stories that can bring your service to life is key to marketing services.
	☐ **TRUE, or**
	☐ **FALSE**

Q6	When you are exporting services, personal visits or other face-to-face interaction with your markets and customers is less important than if you were selling goods.
	☐ **TRUE, or**
	☐ **FALSE**

Q7	Which of the following is not one of the three R's to measure the satisfaction of your customers?			
	Reliable	☐	Real	☐
	Revenue	☐	Response	☐

Q8	Getting paid is important for both sellers of goods and services, but what makes it more important for sellers of services? (Choose one of the following.)	
a)	It is harder or impossible to recover a service once provided than it is a sale of goods	☐
b)	The costs of service contracts are always higher than the cost of selling goods	☐
c)	The cost of a service must be paid into a bank based in the customer's country	☐

Q9	Is it important to constantly review your international market strategy by assessing your success level against expectations?
	☐ **YES, or**
	☐ **NO**

SUMMARY
MODULE 9

(Note any actions arising from this module)

ACTIONS

On the completion of this course, you are likely to have identified several actions to progress your export plans. Use this space to summarise all the key actions.

Action 1

Description

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SUPPORTING NOTES:
MODULE 10: SUPPLYING SERVICES

MODULE 10: SUPPLYING SERVICES

Before you start to write a plan, you should think about your overall objectives for exporting. Doing the following things should help you do this:

- assess your current level of success – is it in line with your expectations
- establish the significant events or decisions contributing to your current position
- set out your company goals for the next five or 10 years
- identify the options to achieve these goals

Use this export action plan to guide you through the key steps to develop your international business. Work through each section setting out the tasks and timeframes you need to undertake so you have a detailed plan of what needs to be done to start exporting or developing into new international markets.

The comments in the boxes are examples of what you need to do at each step. A summary of the key action points are to:

- set out your aims and objectives
- assess your budget and resources
- prioritise export markets
- identify your USP
- consider your costs and pricing
- plan your marketing approach

Step 1: Marketing budget and resource

Objective

To determine the budget and staffing required.

Start date	
End date	
By who	

Tasks Assess how much you can spend on: • overseas market visits • translation of brochures and website • exhibition and other promotional costs • legal fees for agents/partnership agreements • training of in-market partners	**Detailed** activities *Obtain a budget cost for each activity*
Method *Identify the activities for the next 12 months*	**Output** *Agree on the priorities within the budget available*

MODULE 10: SUPPLYING SERVICES

Step 2: Market research and selection

Objective

To define your target markets and make sales forecasts.

Start date	
End date	
By who	

Tasks *Consider a range of potential overseas markets:* • *Undertake market research*	**Detailed activities** *Select a few markets or a region for further investigation*
Method *Desk research* *Field research* If possible, make an exploratory visit to your top target market or conduct research using Zoom, *Teams, Whatsapp, and phone calls*	**Output** Agree on priority export markets to be developed. • *Establish sales forecasts with target dates, to help you set budgets and make cash flow projections*

Step 3: Marketing and promotion

Objective

Identify your unique selling points for the target market(s) and how to promote effectively.

Start date	
End date	
By who	

Tasks • Identify what's special about your service • Understand any requirements for local compliance, approvals and standards • Promotion – website(s), marketing material, and social media	**Detailed activities** • Research to ascertain customer requirements • What changes are required to your website and other marketing materials?
Method • Marketing & promotion, consider local requirements and tastes: • Branding, Packaging, Design, Names, Logos, and Colours • Contact a local marketing agency	**Output** • Meeting client expectation with your response, reliability, and delivery • Localise your service as required

MODULE 10: SUPPLYING SERVICES

Step 4: Routes to market

Objective

To select the best way to sell your service to the end customers in your target market.

Start date	
End date	
By who	

Tasks	**Detailed activity**
Understand the different options available *To select the most appropriate route to market* *Identify your partner(s)* *Decide on which staff members will lead on face-to-face contact with customers and partners*	*Make a decision on the route to market* *Agree on your preferred trading terms* *Research potential partners* *Assess / check out the partner* *Draw up a partnership agreement, for example, an agency agreement*
Method *Research online, follow up with emails, and conference calls* *Market visit if possible* *Professional advice on contracts*	**Output** *A partner is finalised and the details of territory, targets, commissions, and other terms are agreed in full*

Step 5: Costs and pricing

Objective

To establish all the costs incurred in supplying the product / service internationally.

Start date	
End date	
By who	

Tasks *Consider any additional export costs when establishing your price* *Key points to include in your price building up:* • currency • payment terms • specific contract travel costs • commission to partners • competition pricing	**Detailed activities** *Consider the currency to use for quotations* *Agree commission rates with partners* *Select secure payment terms* *If delivering the service in country, itemise your travel costs* *Research prices in the market*
Method *Research cost and pricing; seek advice from partner on local conditions*	**Output** *Be in a position to make competitive offers, taking into account all additional costs*

MODULE 10: SUPPLYING SERVICES

Step 6: Market development

Objective

Have a clear understanding for development of the target market (Who, What, Where, When, & How).

Start date	
End date	
By who	

Tasks • Overseas market visits (if possible in 2021?) - their number and length • Communication with key contacts, clients and partners - regularity and how? • Staffing and capacity	**Detailed activity** *Assess staff capacity and production capability* *Consider joining a virtual trade mission or event* *Contact clients and partners using their preferred method: Zoom, Teams, Whatsapp, Skype etc.*
Method *Follow up by your sales / marketing team* *Advice and support from local partner (agent)* *Utilise webinars, overseas conference calls and virtual missions to increase your knowledge*	**Output** *Finalise a market development strategy and budget for the overseas market(s)*

Step 7: Getting paid, and avoiding risk of bribery and corruption

Objective

To have a clear understanding of how you will manage any financial risk for your services.

Start date	
End date	
By who	

Tasks *Consider how you will manage any risk of non-payment, or unethical and illegal practices. This applies within your organisation and via your partners*	**Detailed activities** *Consider the ideal payment terms* *Avoid any unlawful actions overseas or contravening the UK bribery act*
Method *Set out within the business your acceptable payment terms* *Agree a code of conduct that staff, and overseas partners, are fully aware of* *Add a clause to agency / partnership contracts about bribery and corrupt practices*	**Output** *As a company, be clear on the acceptable payment terms and level of risk* *Be fully compliant with the bribery act*

QUICK QUIZ: MODULE 10

Q1	Creating a marketing sales plan is less important when exporting services than it is for companies selling goods.
	☐ TRUE, or
	☐ FALSE

Q2	Name four of the seven steps to include in your export marketing strategy for services.
1)	
2)	
3)	
4)	

Q3	Which of the following is not normally part of your brand image?			
	Colours used	☐	Logo	☐
	Design	☐	Payment terms	☐

Q4	Routes to market (RTM) for services does not generally include which of the following? (Choose one from below.)	
a)	Opening a retail shop	☐
b)	Licensing or franchising	☐
c)	Establishing a joint venture	☐
d)	Selling direct to the end-user via your website	☐

Q5	When assessing your potential market risks, what is the CPI?			
	Commercial Price Indicator	☐	Corruption Perception Index	☐
	Competitor Position Information	☐	Customs Preference Information	☐

Q6	In the current COVID-19 Pandemic, with restrictions on travel, it is impossible to demonstrate and promote your services in a face-to-face interactive way such as at a trade show.
	☐ **TRUE, or**
	☐ **FALSE**

Q7	Which of the following is not a cost consideration when exporting services? (Choose from one of the following.)	
a)	Currency fluctuation issues	☐
b)	Distribution costs	☐
c)	Packing and freight costs	☐

Q8	Which country is said to be one for the lowest risk of coming across corrupt business practices?			
	Denmark	☐	Australia	☐
	USA	☐	Iceland	☐

SUMMARY
MODULE 10

(Note any actions arising from this module)

ACTIONS

On the completion of this course, you are likely to have identified several actions to progress your export plans. Use this space to summarise all the key actions.

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NOTES

GLOSSARY OF TERMS

A

ADD	Anti-dumping duties: extra duties imposed at import if a country / company is shown to be dumping goods on a market (see definition 'dumping' below)
AEO	Authorised Economic Operator
AEO (C)	Customs Simplification only approval under AEO scheme
AEO (S)	Supply Chain Safety & Security only approval under AEO scheme
AEO (F)	Full approval under AEO scheme (no longer a valid term under UCC changes)
Agent	A person or a company that acts as a sales agent on behalf of the exporting company (principal), introducing its products to potential buyers in the external market, in exchange for a commission based on the value of the business deals arranged and paid to the principal
Air Express Operator	See also courier / integrator
AML	Anti-Money Laundering
AMLD	EU Anti-Money Laundering Directives – intended to prevent money laundering or terrorists financing and establish a consistent regulatory environment across the EU
APHA	Animals and Plant Health Agency
Approved Exporter	EU Approval to make invoice declarations in the place of issuing EUR1 forms
ATR	Preference Certificate (between EU and Turkey)
AWB	Air waybill (air freight).

B

B2B	Business to Business
B2C	Business to Consumer
BACP	Business Anti-Corruption Portal: a one-stop shop for business anti-corruption information offering tools on how to mitigate risks and costs of corruption when doing business abroad
B/D	Banker's Draft (payment term)

B/E	Bill of Exchange (payment term)
BIFA	British International Freight Association
B/L	Bill of Lading (sea freight)
BOD	Bill of Discharge
Bond Insurance Policy	UKEF policy to protect UK exporters against demands for payment under a bond or a counter-guarantee that is either unfair or caused by political events
Bonded Warehouse	Warehouse where bonded goods are stored.
Bribery	Offering, giving, receiving, or soliciting of any item of value to influence the actions of an official, or other person, in charge of a public or legal duty
Bribery Act 2010	Covers the criminal law relating to bribery – penalties for committing a crime under the Act are a maximum of 10 years' imprisonment, along with an unlimited fine, and the potential for the confiscation of property under the Proceeds of Crime Act 2002, as well as the disqualification of directors under the Company Directors Disqualification Act 1986
BTI	Binding Tariff Information Ruling

C

C88 form	See 'SAD'
CAA	Civil Aviation Authority.
CAD	Cash Against Documents (payment term)
Carnet	Booklet issued by ICC to make customs clearance on temporary movements easier
Carrier	The provider of the main means of transport in a shipment, e.g. airline, vessel operator, trucker
CBD	Cash Before Delivery (payment term)
C&F	Cost & Freight – very old abbreviation for the Incoterms ® rule CFR
CCG	Customs Comprehensive Guarantee
CDS	Customs Declaration System – due to replace CHIEF in UK 2021-2022
CFR	Cost and Freight (an Incoterms® rule)

CFSP	Customs Freight Simplified Procedure – simplified import entry procedure used in the UK
CFT	Counter terrorism finance
CHIEF	Customs handling of import / export freight
cif	Jargon – cost, insurance, freight
CIF	Cost, Insurance & Freight (an Incoterms® rule)
CIM	Conditions of international carriage of goods by rail
CIP	Carriage, Insurance paid to (an Incoterms ® rule)
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
Clearing Agent	The party appointed to submit entries to customs authorities on behalf of the buyer will handle duty, VAT and other financial accruals on behalf of their client
CMR	Conditions of international carriage of goods by road
COM/I	Commercial Invoice
Commercial Agent	A person or a company that acts as a sales agent on behalf of the exporting company (principal), introducing its products to potential buyers in the external market, in exchange for a commission based on the value of the business deals arranged and paid to the principal
Commodity Code	Code used to identify goods under a tariff number
Competition law	Law(s) that promotes or seeks to maintain market competition by regulating anti-competitive conduct by companies. Competition law is implemented through public and private enforcement
Consignee	Buyer / destination address
Consignor	Exporter – party who instigates the export
Consol/(Consolidation)	Bulking together of several shipments to same destination to reduce cost
Controlled Goods	Goods which are subject to control under the Export of Goods (Control) Order 2008
Country of Departure	The country from which a means of transport departs
Country of Destination	The country to which goods are transported as final country for delivery
Country of Origin	Country in which the goods have been produced or manufactured
Country When Consigned	Country from which the goods are shipped, not related to origin of goods
Courier Company	See also 'integrator' / 'air express operator'
CPI	Corruption Perception Index
CPC	Customs Procedure Code
CPT	Carriage Paid to (an Incoterms ® Rule)

CWC	Country When Consigned
CWO	Cash with order (payment term)

D

DAF	Delivered at Frontier (an old Incoterms ® 2000 rule not in the current set)
DAP	Deliver at Place (an Incoterms ® 2020 rule)
DAT	Delivered at Terminal (an old Incoterms ® 2010 rule not in the current set)
DDCMS	Department for Digital, Culture, Media, & Sport
DDP	Delivered Duty Paid (an Incoterms ® rule)
DDS	Duty Deferment Scheme
DDU	Delivered Duty Unpaid (an old Incoterms ® 2000 rule not in the current set)
DECC	Department of Energy & Climate Change
DEFRA	Department of Environment, Food & Rural Affairs
DEQ	Delivered Ex Quay (an old Incoterms ® rule not in the current set)
DES	Delivered Ex Ship (an old Incoterms ® rule not in the current set)
DGN	Dangerous Goods Note
Direct Sales	Selling to the end-users without going through a third party
Distributor	An entity that buys non-competing products or product lines, warehouses them, and resells them to retailers or direct to the end-users
DIT	Department for International Trade
DPU	Delivered at Place Unloaded (Incoterms ® rule introduced in the 2020 set of terms)
DSP5	Department of State Permit issued in the USA for exports from USA of military items
Dual-Use Goods	Goods not specifically designed or modified for military use but of a high technological level to be caught under export controls
Dumping	A term used in the context of international trade when a country or company exports a product at a price that is lower in the foreign importing market than the price in the exporter's domestic market
Duty	The levy imposed by H.M. Government on the landed value of imported goods identified in H.M. Tariffs by product definition + coding – collected at the appropriate percentage of the landed value

E

ECJU	Export Control Joint Unit – new name for the combined department for export controls under DIT
Economic Sanctions	Commercial and financial penalties applied by one or more countries against a targeted self-governing state, group, or individual
Economies of Scale	a proportionate saving in costs gained by an increased level of production
Economy Pricing	Typically used for generic products in a competitive market. Low prices, low cost 'no frills'
ECU	European currency unit
EDI	Electronic Data Interchange
EFTA	European Free Trade Association
EIDR	Entry Into Declarants' Records
ELA	Export Licence Applications
Embargo	An official ban on trade or other commercial activity with a particular country
ENS	Entry Summary Declaration (ICS)
EO	Economic Operator
EORI	Economic Operator Registration Identification (in the UK the VAT number)
ETA	Estimated Time of Arrival
EU	European Union
EUR Form	European Preference / Movement Certificate of goods which qualify for preference
EUU	End-User Undertaking (licence controls)
EXW	Ex Works (an Incoterms ® rule still in the current set, although from 2010 it is said to be more appropriate as a domestic delivery term) ex works Jargon – means the price only includes the cost of the goods

F

FAS	Free Alongside Ship (a current Incoterms® rule)
FCA	Free Carrier (a current Incoterms® rule)
FCDO	Foreign, Commonwealth & Development Office
FCG	Free Circulation Goods
FCR	Forwarder's Certificate of Receipt

Financial Sanctions	Financial sanctions are imposed by the UK Government and may apply to individuals, entities and governments, who may be resident in the UK or abroad
Financial sanctions orders	Prohibit carrying out transactions with a person or organisation – they may also prohibit providing any financial services
FOB	- Free on Board (a current Incoterms® rule).
FOC	Free of Charge (payment term)
Forwarder	The party contracted primarily to prepare export documentation and act as interface between shipper and carrier
FPO	Fast Parcel Operator
Freight Collect	Indication from shipper as to who pays main freight costs – collected at destination
Freight Forward	Main freight cost sent forward to consignee's account
Freight Prepaid	Main freight cost paid by shipper
FZ	Free Zone

G

GATT	General Agreement on Tariffs and Trade
GCHQ	Government Communications Headquarters
GDM	Goods Departure Message
GDP	Gross Domestic Product
GMR	Goods Movement Reference number
Gross Weight	Total weight of goods and packing
Groupage	Small consignments bulked together and consigned by a forwarder or carrier to reduce individual cost
GVMS	Goods Vehicle Movement Service

H

HAWB	House air waybill
HMG	Her Majesty's Government
HMI	Her Majesty's Inspectorate
HMRC	Her Majesty's Revenue & Customs (formerly HMC&E)
HMT	Her Majesty's Treasury
HO	Home Office

Home Use	Goods being imported for use / sale in the UK.
Horizontal Price Fixing	Where competitors collude to agree a price schedule or a price range or act in other ways to reduce price competition
Hub	The central transhipment point in a network serviced by truck transport and serving spokes
HR	- Human Resources
HS Code	Harmonised System Code (tariff number)
HTS	Harmonised Tariff Schedule

I

IATA	International Air Transport Association
ICAO	International Civil Airlines Operation
ICC	International Chamber of Commerce
ICT	Information and Communications Technology
IMF	International Monetary Fund
Incoterms ®	
Rules	A set of international rules for the interpretation of the most commonly used trade terms in foreign and domestic trade
Indirect Sales	Selling to end-users via a third party, such as an agent, distributor, wholesaler, retailer, dealer of similar representative
Integrator	See also 'courier' / 'air express operator'
Intermediary	i) Company employed to act between customers and companies manufacturing and/or selling goods, examples include agents, distributors, retail outlets ii) Company employed to act between customs, the freight industry and companies importing and exporting goods
INTRASTAT	Intra-European Community Trade Statistics
INVOICE	Commercial Invoice; Export Invoice; Proforma Invoice, Shipping purposes the invoice has the main purpose of: (a) Describing the parties to the transaction (b) Description of goods (c) Value of goods
ISPM15	International Sanitary / Phytosanitary Measure – relates to wood and wood packaging
ITAR	International Traffic in Arms Regulations – USA Military List Controls

J

JCL	Joint Contractual Liability

K

KYC	Know Your Customer

L

Landed Value	The amount calculated by adding the value of the goods to amounts for freight and insurance
L/C (Letter of Credit)	Basically a letter from one bank authorising payment on presentation of documents to the bank (payment term)

M

Manifest	List of goods, cargo, destination(s) for one movement of goods by air or sea
MAWB	Master Air Waybill
Material culture	Includes the technological used by the majority of the population, personal transport (including car ownership) and the availability of resources such as electricity, natural gas, telephone, Internet and wireless communication.
ML	UK Military List
MOD	Ministry of Defence
MOJ	Ministry of Justice
MoT	Means of Transport
MOU	Memorandum of Understanding
MS	Member State of the EU
MSS	Management Support System data from HMRC
MUCR	Master Unique Consignment Ref

N

NCH	National Clearance Hub – UK Customs central controlling office
NCV	No commercial value
NES	National Export Systems commonly known by its abbreviation. A computerised export declaration made to UK Customs when exporting to countries outside the EU.
Net Weight	Weight of goods only, without any wrapper or container
NLR	No Licence Required
Notify Party	Additional party shown on air waybill etc. additional to the consignee - usually a nominated clearing agent or bank (L/C)
NTB	Non-Tariff Barriers

O

OECD	Organisation for Economic Co-operation and Development
OFAC	Office of Foreign Assets Control (USA)
OFSI	Office of Financial Sanctions Implementation (UK)
OGD	Other Government Departments
OGEL	Open General Export Licence; published for the use of industry generally, applying to a range of goods to a number of countries. Subject to certain conditions
OG(I)L	Open General (Import) Licence
OIEL	Open Individual Export Licence
OMIS	Overseas Market Introduction Service
OPR (Outward Process Relief)	Procedure allowing goods to be exported outside the EU on a temporary basis to return to UK without customs

P

4 Ps	Product, Price, Place, Promotion
P&R Goods	Prohibitions & Restrictions
P2P	Permission to proceed – possible instruction under ECS or ICS
Penetration Pricing	Technique to gain market share quickly for a new product by selling at a low price
PESTEC	Political, Economic, Social, Technological, Culture and Environment
P/N	Promissory note (payment term)
POD	(i) Paid on delivery (payment term) (ii) Proof of delivery (iii) Period of Discharge
PR	Public Relations
Premium	
Pricing	Setting higher prices in the hope that the higher price will give the impression the goods / services are of a higher quality
Primary Research	Information gathered by your own field research, unique to your business needs and based on current findings
PSI	Pre-Shipment Inspection

Q

Qualitative research	In depth research based on observable data such as descriptions, behaviours, the appeal of appearance, quality, feelings
Quantitative Research	General overview based on measurable data such as numbers and statistics, demographics, costs, weights
Quota	Ceiling levied on import of goods

R

R/Ex	Rates of Exchange
RGR	Returned Goods Relief
Routes to Market	The range of methods used by a company to get its goods or services to its customers
RTBH	Right to be Heard
RTM	Routes to Market

S

S&S	Safety and Security
SAD	Single Administrative Document
SCD	Simplified Customs Declaration
Seasonal Fluctuations	Periodic fluctuations in certain business areas and cycles that occur regularly based on a particular season
Secondary Data	Information gathered by desk research using other people's / companies' data
SFD	Simplified Frontier Declaration
Shipper	The company who originates the requirement to move the goods
SIEL	Standard Individual Export Licence
Skimming strategy	Introducing a new product at a high price to take advantage of 'early adopters'
SP	Customs 'Special Procedures', e.g. IP, OP, TA, EnU
SPIRE	Shared Primary Information Resource Environment the electronic UK export licensing system
Spoke	The route used to service smaller distribution centres or customers from a central hub distribution centre
SPS	Sanitary / Phytosanitary Measures
supply chain	The sequence of processes involved in the production and distribution of goods or services
SWOT	Strengths, Weaknesses, Opportunities, Threats

T

Tariff No.	HMRC code number that relates to the type of goods, see also 'commodity code' and 'HS Code'
TCA	EU-UK Trade Cooperation Agreement
TCTA	UK Taxation (Cross-border Trade) Act 2018 to replace the UCC when UK becomes independent of EU legislations January 2021

TIR	Transport Internationale Routes – road transport sealed on departure to be opened only at destination
TARIC	The EU's Integrated Tariff (Tarif Intégré des Communautés Européennes).
Tare	Actual weight of the container only, without goods
TB	Tariff Barriers
TS	Temporary Storage

U

UCC	Union Customs Code (EU Customs law from 1.5.2016)
UCP600	Current version of Uniform Customs and Practice (of Documentary Letters of Credit) replaced UCP500 in July 2007
UCR	Unique Consignment Reference
UKBF	UK Border Force
UKEF	UK Export Finance
UKGT	UK Global Tariff – new tariff schedule to come into force when UK leaves the EU after the Transitional Period and replaces TARIC
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
URC522	Uniform Rules for Collections under bill of exchange
USP	Unique Selling Point

V

VAT	Value Added Tax (general rate in UK 20%).
Vertical Price Fixing	Where a manufacturer sets minimum or maximum resale prices for their representatives
Volumetric Weight	Freight rates charged on either actual weight (e.g. gross) or volumetric (the size of the shipment) whichever works out greater

W

WCO	World Customs Organisation
W/M	Weight / measurement – similar to volumetric weight
WTO	World Trade Organisation

Department for International Trade

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