

# International Trade Financial Solutions Newsletter

*'Minimising Commercial Risks When Trading Abroad'*

Issue 10

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Hello. Another month; new or same challenges? We all have our views and opinions on what is happening in the real world and who is to blame, etc., but I intend to leave all of that to other publications, many of which I seem to receive almost on a daily basis. I'm not saying it's not important or relevant; it is, but consider this newsletter an oasis from such issues. Instead, I'll continue to concentrate on overseas trade issues, which I hope many of you will continue to find of interest.

This month, as well as the ongoing glossary thing, some tips for would be exporters about the help that's around, plus another plug for my new website, which is coming along nicely; August, being a quieter month, is a good one to attend to such matters.

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## Export Trade Markets.

Did you know that there's a lot of help for exporters and would be exporters in finding new markets throughout the world from the likes of UKTI and various other bodies? Trade Missions, sponsored at national and local level, can be a good way not only of visiting a specific country, but with the backing of UK plc. Often this will include the help and services of the local embassy/consular staff and can do wonders in opening doors. And no, you do not have to be a multi million £ global concern; I've known small, local businesses who've been on them and found them invaluable. Remember that it is always a good idea to keep in regular contact with your counterparties, and what better way to impress them than to be part of an official UK led tour? Yes, there are costs, but often these can be subsidised, even on a matched funding basis in some cases. If you already deal with Business Link or East of England international [ [www.eei-online.com](http://www.eei-online.com) ], speak to them and see if there's anything coming up for the country/countries that you are looking at. There are also regular UK based trade information events given by various parties - one example being Global Trade Network - [www.gtnetwork.co.uk](http://www.gtnetwork.co.uk). In the coming months, they have evening seminars in the South East on S Africa, Russia and European markets. The S African one, for example, costs £15 per delegate and is being held in September in Luton with the UK Trade Commissioner for S Africa

being the keynote speaker.

So why not make some enquiries - you may be surprised at what help there is available in finding new overseas contacts and, once you've done that, don't forget to sort out the finance matters by asking ITFS to advise you, as well as ensuring that, if you are dealing in goods, your shipping agent covers any new markets into which you are venturing.

Good Luck!

## **Glossary of Terms - The "B's".**

2 big B's were covered last month, so we'll mop up the rest this month. Nothing as complex this time round.

### **B. [continued].**

*Bank Collections.* More usually referred to as Collections, so I will include this under 'C'.

*Beneficiary.* Pretty obvious, but included here as, under Letters of Credit, the Exporter is also known as the beneficiary of the Credit, a potential source of confusion. Think of it as the exporter being the beneficiary of the payment.

*Bonded Warehouse.* Specific warehouses authorised by HMRC where imported goods can be stored without payment of duty. However, duty must be paid before the associated goods can leave the warehouse. The use of bonded facilities can benefit those businesses whose goods are subject to duty insofar as the duty can be deferred, giving cashflow advantages. However, this has to be weighed up against the costs to store the goods in the first place.

*BIFA - British International Freight Association.* BIFA is the body representing the UK international freight services industry. Not all freight forwarders are BIFA members, and there are pros and cons of using one. However, what is important, whoever you use to move your goods, is to be totally satisfied with their service provision and have comfort that, if things do go wrong, they will work with you to resolve. Look at the BIFA website for more information and/or to find members - [www.bifa.org](http://www.bifa.org) N.B. If you accidentally click on [www.bifa.org.uk](http://www.bifa.org.uk) you end up at the British International Film Association - do not get confused!

*Bonds and Guarantees.* Often associated with tendering and/or undertaking contracts overseas. In some countries, e.g. Middle East, it is common to have to provide a tender bond when tendering for a contract [especially state backed ones]; then a performance bond if you win. You may also need to provide an Advance Payment Bond in some circumstances. In all cases, the bond is issued on your behalf by your bank and basically gives the overseas party more confidence that you can undertake the contract in hand. If you do not, they will call upon the bond. Unless you are well versed in agreeing to having these issued, you should seek proper advice before you commit, as they can be costly, difficult to cancel and have other peculiarities. Note that, in some parts of the world, performance bonds have been replaced by Stand-by Letters of Credit. Also, the words 'bond' and 'guarantee' are to all intents interchangeable.

That's the B's - on to the C's next month.

## New Website.

OK, a bit of self promotion. The new website is now coming along well and I hope to launch it in time for next month's newsletter. It will not only provide more information on the services that ITFS offers to all clients, but will also have links to all of the previous newsletters plus selected other articles that I have written on specific overseas trade issues and/or countries. Since my web designers also receive a copy of this newsletter, that's a bit of added pressure for them!! Luckily they already know my target date and, to be fair, anything like this requires both parties to work together, so I still have much inputting to achieve this goal.

If you know of any other business to whom this ezine may be of interest, why don't you forward it on to them and encourage them to sign up for future issues?

The next issue will be out, as usual, on 15th of next month. By then, holidays will be but a distant memory for many and thoughts will be turning to autumn days, and the inevitable shortening of the days. As if there wasn't already enough hours each day.....