International Trade Manual

Export • Import • Forwarding

THE BRITISH CHAMBERS OF COMMERCE

DHL WORLDWIDE EXPRESS®

The Institute of Export

BCC THE BRITISH CHAMBERS OF COMMERCE

This comprehensive guide details exactly what you need to know for your business to profit from foreign trade. For the first time, the knowledge of the importer, exporter and freightforwarder has been brought together to create this comprehensive, well-rounded manual. This will enable students to understand the complexities of international trade.

Endorsed by the British Chambers of Commerce, the Institute of Export and DHL, its contents include everything from customs documentation to credit risk.

International Trade Manual

International Trade Manual

British Chambers of Commerce

Routledge
Taylor & Francis Group
LONDON AND NEW YORK

First published by Butterworth-Heinemann

This edition published 2011 by Routledge
2 Park Square, Milton Park, Abingdon, Oxon OX14 4RN
711 Third Avenue, New York, NY 10017, USA

Routledge is an imprint of the Taylor & Francis Group, an informa business

British Library Cataloguing in Publication Data
A catalogue record for this book is available from the British Library

ISBN 0 7506 3822 2

Contents

British Chambers of Commerce Foreword		xii
Institute of Export Foreword		xiii
Acknowledgements		xiv
Introduction		xv
1	How to use this book	1
1.1	The ITAS NVQ	1
1.2	Chapter sequence	1
1.3	Chapter format	2
1.4	Chapter cross-references	3
1.5	Index	3
1.6	ITAS units and elements with references to chapters	3
1.7	Definitions	5
1.8	Specific cooperation between the exporter and importer	5
2	Background to international trade	7
2.1	Brief history	7
2.2	Influence of distance and time	8
2.3	Table of distance and time	9
2.4	Map of time zones	10
2.5	Economies and trading methods	10
2.6	Regulation of world trade	12
2.7	Table of countries, statistics, codes and currencies	13
3	Preparation and research	19
3.1	Resources available	19
3.2	Resources needed	21
3.3	Market research: export and import	22
3.4	Competitors	25
3.5	Adapting the product or service	25
3.6	Updating market information	27
3.7	Checklist: audit of resources	28
3.8	Checklist: market intelligence	31
3.9	Checklist: market research analysis	31

3.10 Checklist: using company travellers 32
3.11 Checklist: assessing the competition 33
3.12 Checklist: getting to the right person 34

4 **Arranging for delivery** 36
4.1 Incoterms 36
4.2 Service providers 41
4.3 BIFA 42
4.4 Managing service providers 43
4.5 Security 47
4.6 Variations and discrepancies 48

5 **Moving the goods** 49
5.1 Choosing a route 49
5.2 Specialist product types 51
5.3 Modes of transport 54
5.4 Types of movement 59
5.5 Dangerous/hazardous goods 64
5.6 Transit packaging, marking and labelling 70
5.7 Marine insurance 71
5.8 Protection & indemnity clubs 73
5.9 UK transport legislation 73
5.10 Inspection of goods 75
5.11 Verifying accounts 77

6 **The role of HM Customs & Excise** 79
6.1 Responsibilities 79
6.2 The Harmonized System Tariff 79
6.3 Export controls and procedures 80
6.4 Customs reliefs 83
6.5 C88/Single Administrative Document 85
6.6 Import controls and procedures 86
6.7 Customs or Excise warehousing 88
6.8 Basis of calculations for valuations 89
6.9 Community transit 90
6.10 VAT and exports 92
6.11 VAT import regulations and duty deferment 94
6.12 Checklist: HS Tariff sections 95

7 **Import controls and procedures** 99
7.1 Rules of origin 99
7.2 Generalized System of Preferences (GSP) 101
7.3 Multi-Fibre Arrangement (MFA) 103

7.4	Common Agricultural Policy (CAP)	104
7.5	CE marks	106
8	**Documentation**	108
8.1	Internal office documentation	108
8.2	Producing documentation	109
8.3	Export documentation	110
8.4	Import documentation	111
8.5	Communication methods	112
8.6	Checklist: customer records	113
8.7	Checklist: telex abbreviations	114
9	**Payment methods**	116
9.1	Choice of payment method	116
9.2	Cash in advance	117
9.3	Open account	118
9.4	Bills of exchange and documentary collections	119
9.5	Letters of credit (documentary credits)	121
9.6	Avoiding problems with letters of credit	124
9.7	Transferable credits	127
9.8	Checklist: completing the documentary credit application	128
9.9	Checklist: typical bank charges for letters of credit	133
10	**Trade finance and credit risk**	135
10.1	Trade finance	135
10.2	Credit risk and credit insurance	138
10.3	Credit-checking agencies	141
10.4	Performance bonds and guarantees	142
10.5	Countertrade	144
11	**Foreign exchange**	146
11.1	Technical aspects	146
11.2	Commercial considerations of foreign exchange	151
11.3	The offer of certainty	151
11.4	Combining foreign currency and delivery	153
12	**Making a sales plan**	154
12.1	Sales strategy	154
12.2	Making money	155
12.3	Forecasting	157
12.4	Designing the sales plan	160

12.5 Implementing the sales plan 160
12.6 Monitoring the sales plan 161
12.7 Analysing and changing the sales plan 162
12.8 Making policy recommendations 163
12.9 Spreadsheets for the operating budget and cashflow forecast 163

13 Pricing and promotion 165
13.1 Cost and price 165
13.2 Promotion 169
13.3 Cultural issues 174
13.4 Product packaging 174

14 Better exporting 178
14.1 Export order administration 178
14.2 The export sales plan 178
14.3 Export selling techniques 180
14.4 Checklist: tips for negotiating 184
14.5 Checklist: planning the foreign visit 184

15 Better importing 187
15.1 Import order administration 187
15.2 The import sales plan 189
15.3 Product sourcing and evaluating suppliers 191
15.4 Timing of deliveries 192
15.5 Commercial considerations for import agreements 193
15.6 Import licensing 196

16 Legal issues of contract 199
16.1 A sales contract 199
16.2 Contract law 200
16.3 Product safety and liability 206
16.4 Terms and conditions of sale and purchase 208

17 International distribution 212
17.1 Distribution considerations 212
17.2 Planning a distribution management system 212
17.3 Organizing a distribution management system 217
17.4 Distribution in the market 219
17.5 EC agency law 227
17.6 Monitoring a distribution management system 230

18 Licensing and joint ventures 232
18.1 Strategy 232

18.2	Intellectual property	233
18.3	Definition of saleable expertise	233
18.4	Payment for a licence	233
18.5	Advantages of licensing	234
18.6	Disadvantages of licensing	234
18.7	Licensing agreement	235
18.8	EC competition law	236
18.9	Managing licensing operations	237
19	**Certification services**	239
19.1	Background	239
19.2	Certification service	241
19.3	Security and confidentiality	243
19.4	Certification of other documents	243
19.5	Facilities to be maintained by issuing bodies	244
20	**Electronic commerce**	246
20.1	Electronic Data Interchange (EDI)	246
20.2	The Internet	248
20.3	The computerized export or import office	249
20.4	The mobile office	250
20.5	ICC Project E100	251
20.6	Bolero project	251
20.7	Data Protection Act 1984	254
21	**Sources of further information in the UK**	255
21.1	Main providers of market information	255
21.2	General sources of market information for exporters and importers	258
21.3	Credit Insurance and credit information	259
21.4	Finance	260
21.5	International direct marketing	260
21.6	Languages	260
21.7	Transport	261
21.8	Inspection companies	262
21.9	Other	263
21.10	Further reading	265
22	**Document descriptions with samples**	*267*

Contents 267

Transport documents:	Air Waybill	269, 275
	Bill of Lading	269, 276
	Certificate of Shipment	271, 277

	CMR Road Consignment Note	271, 278
	Collection/Delivery Order	271, 279
	Dangerous Goods Note	272, 280
	Dangerous Goods Segregation Table	272, 281
	Dangerous Goods: Labels, Placards and Mark	272, 282
	Despatch Advice	272, 283
	Export Cargo Shipping Instructions (ECSI)	272, 284
	FIATA Combined Transport Bill of Lading	272, 285
	FIATA Forwarders Certificate of Receipt	273, 286
	House Air Waybill	273, 287
	IATA Shipper's Declaration of Dangerous Goods	273, 288
	Non-Negotiable Sea Waybill	273, 289
	Packing List	273, 290
	Ro–Ro Dangerous Goods Note	273, 291
	Standard Shipping Note (SSN)	274, 292
	Works Order	274, 293
Commercial documents:	Commercial Invoice (with guidance for completing)	294, 301
	Bill of Exchange (with guidance for completing)	294, 304
	Documents for Collection (with guidance for completing)	294, 306
	Proforma Invoice	294, 308
	Certificate of Insurance	295, 309
	Letter of Credit Application Form	295, 310
	Letter of Credit Presentation Form	295, 311
Official documents:	Arab–British Chamber of Commerce Certificate of Origin	295, 312
	C 109 B (front only)	296, 313
	C 105 A (front and reverse)	295, 314
	C 105 B (front and reverse)	295, 316
	C 109 A (front and reverse)	296, 318
	EC Certificate of Origin (front and reverse)	300, 317
	EUR1 Movement Certificate (front and reverse)	300, 319
	GSP Form A (front and reverse)	321, 301
	Import Licence Application Form (front and reverse)	301, 323
	Intrastat Arrivals (front and reverse)	301, 325
	Intrastat Dispatches (front and reverse)	301, 327
	VAT EC Sales List (front and reverse)	302, 329
	C 88 Single Administrative Document (SAD) (with guidance for completing)	334
Internal documents:	Order Action Plan	337
	Order Booking Form	338
	Rate Request Form	339

	Booking Confirmation	340
	Export Action Checklist (with guidance for completing)	341
	Import Action Checklist (with guidance for completing)	344
Documents without samples:	ATA Carnet	298
	C44A	298
	C88 /(CAP)SAD	298
	CIM (Rail Consignment Note)	299
	Consular Invoice	299
	EUR2 Movement Certificate	299
	Export Licence Application	299
	Health Certificate	299
	House Bill of Lading (HBL)	299
	Inspection Certificate	300
	Invoice Declaration	300
	Notice of Arrival	300
	Phytosanitary & Plant Certificate	300
	TIR Carnet	300
Index		347

British Chambers of Commerce Foreword

Government is rightly concerned to see an increase in the UK's international trade and over the years there have been a succession of new programmes and new initiatives to assist the exporters. Most have been laudable, some give clear payback. Yet, the development of export skills – selling, finance, documentation, marketing, language etc – too often is overlooked amid the publicity surrounding new initiatives. The BCC and Institute of Export are determined to raise the quality and quantity of the export skills in the UK. There is a natural synergy between us. The Institute is a national professional body; British Chambers of Commerce are major deliverers of export training at a local and regional level. We are coming together to validate courses, and importantly to provide high quality products. This is the first tangible sign of what will be a long and fruitful partnership.

Ron Taylor CBE
Director General
British Chambers of Commerce

Institute of Export Foreword

Human history becomes more and more a race between education and catastrophe.

H G Wells

The future prosperity of the UK depends more and more on our ability to trade effectively in international markets.

As an island nation, with rising national income and growing technology, we need to import raw materials and components as well as consumer goods. To pay for them, we have to export.

In 1996, 28 per cent of our gross Domestic Product was earned through international trade. One job in three depends directly, or indirectly, on exports and imports.

It is vital that we train people better, in order to seize the opportunities that exist globally.

The Institute of Export is the only national professional body engaged in educating and representing those engaged in international trade. We were a key player in the development of national and Scottish Vocational Qualifications (N/SVQ) in International Trade and Services.

I welcome the publication of this manual. It will make a valuable contribution to assisting the training and development of our next generation of international trade managers.

Ian Campbell
Director General
Institute of Export

Acknowledgements

The International Trade Manual and Course Materials have been sponsored by The British Chambers of Commerce in association with DHL Worldwide Express®. They have been prepared by the London Chamber of Commerce and Industry, 33 Queen Street, London EC4R 1AP.

In Chapter 3, Checklist 8, Market intelligence, and Checklist 10, Using company travellers, and in Chapter 14.3 (c)(iii), Tact and manners, and 14.3 (e)(iii) Travel, are adapted from *International Marketing Strategies* by Erik Wiklund 1987 by kind permission of McGraw-Hill Book Company Ltd.

Figure 5.1 and Figure 6.1 are adapted from *Understanding the Freight Business* (1992) by kind permission of Micor Freight UK Ltd.

In Chapter 19.6, sub-section (b) 'Payment types under letters of credit' is taken from a paper given at the Export Forum at Midland Bank by, and by kind permission of Mr Gary Collyer, Manager of Trade Services at Midland Bank plc.

In Chapter 16.2, sub-section (e) 'Draft EC Directive on guarantees for consumer goods' is taken from a paper given to the Institute of Export, London & Home Counties Branch, by, and by kind permission of, Mr Patrick Kelly, partner of Laytons, Solicitors, London EC4.

The Dangerous Goods Segregation Table in Chapter 22 has been reproduced by kind permission of the International Maritime Organization. Other commercial, official and transport documents in Chapter 22 have been reproduced by kind permission of SITPRO (The Simpler Trade Procedures Board).

Thanks are also due to Dennis Morris of GKN Freight Services Ltd; and to Andrew Allan, Linda Davis, Peter Eldridge, John Lyon-Maris and Alan Tabbush of the London Chamber of Commerce and Industry.

Every effort has been made to ensure that the information in this Manual is correct as at summer 1997.

Introduction

This Manual is aimed at supervisors and managers responsible for exporting, importing or freight forwarding, their office support staff, and trainers. It covers the underpinning knowledge and range statements for the International Trade and Services (ITAS) NVQ for level 3 (supervisors) and level 4 (managers) and for trainers. It also offers many additional practical refinements for improving all parts of international business to ensure continuing success between exporters and importers.

Every exporter's immediate overseas customer is an importer and every importer's overseas supplier is an exporter. But that is only the start. Very few exporters and importers really appreciate just how much they can improve their own performance by a better understanding of the problems and requirements of each other. Those few who do are able to use this cooperation to the benefit of the ultimate users, and so make possible optimum prices on a continuing basis in the market, with better rewards for themselves.

Good freight forwarders, too, who move goods between them, are able to guide them away from costly errors and into using efficient solutions for the delivery of their goods, to the benefit of both and especially of the ultimate users. The office support staff, for the exporter, importer or freight forwarder, who have competent knowledge of documentary and administrative requirements, can lighten the load on each of them.

The International Trade Manual has been written by Peter Bishop and David Duckworth.

Peter Bishop is the Director of International Trade at the London Chamber with responsibility for a wide range of international trade activities: export and import documentation; Customs and Trade Procedures; Euro Info Centre; trade missions, exhibitions and events. His specialist area is the mechanics of foreign trade on which subject he has lectured and written widely.

David Duckworth is an international business development specialist with commercial and UN consultancy experience. He has a background of international law, software engineering, modern manufacturing techniques and overseas government negotiations. He has been involved in international trade for thirty-eight years as an exporter, importer, trader, forwarder, manager, software designer, adviser, lecturer and writer. He worked as an Export Development Adviser at the London Chamber for six and a half years, and then for Bolero Services Ltd on an electronic and secure environment for all trade documentation.

1 How to use this book

The aim of this chapter is to explain how to use this book. This chapter is directed at all readers.

1.1 The ITAS NVQ

A competence-based National Vocational Qualification (NVQ), known in Scotland as a Scottish Vocational Qualification (SVQ), has been created for those working in the International Trade and Services (ITAS) industry. These qualifications are based on standards developed by the Lead Body for ITAS. Units have also been imported from the Administration and Customer Services Standards. The flexibility of the scheme allows candidates to demonstrate competence in a variety of environments, with evidence to support competence coming from activities at work (paid and unpaid), simulations where appropriate and prior achievements. The aim is to assess the candidate's ability to apply knowledge and skills required in the performance of a wide range of activities normally required of those working in the ITAS industry. Candidates wishing to complete the full award must complete all mandatory units and one optional unit.

This manual covers the underpinning knowledge and range statements for those units concerned directly with international trade, as developed by the Lead Body for ITAS. It does not cover the units which have been imported from the Administration and Customer Services Standards.

This manual is also relevant to exporters, importers, freight forwarders and their office support staff, who may not be seeking an NVQ.

1.2 Chapter sequence

International trade is complex with many separate factors affecting it. The sequence of chapters in this book builds up the coverage of those factors, with particular reference to meeting the requirements of the ITAS units and elements. Each chapter covers:

2 'Background to international trade': facts, figures and country statistics
3 'Preparation and research': checking resources, checking demand and keeping well informed

4 'Arranging for delivery': terms of delivery and managing those who provide this service
5 'Moving the goods': choice of appropriate route to ensure safe delivery at the agreed price
6 'The role of HM Customs & Excise': their impact on exports, imports and forwarding
7 'Import controls and procedures': particular rules which affect principal import quotas
8 'Documentation': the need for good documentation and how to produce it
9 'Payment methods': the different methods and the effect for exporter and importer
10 'Trade finance and credit risk': the main methods of trade finance and covering credit risk
11 'Foreign exchange': the technicalities, analysis of risk and turning it to advantage
12 'Making a sales plan': strategy and tactics for making and operating a sales plan to make money
13 'Pricing and promotion': setting prices and arranging promotion and packaging
14 'Better exporting': making exporters fully effective
15 'Better importing': making an importing operation fully effective
16 'Legal issues of contract': the legal issues and obligations in international contracts
17 'International distribution': moving goods into an export market and selling them there
18 'Licensing and joint ventures': formalizing and managing a licensing and joint venture partnership
19 'Certification services': for staff who might wish to specialize in these services
20 'Electronic commerce': an indication of the impact of this on international trade
21 'Sources of further information in the UK': extensive information sources
22 'Document descriptions with samples': key documents, with guidance for completing six of them

All the documents appear in Chapter 22 on pages 267. Throughout the chapters there are references to documents and some documents are referred to in more than one chapter. It is, therefore, easier for the reader to refer to documents as required when they are in the one chapter.

1.3 Chapter format

Each chapter starts with:

- A statement of the aim of the chapter
- The target readers of the chapter
- A box showing the ITAS elements covered for level 3 and/or level 4

Supervisors who are studying ITAS level 3 need not read those parts of the chapters which refer to ITAS level 4, although they may wish to do so. Managers who are studying ITAS level 4 may think it useful to refresh or update their knowledge by reading the whole book.

1.4 Chapter cross-references

There are several cross-references to other chapters and sections, or to sections within the chapter being read, and the page numbers are given.

1.5 Index

There is a comprehensive alphabetical index.

1.6 ITAS units and elements with references to chapters

For level 3 there are five units, with one being mandatory and four being optional, and for level 4 there are four units, with one being mandatory and three being optional. Each unit is made up of three or four sub-units called elements.

The numbers at the right-hand side of each element below are the numbers of the chapters which include some reference to the range statements or underpinning knowledge for that element. Each chapter introduction itself also lists the elements to which that chapter includes some reference.

In Chapters 3, 14 and 15 the introduction specifies one particular section only in that chapter which applies to that element, e.g. Chapter 14 specifies element 10.3 (Section 14.1 only).

Level 3

Unit 5	Contribute to the preparation of trade documentation	(Mandatory)
5.1	Identify and record the characteristics of the goods	5, 7, 8, 22
5.2	Identify requirements for the movement of goods	4, 5, 7, 8, 10, 22
5.3	Monitor the preparation of documentation	4, 5, 6, 8, 9, 10, 15, 21, 22
Unit 10	Monitor and maintain the export process	(Optional)
10.1	Monitor export documentation	3, 4, 5, 6, 7, 8, 20, 21, 22
10.2	Maintain export procedures	3, 4, 5, 6, 8, 20, 22
10.3	Monitor the export of goods and services	4, 5, 8, 10, 14, 22
Unit 11	Monitor and maintain the import process	(Optional)
11.1	Monitor and record the import process	4, 5, 6, 15
11.2	Contribute to payment procedures	4, 5, 6, 8, 9, 15, 22
11.3	Progress documentation for clearance of goods	6, 7, 8, 15, 22
11.4	Implement warehousing or distribution of goods	4, 5, 6, 8

Unit 12	Monitor and maintain the shipping process	(Optional)
12.1	Reconcile invoices and make payments to suppliers	4, 5, 8, 22
12.2	Recommend alternative methods of movement for the goods	5, 8, 22
12.3	Contribute to the maintenance of the shipping process	3, 4, 5, 6, 8, 21, 22
Unit 13	Provide certification services	(Optional)
13.1	Certify documentation to facilitate the trade process	19
13.2	Maintain communication procedures	19, 20
13.3	Maintain the certification process	19, 20

Level 4

Unit 5	Control and maintain trade	(Mandatory)
5.1	Control the trading process	4, 5, 8, 9, 10, 11, 16, 22
5.2	Monitor the provision of transport	4, 5, 6, 8, 14, 15, 16, 22
5.3	Maintain the trading process	3, 9, 11, 13, 14, 15, 17, 18, 21
5.4	Analyse the trading process and make policy recommendations	3, 12, 13, 18, 20, 21
Unit 10	Plan, organize and implement the sale of goods and services abroad	(Optional)
10.1	Design and implement a plan for the sale of goods and services abroad	3, 12, 13, 18, 21
10.2	Forecast overseas sales	3, 12, 13, 15, 18, 21
10.3	Organize and implement sales of goods and services abroad	4, 10, 11, 13, 14, 18
10.4	Monitor the sales of goods and services abroad	3, 11, 12, 13, 17, 18, 21
Unit 11	Plan, organize and monitor goods and services for import	(Optional)
11.1	Plan for the import of goods and services	3, 4, 10, 12, 13, 15, 18, 21
11.2	Organize the contract for supply for import	4, 9, 15, 16
11.3	Monitor the continuity of imported goods and services	4, 5, 7, 15
11.4	Monitor and evaluate suppliers	3, 4, 12, 15, 16, 21
Unit 12	Plan, organize and monitor a distribution system for international trade and services	(Optional)
12.1	Plan a distribution system for international trade and services	3, 5, 12, 13, 17, 18, 21

12.2	Organize a distribution system for international trade and services	5, 12, 17
12.3	Monitor the distribution system for international trade and services	12, 13, 17, 18, 20

1.7 Definitions

Words or phrases specific to international trade are defined as they appear. They are also in the index, with the page reference of their definition. However, the definition of the difference between the EU and the EC is given here:

EU means the European Union in the context of common policies of the Member States.
EC means the European Commission for e.g. regulations. But it is still correct to refer to the 'EU' as the 'European Community' or the 'EC'. The *Official Journal* is 'of the European Communities'. Customs regulations refer to the 'EC' as the European Community.

In this manual, EU is used generally, except where the regulations themselves refer to the EC.

1.8 Specific cooperation between the exporter and importer

Exporters and importers should have a common aim: to combine together to sell to the ultimate users in the importer's market, at the optimum price, on a continuing basis, so that they both go on making money. Very few exporters and importers really appreciate just how much they can improve their own performance by a better understanding of the problems and requirements of each other. Those few who do are able to use this cooperation to the benefit of the ultimate users, and so make possible optimum prices on a continuing basis in the market, with better rewards for themselves.

Areas for specific cooperation have been highlighted in various chapters throughout this book. All the details agreed should be incorporated into the contents of the formal written agreements (see Chapters 15.5(a) on page 193 and 17.4(c) (i) on page 224, Basis for an agreement).

The following is a list of the references, by chapter, where the exporter and importer should agree, in advance, areas for specific cooperation:

4.4(a) Selecting an appropriate service provider, on page 44.
5.1 Choosing the transport method and route and who will be paying, on page 49.
9.6(a) Filling in the documentary credit application, on page 125.

9.8(16)	Choosing the transport method and route and who will be paying, on page 132.
10.1(a)	Arranging the lowest rates and terms for the credit period for payment, on page 136.
11.3(b)	Managing firm prices at a stable exchange rate, on page 152.
11.4	Managing the transport and currency risks, on page 153.
13.1(f)	Satisfying the needs of ultimate users and only then agreeing the transfer price as between themselves, on page 168.
13.2	Agreeing appropriate promotion, on page 170.
13.4(b)	Agreeing packaging obligations, on page 170.
15.5(b)	Negotiating the terms of the agreement, on page 193.
16.3(b)	Treating product liability claims and insurance protection, on page 208.
16.4(b)	Applying joint terms and conditions, on page 209.
17.3(c)	Handling the total distribution costs and logistics, on page 219.
17.4(a)(i)	Agreeing all the areas for specific cooperation, on page 221.
17.4(c)(ii)	Negotiating the terms of the agreement, on page 225.
17.6(a)	Improving the physical distribution system, on page 230.
17.6(b)	Improving distribution to meet the needs of the ultimate users, on page 231.

2 Background to international trade

The aim of this chapter is to give some background for those readers less familiar with the growth of international trade, or who wish to refresh their knowledge, with some facts and figures, and to show how the World Trade Organization (WTO) will influence developments. There is also a reference table for countries, statistics, codes and currencies.

2.1 Brief history

Agriculture was the basis for the beginning of trading between groups. Because of climate or the type of soil, many crops or plants can grow only in certain places. By growing more than was necessary for local needs, there was a surplus to barter for other items which were needed, but which were grown elsewhere. This provided benefits for each of the different places. Raw materials are also only available in certain places, and were traded in the same way as agricultural goods. As people learnt more skills, they were able to make more use of certain raw materials to make things. This led to industry which is economic activity concerned with the extraction of raw materials, and their use in the production of goods and the provision of services. The factors affecting the location of an industry are access to raw materials, to energy, to labour and to the markets for the goods it produces. Because of this barter or exchange, a need arose for transport to make it possible to carry the raw materials into an industrial area and to carry the finished products out to the markets.

This development led to comparative cost advantages between different places. Although some areas may be self-sufficient, and be able therefore to meet all their own agricultural and industrial needs, they will usually continue to trade. This is because, although some areas can produce some things more cheaply than others, they are unlikely to produce everything more cheaply. Each area tends to specialize in what it can produce most efficiently. The basic reason for international trade coming into existence can be stated as: 'to sell items which are surplus to domestic requirements and to receive in return those goods or services which cannot be produced, or which can be produced only inefficiently (expensively), at home'.

For example: it was suggested 200 years ago that good grapes could be grown in Scotland, if there were enough greenhouses, heat and energy, and a good wine could be made from them. But the cost would be thirty times higher than buying an equally good wine, ready to drink, from France. Why not, it was asked, buy the cheaper French wine and apply the resources saved by investing in Scotland to use local raw materials and water to produce more cheaply something different, like whisky, the surplus production of which could then be sold into other markets?

It became clear that four factors were essential for international trade:

- Demand for goods (or services) at a required quality for a given price, regardless of origin
- Capability to produce the required quality at the given price, regardless of location
- Transport to move the goods safely from the producer to the consumer, worldwide
- Mechanism for the transfer of the agreed payment from the consumer to the producer, with security

To satisfy these factors a whole variety of laws, regulations, terms and practices grew up which affect the way international trade now operates. This book explains these and suggests ways in which exporters, importers and freight forwarders can apply them to improve their own performance and profitibility.

The first matter to consider is the influence of distance and time on international trade.

2.2 Influence of distance and time

(a) Distance

The table of distance and time (see Section 2.3 below on page 9) lists twelve main ports, spread across the globe. It shows the distance in nautical miles between each of the twelve, and the voyage time in days–hours. One nautical (sea) mile is 2025 yards (1825 metres). One land mile is 1760 yards (1609 metres). This table is a summary taken from *Lloyd's Loading List*, a weekly journal, which lists forty-four main ports (see Chapter 21.7, page 261).

In some cases the distance is only to the 'port approaches' at a busy port, because ships may have to wait in a queue before they can come alongside the quay. In other cases, the route is via a canal, e.g.:

The Kiel canal	joins the North Sea and Baltic Sea, between Germany and Denmark.
The Panama canal	joins the Pacific and Atlantic Oceans, between North and South America.
The Suez canal	joins the Mediterranean Sea and Red Sea, through Egypt.

Flying time, of course, is much shorter. It is possible to fly from any one place in the world to almost any other place within about 24 hours, depending on direct flights or connections. But the cost is normally greater than by sea.

London–Sydney: 21 hours; London–Singapore: 13 hours; London–New York: 7 hours

Modes of transport are discussed in Chapter 5.3 on page 54.

(b) Time

Apart from the time it may take to travel from one place in the world to another, the world is divided into 'time zones'. The circumference of the world in longitude is 360 degrees. Therefore, each 15 degrees represents the difference of one hour in time (360/24 = 15). At the equator the circumference is 24 000 miles, so each 1000 miles is one hour different in time.

The map of time zones (see Section 2.4 on page 10) shows the number of hours the local time is earlier (to the west) or later (to the east) than the time at Greenwich (London), known as Greenwich Mean Time or GMT.

At 180 degrees longitude, through the Pacific Ocean, there is the International Date Line. The world rotates from west to east, so that, wherever a person is in the world, the time to his west is earlier than his own time and the time to the east is later than his own time.

However, if a person is travelling from America towards Asia, i.e. in a westerly direction, he will cross the International Date Line into the next day. Sunday will become Monday and he will 'lose' a day. Travelling the other way, Monday will become Sunday and he will 'gain' a day.

Distance and time in the world affects how an exporter will select the most cost-effective route for the international movement of a freight shipment, from its point of origin to its destination.

For the international movement of goods it is essential to use the 24-hour clock: 1.0 pm is 1300 hours, 6.0 pm is 1800 hours, midnight is 2400 hours.

The table of distance and time (see Section 2.3 below) shows voyage times and distances in nautical miles.

2.3 Table of distance and time

Table 2.1 shows twelve key ports around the world. The numbers, 1–12, across the top row correspond to the numbers by the port names in the left column. The figures **top right** are the distances in nautical miles; **bottom left** are the voyage times, in days–hours.

To check Hong Kong and London:

Distance: find Hong Kong in left-hand column and read ACROSS row to '11' (London) = 9715 (miles).

Time: find London in left-hand column and read ACROSS to '4' (Hong Kong) = 27–0 (days–hours).

A more compehensive list of forty-four ports is published in *Lloyd's Loading List*', which incorporating the *Handy Shipping Guide*, is Britain's premier freighting weekly journal. It lists export transport services to over 1100 destinations worldwide.

TABLE 2.1 Distance and time

Distance / Voyage Time	1	2	3	4	5	6	7	8	9	10	11	12
1 Kuwait		5266	3944	5404	7519	8928	10850	8527	11318	9770	6655	6696
2 Cape Town	14-15		5650	6909	6904	3695	6060	6800	+9753	6509	6110	6696
3 Singapore	10-23	15-17		1440	4306	9310	9945	10619	7350	10504	8257	8310
4 Hong Kong	15- 0	19- 5	4- 0		4470	10587	10218	+11230	6049	9194	9715	9745
5 Sydney	20-21	19- 4	11-23	12-10		7269	6257	+9689	6456	7680	11550	11595
6 Buenos Aires	24-19	10- 6	25-21	29-10	20- 5		2800	5838	7565	5304	6330	6345
7 Valparaiso	30- 3	16-20	27-15	28- 9	17- 9	7-19		+4638	5135	2615	+7419	+7448
8 New York	23-16	18-21	29-12	31- 5	26-22	16- 5	12-21		+5262	2110	3200	3270
9 San Francisco	31-11	27- 2	20-10	16-19	17-22	21- 0	14- 6	14-15		3246	+8047	+8117
10 Panama	27- 3	18- 2	29- 4	25-13	21- 8	14-18	7- 6	5-21	9- 0		+4770	+4840
11 London	18-12	16-23	22-22	27- 0	32- 2	17-14	20-15	13- 9	22- 8	13- 6		121
12 Rotterdam	18-14	17- 3	23- 2	27- 2	32- 5	17-15	20-17	9- 2	22-13	13-11	0- 8	

Distances marked with '+' mean that the voyage goes through the Panama Canal.

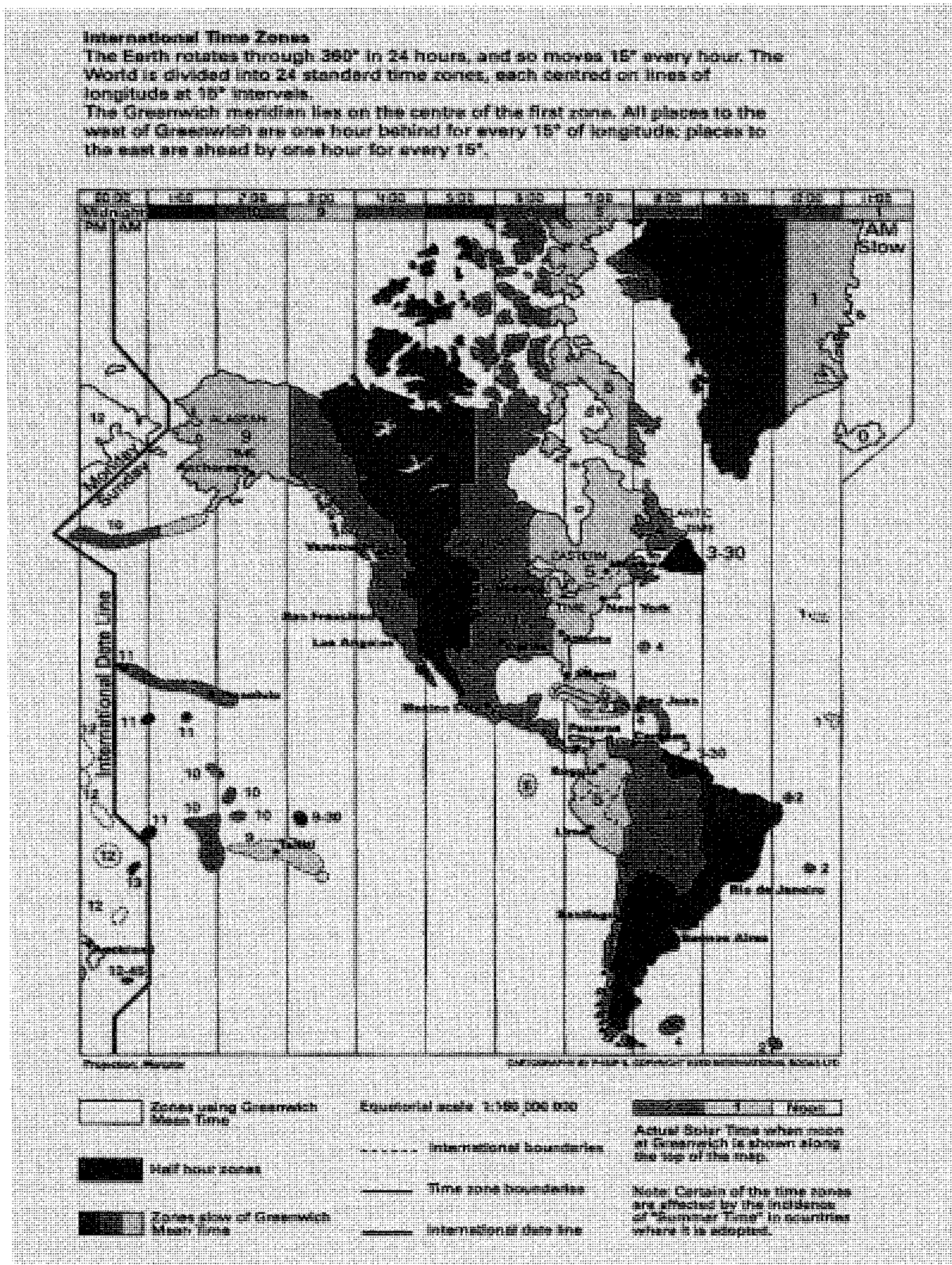
Calculation: In this table, the approximate Arrival Date from today of a consignment is calculated by: adding to the voyage time in the Distance Table the number of days from today until the sailing date of the next ship on which the goods can be loaded.
Example: London–Hong Kong is 27 days. Next sailing is in 4 days. Arrival Date = 27 + 4 = 31 days

2.4 Map of time zones

All times indicated on the following map of time zones are Standard Times and are compared with Greenwich Mean Time. Daylight Saving Time, usually 1 hour in advance of Standard Time, is not shown.

2.5 Economies and trading methods

There are three main types of economy existing in the world: free enterprise economies, controlled economies and mixed economies.


International Time Zones
The Earth rotates through 360° in 24 hours, and so moves 15° every hour. The World is divided into 24 standard time zones, each centred on lines of longitude at 15° intervals.
The Greenwich meridian lies on the centre of the first zone. All places to the west of Greenwich are one hour behind for every 15° of longitude; places to the east are ahead by one hour for every 15°.
Midnight
AM
Slow
International Date Line
Monday
Sunday
3-30
New York
San Francisco
Los Angeles
Rio de Janeiro
Buenos Aires
Zones using Greenwich Mean Time
Half hour zones
Zones slow of Greenwich Mean Time
Equatorial scale
International boundaries
Time zone boundaries
International date line
Noon
Actual Solar Time when noon at Greenwich is shown along the top of the map.
Note: Certain of the time zones are affected by the incidence of "Summer Time" in countries where it is adopted.

Free enterprise economies have a minimum of government control. Trade and industry are largely run by private companies or by publicly owned companies which are not state-controlled. Examples are the European Union, the United States of America, Canada and Japan. International trade is generally conducted and negotiated by individual companies. If exporters or importers are trading with such a free enterprise country, they may expect to meet many individuals of that country, representing different companies, moving freely around the world, prepared to visit them to do business with them in their country, and to welcome them to do business in their country. These individuals are free to negotiate any contract for the sale or purchase of goods or services, provided that it is legal and within the capability of their organization.

Controlled economies were the former Communist bloc countries where the complete economy was state-run, including all the trading activity, except for occasional tiny pockets of free enterprise. Current examples are confined to Cuba and North Korea. In controlled economies, international trade was largely carried on by state trading organizations. The individuals who represented these organizations were knowledgeable and experienced. But they also had limited authority to be flexible. However, within that limitation, they could be tough negotiators with the power to place single orders of huge value. Individual industries, or industrial units, could trade internationally only through these state trading organizations.

Mixed economies have some state-run industries, but many industries and trading activities are run by private companies. The degree and emphasis of the mixture varies considerably. Current examples include the former Communist states of the Soviet Union and Eastern Europe and China. International trading is conducted and negotiated by the individual companies. But each state-run industry generally has one organization to represent it for international trading. There are exceptions to all these examples. For example, there is a growing free enterprise area in the south of China, in the Guangzhou area opposite Hong Kong.

2.6 Regulation of world trade

The organization set up after the end of the Second World War to regulate and monitor world trade was called the General Agreement on Tariffs and Trade (GATT). Over the following forty years several adjustments and amendments were made. However, by the beginning of the 1990s it was clear that the international trading system needed a more thorough revising and updating. GATT therefore instigated a series of multinational negotiations which started in Uruguay and became known as the Uruguay Round. This was a vast and complex undertaking. As a result of these negotiations, and the upgrading of the rules relating to the international trading system, a more effective institutional framework was required. This was created in 1995 and called the World Trade Organization (WTO). The WTO constitutes a new start for the international trading system. It has deepened and broadened the scope of multilateral rule-making, ranging from agricultural trade to trade in services and in intellectual property.

The WTO is not the successor to the GATT. It represents a new organization open to those who agree to abide by the entire Uruguay Round package. Unlike previous negotiations there is to be a 'single acceptance' of all aspects of the agreement. This reflects the breadth of the agreement and the balance struck between the negotiations in the various sectors. It prevents countries upsetting this balance by only adhering to those aspects of the agreement in which they see the greatest advantage for themselves. The new system will increase certainty. If a country is in the WTO everyone will be aware of its exact obligations, because it will have accepted the whole package. In addition, negotiations between smaller groups of countries, notably in public procurement, which go beyond the Uruguay Round will all fall within the auspices of the WTO.

Those countries that are not in a position to accept the entire package will remain within the old GATT framework. This will continue to exist but will be frozen in its pre-Uruguay Round situation. This has important consequences. The trade-liberalizing schedules within the Uruguay Round will, therefore, only be available to those countries that are members of the WTO. Other countries will exist within the old framework.

The WTO will administer the new dispute settlement procedure and enhance the transparency in the international system. The GATT trade policy review mechanism (TPRM) is used to study the policies of GATT members, detailing their policies concerning trade in goods, and highlighting any problem areas. This will continue but the TPRM will have a far greater scope, covering all of the activities within the WTO's remit.

The WTO has equal status to other international organizations and is mandated to coordinate with them to achieve greater coherence in global economic policymaking, and, as important from the point of view of transparency, to increase contact with non-governmental organizations.

The aim is to achieve complete global free trade by the year 2020. This would bring huge benefits to the world economy in terms of growth and efficiency, and would encourage both lower prices and a wider choice of products to consumers.

This has important implications for exporters and importers, because it will increase the opportunities for international trade and it will also increase the competition. This in turn will influence the efficiency with which exporters and importers conduct their business. This book suggests ways in which they can do this.

2.7 Table of countries, statistics, codes and currencies

Table 2.2 provides a ready reference and comparison, for 1994, of the principal countries of the world, with the two-letter Customs **Country Code** (used in documentation), the **Area** (in thousand square kilometres), **Population** (in thousands), **Density** of Population (Area, less water, divided by Population), **Income** (annual income per person in US$, the international trading currency) the **Capital City** and the name of the **Currency**.

The ISO three-letter currency code is created by using the two letters of the country code and adding the first letter of the currency name. Thus, Austrian Schillings are ATS, German Deutschmarks are DEM, United States Dollars are USD, Swiss Francs are CHF and Sterling is GBP.

Table 2.2 Countries, statistics, codes and currencies

Country	Code	Area	Population	Density	Income	Capital	Currency
EUROPEAN UNION (EU)							
Austria	AT	84	7712	93	19240	Vienna	Schilling
Belgium	BE	31	9845	326	15440	Brussels	Franc
Denmark	DK	43	5140	121	22090	Copenhagen	Krona
Finland	FI	338	4986	16	26070	Helsinki	Markka
France	FR	552	56440	103	19480	Paris	Franc
Germany	DE	357	79479	227	16500	Berlin	Mark
Greece	GR	132	10269	78	6000	Athens	Drachma
Ireland	IE	70	3523	51	9550	Dublin	Punt
Italy	IT	301	57662	196	16850	Rome	Lira
Luxembourg	LU	3	384	148	28770	Luxembourg	Franc
Netherlands	NL	42	15019	443	17330	The Hague	Guilder
Portugal	PT	92	10525	114	4890	Lisbon	Escudo
Spain	ES	505	38959	78	10920	Madrid	Peseta
Sweden	SE	441	8618	21	23680	Stockholm	Kron
United Kingdom	GB	244	57411	238	16070	London	Pound
EUROPEAN FREE TRADE AREA (EFTA)							
Iceland	IS	103	255	2	21150	Reykjavik	Krona
Liechtenstein	CH	0.2	0.3	1.5		Vaduz	Franc
Norway	NO	324	4242	14	23120	Oslo	Krone
Switzerland	CH	41	6712	169	32790	Bern	Franc
REST OF THE WORLD							
Afganistan	AF	652	16433	25	450	Kabul	Afgani
Albania	AL	29	3251	119	1000	Tirana	Lek
Algeria	DZ	2382	24961	10	2060	Algiers	Dinar
Angola	AO	1247	10000	8	620	Luanda	Kwanza
Argentina	AR	2767	32322	12	2370	Buenos Aires	Austral
Armenia	AM	30	3300	111		Yerevan	Rouble
Australia	AU	7686	17086	2	17080	Canberra	Dollar
Azerbaijan	AZ	87	7100	82		Baku	Rouble
Bahamas	BS	14	253	25	11510	Nassau	Dollar
Bahrain	BH	1	503	742	7000	Manama	Dinar
Bangladesh	BD	144	115594	863	200	Dacca	Taka
Barbados	BB	1	255	593	6540	Bridgetown	Dollar
Belize	BZ	23	188	8	1940	Belmopan	Dollar
Belorussia	BY	208	10300	50		Minsk	Rouble
Benin	BJ	113	4736	43	360	Porto-Novo	Franc
Bermuda	BM	1	61	1151	25000	Hamilton	Dollar
Bhutan	BT	47	1517	32	190	Thimphu	Rupee
Bolivia	BO	1099	7400	7	620	Sucre	Peso
Botswana	BW	582	1291	2	2040	Gaborone	Pula

Country	Code	Area	Population	Density	Income	Capital	Currency
Brazil	BR	8512	153322	18	2680	Brasilia	Cruzado
Brunei	BN	9	266	50	6000	Bandar S B	Dollar
Bulgaria	BG	111	9011	82	2210	Sofia	Lev
Burkino Faso	BK	274	9001	33	330	Ouagadougou	Franc
Burma	BU	677	41675	63	500	Rangoon	Kyat
Burundi	BI	28	5458	213	210	Bujumbura	Franc
Cambodia	KH	181	8246	47	300	Phnom Penh	Khmer Rial
Cameroon	CM	475	11834	25	940	Yaoundé	CFA Franc
Canada	CA	9976	26522	3	20450	Ottawa	Dollar
Cape Verde Is	CV	4	370	92	890	Praia	Escudo
Cent African Rep	CF	623	3039	5	390	Bangul	CFA Franc
Chad	TD	1284	5679	4	190	Ndjamena	CFA Franc
Chile	CL	757	13386	18	1940	Santiago	Peso
China	CN	9597	1,139060	122	370	Beijing	Renminbi
Colombia	CO	1139	32987	32	1240	Bogota	Peso
Congo	CG	342	2271	7	1010	Brazzaville	CFA Franc
Costa Rica	CR	51	2994	59	1910	San José	Colon
Croatia	HR	56	4680	83		Zagreb	Dinar
Cuba	CU	111	10609	96	2000	Havana	Peso
Cyprus	CY	9	702	76	8040	Nicosia	Pound
Czech Republic	CZ	79	10315	131	3140	Prague	Koruna
Djibouti	DJ	23	409	18	1000	Djibouti	Franc
Dominica	DM	1	83	111	1940	Roseau	Dollar
Dominican Rep.	DO	49	7170	148	820	Santo Domingo	Peso
Ecuador	EC	284	10782	39	960	Quito	Sucre
Egypt	EG	1001	53153	53	600	Cairo	Pound
El Salvador	SV	21	5252	253	1100	San Salvador	Colon
Equatorial Guinea	GQ	28	348	12	330	Malabo	Ekwele
Estonia	EE	45	1600	36		Tallinn	Rouble
Ethiopia	ET	1222	50974	46	120	Addis Ababa	Bir
Fiji	FJ	18	765	42	1770	Suva	Dollar
French Guiana	GF	90	99	1	2500	Cayenne	Franc
Gabon	GA	286	1172	5	3220	Libreville	CFA Franc
Gambia	GM	11	861	86	260	Banjul	Dalasi
Georgia	GE	70	5500	79		Tbilisi	Rouble
Ghana	GH	239	15028	65	390	Accra	Cedi
Greenland	GL	2176	57	0.2	6000	Godthaab	Krone
Grenada	GD	0.3	85	247	2120	St. George's	Dollar
Guadeloupe	GP	2	344	204	7000	Basse-Terre	Franc
Guatemala	GT	109	9197	85	900	Guatemala City	Quetzal
Guinea	GN	246	5756	23	480	Conakry	Syli

Country	Code	Area	Population	Density	Income	Capital	Currency
Guinea-Bissau	GW	36	965	34	180	Bissau	Peso
Guyana	GY	215	796	4	370	Georgetown	Dollar
Haiti	HT	28	6486	235	370	Port-au-Prince	Gourde
Honduras	HN	112	5105	46	590	Tegucigalpa	Lempira
Hong Kong	HK	1	5801	5801	11540		Dollar
Hungary	HU	93	10340	112	2780	Budapest	Forint
India	IN	3288	843931	284	350	Delhi	Rupee
Indonesia	ID	1905	179300	99	560	Jakarta	Rupiah
Iran	IR	1648	58031	35	2450	Tehran	Rial
Iraq	IQ	438	18920	43	2000	Bagdad	Dinar
Israel	IL	27	4659	229	10970	Jerusalem	Shekel
Ivory Coast	CI	322	11998	38	730	Yamoussoukro	Franc
Jamaica	JM	11	2420	223	1510	Kingston	Dollar
Japan	JP	378	123537	328	25430	Tokyo	Yen
Jordan	JO	89	4010	45	1240	Amman	Dinar
Kenya	KE	580	24032	42	370	Nairobi	Shilling
Kazakhstan	KZ	2717	16700	6		Alma Ata	Rouble
Korea, North	KP	121	21773	181	900	Pyongyang	Won
Korea, South	KR	99	43302	439	5400	Seoul	Won
Kuwait	KW	18	2143	120	16380	Kuwait City	Dinar
Kyrgyzstan	KG	199	4400	22		Bishkek	Rouble
Laos	LA	237	4139	18	200	Vientiane	Kip
Latvia	LV	63	2700	43		Riga	Rouble
Lebanon	LB	10	2701	264	2000	Beirut	Pound
Lesotho	LS	30	1774	58	470	Maseru	Malot
Liberia	LR	111	2607	27	500	Monrovia	Dollar
Libya	LY	1760	4545	3	5800	Tripoli	Dinar
Lithuania	LT	65	3751	58		Vilnius	Rouble
Macau	MO	0.1	479	29938	2000		Pataca
Madagascar	MG	587	11179	19	230	Antananarivo	Franc
Malawi	MW	118	8556	91	200	Lilongwe	Kwacha
Malaysia	MY	330	17861	54	2340	Kuala Lumpur	Ringgit
Mali	ML	1240	8156	7	270	Bamako	Pound
Malta	MT	0.3	354	1120	6630	Valletta	Pound
Mauritania	MR	1026	2025	2	500	Nouakchott	Ouguiya
Mauritius	MU	2	1075	581	2250	Port Louis	Rupee
Mexico	MX	1958	86154	45	2490	Mexico City	Metical
Moldova	MD	34	4400	131		Kishinev	Rouble
Monaco	FR	0.002	29	15263	20000		Franc
Mongolia	MN	1567	2190	1	400	Ulan Bator	Tugrik
Morocco	MA	447	25061	56	950	Rabat	Dirham
Mozambique	MZ	799	15656	20	80	Maputo	Metical

Country	Code	Area	Population	Density	Income	Capital	Currency
Namibia	NA	824	1781	2	1000	Windhoek	Rand
Nepal	NP	141	18916	138	170	Katmandu	Rupee
New Zealand	NZ	271	3346	12	12680	Wellington	Dollar
Nicaragua	NI	130	3871	33	800	Managua	Cordoba
Niger	NE	1267	7732	6	310	Niamey	Franc
Nigeria	NG	924	108542	119	270	Lagos	Naira
Oman	OM	212	1502	7	5220	Muscat	Rial
Pakistan	PK	796	112049	145	380	Islamabad	Rupee
Panama	PA	77	2466	32	1830	Panama City	Balboa
Papua New Guinea	PG	463	3699	8	860	Port Moresby	Kina
Paraguay	PY	406	4277	11	1110	Asuncion	Guarani
Peru	PE	1285	22332	17	1160	Lima	Intl
Phillipines	PH	300	61480	206	730	Manila	Peso
Poland	PL	313	38180	125	1700	Warsaw	Zloty
Puerto Rico	PR	9	3599	406	6470	San Juan	Dollar
Qatar	QA	11	368	33	15860	Doha	Rial
Romania	RO	238	23193	101	1640	Bucharest	Leu
Russia	RU	17078	147000	9		Moscow	Rouble
Rwanda	RW	26	7181	288	310	Kigali	Franc
Samoa	WS	3	164	58	730	Apia	Tala
Saudi Arabia	SA	2150	14870	7	6230	Riyadh	Riyal
Senegal	SN	197	7327	38	710	Dakar	Franc
Sierra Leone	SL	71	4151	58	240	Freetown	Leone
Singapore	SG	0.6	3003	4923	12310	Singapore	Dollar
Slovakia	SK	49	5310	108	3140	Bratislava	Koruna
Slovenia	SI	20	1940	96		Ljubljana	Tolar
Solomon Is	SB	29	321	11	580	Honiara	Dollar
Somalia	SO	638	7497	12	150	Mogadishu	Shilling
South Africa	ZA	1221	35282	29	2520	Pretoria	Rand
Sri Lanka	LK	66	16993	263	470	Colombo	Rupee
Sudan	SD	2506	25204	11	450	Khartoum	Pound
Swaziland	SZ	17	768	45	820	Mbabane	Lilangeni
Syria	SY	185	12116	66	990	Damascus	Pound
Taiwan	TW	36	19950	554	6600	Taipei	Dollar
Tajikistan	TJ	143	5300	37		Dushanbe	Rouble
Tanzania	TZ	945	25635	29	120	Dodoma	Shilling
Thailand	TH	513	57196	112	1420	Bangkok	Baht
Togo	TG	57	3531	65	410	Lomé	Franc
Trinidad & Tobago	TT	5	1227	239	3470	Port of Spain	Dollar
Tunisia	TN	164	8180	53	1420	Tunis	Dinar
Turkey	TR	779	57326	74	1630	Ankara	Lira
Turkmenistan	TM	488	3500	7		Ashkhabad	Rouble

Country	Code	Area	Population	Density	Income	Capital	Currency
Uganda	UG	236	18795	94	220	Kampala	Shilling
Ukraine	UA	604	51800	86		Kiev	Rouble
United Arab Emirates	DH	84	1589	19	19860	Abu Dhabi	Dirham
United States	US	9373	249975	27	21700	Washington	Dollar
Uruguay	UY	177	3094	18	2560	Montevideo	Peso
Uzbekistan	UZ	447	20300	45		Tashkent	Rouble
Venezuela	VE	912	19735	22	2560	Caracas	Bolivar
Vietnam	VN	332	66200	202	300	Hanoi	Dong
Yemen	YE	528	11282	21	640	Sanaa	Rial
Yugoslavia	YU	179	17144	96	3060	Belgrade	Dinar
Zaire	ZR	2345	35562	16	230	Kinshasa	Zaire
Zambia	ZM	753	8073	11	420	Lusaka	Kwacha
Zimbabwe	ZW	391	9369	24	640	Harare	Dollar

Some countries are too new for these statistics, e.g. Bosnia, Eritrea, Palestine.

3 Preparation and research

The aim of this chapter is to show a company how to check its resources, to find out what demand there may be for a product or service it can sell and to keep itself well informed. This chapter is directed at exporters, who are investigating selling into overseas markets, at importers, who are investigating supplying their own markets from overseas and at forwarders, who are investigating key buyers of their freight services. The principles are very much the same for all. It is advisable to have a good understanding of this chapter before making a sales plan in Chapter 12 on page 154.

ITAS elements, level 3: 10.1, 10.2, 12.3 (Section 3.6 only) ITAS elements, level 4: 5.3, 5.4, 10.1, 10.2, 10.4, 11.1, 11.4, 12.1

3.1 Resources available

(a) Exporters

The exporter cannot operate on an occasional basis. For successful companies exporting is about long-term survival and profitability. It is not about short-term use of overcapacity. To have a chance of success, to justify the use of resources, the exporter's strategy must be an integral part of the overall company strategy. Exporters, therefore, need to develop a strategy to enable them to compete effectively in foreign markets. To do this, they need to assess their current resources to determine if their company has, i.e.:

- The ability to research and define potential markets and their product requirements
- The capability to test, promote and sell in those new markets
- The manufacturing resources and capabilities to make products suitable for, and required in, foreign markets
- The management and staff with the skills, enthusiasm and will to commit the company to a sustained export programme
- Access to financial resources

(b) Importers

Importers cannot operate on an occasional basis, either. They need to know about demand in their own markets and how to source products and evaluate suppliers in foreign