Planning and Preparing

Whether you export goods many of the following preparatory steps will be similar:

- Research the market using techniques and resources as described in this guide.
- Visit or contact trade commissioners in your province for information on trade opportunities and market intelligence from around the world.
- Ask the Trade Commissioner in your target market abroad for help in assessing your market prospects and to provide you with a list of qualified contacts.
- Visit cities in the region and talk to potential buyers and intermediaries.
- Request a face-to-face briefing with the Canadian Trade Commissioner in the region to discuss the latest developments in the market.
- Develop a network of contacts and potential partners. Find out who your competitors and potential allies are, and who are the most important importers, distributors and agents for your product or service.
- If working through agents and distributors, make a short list of potential candidates and assess their qualifications and capabilities. Develop a profile of the ideal associate, then select the one whose skills and experience best complement your export objectives.
- If exporting a service, consider the possibility of finding a local partner to represent your interests.
- Put together a promotional package describing your company and its products.
- Attend a regional trade fair, if possible. Do some preliminary promotion and establish contacts with potential buyers and associates.
- Make arrangements with key export service providers such as freight forwarders, trading houses and customs brokers.
Making and Finalizing the Deal
The following summarizes the way you arrange a deal and ship goods to your buyers. If you’re a service exporter, of course, you won’t have to deal with documentation, freight forwarding, shipping or customs clearance.

Check references of prospective customers
Whether you’re dealing with end users, retailers or intermediaries, check their references. Using other Canadian exporters, commercial banks, people in the industry, or your Canadian Trade Commissioner, do the following:

- Fact check and verify the prospect’s credit rating;
- Talk to other exporters who have had dealings with the prospect;
- Ask the Canadian Trade Commissioner in your target market to provide you with information on the prospect;
- Fact check and verify the prospect’s business profile.

Visit prospects
Visits to important prospects in your market(s) are strongly recommended because they let you gather insight into the prospects’ needs. Before leaving Canada, though, ask the Canadian Trade Commissioner in the market you’re visiting to provide you with advice on timing and organizing your trip.

Finalize the sale
Finalization normally begins when your sales department receives a purchase order from the buyer. You should respond with an acknowledgment of the order or a sales confirmation. Be sure to confirm the following details:

- Quantity
- Payment terms
- Shipping/trade terms
- Transportation method
- Price
Prepare a letter of credit (L/C)

This works as follows:

- The buyer issues an instruction to his or her own bank.
- The buyer’s bank sends your bank the L/C.
- Your bank sends the L/C to you.

The letter of credit is an important document. Review it carefully, in company with your freight forwarder, banker and legal counsel. It must be consistent with your sales agreement, and you must comply with all of its provisions. Remember that the buyer’s bank can latch on to any discrepancies in your documentation, and that it pays upon receipt of correct documents, not upon successful completion of the transaction. If a name or address is misspelled, if the shipping date is wrong, or if all charges are not included, you may be unable to collect.

Prepare other documentation

Your shipment must be accompanied by all relevant documentation, including:

- Certificate of origin
- Commercial invoice
- Packing slip
- Shipper’s instructions
- Standards documentation (if necessary)
- Health/sanitary certificate (if necessary)

Freight forwarder involvement

Your freight forwarder prepares the following documents and delivers copies to you, your buyer and your commercial bank:

- Customs invoice
- Consular invoices (if required)
- Special packing or marking list
- Insurance and certificate of insurance
- Bill of lading
Shipment
The shipment process works like this:

☐ Your freight forwarder sends the goods to the carrier.

☐ Your customer receives all relevant documentation, allowing the shipment to clear customs.

☐ The goods clear customs at the destination entry point.

Collection
After the shipment has been sent:

☐ The freight forwarder presents your bank with the LOC (Letter of Credit) and all accompanying documentation.

☐ You present your bank with a sight draft (demand for payment).

☐ Your bank passes the documentation to the buyer’s bank with a demand for payment.

☐ The buyer’s bank accepts the documentation and lets you know when the funds will be transferred.

☐ Your bank transfers funds to your account.

Links in this document
Letter of Credit
www.businessdictionary.com/definition/letter-of-credit-L-C.html