

---

# International Trade Financial Solutions Newsletter

*'Minimising Commercial Risks When Trading Abroad'*

Issue 17

March, 2010

## In This Issue

**Website - more changes.**

**Business Link East  
Workshops.**

**Glossary of Terms -  
continued.**

**Future Events.**

## Quick Links

**Register Now**

**Go to our Website**

**Join Our Mailing List!**



Hullo. It hardly seems like yesterday that I was compiling the February newsletter. That's the problem about February - it's so short that things come round that much faster. It also catches some businesses out in as much as those 2 or 3 fewer days equate to fewer selling days and less income. We all seem to allow for the likes of Christmas and Easter, plus, to a lesser extent, the 2 Bank Holidays in May, but February.....?

Anyway, some things don't change, like this newsletter. The dynamic currency converter is now live on my website - I sent out a short release note to some of you at the time - so if you haven't had a look, please do so. It will be a significant benefit to those tracking exchange rates, but don't use it at the expense of obtaining bespoke advice on your needs - that what I'm here for, so do let me know how I can help you expand your business and grow your profits.

Ray Stannard  
01708 370838

## ITFS Website - More changes.

I've made a few more changes to the website and I would also like to thank Robyn from aDaVista [yes, that is the correct spelling] for her testimonial on ITFS. This is now sitting proudly on the Home Page. It was also brought to my attention that a contact mailing address was missing, so that's been rectified. It can be surprising what you overlook and thanks to those who point out errors/omissions. The 'Useful Links' page has also been changed to give a better layout and grouping, and I hope that, overall, it makes navigation easier for everyone. I'm always open to suggestions regarding further improvement and/or things that you would like to see, so let me know.

## Business Link East Workshops.

Many of you will be aware that, for the past 3 years, Business Link East have run a comprehensive series of half and full day workshops, funded by the EU, primarily aimed at business start ups, although many have proved to be invaluable to already established small businesses. For the past two and a half years, I have run some of these throughout Essex covering various finance and regulatory topics.

From 1st April, the range of subjects change; this follows Business Link East's successful tender to deliver these workshops across the Country. To find out more details on the new workshops, go to [www.bookevents.org](http://www.bookevents.org) and follow the link. Currently, they are still free of charge and remain useful to existing businesses.

## **Glossary of Terms - The F's.**

An unfortunate choice of heading, but consistency is everything. Good news re Incoterms - after 'F', there are no more! As a result, I think we'll start getting through letters more quickly.

*FAS.* Incoterm. Free Alongside Ship [named port]. The seller clears the goods for export and delivers them the relevant ship at a named port. Thereafter, the buyer is responsible for the goods.

*FCA.* Incoterm. Free Carrier. Similar, but different, to FAS. Again, the seller is responsible for the goods up to a location named by the buyer. This could be the seller's premises, or those of a carrier/forwarder. If the term is FCA Seller's Premises, the seller is only responsible for the loading of the goods; however, FCA Named Place means that the seller is also responsible for the inland freight to that named place.

*FCL.* Full Container Load. This is NOT an Incoterm. This is where a container is used exclusively by one shipper. Exclusive use, if you can fill the container, can result in lower shipping costs.

*FCR.* Forwarder's Certificate of Receipt. This is a document issued by the Freight Forwarders nominated by the buyer to collect goods from the seller which confirms the receipt of good in its custody. An FCR can replace the transport document under a Letter of Credit, but only if it is specifically mentioned as the acceptable document evidencing transport.

*FIATA.* The International Federation of Freight Forwarders Association. FIATA is an independent organisation which represents many [but not all] freight forwarders in many countries throughout the world.

*FOB.* Incoterm. Free on Board. Probably one of the most well known of the Incoterms and, technically, the most mis-used, since title passes when the goods pass over the ship's rail. FOB was designed in pre containerisation days, when goods were lifted by crane at the dockside. Technically, FCA should be used for containerised shipments, but old habits are hard to break....

*Foreign Currency Accounts.* The holding of an account in any currency other than Sterling. Normally used where a business either has 2 way currency flows and/or operates a foreign exchange policy, grouping several invoices before conversion to another currency. The possible downside of operation such accounts can be on cashflow insofar as funds 'may be in the wrong currency'.

*Foreign Exchange Risk.* Anyone who trades in a foreign currency will have a degree of Foreign Exchange risk. The risk is caused by the minute by minute fluctuations in exchange rates. An appreciation of this risk and understanding of what steps can be taken to mitigate this risk is a vital tool for anyone who wants a successful overseas trading strategy [buying or selling].

*Forwarding Agent.* Often used by smaller businesses to clear customs for goods coming into the UK from outside the EU.

*Forward Contracts.* Used as part of the strategy to mitigate against adverse movements in exchange rates; an example of a widely available tool to manage foreign exchange risk [see above]. You agree to buy/sell a specific amount of currency at either a fixed future date or between a range of dates, agreeing the rate today.

*Free Circulation.* Goods that are already in circulation within the EU, having either previously entered into the EU, with all relevant duty paid, or having originated in the EU. In the eyes of HMRC, goods in free circulation are not classified as imports or exports.

*Free Trade Zone.* A designated port/area in a Country where duty free import of non prohibited goods is permitted. Often seen in developing countries to attract business and inward investment.

*Freight Forwarder.* A freight forwarder will look after the shipment of goods between seller and buyer, taking care of the freight, customs clearance, insurance, etc. Many freight forwarders specialise in certain parts of the world, so it's important to ensure that you use one with suitable knowledge and understanding of the Countries/regions in which you trade.

Sorry for a slightly long section, but on to G's [and more?] next month.

## Future Events.

There seem to be many small, local events throughout the UK, but most of the larger, specific trade related ones are currently in Europe - Frankfurt and Hamburg in particular. As ever, though, check out the [www.uktradeinvest.gov.uk](http://www.uktradeinvest.gov.uk) and [www.businesslink.org.uk](http://www.businesslink.org.uk) websites for any specific sector and/or market visits. Don't forget that, for some of these matched or partial funding may be available. For anyone considering Egypt, there's an event, sponsored by Global Trade Network/Cambridgeshire Chamber on 16th March [tomorrow] in Godmanchester, Cambs. from 4pm to 7pm. Short notice, I know, but more details from [k.hewitt@cambscci.co.uk](mailto:k.hewitt@cambscci.co.uk) or call 01733 370809.

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?

Happy Easter, and see you in April, when Spring will have sprung.....??