

International Trade Financial Solutions Newsletter

'Minimising Commercial Risks When Trading Abroad'

Issue 16

February, 2010

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Hullo. What's going on - it's still cold! I'm clearly not used to a real winter after so many years of relatively mild conditions. Still, at least I'm providing a valuable service - an interesting read for everyone **AND** fuel for a [very] small fire - preferably after you've read it. However, with current H&S rules, I feel obliged to remind everyone not to use this newsletter as a source of fire unless you print off at least 1 copy in paper format first and burn that. I'd hate someone trying to light their PC/laptop. Also, remember your carbon footprint.

Joking aside, I'm sure we're all now back in harness, looking at what 2010 is going to be like - better prospects, growing business, etc. With this in mind, the newsletter reverts to its more usual format.

As ever, enjoy.

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ITFS Website - Exciting New Addition coming soon.

Many of you will know that I carry on my website links to certain other businesses where I think that there may be benefits to anyone who uses my site. Although I have used some on a business basis, others provide services that I do not need, such as freight forwarding, so I cannot actually recommend them per se. However, I am happy to include them after having met with them and understood how they work and their approach to customer service. In all cases, though, to preserve my own impartiality, I always suggest that any client undertakes their own research to ensure that they are comfortable with the service/advice/price, etc. etc.

The list is not fixed in tablets of stone and names will be added/taken off from time to time; what is important is that they remain relevant and the list is kept to a manageable size. Feedback is always appreciated - both good and bad - from anyone who has used any of the suppliers that I list.

One area that I have not featured to date is that of FX providers - there are several reasons with which I will not bore you. However, I will shortly add a link to the

website that will give access to real time indicative spot rates as well as a direct link to a FX provider where you can ask specific exchange rate related enquiries. Whilst the FX market is largely unregulated, i.e. not FSA covered, the giving of advice re future exchange rate trends, as well as the actual booking of contracts does have various safeguards. It is for this reason that ITFS looks at the overall policies and procedures that our clients have/should have in place with their overseas buying and selling, but does not provide the ultimate product service; instead we will refer to experts with proven links. I'm sure this new link will add a valuable service, especially to those who may just be monitoring the current rate. So, look out for it coming on the Home Page, lower left hand side, and let me know your thoughts.

Glossary of Terms - The E's.

No E numbers, just E letters, so no chance of hyperactivity.

EEC. European Economic Community, now known as the EU [European Union]. Goods that originate from or that are sold to other members of the EU are not defined by HMRC as imports or exports, so it is important to know which Countries are EU members. Details are widely available on the web, so I'll not list them here.

EFTA. European Free Trade Association. Members are the EU plus Iceland, Norway, Liechtenstein and Switzerland. Do not get the EU and EFTA confused.

Endorsement. The transferring of rights under certain documents. The 3 main documents that can be endorsed in this way are Bills of Exchange, Bills of Lading and Certificate/Policy of Insurance. Endorsement is usually achieved by signing and dating on the reverse of the relevant document. Note that it is possible to 'transfer on' the rights and obligations, by further endorsement.

Euro. The single currency in the EU - except that some Countries [e.g. UK, Sweden, etc] do not use it - retaining their national currencies. Again, it is important to be aware of the 'local' currency in any Country in which you trade. Whilst having a single currency covering several countries has undoubtedly helped some businesses in managing their exchange rate exposure, it cannot overcome all of the risks.

Eurodollars. Not seen or heard of as much these days, but basically, these are US Dollars that are deposited in Europe. They are not a separate or different currency!

Export Cargo Shipping Instructions [ECSI]. These are issued by an exporter to the freight forwarder/carrier. They give details of the goods and the terms and conditions for their movement. They also state cost allocation.

Export Credits Guarantee Department [ECGD]. The official Export Credit Agency [ECA] of the UK Government See their website www.ecgd.gov.uk for more information. They help exporters by providing insurance and backing for finance to protect against non payment.

Export House. An intermediary organisation between an exporter and a buyer.

Export Preference. Some goods/services may be subject to export preference, i.e. a lower, or zero duty is applied to them, making them more attractive to overseas buyers. See the HMRC website for more details.

EXW. Incoterm. Ex Works. The seller makes his goods available at his factory gates. Thereafter, all costs are borne by the buyer. EXW prices are, therefore, usually low.

On to the 6th letter of the alphabet next month; I think that's a more polite way of putting it.

Future Events.

These are picking up now, as expected. Not comprehensive, but the following may be of interest. This month, I've tried to look for some that are not Country specific, but instead look at some of the other issues which often come up when looking overseas at a new market for the first time.

UKTI are currently running a series of day long workshops on Routes to Markets - looking at different options in different countries. These go on until the end of next month. They are not free, but could provide useful information. See www.uktradeinvest.gov.uk

Specifically, the London UKTI team are holding a series of workshops on the likes of IPR & Licensing; 7 routes to an overseas market; acquisitions & disposals; agency/distribution; as well as several trade missions - India, South Africa, etc. Go to www.uktilondon.gov.uk for more info.

On 24th February, Essex Chambers are holding an afternoon event focusing on exporting to Poland - details from www.essexchambers.co.uk.

UKTI/FCO can also advise on the multitude of trade fairs that are coming up across Europe and further afield, together with useful information on travel/safety/other issues associated with specific countries and regions - check their websites - www.ukti.gov.uk and www.fco.gov.uk.

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?

See you next month, when it must start getting warmer; at least it should be lighter in the morning and evening.