

EXPORT PROCEDURES CHECKLIST

Who exports? – Preparation

- ✓ You are capable of producing in excess of local demand.
- ✓ Your customers are extremely satisfied with your product with respect to quality and affordability.
- ✓ You produce the type of product that people want to buy.
- ✓ You produce a good that is not necessarily country specific.
- ✓ You have confidence in your product and you feel that consumers in other markets will be interested in buying from you.

What do you export? – The Product

- ✓ Ask yourself the following questions about your product:
 - Is the packaging good?
 - Does it have an image of quality?
 - Is it competitive?
 - Does it have something to offer that others do not?
- ✓ If you cannot decide objectively, **JAMPRO** is always willing to give expert advice.

Where do you export? – The Market

- ✓ Critically evaluate and assess the market(s) that you wish to enter.
- ✓ Know your customers thoroughly: tastes, culture, expectations, purchasing power, level of development, environmental considerations, etc.
- ✓ Know the laws that pertain to the importation/sale of your product in the country that you wish to export.
- ✓ Know the international standards that pertain to the production of your product.



- ✓ Look at the past experience of exporters of your product: what did they do wrong? Can you avoid making the same mistakes?
- ✓ How do you want to promote your product? Is it - dependable, durable, in good taste, cheap, expensive, unique, unusual, exotic, etc.
- ✓ Take advantage of the services provided by **JAMPRO** offices in Canada, USA and England in acquiring knowledge in your target market(s). Some of these include:
 - Customs
 - Buyers
 - Promotional shows
 - Trade information
 - Useful business contacts
 - Market research
- ✓ **JAMPRO** will be able to help you find out whether or not the product that you wish to export is eligible for duty-free access, or any type of preferential treatment, to your target market(s).
- ✓ **JAMPRO** may be able to inform you as to which government incentive you may be able to benefit.

What will it cost you? – Costs and Financing

- ✓ Have an estimated minimum cost level that you wish to at least maintain.
- ✓ In addition to the usual overhead costs that all businesses must incur, the exporter needs to take note of the following costs that may arise:

Local Costs

- Transportation
- Banking/insurance
- Export packaging
- Freight forwarders
- Export documentation
- Storage and handling
- Air/sea freight (inclusive of insurance)

Overseas Costs

- Import duties/taxes
- Landing charges/handling fees
- Inland transport
- Wholesale margin
- Retail margin
- Value added tax



These costs will give you an idea of the price for which your product will be sold for abroad.

- ✓ Compare this price to the price of similar products in your market - is it competitive? If needs be, re-evaluate your product and its marketing strategy to ascertain whether or not your product holds an attribute that your competitors' product does not.
- ✓ In calculating costs, remember that you may be eligible for exemptions that may decrease your estimated costs.
- ✓ Contact **JAMPRO** to give you ideas in sources of financing. Furthermore, they act as an agency whose seal of approval becomes advantageous in exporting.

How do I prepare to export? – Final Stage before Exportation

- ✓ You need to be aware of the volume of production that you can offer to your consumers on a consistent basis; if production levels are not consistent, then you may lose customers.
- ✓ Always remember that it is better to have a low volume of production that can be supplied consistently, than a large one that cannot be achieved very often as fluctuating supplies will give you a bad reputation, which takes money and time to overcome.
- ✓ Arrive at a minimum sales figure that you can aim to achieve. This will better make you aware of the level of profits and expansion that may be reasonably expected in the future.
- ✓ Give an accurate profile of your product, outlining its uses, potential, price and advantages over similar products. You may try to capitalise on the uniqueness of your product, but do not try to hide its faults.
- ✓ If possible, send out samples and brochures of your product to target points in your market(s) beforehand to enhance your product profile.
- ✓ You will need to decide with your buyer how payment for your export shipment will be made. Payments may take any of the following forms:
 - **Open Account**
By Cheque: the buyer draws a cheque in favour of the exporter and sends it by mail or courier.

By Banker's Draft: the buyer purchases the draft from his bank, sends it to the exporter, who then presents it to his bank and is credited with equivalent funds.



By Telegraphic Transfer: the buyer instructs his bank to transfer funds to the exporter's bank, which then advises the exporter that payment has been received.

- **Bills of Exchange**

Sight Draft: this is the most common form. It is prepared by the exporter and presented to his/her commercial bank along with the shipping documents. The bank through correspondence with the buyer's bank, obtains the buyer's acceptance of the debt and dispatches the shipping documents to the correspondent bank, which makes payment from the buyer's account.

- **Letter of Credit:** this is a written undertaking by a bank, which is given to the seller in accordance with the buyer's instructions to effect payment within a prescribed time limit. This is the safest way to ensure payment for goods and is mainly used where parties are unsure of each others' creditworthiness, business ethics and practice. However, it is costly and time consuming.

✓ You will need to provide price quotations either as FOB or CIF:

- **'Cost, Insurance and Freight' or 'CIF':** the CIF to the named port of destination will have to be given. The seller bears the cost of the insurance and freight, and therefore these costs are quoted in the given price.
- **'Free on Board' or 'FOB':** the FOB to the named port of shipment will have to be given. The buyer is responsible for the payment of freight and insurance and these are not included in price quotations.

Is there anything else I should know?

- ✓ Make sure that you are fully aware of the terms and implications of your sales agreement, as in some cases you may be responsible for anything that happens to your goods before they reach your destination.
- ✓ Any financial agreements made should be thoroughly checked – preferably by some form of professional in the field.
- ✓ When your goods arrive overseas, ensure that the importee has upheld his end of the sales agreement. Remember, receipt of payment is not enough to ensure your continued existence and prosperity in the marketplace.
- ✓ Keep abreast of activities concerning your product in both the local and overseas market, so as to keep ahead of any new developments and any competition.
- ✓ Protect yourself from liability by carefully supervising and inspecting all aspects of the shipment of your goods.

Revised May 2003



18 Trafalgar Road
Kingston 10, JAMAICA
Phone: 1-888-INVESTJA
Fax: (876) 946-0090
E-mail: investjampro@investjamaica.com