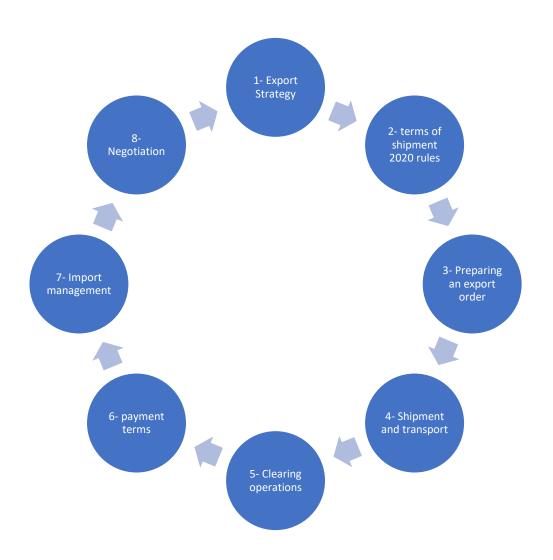


# **PROGRAMME**



## **Trends**

Slower growth in developing economies

Tariff volatility

Diversification of markets and suppliers

To respond quickly to changes in

- Demand
- Currency risks
- Trade barriers

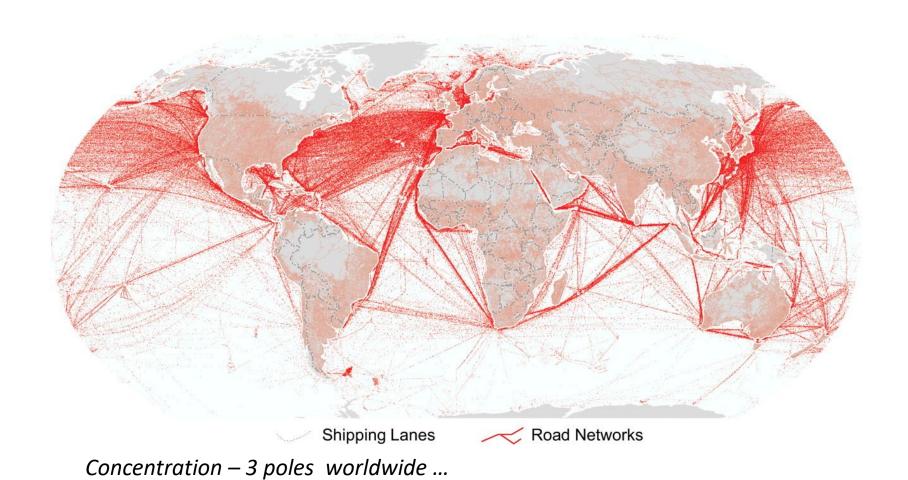
Onshoring and nearshoring trend

Supplier greedflation

Real time risk monitoring

# 1 –Export Import Strategy

# Three driving poles to global and sustainable ...



Market priorities are depending on

Spreading over cost, benchmark position,
focusing on dedicated markets

Controlling your distribution

- Depending on market figures to select directness level
- Agent or subsidiary

Or not ...

• Importer or distributor

And more ....

Price policy and credibility

Hidden costs due to access

#### Basic steps

- A long term partnership usually
- Banking information
- Markets priority
- Price policy

1 –



### Distribution

#### Subsidiary

- Advantage : control of distribution
   + profit
- Disadvantage: Risky and long term investment

#### Agent

- Control of distribution commission so not costly
- Financially risky

#### Importer

- Culture and close to the market financially sound
- Interface between you and the market

# 1- export is long term investment

Why a Long term strategy

Budget and plan

Export investment

Return on investment is quite longer

Priority = Volume x Unit margin

# Export evaluation

Strategy analysis

Why global development?

Risk weighing

Opportunities

Specialization

#### Functional analysis

- Production
- Finance
  - Investment
  - Longer credit terms
- Skills
- Marketing and logistics capacities

#### Experience

- Existing one
- International customer service
- Competitive analysis : benchmarking
  - Strength
  - weakness

# The product

Positionning

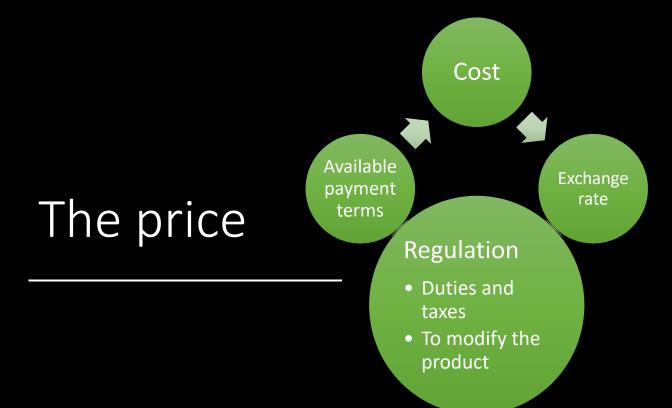
Matching with the market

**Assets** 

- New
- Quality
- Price
- Service
- Range extension

Packing and packaging

- Norms
- Matching with the market



# Market information

# **Public or private**

Consulting

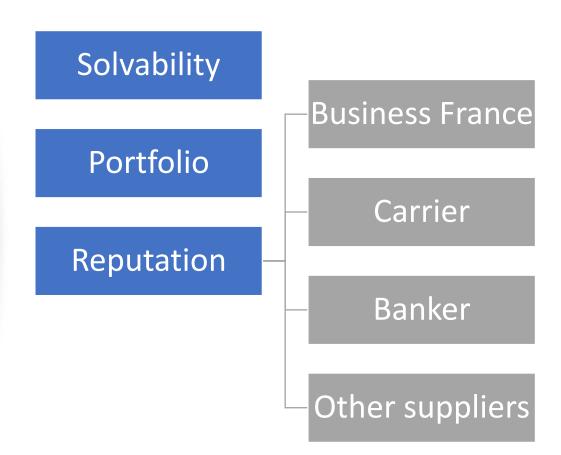
# **COFACE** example

- Fairs & exhibitions
- Prospection
- Insurance credit
- Currency coverage

## Customs

- Information
- advice

To identify your possible partner



# For help

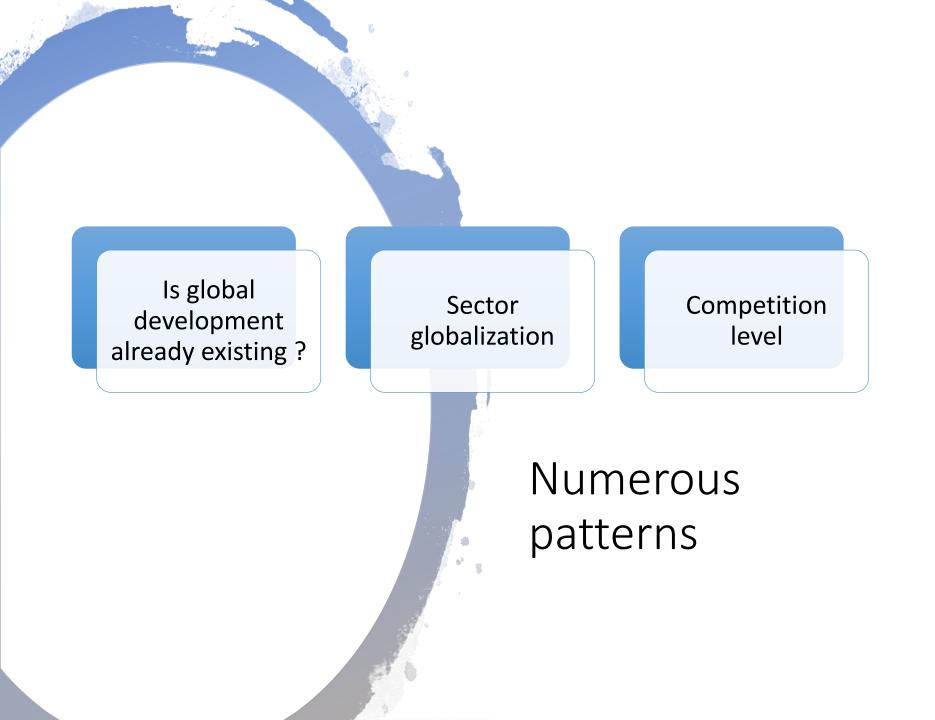
Financial support	
Connecting people	
Foreign trade minister	
• Embassies	
Industry and trade chambers	
<ul><li>In the vicinity</li><li>Information</li></ul>	
Consulting companies	
Bank network	

# **Export maturity**

- Which market?
  - EU or elsewhere
- Market diversity
- Ressources to be allocated
- Which strategy
  - Geocentric
  - Multi poles
  - spreading









- Activity
  - Capital level industry vs servicing company
  - High volume needed to match with investment level
    - Chemy, ciment, car industry ...
  - Research and development investment
    - Medecine, electronic equipment
  - High volume need to consuming products with marketing investment
  - **Tailor made** industry : specialities (French cheese as well as lawyers) ... culture oriented
  - Culture bound or.. Not:
    - champagne example : yes
    - Or *not*: raw materials, commodities, steel, orange juice, or culture free: utilities
- Company size
  - Ressources
  - Opportunity and threat in introducing a new area
  - Positive impact to assess: visibility ....

## Numerous patterns

- Management system
  - Depends on top management
    - what are the economic goals
    - capacity to adapt to market evolution
    - Profit goal
  - What support from financial partners...
  - Obstacles considering company identity in the targeted country
    - Mittal reactivity
    - To be accepted on the market
- Development in ...
  - Close countries target including culture
  - Continental development
    - Specialized distribution
    - Banking networks...
  - Multi continental or global
    - McDonald, Zara ...



- Global industries
  - Customers internationalisation
    - Business to Business
    - Computers
    - Publicity
    - Financial services
    - Car industry
  - **Demand location** is changing in B2C
    - Supermarkets chains and B2B infrastructures projects
  - Technological transfers
  - Suppliers closer in the supply chain
    - with key customers as Transport cost issue

# According to industries

#### Internal reasons

- Volume leverage
- Same way as for research and development
  - medecine example
- To reduce labor cost but ...
  - Threat to come to workers in the country of origin
  - Social keeping and necessity for productivity
- The most capitalistic industry are the most global
  - But SME born global
- In between : the Glolocal
  - Mittal...

#### **External reasons**

- Possible resistance is ..
  - Politics and regulation
    - strategic
    - monopolies...
  - Culture however decreasing
  - Bottom of the pyramid (purchasing level)
    - non sufficient infrastructures



#### **First landing**

When the supplier stops
supplier to source
Exceeding production
Opportunity
International fairs





# The management willingness

The « global deregulation »

Decreasing cost required by customers

Increasing visibility

Moving to sustainable developement

#### Go native

Connection with existing product image and name

Greenfield (own development) or brownfield (to acquire) including sole venture or jointventure

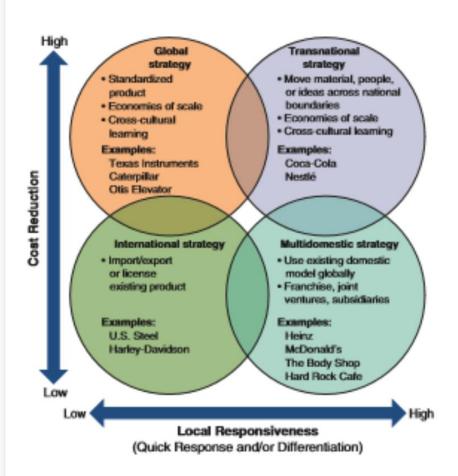
Development steps

# Development steps

#### Multinational development

- Need for control
- To maintain quality and standard level, car industry suppliers
- To follow customers development (partnership) information service suppliers example
- Local choice to reduce cost And / Or .. Increasing quality
- To diversify global risk in
  - Sourcing or selling (raw materials)
  - To limit financial cost and tax level ...
- Other examples
  - Pharmaceutical industry and finding research ressources worldwide
  - Financial services « optimization »: Luxemburg example

# Four global strategies



# Situation

#### **Market Entry**

Your company plans to enter a new market in South America. You must decide on the best logistics strategy to ensure a smooth and cost-effective entry.

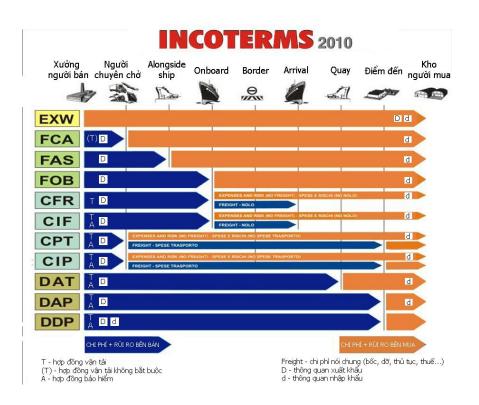
#### **Questions:**

- What factors will you consider in your decision-making process (market demand, regulatory environment, infrastructure)?
- Which logistics model (direct distribution, third-party logistics, or partnerships) will you choose and why?
- How will you monitor and adapt your strategy based on market conditions?

## TRANSVERSE INTRODUCTION

• Champagne quizzes and games | Champagne Education

# 2- Terms of shipment2020 rules



# Our goals

Understand incoterms approach & Using them in the proper way

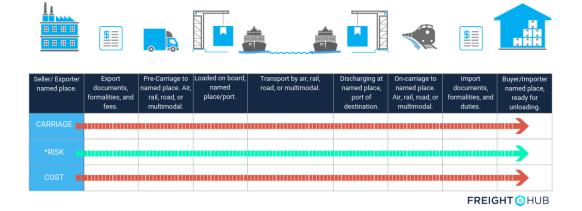
Optimizing sales and purchases

**Avoiding disputes** 

To update your own incoterms version

#### Introduction to incoterms

DDP - Delivered Duty Paid (at the named place)



- Is to identify the geographical point when obligations of the seller are fulfilled
- And by the way start to be the matter of the buyer
- To 2020 version : stronger meaning then ever

# More precisely

"the chosen incoterm" + named port, place or point incoterms 2020

The most accurate one

With incoterm starting with C (place of shipment has to be included)

# Answering transport disputes

- Better connections to other international rules
  - Transportation
  - Insurance
  - ICC letter of credit rules
  - Customs regulation
- ... Sales contract

Main transport to the buyer or to the seller

- And more
  - Obligations to the seller and to the buyer
  - About transportation risk and cost transfer

"Where these contracts match, things go well Where they not, problems rapidly arise"



## Water location or multimodal ones



4 ONES ARE DEDICATED
TO SEAWAY AND
INLAND WATERWAY



OTHER INCOTERMS ARE MULTIMODAL ONES



MISUSING AN INCOTERM IS
A POSSIBLE UNSOLVED
DISPUTE WITH THE
CUSTOMER OR SOLVED
WITH EXTRA COST AS A
CONSEQUENCE

# Incoterms and company strategy

- 60% of disputes arise from transportation
- Damage, delay in delivery ...
- Without the proper incoterm solution might not exist or might be costly
- To comply with what is really done





### Seller

Controlling transport makes possible to make profit on the whole value

Product and transportation as well



### Buyer

Controlling transportation might be the best way to save money





Controlling transport make possible to secure time of delivery



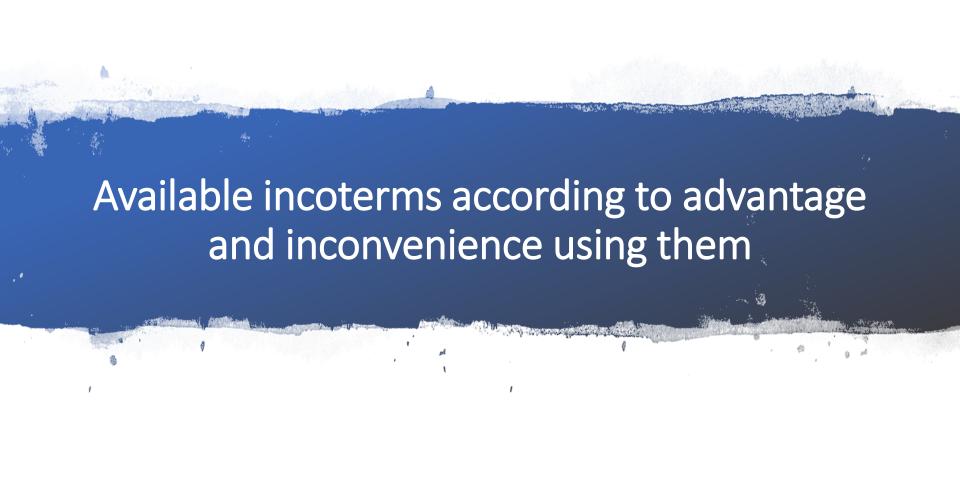
**Risk transfer** 

Ultimate risk is to the buyer as is non delivery

Which company seller or supplier is the best able to control cost and risk of transportation

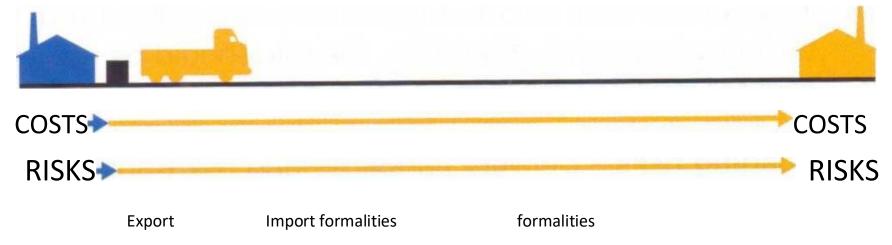
# Let's play strategy ...

- Champagne company selling to China
- Handing tools company selling to Saudi Arabia
- Decathlon importing from China
- Nestle Europe buying coffee from Brasil
- War plane sold from France to India
- Fresh flowers from Ecuador to The Netherlands



#### EXW Ex-Works (insert name place)

### EXW (insert named place of delivery) Incoterms 2020



### EXW Ex-Works (insert name place)

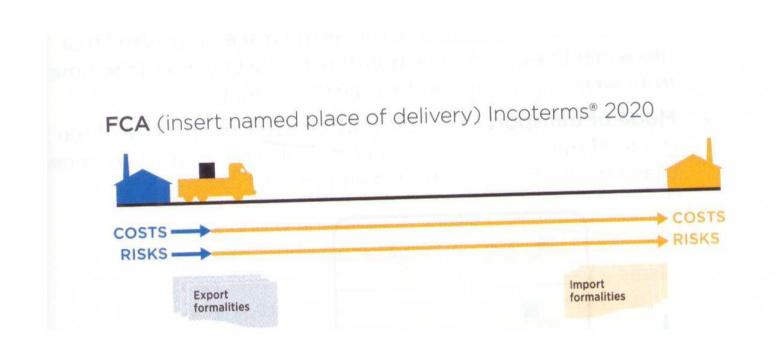
The goods are at the disposal of the buyer at the factory or warehouse

No need to load, and no need to clear the goods No export clearance to be organized by the seller but by the foreign buyer

More suitable for domestic trades

This may cause problems for the seller and the buyer respectively with loading and export clearance

#### FCA Free Carrier (named place)



### FCA Free Carrier (named place)



The seller premises or another point (unloaded)



Including export clearance to the seller



Ocean bill of lading with an on board notation in FCA sales is possible if the parties have so agreed in the contract

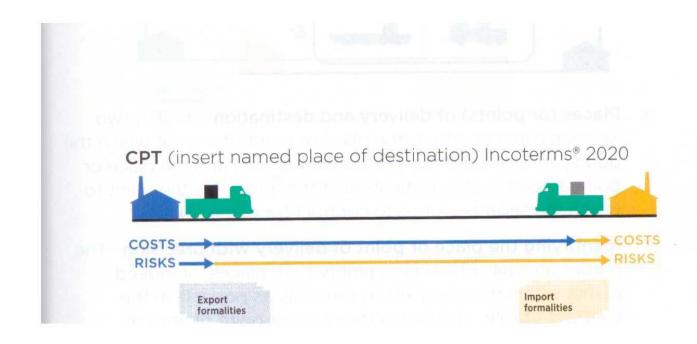


What's for ?

Main control for the buyer

Container

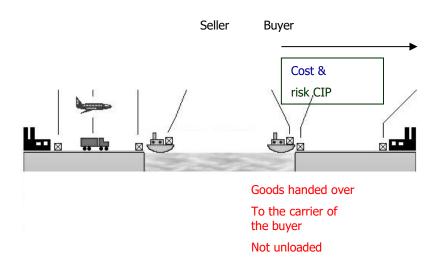
#### CPT Carriage Paid To (name place of destination)



# CPT Carriage Paid To (name place of destination)

- Main transport contracted by the seller
- The risk transfer to the buyer happens when the goods are handing over to the carrier
- To identify place of delivery to the first carrier and destination point managed by the seller
- Unloading have to be agreed if needed
- · What's for ?
  - We take care of transport
  - Our customer takes care of risk ....

- CIP Carriage Insurance Paid To
  - Landing or multimodal point
  - Institute clause A insurance
  - Two critical locations
    - place of shipment
    - Of destination



CIP Carriage and Insurance Paid To (name place of destination)



The seller must contract the insurance, not applicable to countries requiring local purchase of insurance



Institute Cargo clause A

Including particular average



Both places have to be identified as well



Unloading have to be agreed if needed

- DAP Delivered at Place Destination
  - Whatever the mean of transport
  - Unloading to the buyer



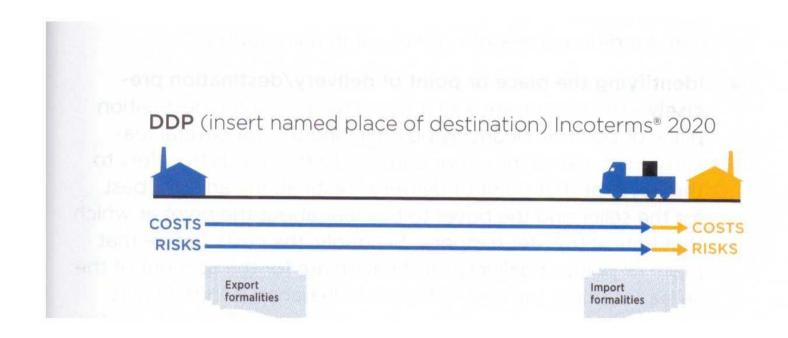
# DAP Delivered at Place (named place of destination)

- When the goods are placed at the disposal of the buyer on the arriving means of transport ready for unloading
- To the point of destination
- · What's for ?
  - Non risky country
  - Avoiding customs at destination

# DPU Delivered at Place Unloaded (named place of destination)

- The only incoterm to require from the seller the unloading at destination
  - But not import clearance

#### DDP Delivered Duty Paid (named place of destination)



# DDP Delivered Duty Paid (named place of destination)

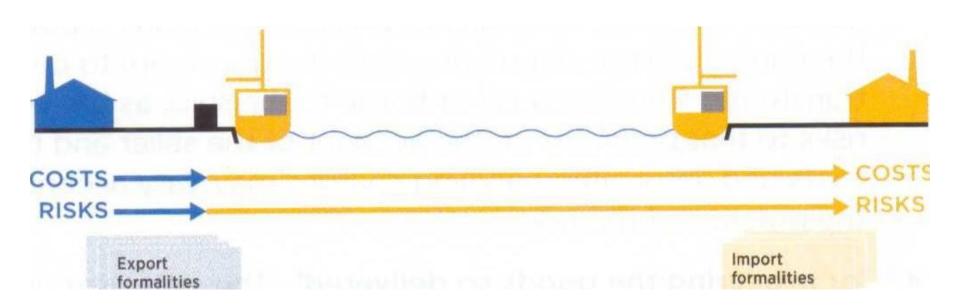
- Cleared for import
  - · ready for unloading
- Caution to the sellers: when the company is not existing in the country of destination
- Especially when an import license has to be obtained, this is a choice to avoid
- The seller owes some obligations to the buyer which can only be performed within the buyer's country
- What's for ?
  - Does a subsidiary exists at destination?

# Sea and inland waterway

- FAS
- FOB
- CFR
- CIF

#### FAS Free Alongside Ship (named port of shipment)

FAS (insert named port of shipment) Incoterms@ 2020

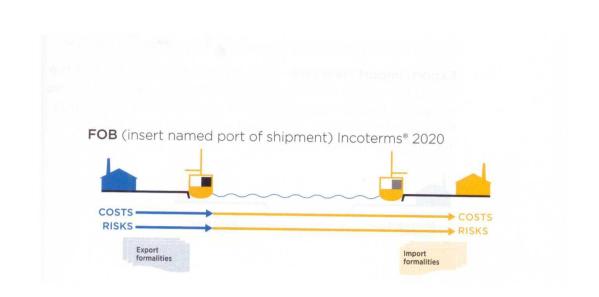


# FAS Free Alongside Ship (named port of shipment)

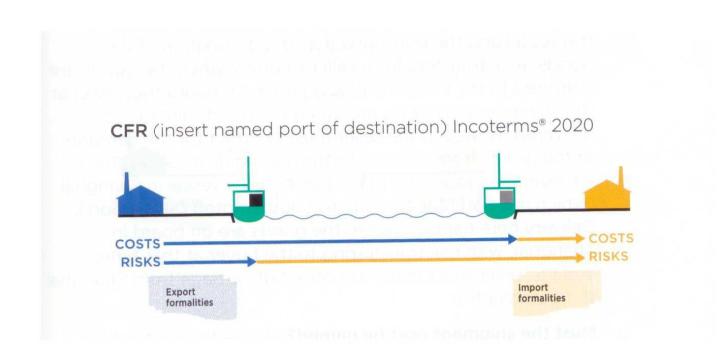
- When the goods are placed alongside the ship, the quay, the barge
- Nominated by the buyer
- Handling charges might vary according to the practice of the port
- · What's for ?
  - Bulk

### FOB Free on Board (named port of shipment)

- On board the vessel nominated by the buyer
- Risk splitting
- What's for
  - Bulk preferably
  - The oldest incoterm ...



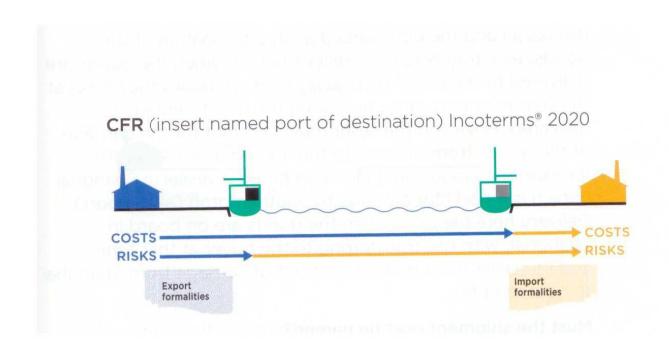
# CFR Cost and Freight (named port of destination)





- Risk is transferred when goods are on board the ship
- To pay transport cost
  - To pay it cheaper?
- Two ports are important : port of departure and port of destination

### CIF Cost Insurance and Freight (named port of destination)



## CIF Cost Insurance and Freight (named port of destination)



- Difference with CFR is in risk
- The seller is required to obtain limited insurance cover complying with Institute Cargo clauses C
- Or higher level (A) to be agreed
- Unloaded or not
- What's for
  - Bulk
  - However really used with general cargo
  - Able to buy cheaper transport than your customer

# Main changes

- In names
- DAT is deleted
- Creating a new incoterm, DPU
- The way to use them
- EXW and DDP officially not recommended to international sales

# Main impacts of incoterm choice



### All of them

- EXW
- FCA
- FAS
- FOB
- CFR
- CIF
- CPT
- CIP
- DAP
- DPU
- DDP



# Transport according to mode

- FCA ...
- If agreed the seller must contract for carriage on usual terms at the buyer's risk and cost
  - CPT CIP DAP DPU DDP
  - To procure the contract for the carriage, **if delivery placed is not precisely named**, it will be the seller choice
  - To comply with transport security rules

# Transport according to mode



## LET'S PLAY TO INCOTERMS

which one

You import products from Brasil by sea ship. You intend to take in charge logistics process from aircraft landing in Roissy

You export to Agadir (Morocco). Your customer does not intend to take in charge anything before its own premises.

You import machine tools from Korea. You intend to take in charge the goods discharged at Marseille. The seller takes in charge the insurance.

#### Incoterms 2



Cofralu company has shipped 5 machines. One machine is stolen in Russia. Cofralu claims for payment to be made by his customer, what incoterm can solve the dispute ?



Virtool company is a medium company with 70% of his turn over for export and is leader for handling tool sector in Europe. For an ex works sale a claim appears: people at Virtool is instructed not to load the truck waiting for loading 300 cases of handling tools. The driver is unable to load. Why do they refuse, what is possible solution?

### Incoterms

You import products packed in a container from Korea.
You dont ask for insurance cost included in the purchasing price, what's incoterm?

You import goods DAP
Strasbourg coming from
Reykjavik. Who will take in
charge customs formalities
in France?

You import iron rools from South Africa. You ask your supplier to deliver goods cleared on board in Capetown.

# Transport according to mode

#### CFR CIF

- The seller must contract or procure a contract for the carriage of the goods at the agreed point of delivery or if agreed at any point of the port
- To know who is owner of handling means at the port of discharge is a criterion to choose the incoterm
- Unloading expenses at the agreed port of discharge might be at the charge of the seller when previously agreed
- Also applicable to CPT / CIP

# Insurance coverage B3 Buyer

#### EXW

- The buyer bears all risk of loss or of damage to the goods from the time they have been delivered
- If the buyer fails to give notice, then the buyer bears risk of loss or damage B10

# Insurance coverage B3 Buyer

FCA CPT CIP DAP
DPU DDP

If the buyer fails to nominate a carrier or another person or to give notice

or the carrier or person nominated by the buyer fails to take the goods in charge

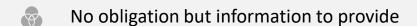
# Insurance coverage B3 Buyer

#### FAS FOB CFR CIF

- The buyer bears all risks of loss or damage to the goods
- The buyer fails to give notice in accordance with B10 or the vessel nominated by the buyer fails to arrive on time, fails to take the goods or closes for cargo earlier then the time notified in accordance with B10

#### A 5 the seller insurance





#### **CIP**

- The seller must obtain, as its own cost, cargo insurance complying with the cover provided by clauses A of the Institue Cargo Clauses as apropriate to the means of transport used.
- Any additional cover is at the buyer's cost, such as complying with the Institute War Clauses and or Institute Strike clauses
  - The insurance shall cover, at a minimum, the price provided in the contract + 10% and shall be in the currency of the contract
    - The seller must provide the buyer with the insurance policy or certificate or any other evidence of insurance cover

# A5 Insurance the seller

- DAP DDP
- The seller has no obligation to the buyer
- FAS CFR
- No obligation but information to the buyer
- CIF
- Unless otherwise stated with the cover provided by clauses C
- The insurance shall cover 100% of the contract value and shall be in the currency of the contract

# Container shipment by sea / waterway

- Shipment key locations
  - Loading plant / warehouse place
  - Container terminal of the carrier at the port of departure
  - At the quay side of the port of departure
  - Carrier container terminal at the port of discharge
  - Place of delivery

#### Container shipment by sea / waterway



USEFUL BORDER CY / CY (CONTAINER YARD)



PORT TERMINAL FCA AND FOB



CFR AND CIF AT THE PORT OF DISCHARGE AS AN ANSWER



Security controls increase due to world customs and transport and security regulations

# **Customs** regulation



Obligations are regarded as including seller and buyer, responsibility and assistance

Import Control
System example



Creating an obligation or an assistance process according to the incoterm

# A 7 Seller and clearance

#### EXW

- The seller must assist the buyer at the buyer's risk and cost to obtain information related to export/transit/import clearance
  - Export/transit/import licence
  - Security clearance for export/transit/import
  - Pre-shipment inspection
  - Any other official authorisation
- FCA CPT CIP DAP DPU FAS FOB CFR CIF
- The seller must carry out and pay for all export clearance formalities:
- Export licence, till any other official authorisation



#### EXW

The buyer will pay and fulfil export formalities

#### FCA CPT CIP DAP DPU FAS FOB CFR CIF

- Assistance with export clearance
- The buyer must carry out and pay for all formalities required by any country of transit and the country of import

#### DDP

 The buyer must assist the seller, at the seller request, risk and cost in obtaining any document and information required by the countries of export/transit/import

# Case studies to review possible choice

Goods are packed

**Packing** 

Shipment and export formalities

Pre carriage (sea / air / consolidation by road)

Terminal of departure / loading

Main transport

Minimum insurance, extra coverage

Port charges at destination, unloading

Post carriage

Clearance formalities, duties, taxes

# Reviewing possible choices

AS A CONSEQUENCE

**PAYMENT AND INCOTERMS** WHEN CONNECTION EXISTS WITH TRANSPORT

**COMPARING SUPPLIERS** 

**COMPARING DISTRIBUTORS** 

ASSESSING DUTIES AND TAXES

TO SELECT YOUR OWN INCOTERMS

Incoterms 2020 code 3 letters + place name	Packing	Loading	Export clearance	Pre carriage	Cost to logistic platform/ port charges /from departure	Loading on main transport		Unloading of main transport	Logisite platform cost/ port of arrival	Post-tarrigae	Insurance	Import clearance duties and taxes
EVIA	Collor	Puwar cupport	Puwar cupacit	Punor		ultimodal transport, airway, i			Punor	Provor	Punor	Russor
	Seller	Buyer, support	Buyer, support	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer
FCA	Seller	Seller	Seller	Seller/ Buyer	Seller/ Buyer	Acheteur/ BL on board possible	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer
	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller/ Buyer	Seller/ Buyer	Buyer	Buyer	Buyer
CIP	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller/ Buyer	Seller/ Buyer	Buyer	Seller ICC A or C	Buyer
	Seller	Seller	Seller		Seller	Seller	Seller	Seller	Seller	Seller	Seller	Buyer
	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	unloading	Seller	Buyer
DDP	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
FAC	Callan	Callan	Callen	Callan	Variational del 1	Lieu Maritime et flu		S	D	D	D	S
	Seller	Seller	Seller	Seller	Yes alongside the ship	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer
	Seller	Seller	Seller	Seller	Seller	Seller	Buyer	Buyer	Buyer		Buyer	Buyer
	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller/Buyer	Buyer	Buyer	Buyer	Buyer
CIF	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller/Buyer	Buyer	Buyer	Seller ICC C or A	Buyer

### Your

Small case

You are manager in a famous French brand for children garments.

Your products are sold worldwide.

The company policy is to sell FCA wharehouse however your Indian distributor is asking for a DAP Delhi.

What are consequences to consider about this change?

What are for and cons?

#### Incoterm decision

- ..\..\cas\INCOTERMSfrgb\Quiz2.pdf
- ..\..\cas\INCOTERMSfrgb\Quiz3.pdf

To each incoterm let us know which point is related to the incoterm Fill the table to know price to charge



# Together

#### **Incoterms and Risk Management**

A German automotive manufacturer exports car parts to a Brazilian car assembly plant. The contract uses the Incoterm DDP (Delivered Duty Paid).

#### **Questions:**

- 1. Explain the responsibilities of the seller under the Incoterm DDP.
- 2. Identify the risks associated with this Incoterm for both the seller and the buyer.
- 3. Recommend measures the seller can take to mitigate the risks identified.

# Together

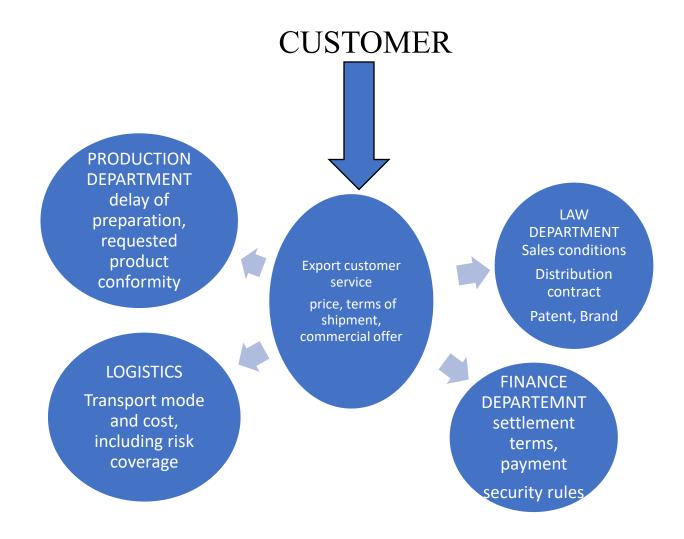
#### **Incoterms and Risks**

A Spanish company exports canned olives to a distributor in Japan. They decide to use the CIF (Cost, Insurance, and Freight) incoterm.

#### • Questions :

- 1. Explain the responsibilities of the exporter and importer under the incoterm CIF.
- 2. Identify and assess the risks associated with this transaction for both parties.

### 3- Preparing an export order



#### Commercial offer

- Firm, valid
- Content including leaflet, price-list ...
- Written, which language
- Proforma invoice

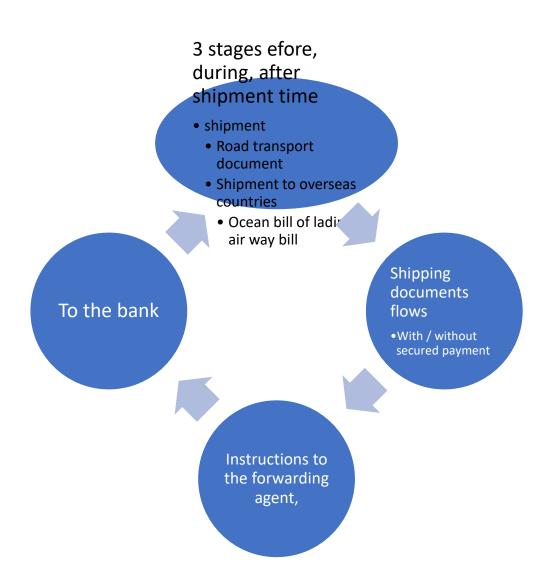
#### From E.T.D.

- launching production schedule
- stock availability

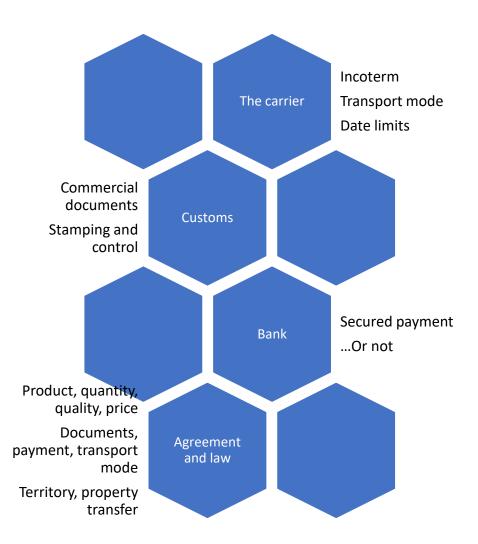


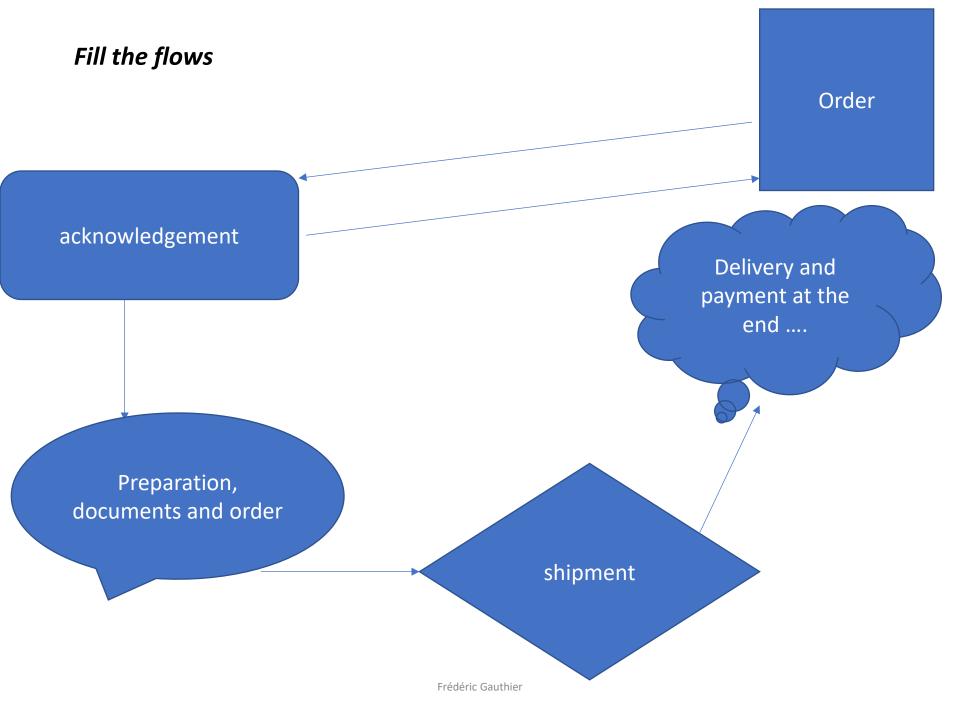
Order and acknowledgement

# Preparing an export order



## PARTNERS OF THE EXPORT COMPANY





## - Preparing an export order

EXPORTATEUR/Exporter		N° Commande/0	Order	DATE/ date	
		VOS REFERENCE	S / Your referen	ice	
		NOS REFERENCE	S / Our reterend	ie	
DESTINATAIRE / Consignee		ACHETEUR / Buy	er		
NOTIFIER A / Notify		BANQUE DU VEN	DEUR / Seller's E	Bank	
		DEVISE FACTURE	E/ Invoice curre	ncy	
DATE DE MISE A DISPOSITION	I / Date of disposal	CONDITIONS DE	LIVRAISON / Inco	oterms	
PRE TRANSPORT PAR / Pre C	arriage by	CONDITIONS DE	PAIEMENT / Terr	ns of payment	
LIEU DE CHARGEMENT / Place	of loading				
IDENTITE DU MOYEN DE TRAN	SPORT / Transport	IBLEU DE RECEPTI	ON / Place of red	ceipt	
LIEU DE DECHARGEMENT/Plac	e of Discharge	LIEU DE DESTINA	TION / Place of o	destination	
DESIGNATION DES ARTICLES	PO	IDS BRUT NET/KG	QUANTITE	PRIX UNITAIRE	MONTANT
Description of goods	Gr	oss/Netweight	Quantity	Unit Price	Amount
			TOTAL	<u> </u>	
				ES / Total of good	
				AL HT/Total Amo	
				L_ III/I Jiai Aili O	<u> </u>
			TOTAL A PAYER/	Total to pay	
OBSERVATIONS/Observation	s		LIEU D'ETABLIS	SEM ENT/Place of	Issue
					-
			NOM/Nam e		-
	1		TEL/Tel		
			SIGNATURE/Sign	natuo	
			SIGNATURE/Sign	natue	

### Preparing an order



# Invoice

- Goods
- Cost
- flow

EXPORTATEUR/Exporter		N° FACTURE/Inv	oice No.	DATE FACTURE	Invoice dat
		VOS REFERENCES / Your reference			
		NOS REFERENCE	S / Our referen	ce	
DESTINATAIRE / Consignee		ACHETEUR / Buy	er		
NOTIFIER A / Notify		BANQUE DU VEN	DEUR / Seller's I	Bank	
		DEVISE FACTURE	E/ Invoice curre	ency	
DATE DE MISE A DISPOSITION /	Date of disposal	CONDITIONS DE	LIVRAISON / Inc	oterms	
PRE TRANSPORT PAR / Pre Car	riage by	CONDITIONS DE	PAIEMENT / Ter	ms of payment	
LIEU DE CHARGEMENT / Place o	f loading				
IDENTITE DU MOYEN DE TRANS	ORT / Transport	LIEU DE RECEPTI	ON / Place of re	ceipt	
LIEU DE DECHARGEMENT/Place	of Discharge	LIEU DE DESTINA	TION / Place of	destination	
DESIGNATION DES ARTICLES Description of goods		DS BRUT NET/KG	QUANTITE	PRIX UNITAIRE Unit Price	MONTANT Amount
				ES / Total of goo	
			TOTAL DES FRA		s
			TOTAL DES FRA	AIS/Total Charge	s
CLAUSES PARTICULIERES VISA	\S√Special inform	nation - visas	TOTAL DES FRA MONTANT TOT TOTAL A PAYERA	AIS/Total Charge AL HT/Total Amo	s ount
CLAUSES PARTICULIERES-VISA	\S / Special inform	nation - visas	TOTAL DES FRA MONTANT TOT TOTAL A PAYERA	AIS/Total Charge AL HT/Total Amo	s ount
CLAUSES PARTICULIERES-VISA	\S / Special inform	nation - visas	TOTAL DES FRAMONTANT TOTAL A PAYERA LIEU D'ETABLIS	AIS/Total Charge AL HT/Total Amo Total to pay SSEMENT/Place of	s ount

### FACTURE PROFORMA / PROFORMA INVOICE

PRI	N° FACTURE /Invoice No.	DATE FACTURE/Invoice date
	2015/001	29th May 2015
	VOS REFERENCES / Your reference	
,	Order 6128 dated 2th May 2015	
	NOS REFERENCES / Our reference	
	Laurent Birchmeyer	
	ACHETEUR / Buyer	
5	BILLION Group Ltd	
	Calcada Da Barra, No.2F, EDF Cheong Seng	
	Bloco 3, 4 Andar A	
	MACAU	
	BANQUE DU VENDEUR / Seller's Bank	
	CIC Est - 51200 Epernay France	
	DEVISE FACTURE / Invoice currency	
	Euro	
		VOS REFERENCES / Your reference  Order 6128 dated 2th May 2015  NOS REFERENCES / Our reference Laurent Birchmeyer  ACHETEUR / Buyer  BILLION Group Ltd  Calcada Da Barra, No.2F, EDF Cheong Seng  Bloco 3, 4 Andar A  MACAU  BANQUE DU VENDEUR / Seller's Bank  CIC Est - 51200 Epernay France  DEVISE FACTURE / Invoice currency

DATE DE MISE A DISPOSITION / Date of disposal	CONDITIONS DE LIVRAIS	ON / Incoterms		
Semaine 25 / Week 25	CIF Hong-Kong			
PRE TRANSPORT PAR / Pre Carriage by	CONDITIONS DE PAIEME	NT / Terms of paym	nent	
Road - Full Container loaded (FCL)	By swift transfer 90 da	ays from shipping	g date	
LIEU DE CHARGEMENT / Place of loading				
Epernay				
IDENTITE DU MOYEN DE TRANSPORT / Transport id.	LIEU DE RECEPTION / PI	ace of receipt		
Sea	Le Havre			
LIEU DE DECHARGEMENT/Place of Discharge	LIEU DE DESTINATION /	Place of destination	1	
Hong-Kong	Macau			
DESIGNATION DES ARTICLES	POIDS BRUT NET/KG	QUANTITE	PRIX UNITAIRE	MONTANT
Description of goods	Gross / Net weight	Quantity	Unit Price	Amount
Champagne		6000 bottles	25,00 €	100 000,00 €
H.S. 220410				

Frédéric Gauthier Total 1000 cases on 12 80x120 cm pallets

	11000 kgs	17 cbm				
		1		T		
Emballage	Fret	Autres coûts	Assurance	TOTAL ARTICLES / To	tal of goods	
Packing	Freight	Other costs	Insurance	TOTAL DES FRAIS/To	tal Charges	1 600,00 €
	1 500,00 €		100,00€	MONTANT TOTAL HT/	Total Amount	
				TOTAL A PAYER/	Total to pay	101 600,00€
CLAUSES PARTI	CULIERES-VISAS / Speci	al information - visas		LIEU D'ETABLISSEME	NT/Place of Issue	
Cette facture p	oroforma est notre offr	e valable jusqu'au		Epernay (France)		
This proforma	invoice has been issu	ed as an offer valid til	I	NOM/Name	Birchmeyer	
				TEL/Tel	326550500	
Please read or	ur general sales condi	tions page 2		SIGNATURE/Signatue		

## LISTE DE COLISAGE / Packing list

EXPORTATEUR/Exporter EOF	RI N°COLISAGE/Packing list N°	DATE COLISAGE/packing list date
SENSOR Industries	2015/001	29-mai-15
51200 Epernay	AUTRES REFERENCES/Other references	
France	Order 6128 dated 2 May 2015	
DESTINATAIRE / Consignee	ACHETEUR / Buyer	
Billion Group Ltd	Billion Group Ltd	
Calcada Da Barra, No 2F, EDF C	Calcada Da Barra, No 2F, EDF C.S.	
Bloco 3, 4 Andar A	Bloco 3, 4 Andar A	
Macau	Macau	
OBSERVATIONS / Observations		N° FACTURES / Invoices No
		Facture/Invoice no 2015/001
Tous les emballages en bois son	t conformes à la norme NIMP 15	
All wooden packaging are in conf	ormity with international NIMP 15 norm	

MARQUES D'EXPEDITION/Despatch marks	N° COLIS / Package No.
Billion Group	
Macau	
order 6128	

NOMBRE, NATURE DES COLIS		Poids Brut / Kg	POIDS NET/kg	DIMENSION/VOLUME M3
Number, kind of packages		Brut weight	Net weight	Size/Volume cbm
DESIGNATION DES MARCHANDISES				
Description of goods				
1x20' container CGMU525633/6				
12 pallets	Each pallet said to contair	n 83 cases		
	The latest one 87 cases			
1000 cases 6000	bottles 11	1000 kgs	4500 kgs	Lxlxh in meters
				17 cbm

TOTAL / Total		11000 kgs	17 cbm
COLIS / Packages	1000 cases		
Lieu d'établissement			
Place and date of issue			
Nom / Name			
Nom / Name			
Tel			
Signature			



	No	ORIGINAL		
E. Destinatolee incen. edrosea, paysi Consigner Destinatorie and Japan 教育人 Hoop-service	COMMUNAUTÉ EUROPÉENNE EUROPÉAN COMMUNATY COMMUNADA EUROPÉA			
	3. Pays of origine Country of one Country of Country o	gin Pais de origen coecupaçamen		
4. Informations relatives au transport (mention feculative)  Zonsport details Expedicion シープ・高橋情况  But преиспорто и марадут сопциавани ( воссотью то посстве )  6. № d'ordre : marques, numbros, nombro et catain des colls : désignition riumbo ; monto, nombros, number and kind of portiages ; des 8° de ordre ; marcues, marares, nombro y estandica de les boltos of the colls : marcue, marares, nombro y estandica de les boltos colls : designition riumbo; marcue, marcue, personal settade de les boltos colls : designition riumbo; marcue ; marcue, marcue ; materiale de les boltos colls : designition de la collection de	S. Remarques AnnoAs Observaciones     L. As-Ma III 等 Для служебных ответов			
	price of goods designation de las mercancias عو اعلمات الد	7. Quentité Cuentire Castriad		

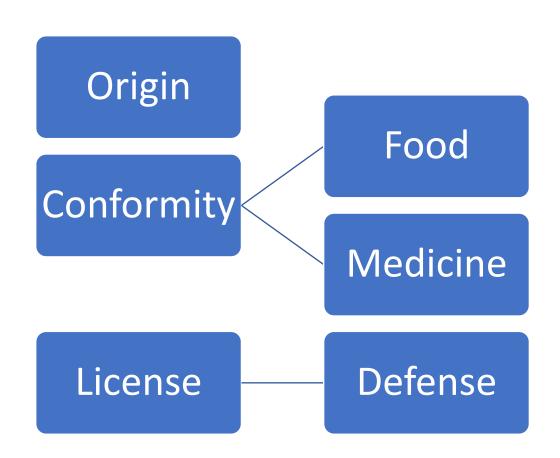
Lieu et date de délivience : désignation, algrature et cachet de l'autorité compinente.
Place and date of laune : name, aspreture and stamp of conspicent publicable.
Lieu y fechie de recognition : désagnateles, firma y selle de la constituent publicable : la constituent publicable : de réport fechie de recognition : désagnateles, firmain y selle de la constituent publicable : de constituent à la constituent à la company de la constituent d

-rédéric

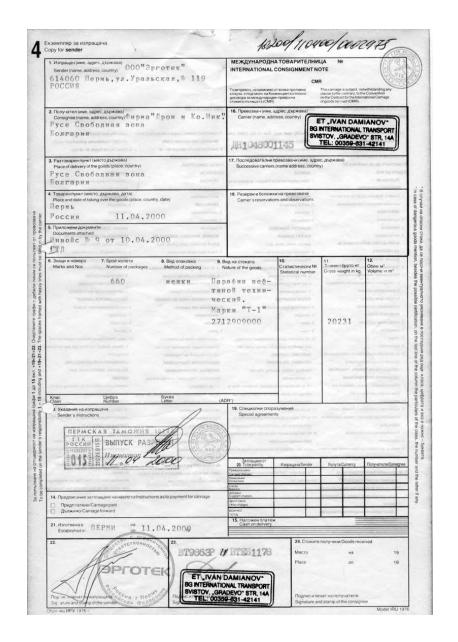
Ail 36011 Ola Mark Dit Colleges of 1,7 all 1975 St. Art St. All 1975 St. Art S

dem	andeur dont la signature apparaît au verse certifie en outre que :
La	marchandise est entièrement obtenue en France ou
-	
	marchandise a subi, en France ou dans un autre état membre de la Communauté Europénene, le denière transformation ouvraison substantiale, économiquement justifiée, effectuée dans une entreprise éculpée à cet effet et syant about à la prication d'un produit neuveau ou représentant un stade de fabrication important : (c) (d) (Néglement 2913/92 article 24)
_	
C	marchandise est originalm d'un payà tiers (présiser le nome du paya) :
-	
	farchandire originales de Pennee : nom et adense du fidericant ou dus producteur Lurchandire originales d'un autre dist cannoce de la Communanté Européenne : nom et adense du fabricant ou du producteur
4.5	Eurobandise originalire d'un autre état manufer de la Communant Forreportair ; autre et aurope en terreportair eradulre tout document sessosphilité d'intentifier l'arigine de la nurchandise)
	uvraison effectuée en France : nom et adresse de l'entreprise
0.0	terration effectate dans un autre état manitre de la Communanté Européeane ; (produire tout discussent susceptible d'Atoutifler Porigine de la verchandie)
11	éclaration domaière (D.A.U.), cordificat d'origine étrangère, autre document direfiquer la nature de document).
_	
	REGLES A OBSERVER POUR L'ETABLISSEMENT DU CERTIFICAT D'ORIGINE ET DE LA DEMANDE Y RELATIVE
×	Les formulaires de certificat d'origine et de la demande y relative sont remplis à la machine à forire ou à la main, d'une maniè cetique, en français, avec éventuellement une traduction dans une unitre langue, suivant les suagra et les nécessités du commerce. Au cu de la sont remplis à la main, ils le sont à l'enere et un caractères d'imprimente.
	Le certificat et la demande se peuvent comporter ni grattages, aŭ surcharges. Les modifications qui y sont apportées deivent être effectué, bifant les indications ertencées et en ajoutant, le cas échéant, les indications voulues. Toste modification ainsi opérée doit être approuver son auteur et visée par les automités ou organismes babilités.
.11	Chaque article repris sur la demande et sur le certificat doit être précidé d'un numére d'ordre. Introdusement un-dessous de la dernité acription doit être unede une ligne horizontale. Les espaces non suffisés doivent être bitonnée de façon à rerutre impossible toute adjoncté térieure.
4	Si les nécescrés du commerce d'exportation le requièrent, il peut être étable, en ples de l'eriginal du certificat d'origine, une ou plusien spies. Les cepies authentifiées est valour d'original - (Code des Doumes Communautrier).

With Certificates



# -Preparing the export order till shipping date



## exportImportQuiz.pdf

			•				•		
VENDOR	J								
	Champagne Gamma		Į		MJESTIC WINES				07/10/2014
					Longway Road			Order No.	56949
	Bouquigny				BubbleCity			Your Ref. FOB	EX-Cellar
	Douguigity	0033(0)326045051	1		IST TWE			100	LX-OCHAI
No of cases	Volume	Consignee Code	CW Code	Description	Collection Date	Delivery date	Total no of bottles	Unit Price	TOTAL
1000	3 x 1.5 Ltr	31877		Chm RIVIERE Brut Magnum	To Be Advised	To Be Advised	3000	€ 28,00	€ 84 000,00
					Shipping Instructions t	o follow			
					<u> </u>				
					_				
		ADECIAL INCEDITATIONS							
		SPECIAL INSTRUCTIONS Deliver To:							
		MAJESTICS Distribution Warehouse, AMBI		IMPORTANT: Goods consigned under REDS					
		Champagne way		VAT Reg. No. 13562879000					
		Edinburgh		Excise no. GB00124432879					
		Please quote Purchase Order No or							
		Freight Forwarder and Shipping	Instructions: Details	to follow					
<u> </u>								SubTotal	€ 84 000,00
Diese scknowle	edge receipt of this order	within 48 hours			•				//
		ays of receipt of this order							
								Excl VAT	€ 0,00
Terms and Condi	tions		•						
		ices, terms, delivery method and						TOTAL	£ 04 000 00
specifications liste	ed above.	- to to the section of the section o						TOTAL	€ 84 000,00

### INFORMATION PO GB 3000 magnums

- 100 x 120 cm pallet
- Maximum height of the pallet 1m80
- Trailer dimension
- 13.65 m x 2.44 m x 2.70 m

Packaging	Content	Length	Width	Height	Volume	
(per case)	Liters	Meters	Meters	Meters	СВМ	Net
						weight
						Kg
12 bottles	9	0.500	0.340	0.190	0.033	19.50
6 bottles	4.5	0.338	0.246	0.182	0.017	9.750
6 magnums	9	0.425	0.330	0.260	0.036	20.00
1 jeroboam	3	0.530	0.190	0.190	0.019	5.00
1 mathusalah	6	0.690	0.215	0.215	0.032	10.25

## Together

## **Export Documentation and Compliance**

A French company is exporting luxury watches to a distributor in Japan. The shipment is valued at €500,000 and requires various export documents and compliance with international trade regulations.

### **Questions:**

- 1. List the essential export documents required for this shipment and explain the purpose of each document.
- 2. Identify any potential export compliance issues that the French company must address before shipping the watches.
- 3. Explain the steps the company should take to ensure compliance with both EU and Japanese trade regulations.

# 4- TRANSPORT MODES

# Intermodalism to the customer

- Safety security
- Cost savings
- Reducing duplicate functions within the organization
- Rolling stock

## The objective

 To maintain continuous flows throughout the entire transportation and transfer processes

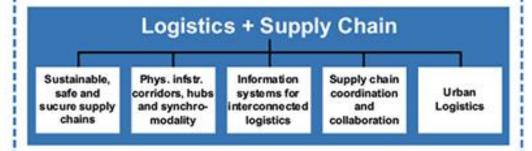


Frédéric Gauthier

#### Traditional vision

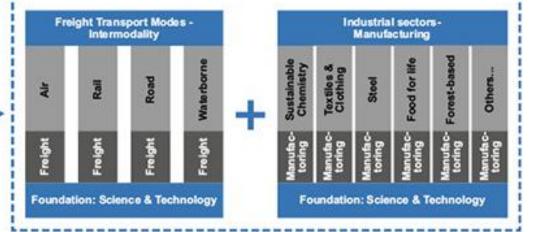
# Freight Transport Modes Preight Transport Modes

## **ETP on Logistics vision**

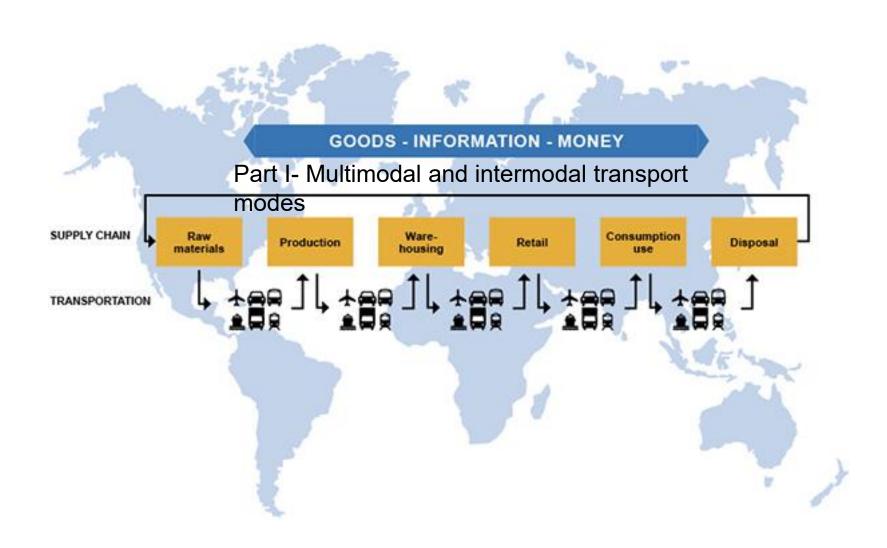


## **How to Transport**

## What to Transport



## Availability of modes



# BY ROAD

# Market conditions: kind of goods

- On pallets
- Containerized
- Bulk
  - not forgetting density
- Long size goods, large diameter, specific goods (hazardous, car industry ...)



# Market conditions

distance, market and quantity

- Equipment in accordance with handling equipment
  - at departure
  - at destination
- According to requirements, constraints
  - city center delivery example
- Distance
  - long,
  - short
- Combined transport and roll on roll off
- Circulation conditions
  - geographic place,
  - way,
  - weather conditions

## Loading conditions

	Full length of the vehicle (a)	Full width of the vehicle (b)	Full height of the vehicle ©
Length of the package (d)	1=a/d	2=b/d	3=c/d
Width of the package (e)	4=a/e	5=b/e	6=c/e
Height of the package (f)	7=a/f	8=b/f	9=c/f

And pallets ...

# Loading conditions

And we calculate the matrix with: 1x5x9, 3x4x8, 5x3x7, 2x6x7, 4x2x9, 6x8x1

We integer the result to the upper digit

We have to fill remaining empty spaces

We have also to identify goods shipment constraints such as for instance we have to put in height sense of the package ...

With several goods, heavy density goods have to be loaded on the floor...

## Pallets

Wooden, plastic, steel, corrugated

EUR, owner , expendable pallet, rented pallet

Possibility of exchange system

Pallets are included in the gross weight declaration of the shipment Security agreement needed as most of security problem in road transport are due to handling: loading and discharge

## Document

date and signature

A routing tag sticked by the shipper is needed and might be supplied by the carrier (bar code to offer scanning at each step)

one for the shipper

one for the consolidation platform,

one for the transport invoice,

one for the arrival platform, for the consignee

## Transport contract

The driver is obviously representing the carrier during the transport operation

What the carrier has to offer his customer:

Shipping time is usually about 30° mm as accepted

the empty vehicle is moved to the shipping place, preparation of the trailer for loading, and discharge, safe positioning of the vehicle, shim (caler) the bottom plate or landing legs of the trailer Other services have to be duly requested

## The shipper obligations



- Packing, packaging and labelling
- A pallet which is the reason for a damage during the transport engaged the responsibility of the shipper
- To remit goods at the expected time and the expected quantity
- For more than 3 t loading the shipper is responsible for securing of the load
- The belt is supplied by the carrier but fixed by the shipper (sangle)

## The carrier obligations



- The vehicle has to be adapted but the shipper has not to accept it either if it is not convenient
  - The vehicle is dirty inside (trailer)
- The driver has to inform before leaving whether the load is not satisfactory
- The driver has to check the security along the transport operation
- Transport time in France is 450 kms per day
- Delivery has to be made to the right consignee at the right place

## Consignee

The contract is achieved when delivery is made to the consignee



The consignee is obliged to accept to discharge except if there is a risk to discharge considering the pallets are broken for instance ...



The consignee has the right to check outside and inside packages before signing document receipt

CMR AVC-183 Code transporteur No Vervioendemoode Code Frachet/Vervi Nr NL 675232 2 Destinatore (nom, adresse, pays) / Geadresseede (naam, adres, land) Empflinger (Name, Anachvill, Land) Like prive over is firmson de is marchandise (leu, pays) / Plasts (besterd) voor de aflevering der goedene (plasts, isnd) / Auslieferungsort des Golles (Ort, Land) Liso ef date de la prise en charge de la manzhandise (lieu, paps, date) / Ploate en det. v. inonivangef-neming der goedenn (plaate, land, datum) / On und Tag der Übernahme des Gulles (On, Land, Datum) Réservée et observations du transporteur / Wortehoud en opmerforgen van de vervoorder Vorbehalte und Bemerkungen des Fracétibleurs 5 Documents annexés / Bigavoegde documentan Bolgofügte Dokumente 6 Manages of numbers / Market on numbers 7 Numbers on codes / Authol coll 8 Main Sections of Manages of Numbers of Number Non franco / Nes franco / Units
21 Etable à / Opgemaakt te
Ausgefertigt in le / de-am 15 Remboursement / Richardson 23 Linu / Plants in / de Ort am S-4vZ Signature et timbre de l'expéditeur / Handestening en stempel van de afzender / Unterechnit und Steripel des Absenders Signature et fimbre du transportour / Handlekening en etempei van de vervoerder / Unterschrift und Stempei des Frachtlührens

t Stichting Vervoerad 1070-3 51 07 89 Art. 3010 - Model IRU / Auteursrecht tel. 070-3 51 07 51 - BVA-bestellijn



# SEAWAY

## Key to international trade

#### 80% of world freight

• 1500 billions dollars turn over

#### Geographical and strategic space

• Some corridors of a few miles wide

#### Sea network with regular routes

### Key cross places

- Ormuz straight 11m
- Panama more than 18 m and Suez 23 m canals
- Malacca 25 m; Pas De Calais 20 m
- Due to
  - physical contraints
    - Such as winds, oceans flows, rocks ...
  - Political borders
  - Coastal itinerary

# Technical Innovations are Infrastructures

### **Expensive**

- locks to canals, transshipment capacities
- About speed : from 15 to 30 knots
- And saving energy : ships shape, material hull
- Engine : double propeller
- Automatisation : navigation : assistance system
- Specialization
  - Ships: bulk, breakbulk, containers
  - Routes

# Flows organization

- Repetitive operation
- Flows
- Which volumes which products which period
  - At manufacturer premises
  - Intermediary stock
- Deliveries frequency
  - Volume and cost of transport
  - Fixed cost drop and inventory increasing cost
- Storage cost
  - Physical
  - Finance
  - commercial

#### 2- Intermodal moves

## Export shipping- one shipping document

## Ocean shipping

#### Liner – charter

- On demand a given period
- Bulk and heavy

## Type of cargo

- Conventional : oversized cargoes
- Container : to unitize cargo —loading and unloading

Ship size



Tanker period charter market



Dry bulk freight rates



The liner shipping market



Concentration in liner shipping



Freight level of containerized services



# Specialized Vessels

- Tailored for certain functions such as transporting vehicles to overseas markets like those described under the heading of ro/ro.
- Specialized heavy-lift vessels are used to carry extremely large and heavy items.
- There are also customized ocean vessels for carrying livestock, and reefer containerships with plug-in facilities for maintaining low temperatures in fruit, vegetable and meat containers.





Containerships



Built	Name	Length overall	ength overall (m)		Length overall (ft)		Beam (ft)	
	Maximum TEU	GT	Owner					
2015	MSC Oscar[1]	395.4	1,297	59	194	19224	193000	MSC
(Switzerland	d)							
2014	CSCL Globe[2]	400	1,300	58.6	192	19100	187541	CSCL
(China)								
2013	Magleby Maers	sk[3]	398	1,306	58	190	18270	174500
	Maersk (Denma	ark)						
2014	MSC Newyork[	[4]	399	1,309	54	177	18270	176490
	MSC (Switzerla	and)						
2013	<b>Madison Maers</b>	sk[5]	398	1,306	58	190	18270	174500
	Maersk (Denma	ark)						
2013	Mærsk Mc-Kin	ney Møller[6]	398	1,306	58	190	18270	174500
	Maersk (Denma	ark)						
2013	Majestic Mærsl	k[7]	398	1,306	58	190	18270	174500
	Maersk (Denma	ark)						
2013	Mary Mærsk[8]	] 398	1,306	58	190	18270	174500	Maersk
(Denmark)								
2013	Marie Mærsk[9	]398	1,306	58	190	18270	174500	Maersk
(Denmark)								
2012	CMA CGM Ma	rco Polo[10]	396	1,299	54	177	16020	175343
	CMA CGM (Fr	ance)						
2013	CMA CGM Alexander von Humboldt[11]		nboldt[11]	396	1,299	54	177	16020
	153022	CMA CGM (F	rance)					
2013	CMA CGM Jul	les Verne[12]	396	1,299	54	177	16020	153022
	CMA CGM (Fr	ance)						



Container inside dimensions

## Load to prepare in a container?

- This order to Singapore is about
  - 800 products packed in 32 outer cases not stackable
  - To be loaded on euro pallets
  - Outer case
    - weight 565 kg
    - L 0.60 x I 0.40 x h 1.50 m
  - Europallet
    - 0.80x 1.30 x 0.15 m
    - Maximum load 2.5 t
    - Gross weight 30 kg
  - 20' container dimensions
    - as before
  - How many pallets do we need
  - How many pallets in a 20' container
  - Add any useful comment

# The loading and unloading

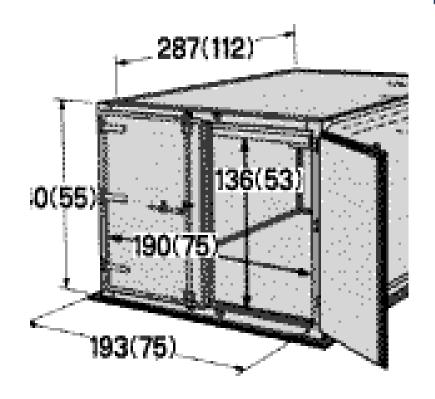
vessels consumed too much time, which caused dockside bottlenecks and delayed shipments.

With the increased use of containers the congestion was decentralized and transferred from the docks or piers to the container freight stations or terminals.

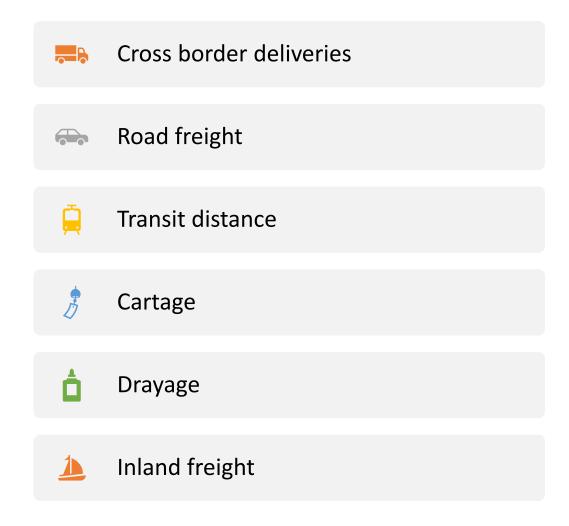
Carry **standardized** containers that greatly facilitate the loading and unloading of cargo and intermodal transfers

## TRANSPORT COST

- Sea freight
  - Alliances
- Freight calculation
  - Bulk
  - Container
- Road transport cost
- Asking for a quotation



3-road freight



# 4- RORO vessels

Trucks can drive onto built in ramps and roll off at destination.

The cargo on a trailer may be **accompanied** by a driver who completes the trip to the final destination,

**or** another driver continues the journey with the same trailer at certain juncture to the final destination,

or a subsequent carrier collects the cargo and trailer or the cargo only and continues the transit to the final destination such as in the case of a transshipment.

- Rail cars
- TOFC
- COFC
- Double stack train system
- Rail sidings

5- Rail freight

## Rail freight

- Flat cars can be 40' to 89' long and trains can run at 120 kms. per hour.
- Some rail cars are specially designed to carry road trailers in a road rail service or TOFC (trailer on flat car) service, which is often referred to as the piggyback.
- In a COFC (container on a flat car) service for example using 50 flat cars each with a 60 ton capacity, the combined flat cars may carry loads weighing up to 3000metric tons, which is far more than a truck or an airplane can carry.
- The USA Canada and other countries have a double stack train system that moves more freight. The 80' feet and longer container flat cars may carry 8 TEUs when the ocean containers are double stacked.
- Large shippers who have rail sidings at their facility, may arrange directly with the rail carrier to have the rail cars moved to their facility for loading.

# AVAILABILITY OF MODES

- Intermodal movements
  - Liner or tramp services
- Ocean shipping
  - Cargo
    - Bulk
    - General cargo
  - Vessels
    - Container ships
    - Breakbulk
    - BulK such as ULCC
    - RORO vessels
- Inland waterways
  - And LASH
- Road and rail



# Shipper's choice

Pre and post carriage conditions

Transshipment

Transit time

Frequency

Security and safety

Available lines

#### 2- Intermodal moves

#### Export shipping- one shipping document

#### Ocean shipping

#### Liner – charter

- On demand a given period
- Bulk and heavy

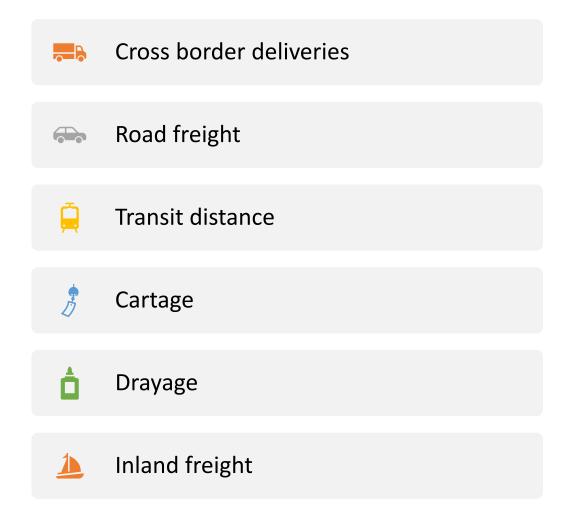
#### Type of cargo

- Conventional : oversized cargoes
- Container : to unitize cargo —loading and unloading

The time a ship has to stay in a port is reduced

- FCL / FCL (House to House),
- LCL/LCL (Pier / Pier)
- to avoid disrupting points
- goods protection

# Road freight



Charter contract

Related products

Utilization rate

Charter party

Charter

tramp

Time period

Bareboat charter contract

#### Ship owning charges

- Salaries of crew members
- Supplies
- Insurance

#### Ship choice

- A compromise
- Ship rent
- Offer and demand
- Size, capacity, speed
- Cargo gear for handling on board
- Useful and maximum capacity

Vessel stability parameters

consumption

Pavillion

# Fuel choice

- Heavy fuel oil and diesel oil
- Quality charter of supplies

W/M weight or measure

Comparative relation

Sea freight

Charge basis

Metric ton

Units of weight or measure used in the freight cost calculation

Mode of transportation

• Weight - measure

# Weight or measure

- The freight rate on export goods is often based on W/M weight or measure that is based on the weight or the volume of cargo (cube or measurement of cargo).
- The rate uses the **comparative relation** between weight and volume of cargo.
  - A cargo that is large in relation to its weight is charged according to its total cube, while a cargo that is heavy in relation to its size is charged according to its gross weight.
- The unit of ton being used in freight cost calculation may differ among carriers.
  - A metric ton (2204.6 lbs or 1000 kgs),
  - A short ton (2000 lbs or 907 kg)
  - Or a long ton (2240 lbs or 1016 kg)

# Weight or measure 2

Mode of transportation	weight	measure
Ocean freight	1 MT 1000 kg	1 CBM 35.3 CU FT
AIR FREIGHT	1 MT 1 KG 1 LB	6 CBM 6000 CU CMS 166 CU INS
ROAD AND RAIL FREIGHT	1 MT 1 KG 1 LB	3.3 CBM 3300 CU CMS 91.3 CU INS

# Sea freight





## **Agreement**

Group of operators of vessel

Most ocean freight



#### **Service**

Guarantee

Independant carrier
 Sailing schedules and freight rates

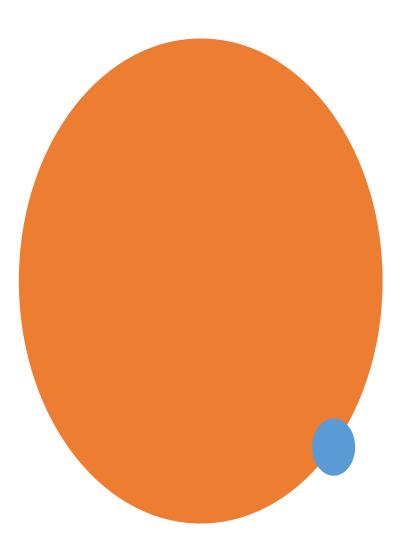


this is a **group of operators of vessel** who operate on the same routes and cooperate on shipping schedules at the standardized freight rates between ports.

Most ocean freight is carried by conferences.
 Conference carriers or their agents issue an ocean bill of lading.

#### SERVICE

- this service is a guarantee :
  - of ships good condition,
  - of expected dates of departure even if there is not enough freight to fill the ship.
  - All companies member of a conference will offer same freight rates and will grant same rebates on freight rates for all customers



# Sea freight

- Attractive freight rates to fill their ships
- World service
- Pools
- consortiums



THE FREIGHT RATE IS
OFTEN INFLUENCED BY
THE VOLUME OF
TRAFFIC ON A GIVEN
ROUTE.



WHEN AN EXPORTER
CONTACTS THE CARRIER
FOR THE FREIGHT RATE
THE INFORMATION
NORMALLY REQUIRED
OF AN EXPORTER IS THE
KIND OF CARGO AND ITS
INTENDED



**BULK TRANSPORT COST** 



COMMODITIES NOT SHIPPED THROUGH A CONTAINER ARE CONCERNED.



CONSIDERING VOLUME AND WEIGHT OF A SHIP, THE FOLLOWING EQUIVALENCE IS ACCEPTED: 1 CBM = 1 TON



THE HIGHEST WILL BE KEPT TO CALCULATE FREIGHT COST.



FOR INSTANCE, A SPRAYING DEVICE IS MEASURED BY: 7 CBM AND 3 TONS. WHAT WOULD BE THE UNIT KEPT FOR THE CALCULATION?

# Freight calculation



## In roll on roll off shipment



## **Adjustments**

BAF - CAF

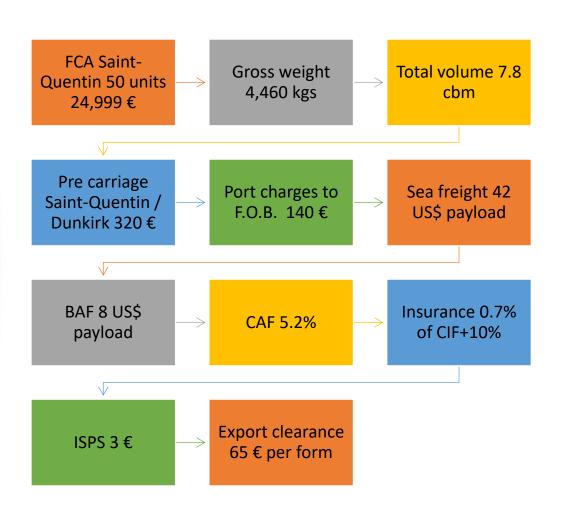
Sea freight basis

Possible rebate

• Fidelity – promise

- In roll on Roll off shipment (you load the trailer directly in the ship)
  - A METER COST WILL BE APPLIED.
- Adjustments
- **B.A.F.**: BUNKER ADJUSTMENT FACTOR WILL BE APPLIED BY INSTANCE IF OIL PRICE INCREASED DRASTICALLY,
- C.A.F.: CURRENCY ADJUSTMENT FACTOR WILL BE APPLIED FOR INSTANCE IN CASE OF DROP OF US DOLLAR AGAINST EURO ...
- THESE ADJUSTMENTS ARE CALCULATED ON SEA FREIGHT BASIS.
- Possible rebate
- YOU CAN BENEFIT OF FIDELITY REBATE WITH MOST OF CONFERENCE SERVICE FROM 8 TO 9.5% OF FREIGHT COST.
- ANOTHER REBATE CAN BE MADE AVAILABLE FOR **A PROMISE** TO USE A COMPANY OR A SERVICE. THE RESULT IS TO GET REDUCED FREIGHT RATES HOWEVER VOLUME NEEDS TO BE SIGNIFICANT.

# Freight calculation CIF Kaoshiung



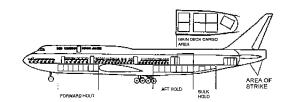
# Seaway quiz QuizMaritime.pdf

# Air shipping

- Developping countries
  - Ineffective to protect
- International airfreight
  - And concentration
- Developping airfreight
  - U.L.D. ex. 317.5x243.8x299.7cm
- Commodities using air transport
  - Expensive value
  - Fragile
  - Perishable
- Sea air

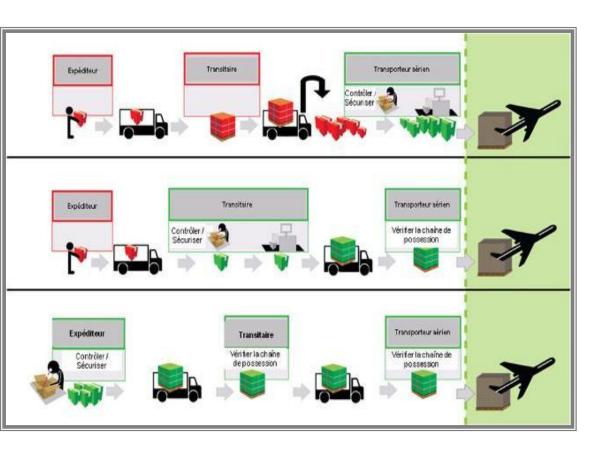


# Air Shipping

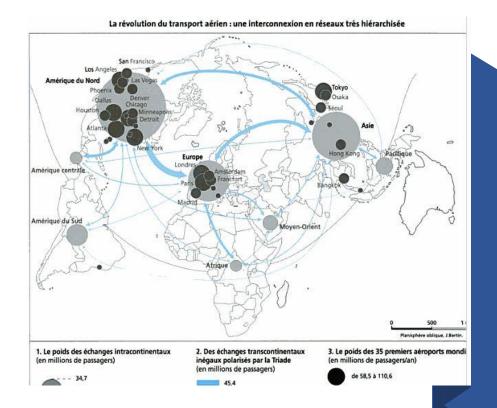


- Cargo handling at airports
  - Traditional airports
  - Freight for domestic flights
  - Freight for international flights
  - Terminals and equipment
  - International shipment
  - Classification of handling equipment
  - Intermodal air surface containers
  - Small package express equipment
  - Intermodal airports and equipment





# A CONNECTION IS NEEDED



# A POLARISED CONNECTION

# AN INCREASING KEY ROLE

- 4%OF GOODS CARRIED WORLDWIDE
- however...
- 10 % OF VALUE...



# IATA CONVENTION

- Conventions
  - IATA
  - Some agreements are outside iata convention: bilateral or by governments
- Deregulation in the U.S.
- Outsiders increasing development



# IATA CONVENTION

- Alliances
  - Skyteam example
  - Air france



### About the demand

Varsaw convention, Montreal (successive carriage, 19 SRD per kg but excluding freight cost including commission)

#### Deregulation

- US
  - Collapse in freight rates together with stopping some lines
- EU
  - Eu license and State members limits

#### **Demand**

- Per ton or per loading unit: 1 t=6 cbm
- Expected traffic: +4% per year till 2030

EXAMPLE: France / other countries worldwide: more than 1 287 937 TONs

#### DEMAND

First approach, difficult connection with other transport modes packing

Bulk

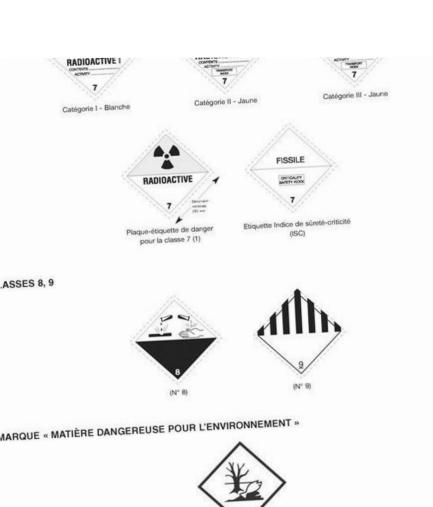
Container

Consolidation

**Express parcel** 

Integrated service

Concentration and alliance, cargo 20% of air traffic





# Air freight security

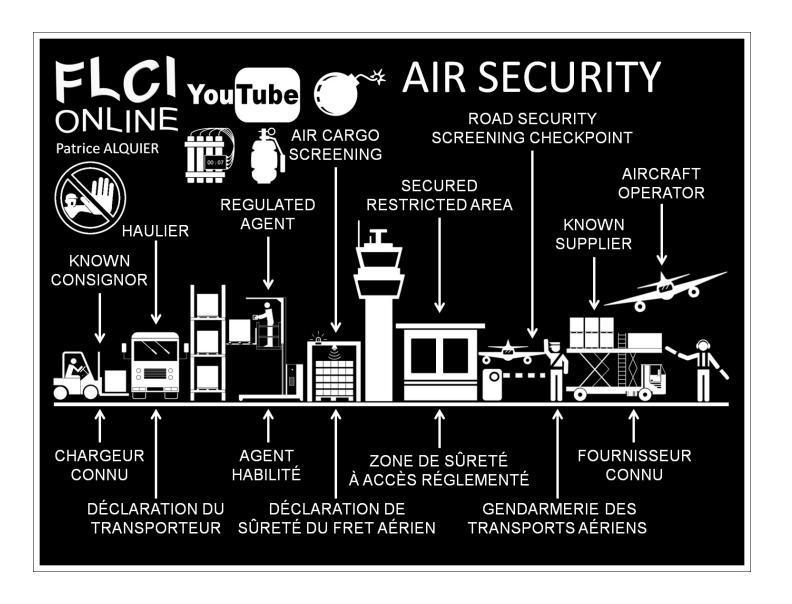
## Key

- X-raying control
- Approved control companies
- Known consignor agreement is needed

# Air freight security

## Key

- The cost increases without known consignor
- Includes also the need for an approved agent
- Specified goods, obligation of knwon consignor





### AIR FREIGHT

# 10 or 20' pallets

- Aluminium made
- Safety cage
- 16 to 24 mm deep
- Util volume till
   5,92x2,3x2,35 i.e.
   one container
- till 28 850 kg



## Air lines

 Attached services: more and more haulaGe, storage, marking...

# Forwarding agents

- Approved IATA (AWB)
- Approved DGAC (security)
- Clearing agent

# Handling companies

- Handling, storage
- Freight safety

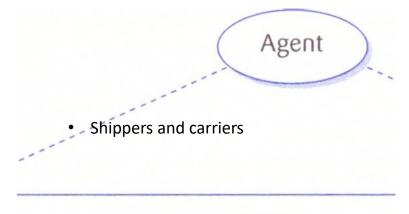
# integrators

Door to door service



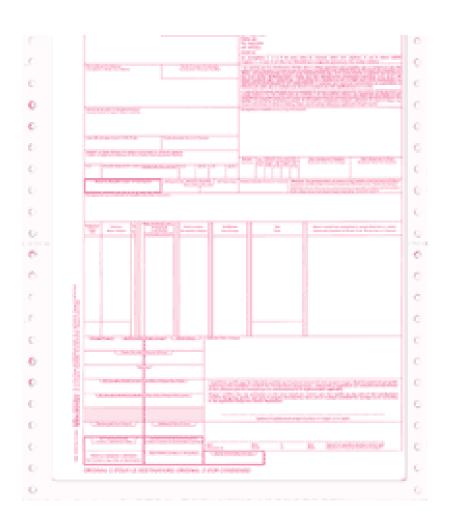
# Transport contract

- Air forwarder
  - Promoting and selling air freight, to pay for
  - mandatory
  - forwarder
- ataf agent
- Exclusive air way bill
  - Air company chosen by the agent





- The Airway bill
  - Boxes
  - Transport contract proof
  - This not an ownership proof of the goods
- Useful as
  - Instruction document
  - Accompanying document
  - An invoicing proof
- copies



## LIABILITIES

## SHIPPER LIABILITY

- OBLIGATIONS: to pack and to mark, information, to pay the price
- DUTIES

## Liabilities for

Loss

Delay

Responsability exoneration

Claim against the carrier

Responsability limit

#### Insurance

Property transfer

**FCA SALE** 

**CIP SALE** 

DAP AND DDP SALES

**INSURANCE OF CARRIER LIABILITY** 

**CLAIMS TO THE INSURANCE COMPANY** 

## **PRICING**

## **PRICING**

## **COMMON**

- ACCORDING TO WEIGHT CLASSES
- PAYING FOR

## **SPECIAL RATES**

- Co rates
- Class rates
- PRICES PER LOAD UNIT, pivot weight and maximum weight

## POSTAL PARCEL

- WHAT IS AT STAKE WITH EXPRESS SERVICE 0 to 30 kg
- TRADITIONAL SERVICE
  - SERVICES
  - WEIGHT AND dimensions
  - DELAY
  - CLEARANCE

- 1	A POSTE FRANCE  Nom Procédure simplifiée						DÉCLARATION EN DOUANE CN 23						
	Société				postale n° (facultatif)	N° de l'envoi (code à barres, s'il existe). Peut être ouvert d'office							
	Adresse												
-	Code postal	Ville											
I	FRANCE												
	Nom												
	Société												
	Adresse						ence de l'importateur ifiée postale n°) (facul	(code fiscal/n° de TVA/code de testif)	de l'importateur/procédure				
	Code postal	Ville				-		de l'importateur (si connus)					
1	PAYS												
	Description détaillée du	1	Quantité (2	é (2) Poids net (en kg)		Valeur (5)	Pour les envois commerciaux seulement						
			Poids brut to	otal (4)	Valeur totale (6)	Frais de port/Frais (9)							
	Catégorie de l'envoi (10) Cadeau Document			ntillon commerc ur de marchand				Bureau d'orgine/Date de d	dépôt				
		andise so			des contrôles sanitaires, phytosanitaires			Je cerfifie que les renseignements donnés dans la préser déclaration en douane sont exacts et que cet envoi ne contin aucun objet dangreux ou interdir par la législation ou réglementation postale ou douanière.					



## POSTAL SHIPMENT

 Europe follow up ex. colissimo

Intermediary offers



# QUIZ AIR <a href="Quiz3air.pdf">Quiz3air.pdf</a>

# THE FORWARDING AGENT

- A coordinator of transport
- Clearing agent
  - Formalities
- Consolidator
- Freight forwarder
- Pricing
  - Export
  - import
- Criteria of choice
- Selection
  - Geographical
  - Mean of transportation
  - specialty

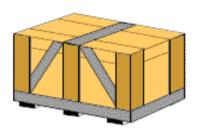


## Case: a freight consolidation

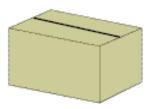
- Vamos consolidator 'buys' 100 containers of 20' from RS Shipping on vessel S/S/AMIGO voyage no 8 the route is from Antwerp to Vera Cruz (importing country) at a discounted box rate of US\$ 1300/ container.
- To explain the case, it is assumed that the freight is charged on measure basis only, instead of weight or measure, and assumed that the capacity of a 20' container is 33 cbm.
- As such Vamos consolidator 'buys' a total fixed shipping space of 3,300 cbm at the ocean freight cost of US\$39.394/CBM.
- If the shipper VIXTOOL books 10 cbm of space for its product directly with RS Shipping, on the same vessel and voyage number, the LCL rate is US\$55/CBM. If the shipper KRUGER books a 20' container directly with RS Shipping the FCL flat rate is US\$1500/container which is US\$45.455/CBM.
- In case Kruger is able to load 28 cbm only due to the odd sized export packages, the freight cost is US\$53.571/CBM.
- In general the CBM cost of FCL is lower than the LCL.
- Vamos consolidator, which does not operate or own any ships, offers VIXTOOL and other LCL shippers to transport their goods at US\$ 54/CBM against US\$55/CBM from RS Shipping.
- VAMOS offers KRUGER and other FCL shippers at US\$1,450/container against the US\$1,500/container from RS Shipping.
- In practice, the consolidator 'selling' at the same rate as the shipping company is not uncommon.
- Vamos groups all LCLs of individual shippers into FCLs, and then delivers all FCLs to RS Shipping in one lot, that is 100 containers of 20' or less, if the space is not fully 'sold'.
- In such a case, VAMOS consolidator operates as a NVOCC and issues freight forwarder bill of lading to each shipper, without receiving a commission from RS Shipping.

## INTERNATIONAL PACKAGING ISSUES

- Main goal
- Stresses in intermodal movements
  - · Insufficiency of packing
  - Major maritime casualties
  - Climate
- Case of a Taiwan firm
- Weight of packaging, a dual purpose







## TRANSPORT RESPONSABILITY

- Transport liability
  - Liabilty insurance
  - Carrier insurance
  - Quay insurance
  - Warehousing insurance
- Transport risks
  - Damage
  - delay
  - Forwarding agent's responsability
  - Various sea transport guarantees



#### Risks that can be covered

#### Fire or explosion

Vessel sunk, burnt ...

Land conveyance overturned or derailed

Collision or contact of vessel with any external objects except water

Discharge of cargo at port of distress

#### Earthquake, volcanic eruption

Malicious damage: theft

Delay

Inherent vice or nature of the subject matter insured

Willful misconduct of the assured

#### General average sacrifice

Jettison (délestage)

Entry of sea, river or lake into vessel or place of storage

Total loss of any package lost overboard, or dropped while loading on to

Piracy

#### War

Strikes riots and civil commotions includes terrorsits or any persons acting from a political motive

Use of any atomic or nuclear weapon

Ordinary leakage, ordinary loss in weight or volume

Insufficiency of packing

Unseaworthiness of vessel at the time of loading

Insolvency or financial default of the owners or operators of the vessel

## Together

#### **Total Shipping Cost Calculation**

A Dutch company ships chilled food products to Australia. You must calculate the total cost of shipping, including transportation, insurance, handling fees, and customs duties.

#### **Questions:**

- 1. Make a list of the costs associated with this shipment.
- 2. Calculate the total cost of shipping using hypothetical data provided (e.g., transportation cost per kg, insurance rate, handling rate, etc.).



## Situation

#### **Risk Management in Marine Transportation**

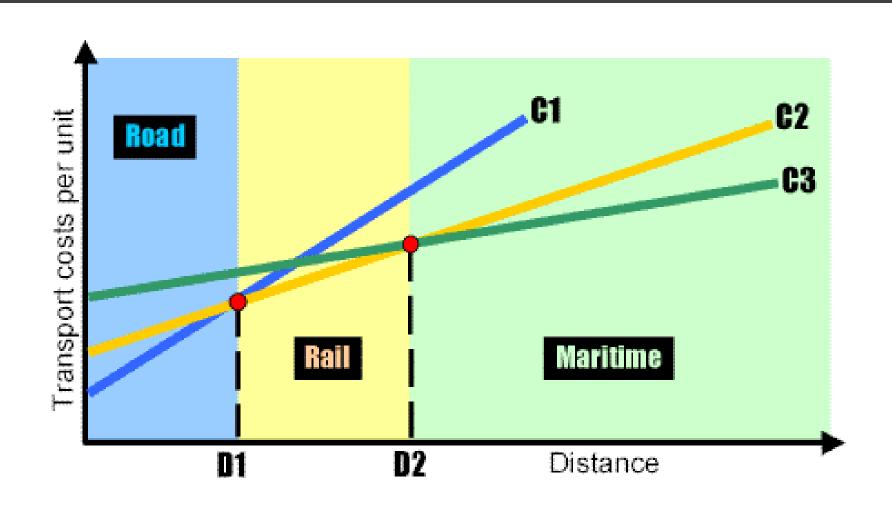
A British company regularly sends containers of hazardous chemicals by sea.

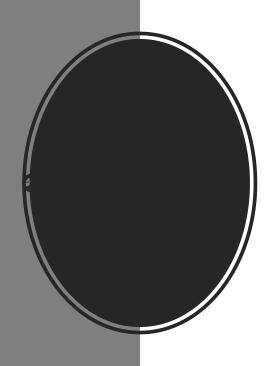
#### • Questions :

- 1. Identify the specific risks associated with the maritime transport of hazardous chemicals.
- 2. Propose risk management measures to ensure safety and regulatory compliance.



## Intermodal costs





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			MOTE: UNLESS OTHERWISE ABOVE DO NOT INCLUDE	SPECIFIED CUSTOMA CL	THE CHAR EARANCE A	GES LISTED ND SIMILARY			
	CAR	GO INSURANCE							
			ROUTI	ROUTING					
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7 CTN		PERSONAL EFFI	CTS			1.30 CBM			
SEAL#						CFS/CFS			
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To Obtain Delivery Contact WORLD NET LOGISTICS (GERMANY) DIEPENAU 28195	ON BOARD DATE 09/26/09	SHIPPER REFERENCE		
BREMEN, GERMANY TEL: 49-421333088-12 FAX: 49-42133308	B/L ISSUED IN NEW YORK	EXCESS VALUE		

## Seller

Asking for a quotation

Load

Insurance information

## Seller

- Company
- Name of contact
- Occupation of contact
- Email
- Company phone
- Cell phone
- Fax
- Postal address
- Zip code
- City
- Country
- Company website
- European vat no

## Load

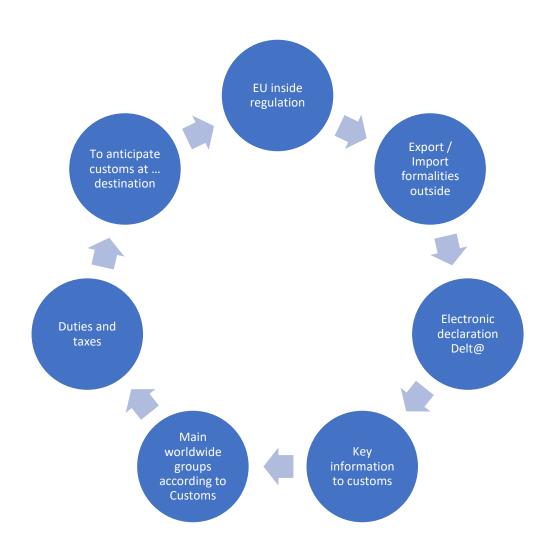
- Description
- Number of pallets / of parcels
- Unit weight (tone), Length (m), Width (m)
- Height (m), Volume (m)
- Regulated product : yes no
- Should it be yes, kind of product
- Packaged product, Paletized product
- Company for delivery, Adress for delivery
- Zip code for delivery, City of delivery
- Country of delivery
- Expected date of delivery
- Type of favourite transportation : none, sea, rail, air, road, barging

## Insurance information

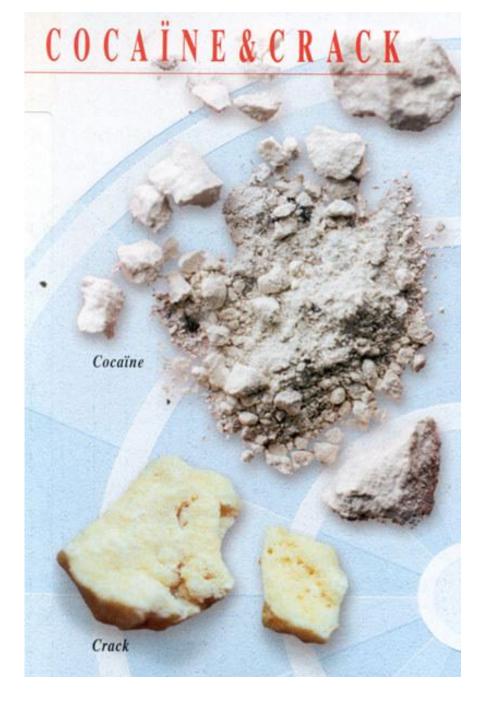
- Cargo insurance : yes , no
- Coverage required
- Insurance value to be covered

## Transport quiz QuizTransport.pdf

# 5- Clearing operations



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International trade explosion

Illegal trade

## Key information

- Goods identification
- Origin and destination
- Value

## **EU** operations

- Free circulation
- Tax system in EU
- Customs documents



Goods identification

Customs code
Chapter
Tariff heading
Harmonised
code

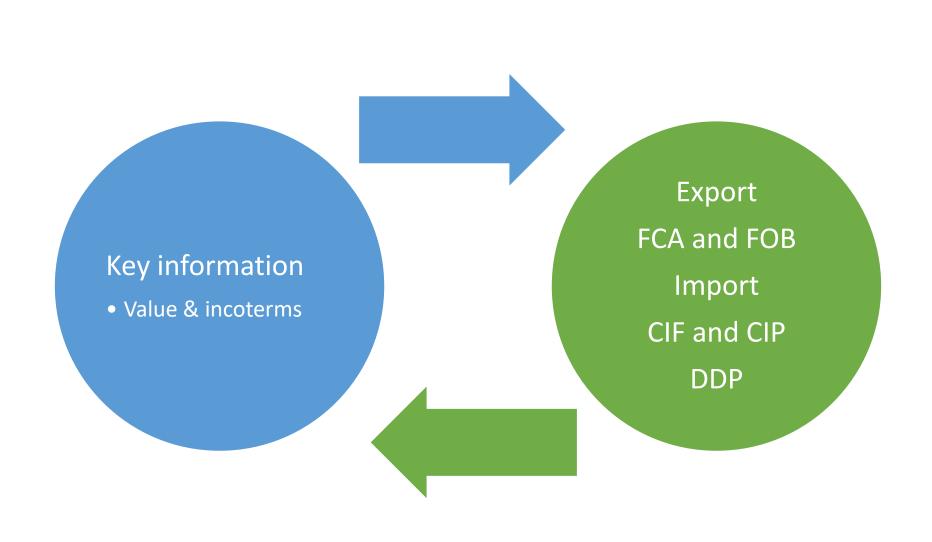


Origin and destination

Non preferential origin

Preferential origin

Final destination





RAISON SOCIALE : BABYPRAME SA

FR: 45 655 213 747

Expéditions réalisées du 1ª janvier au 31 décembre 2000 : 17 126 235 francs.

Facturation le 20 février 2001 de 150 landaus pour enfants (NC 87 15 00 10) à un client assujetti néerlandais possédant le numéro d'identification TVA: NL 787 454 197 008, pour un montant de 72 900 francs.

L'expédition a lieu le 18 février 2001 vers les Pays-Bas par transport routier. Le prix facturé inclut les frais de transport et l'assurance jusqu'à ROTTERDAM.

La déclaration d'échanges de biens doit être transmise au plus tard le 12 mars 2001 au CISD de LYON, rédigée comme suit :

## n° 30-2943

Nombre de pages :

#### MINISTERE DU BUDGET

et Droits indirects

Page n°

#### Direction générale des Douanes DÉCLARATION D'ÉCHANGES DE BIENS ENTRE ÉTATS MEMBRES DE LA C.E.E.

(facultative)

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	d'obligation 3 4	Téléphone : 05 46 00 98 17 Télécopie :	NORMS F.	(réservé à l'administration)

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Référence Interne :

Make it easy: the clearance process export 8 import

Invoice, packing list
Certificates related to origin
Certificates related to conformity
Transit documents



## **EXPORT DECLARATION**

- Key information
  - Statistical value
- Exporter
- Country of destination
- Control
  - Double use goods example

## IMPORT DECLARATION

- Key information
  - Statistical value
- Importer
- Country of origin
- Control
  - Quality and sanitary
  - Duties and taxes to pay
- Access2Markets Welcome home page (europa.eu)

# Together

#### **Import Tariffs and Duties**

An American company imports electronic components from South Korea. The components are subject to import tariffs and duties upon arrival in the United States.

#### **Questions:**

- 1. Calculate the total import duty if the tariff rate is 5% and the shipment is valued at \$200,000.
- 2. Describe the process the company must follow to pay the import tariffs and duties.
- 3. Discuss strategies the company can use to minimize the impact of import tariffs on its overall costs.

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# IRU Union Internationale des Transports Routiers

### **CARNET TIR\***

4 volets I.R.U. No 22300953

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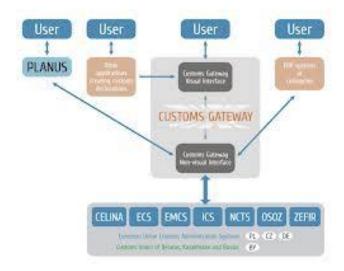
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AIRWAY BILL
Rail Way Bill

# Security at stake

- -DELT@
  - Process
  - A unique door key
  - Clearing process







First steps about security
CSI (Container Security
Initiative)
- 24h rules
USA (100% scanningradioactivity on containers



# Customs quiz quiz8douane.pdf

# Together

#### **Customs Clearance and Logistics Coordination**

A South African winery exports wine to Canada. The shipment needs to go through customs clearance at the Canadian port.

#### **Questions:**

- 1. Outline the steps involved in the customs clearance process for the wine shipment.
- 2. Identify the potential challenges the winery may face during customs clearance and how to address them.
- 3. Discuss the role of a freight forwarder in coordinating the logistics of the shipment from South Africa to Canada.



# Together

### **Trade Barriers and Market Entry Strategies**

A Swedish furniture company plans to enter the Chinese market. However, the company faces various trade barriers.

#### **Questions:**

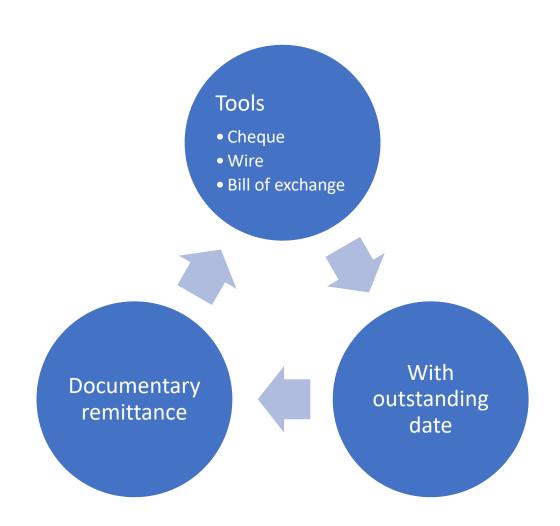
- 1. Identify the types of trade barriers the Swedish company might encounter in China.
- 2. Recommend strategies the company can use to overcome these trade barriers.
- 3. Explain the importance of understanding local regulations and cultural differences when entering a new market.



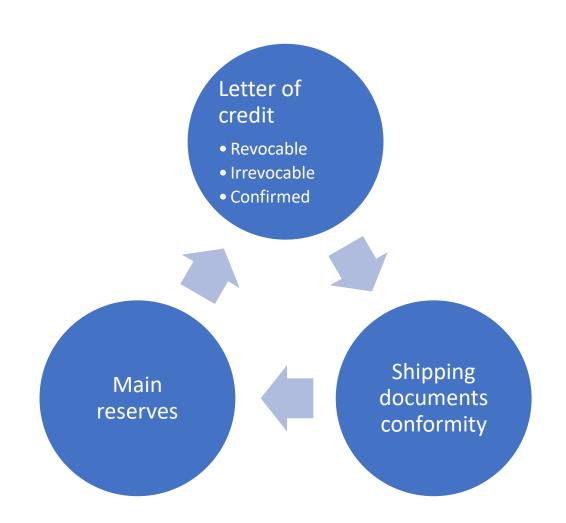
# 6- Payment security

- Tools
  - Prepaid
    - Buyer care ?
  - By wire transfer
    - Insurance coverage
    - Not everywhere
  - Payment against documents
    - Cash against documents
    - At sight

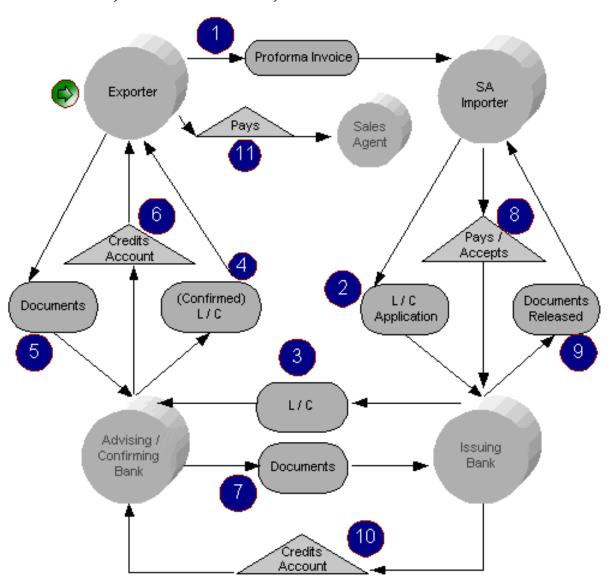
# 6- Payment security



# 6- Payment security



Revocable, irrevocable, confirmed letter of credit



What kind of documents, main dates to comply with, reserves

# LETTER OF CREDIT case

#### COMMERCIAL BANK OF ETHIOPIA

Full name of the advising bank: Natexis Banque

**Paris** 

We hereby open our irrevocable documentary letter of credit no 05 18671 in favour of M/s Kruger no.1 rue legras, 51100 Reims, France tél: 0326555555

For account of M/S Paul lieties & Sons Ltd PO BOX 3651 Addis Ababa Ethipia to the extent of EUR 165600 available at negotiation at sight against presentation of the following documents

#### Documents:

1.1. Signed original commercial invoices in five copies specifying cost and freight. All copies certified by the chamber of commerce.

Licence no 112/005444/03 indicating exchange control

- 1.2 signed original maunfacturs invoices in copies certified by the chamber of commerce
- 1.3 packing list in five copies
- 1.4 full set of clean on board ocean bills of lading and one non negotiable copy marked freight prepaid made out to order of commercial bank of Ethiopia dated

Not later than June 10, 2003 marked notify Paul Liesties & Sons (Eth) Ltd Ltd PO Box 3651 Addis Ababa

••••

# Case ...

1.5 one original and two copies of certificate of origin issued by copetent authority evidencing that goods are of France origin

1.6

Covering merchandise described as

Evidencing shipment of 300 cases (X 1800 BOTTLES) CHAMPAGNE KRUGER AS PER PROFORMA INVOICE DATED 24.02.03

8. DELIVERY TERMS C & F

Shipment from France

Shipment tp XXXXX DJIBOUTI VIA ADDIS ABABA

**INSURANCE** 

Insurance policy or certificate in full set blank endorsed issued by an approved insurance on covering marine air and war risks extended to cover institute cargo clauses (all risks) WPA/FPA including theft, pilferage, no delivery, Value for shipment + %

X insurance covered locally

PARTIAL SHIPMENT are permitted

TRANSSHIPMENT IS PERMITTED BUT THROUGH ONE AND SAME BILLS OF LADING

# Case ...

DATE AND PLACE OF EXPIRY OF CREDIT JUNE 25, 2003 France

All banking charges outside Ethiopia are for the account of BENEFICIARY

Please advise the Beneficiary WITHOUT your confirmation

Beneficiary's certificate is required to evidence the following conditions in the L/C

- 1. Packages to be marked PAUL THIRIES & SONS (ETH) LTD. PR3/IMP/103/03
- 2. Non negotiable copies of shipping documents should be sent directly to buyer
- 3. Transshipment/shipment to be effected by
- 4. REIMBURSEMENT INSTRUCTIONS
- 5. The negotiating bank is autorized to reimburse itself on our EURO account with YOU
- 6. Payment conditions
- 7. Original invoices and original BILLS OF LADING should indicate breakdown of the actual freight charges paid which must be supported by the CARRIER freight invoices.

# Case ...

Negotiation under this L/C is restricted to FOB value of EURO 156600,00 plus -

The actual freight amount substantlated by the CARRIER freight invoices

Freight amount on BILLS OF LADING and freight invoices should be indicated in the currency of the L/C, the exchange rate of that currency against the L/C currency should be indicated

The negotiating bank must send all documents to us the first set by courier service and the second set by registered express air mail to hte following address:

COMMERCIAL BANK OF ETHIOPIA

ABABA GIORGIS BRANCH

P.O. Box 2941

Addis Ababa, Ethiopia

Except so far as otherwise expressly stated herein this credit is subject to the uniform customs and practicies for commercial documentary credit fixed by the international chamber of commerce 1993 revision brochure no 500 stop.

This telex is the operative credit instrument and the mail confirmation will follow.

Please acknowledge receipt of this LC indicating your reference number and our L/C number for future communication.

Authorized signature

# Payment quiz Quiz12bq.pdf

# Together

### **Export Financing Options**

A British fashion brand is expanding its market by exporting clothing to Australia. The company needs financing to cover the production and shipping costs.

#### **Questions:**

- 1. Compare and contrast different export financing options available to the British company.
- 2. Recommend the most suitable export financing option for this scenario and justify your choice.
- 3. Explain the application process for the recommended financing option.

# Together about currency

### **Managing Currency Exchange Risk**

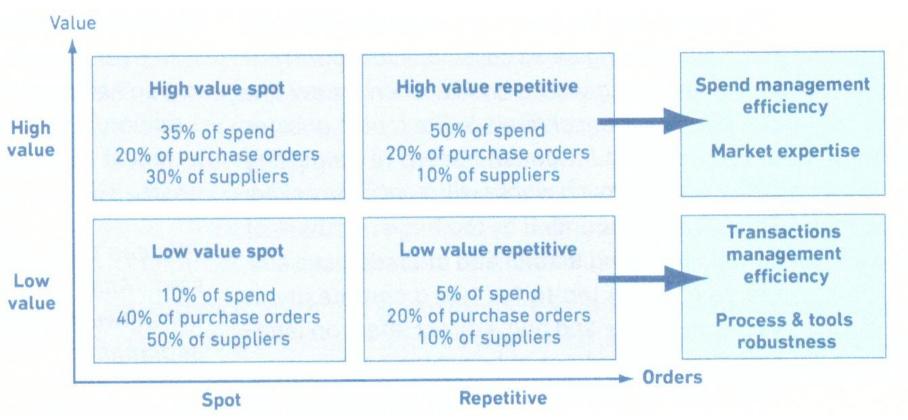
An Indian pharmaceutical company exports medicines to Europe. The transactions are conducted in euros, but the company's expenses are primarily in Indian rupees.

#### **Questions:**

- 1. Describe the currency exchange risks faced by the Indian company in this scenario.
- 2. Suggest strategies the company can use to hedge against these currency exchange risks.
- 3. Evaluate the pros and cons of using forward contracts versus options contracts for managing currency exchange risks.

# 7-Import management

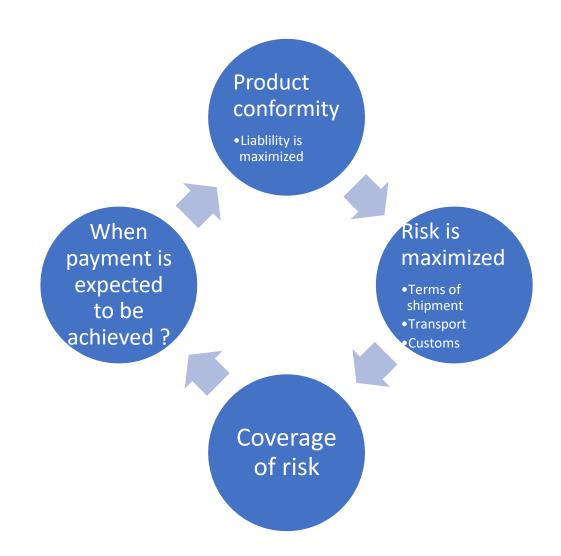
# About sourcing





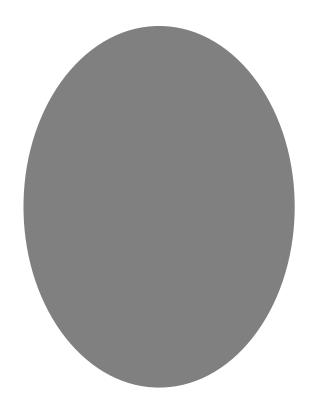
- To enlarge suppliers offer
- Some products might be unavailable on the domestic market
- Outsourcing opportunities
- For strategic purposes

7-Import management



### Main situations

- Unable to deliver
- Not in conformity with the order
- Shipment
- Origin control
- Loading & Supplier export department failing



# Overcost risk

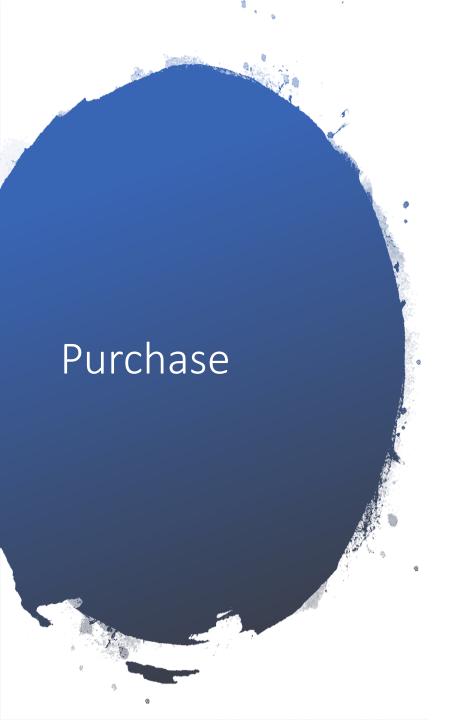


### From the buyer

- Constraints (technical and others) are not taken into account
- Buying conditions are underestimated (payment)
- Insufficient risk coverage (insurance)
- Economic & political situation to be considered
- Fluctuations (raw material / currencies)
- More constraints due to Customs regulation
- All included costs to buying decision

# Planning global buying process





### Request has to be precise

#### Due to

- Technical constraints
- Logistics constraints

### To look for suppliers

- Specialized networks : Business France, Chamber of Commerce ...
- Call for offers
- Companies directories
- Canvassing
- Suppliers selection
- To assess capacity and reliability
- Useful to meet the supplier



- First contact
  - Identity
  - Visibility
  - Relationship level
- Offer and demand matching
- Sales conditions
- Ability to answer specific requests (for instance regulation adaptation)
- Capacity assessment
- Innovation possibilities
- Reactivity

# Planning method

### To place the order

- Order management
- Goods conformity
- Purchaser guarantee and supplier payment
- Information follow up

## Transportation

- Transport mode
- Transport operator
- Risk coverage

# To meet legal requirements

- What is at stake
  - EU norms example
  - Standardisation in Europe —
     technical requirements harmonized standards ce marking
     Your Europe (europa.eu)
  - EU conformity 'CE'
  - Conformity declaration
  - EU rules examples
    - REACH for chemical substances
      - Means Reach tracking
    - ROHS for hazardous goods
  - Resulting in conformity certificate

# Buyer incoterm decision

- From which place we buy
- The maximum risk is ...
- 2020 incoterms rules
- To identify precisely the place

# Procurement method

# Risk decision

- Kind of risk
- Value

# Payment terms

• Cost and guarantee

### Customs process

- Place of clearance
- Information previously received and conformity of documents
- Origin tracking

- Conditions of purchase
  - Goods: accurate information
  - Delivery incoterm and transport mode
  - Price and currency
  - Payment terms tool and mode
  - Ownership transfer till ultimate payment

- Purchasing cost
  - Direct cost
    - Sourcing cost
    - Regulation conformity and duties to anticipate
    - From EXW to DDP cost
  - Indirect cost
    - Financial and banking costs

# And ... a quiz Import.pdf

# 8- International Negociation





I- Concept of pattern bargaining

# International negociation



II- Cultural diagnosis



III- case studies



#### 1- Definition

I- Concept of pattern bargaining



2- Initial contact



3- Discovering the needs

Before
During
Achievement

...the negociation

Fullfilment of the project

Need satisfied

Thanks to B ressources

Thanks to A ressources

Contract

A-goal

Partner B need satisfied

Thanks to A ressources

Negociation

A need not

satisfied

Partner A

B need not satisfied



Looking for an acceptable issue for all parties to build a relationship

We have to communic ate

### 1- definition



A certain margin in negotiation

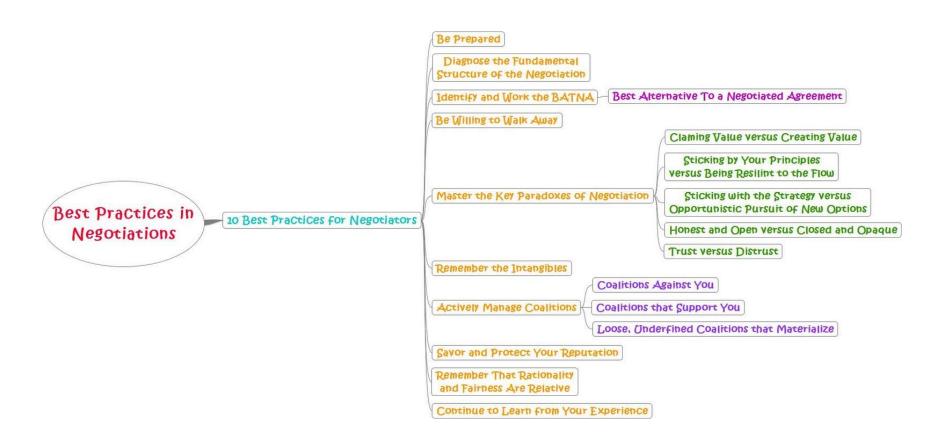
position
Rupture
and
minimum
position
Mid term
or realistic
position

Starting



progress

Preparatio n, negociatio n, follow up



- Negociation preparation
  - Information
    - General ones, on the possible customer, related to the product
  - Goal objectives
    - Discovery plan, constructing arguments, useful tools

#### 2- first contact



### By phone

Main conditions

- Short and clear language Preparing your phone call
- No hesitation



### The face to face

Timeliness, neat and credible appearance, kindness, open mind, enthusiasm

Interlocutor control, voice control, positive wording

### 3- needs discovery

#### Being active listeners

- listening: of the customer, taking place of your interlocutor
- Observation : behavior
- questionning: informing yourself, clarifying, suggesting

# Analysis of the behavior

- Security, pride, novelty, comfort, money, sympathy
- Transactional analysis: parent, adult, child

#### Argument

- itself
  - Argument components: features, advantages, proofs, true story, analogy, references, confidence
  - Presentation through: examples, demonstrations, what customer wants to hear, enthusiast, reassuring, to use present mode to speak about
- Responses to objections
  - strategies: non sincere objections : to avoid them, sincere and making sense : to accept and to offer an alternative to the objection
  - Answering technics: rephrasing the question (make the objection weaker), yes but, testimony, silence, anticipation

- Price presentation
  - Addition
  - Substraction
  - Multiplication
  - Related to

- What do we speak about
  - Sales contact
  - Purchasing contract
  - Agency agreement





Download International Sales Commission Agreement sample in Word format. Fill in the blanks and choose the terms of this international agreement that best suit your needs.

DATE:
BETWEEN:
AND:
Alternative A [When the Agent is an individual and independent professional]
Mr./Ms, of legal age, [include professional qualification], Ta identification Number, registered address, acting on his/her own behal (hereafter, "the Agent").
Alternative B [When the Agent is a company]
[company legal name] whose registered office is at
The two Parties acknowledge that they have the legal capacity to enter into this Agreement, base on the following clauses:
1. OBJECT OF THE AGREEMENT
The Principal hires the Agent for the promotion and sale of:
Alternative A. The products which are described as follows:
Alternative B. The products listed in Annex 1 of this Agreement.
2. TERRITORY AND EXCLUSIVITY
The territory assigned by the Principal to the Agent for the promotion and sale of the products i[insert territory: country or countries, regions, etc.].

#### 4- conclusion

- conclusion
  - Time to conclude
  - technics
    - Make it as agreed (when do you intend to receive your order), make decision urgent, to conclude, be as the buyer (main advantages to say as a buyer), the last point to solve (is it the reason why you are hesitating), give an extra advantage
  - To leave
    - When agreement is achieved: to congratulate, to offer services, to prepare next meeting, to leave not delaying your departure

- In case of failure: thanks for your time, to decide a new meeting before leaving, to leave not to quickly
- Follow up
  - To assess the result, to identify which points were key to the success

# 1- what does mean culture

II- Cultural diagnosis

2- what is cultural identity

3- impact on international negociation

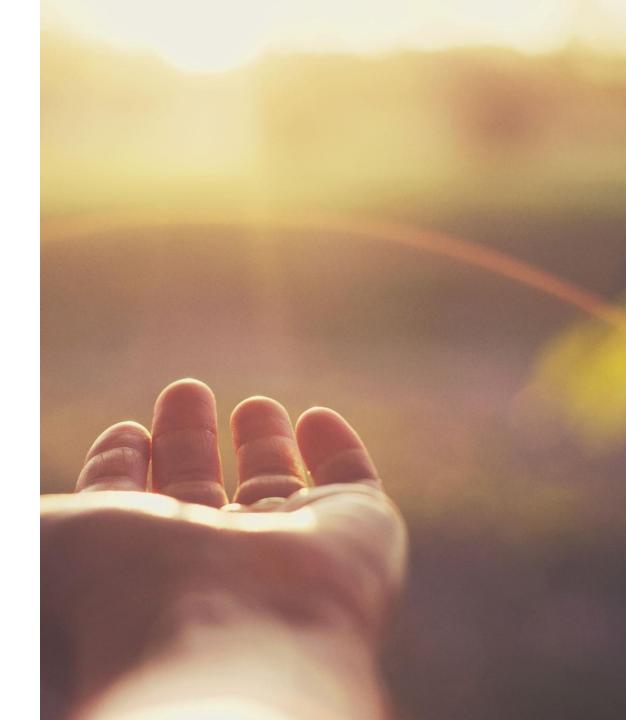
## introduction

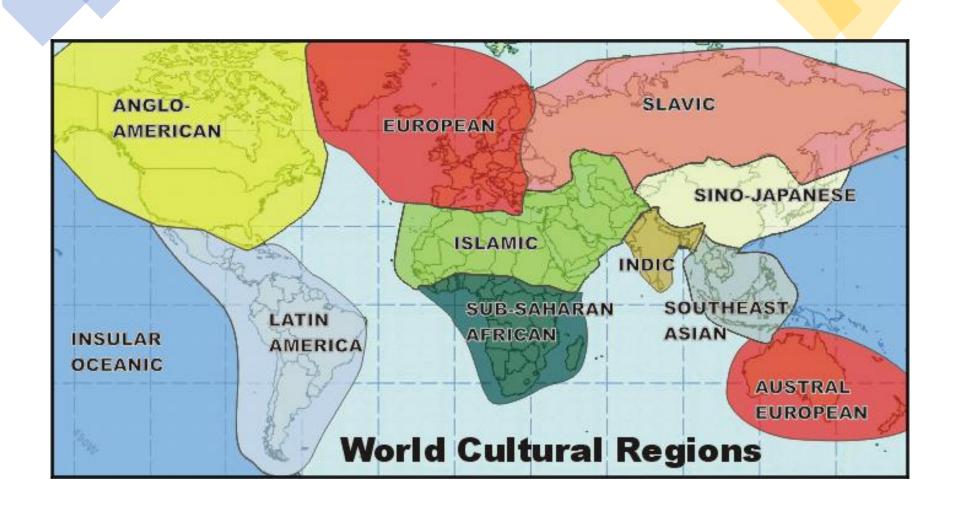
- Cultural context
  - About the law
    - law, regulation, the use
  - Political aspects
  - Culture of tolerance and understanding



# 1- what does mean culture

- To think, to feel, to react as in a group, driving behaviors
  - Norms
  - Created by Humankind
  - Culture is not a matter of nature
  - It gathers individuals and is able to change
  - Subjective perception
    - Can be recognized in its negative perception







# 1- what does mean culture

- Norms
  - 10% are technical
  - 30% are formal
  - 60% are unformal

# 2- what is cultural identity

#### Individualistic or collective

#### Hierarchical distance

Autonomy or driving

#### **Uncertainty control**

To accept destinity or change the future

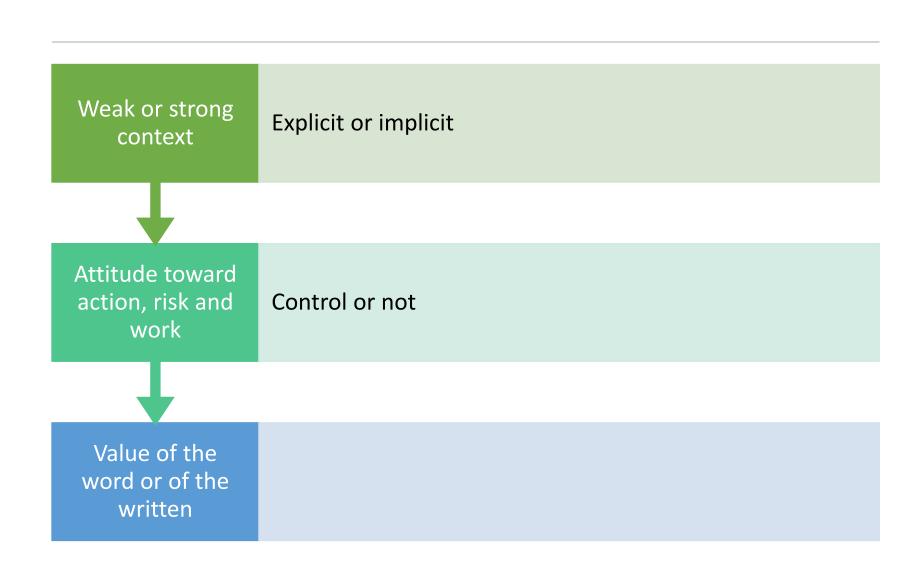
#### Masculine or female

#### Time management

• Polychronic or not

#### Space management

Distance and salute between two persons



- Examples
  - American people : to show how we are smart
  - Japanese : to inspire respect and confidence
  - Arab : commercial negotiation is a pleasure : we enjoy ... and have time

- « Sub cultures » are :
  - By country
  - By company
  - By leisure
  - By job and industry
  - Never forget the three last ones
  - Example of leisure

### 3- impact on international negociation

Market study, marketing plan, company management worldwide

# during the negociation

 To understand the behaviour of the Other, To accept culture difference, to be accepted, to manage communication process

#### Case studies

#### Appointments

- making an appointment
- confirming an appointment
- cancelling or modifying an appointment

#### Telephone

- Receiving telephone calls
- Enquiries
- Messages
- contacting someone

Introducing	yourself your colleagues
Complaints	
Meetings	
Selling	in a shop negotiating terms and conditions
Meeting visitors	
Business travel	



#### Describing

the organisation, structure of a company the activities of a company



#### **Directions**

before leaving asking your way



Exhibitions, on stand



#### Negotiating and selling

analysing a problem selling, making suggestions selling reaching agreement

- business presentation
  - a market analysis
  - results and forecasts
  - comparing results
  - Sales presentations presenting a product
  - presenting a service

## And now, do it yourself

