

# International Trade Financial Solutions Newsletter

*'Minimising Commercial Risks When Trading Abroad'*

Issue 12

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## In This Issue

[Glossary of Terms -  
continued.](#)

[Business Start Up  
Community](#)

[Forthcoming Events](#)



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Hello and Happy 1st Anniversary to me! Yes, this is the 12th monthly edition. Well done to everyone who has stayed the course and for those who may have joined later, don't forget that my entire back catalogue is now in PDF downloadable format on my website [there's a link on the left] - all free of charge!!

Nothing like blowing your own trumpet. In truth, I am surprised not only at how quickly the last 12 months has passed, but that writing this on a regular monthly basis has been less traumatic that I initially feared.

This month, we're back to the more usual format - the A-Z Glossary continues as well as including a new section where I'll let you know of any forthcoming seminars, etc on exporting/importing, either generally or looking at specific markets.

As ever, enjoy.

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## Glossary of Terms - The C's [and an 'I].

After last month's rest, let's get back to looking at some of the more common terms frequently encountered when buying and selling overseas. With the letter 'C', we encounter some of our first Incoterms and here I have a problem. Incoterms come under 'I', but all 13 of them start with a letter that precedes 'I'. So, either I list all 13 in their correct position and keep everyone waiting until we get to the letter 'I' or go out of order. As you can tell from the heading above, I think the latter course makes most sense. I just need to remember, when we do reach the letter 'I' that Incoterms have already been covered. There are many terms that start with C, so I'll spread them over the next 2 issues.

### C.

**Carnet.** This usually allows the temporary import of goods for display or for demonstration purposes only without having to pay duty. It does not apply to every Country, and different rules apply, so you do need to enquire for any specific

country in which you are interested.

*CIA*. Cash in Advance, i.e. paying up front. For exports, this means paying before the goods leave the Country.

*CWO*. Cash with Order, i.e. the payment accompanies the order. Note that the transaction is binding on both parties. *CIA* and *CWO* are similar, but do have differences. Note also that these are NOT Incoterms [see below].

*Certificate of .....* There are many documents often called for or needed when moving goods between countries, e.g. Cert. of Origin, Inspection Cert., Insurance Cert., etc. I'll cover the more common ones under their correct alphabetical order.

*Cert. of Manufacture*. Does what it says. Completed/prepared by the seller and often notarised.

*Cert. of Origin [C/O]*. A statement showing the origin of the goods. Many countries demand these - for importers, the amount of duty due may depend on the country of origin. Some countries have lower duties [preferential rates]. If you are importing from one of these, you may need a *GSP C/O*. For exporters, you need to see what your destination country wants and, if necessary arrange for a *C/O* through your local Chamber of Commerce, many of whom can also arrange certification, if needed.

Now, to the one out of order, the **I**.

*Incoterms*. This stands for International Commercial Terms and is, broadly speaking, the terms of shipment. They set out the delivery terms of the underlying goods and are recognised internationally. There are 13 terms, split into 4 categories and each one will state which party [buyer/seller] is responsible for the goods at every stage of the shipment. Each Incoterm is identified by a 3 letter code and I will include each in the relevant part of this glossary, albeit that there are probably only 4 or 5 which are seen on a regular basis. Whenever you trade internationally, you MUST use one of the recognised Incoterms. To do otherwise will land you in all sorts of problems and disputes if anything goes wrong.

OK, back to the C's.

*CFR [or C&F]*. Incoterm - Cost and Freight. Under *CFR* terms, the seller is responsible for clearing the goods for export and for all carriage costs associated in getting the goods to the port in the destination country. The buyer is responsible for all risks [and costs] after delivery, which occurs when the goods pass over the ship's rail in the port of shipment. This is still a regularly seen Incoterm, although it should not be applied to containerised traffic; *CPT* should be used instead.

*CIF*. Incoterm. Cost Insurance and Freight. Similar to *CFR* except that the seller is responsible for the cost of insuring the goods between shipment and destination ports. Again, delivery occurs when the goods cross the ship's rail in the port of shipment. Also, like *CFR*, *CIF* is commonly seen and is not suited to containerised transport; *CIP* should be used.

*CIP*. Incoterm. Carriage and Insurance paid to [named place]. Developed for container traffic where delivery typically takes place at a container terminal, which may be miles away from a port. Delivery is made when the seller delivers the goods to his carrier, after which the buyer assumes all responsibility, except for the insurance of the goods, which remains the seller's responsibility.

More C's next month.

## **Business Start Up Community.**

As its name suggests, the Business Start Up Community - [www.startupcommunity.co.uk](http://www.startupcommunity.co.uk) has been formed not only to help businesses start, but also to expand and grow in the UK. Another part of the group looks at overseas - [www.startupoverseas.co.uk](http://www.startupoverseas.co.uk) and I have just been added to this

group as one of their expert contacts, answering questions on payment related issues when buying and selling abroad.

In addition to helping those who want to start a business overseas, it also contains a lot of useful information on many countries - economic overview, funding, labour [and other] laws and regulations, dispute resolution, etc. Even if you only trade with these countries from the UK, it's well worth having a look as it is always beneficial to have some ideas on local business culture and customs. You can also access the other panel experts to ask questions and seek help on issues that may be holding you back, as well as looking at questions that have previously been asked. A wealth of information.

I'm looking forward to working with the Start Up Overseas team in the coming months.

## Forthcoming Events.

A new section. Given the nature of what I do, I receive many invitations to seminars, specific country events, etc. Although I attend many, to keep up to date with what's going on in specific countries and regions, I cannot attend every one and I'm sure that some may be of interest to you if you are looking for more information or want to target certain countries and areas. Some events are free, others have a cost attached; however, you can easily find more information by contacting the relevant organisation.

UKTI - [www.uktradeinvest.gov.uk](http://www.uktradeinvest.gov.uk)

Business and Culture in Russia - 20th Oct. London.

Business and Culture in China - 20th Nov. London.

Business and Culture in Brazil - 14th Jan. London.

Exploring Mexico - 18th Nov. London.

London Chamber of Commerce - [www.londonchamber.co.uk](http://www.londonchamber.co.uk)

Opportunities in S Arabia - 2nd Nov. London

UKTI are also an ideal contact point if you want to find out more about Trade Missions to specific countries. You usually need to arrange these well in advance but, by way of example, in the next couple of months there will be missions to S.Arabia, Libya, Bahrain, Algeria and others. They also have details of overseas trade fairs, e.g. Dubai Air Show in November. Business Link are also good for information - if you already have a Business Link advisor, speak to him/her, as, for some visits, part funding can be available.

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?

By the time of the next issue, Halloween, Bonfire Night and Remembrance Day will all have been and gone, not to mention Trafalgar Day, All Saints Day and many other religious festivals. Whatever you're up to, I wish you well and I'll see you, as usual, on 15th of next month. Oh, and don't forget to put your clocks back at the end of the month for an extra hour of sleep [hopefully].....