



INTERNATIONAL TRADE I

Objectives

The main objectives of the course are the following:

- to learn and know how to create, organize and develop an Export department
- to learn how to design the promotion policy, considering the elements that affect the international trade situation
- to learn how to use the different available information sources
- to know the needs of a company for different targets and to learn how to design its International strategic plan
- to learn about the different official instruments and supports available in the internationalization process

Programme

UNIT 1: THE WORLD TRADE ENVIRONMENT

1. Globalisation and liberalisation of markets
2. Regional Economic Integration: Free-Trade Area (EFTA, NAFTA, Mercosur), Customs Union (Pacto Andino), Common Market (CARICOM), Economic Union (EU), Economic, social and Political Integration (final goal of EU).
3. The European Union Preference arrangements with other countries: former EFTA countries, Baltic countries, East Europeans, Mediterranean, Turkey, Cyprus, ACP and OCT countries
4. The Generalised System of Preferences (GSP).
5. The Spanish Foreign Trade: an Analysis.

Unit 2: The Export Department

1. Introduction:

What is exporting? Home sales vs Export sales. Export prerequisites.
Benefits, costs and risks of exporting
Export readiness assessment

2. Approaches to exporting:

Indirect exporting
Cooperative Exporting
Direct exporting

3. The Export Department: Structure and Organisation. Objectives, tasks (functions) required background, professional experience and profile of export personnel.

- Initial organisation: Export Sales Manager, Export Sales Clerk, Secretary
Organisation chart
- Evolution of the Export Department: Regional or Product organisation. Area Managers and Product Managers). Organisation chart

3. Export Sales Administration

- Internal Order processing (company departments involved and their role)
- Control of export orders (from acceptance to collection)
- The Export Department and the external services providers: (carriers, forwarders, customs brokers, banks, Insurance Companies)
- Export Customs formalities (Customs Officers)
- Documentary organisation in the Export Department Order Programme.

UNIT 3: EXPORT PACKING AND INTERNATIONAL CARRIAGE

EXPORT PACKING AND CONDITIONING

- Definition
- Packing and insurance
- Packing and Incoterms
- Types of packing: cartons boxes, wooden cases, wooden crates, pallets
- Labelling and marking
- Containers

INTERNATIONAL CARRIAGE OF GOODS

- International Regulations.
- Carriers and freight forwarders: functions and responsibility

1. Sea carriage.

- Advantages and disadvantages of this mode of transport.
- Legal frame. International Agreements.
- General cargo and Container cargo.
- Types of vessels.
- Conference Lines and outsiders.
- Freight rates, discounts, rebates and surcharges.

- Liner terms and other transport conditions.
- Container cargo (Terminal Handling charges)
- FCL / LCL Containers
- The document of transport (Bill of Lading). Main characteristics and functions.
- Data to be stated on the B/L .
- Clean on board B/L.
- Container vessels and feeders.
- Instructions to carriers.
- Responsibility of carriers.
- Sea carriage and transport of goods for exhibition at a Trade Fair. Risks involved and recommendations.

2. Road carriage

- Legal frame. International Agreements.
- Types of vehicles.
- Types of cargo: complete truck / consolidated .
- Transport rates.
- The Forwarder's Certificate of Receipt (FCR).
- The document of Transport (CMR). Main characteristics and functions.
- Data to be stated on the CMR.
- Special instructions to carrier (Cash on delivery as a means to control possession.)
- Responsibility of carriers.

3. Railway carriage

- Legal frame. International Agreements.
- Types of wagons and trains.
- Transport rates.
- The document of Transport (CIM). Main characteristics and functions.
- Data to be stated in the CMR.
- Responsibility of carriers.

4. Air carriage

- Legal frame. International Agreements.
- Types of airplanes and their limitations.
- IATA and freight rates: General rates, Unit load devices and Corates.
- The document of Transport (AWB). Main characteristics and functions.
- Data to be stated in the AWB.
- Responsibility of carriers.

5. Multimodal transport

- Legal frame.
- Multimodal transport and the Incoterms.
- The combined B/L (FIATA).

1. Export pricing policy: Build-up of the export price. Applicable factors and considerations: Internal (costs, management goals) and External (demand, competition, exchange rates, country of origin effect, logistics and payment terms)
2. The export quotation
3. The Incoterms. Definition. Matters covered. Obligations of seller and buyer. Critical points for the transfer of risks and the division of costs between the contracting parties.

UNIT 5: MODES OF PAYMENT IN INTERNATIONAL TRADE

1. General approach: advantages, disadvantages and related in the different modes of payment for seller and buyer. Banking charges
2. B/L and Modes of Payment (Consignee of goods)
3. Modes of payment in detail:
 - Open account
 - Cheque (personal or bank cheque)
 - Swift* Transfer
 - Collection: At sight payment (Cash against documents)
 - Collection: Deferred payment (Accepted Bill of Exchange)
 - Irrevocable Documentary Credit
4. Irrevocable Documentary Credits:
 - Roles of Issuing and Advising Banks.
 - Types and uses of DC. Documents required. Confirmation of DC.
 - Settlement.
 - Essential points and sensitive issues
 - Checking all details between buyer and seller prior to opening of DC.
 - Latest dates for shipment and for presentation of documents. Credit amount and tolerance.
 - Check list of documents for presentation and examination by the Bank.
 - Practical recommendations for exporters on "How to avoid bank reserves"
 - Coordinating the shipment of goods with other department within the company and external organisations (Shipping companies, freight forwarders, Inspection companies)

UNIT 6: INSURANCE

INSURANCE OF GOODS

- Insurance contract: the premium
- Insurance coverage provided by carriers: a warning
- Maritime Insurance: The Institute Cargo Clauses
- Road and air insurance
- Insurance, Incoterms and Documentary Credit: an overview.
- Claims and procedure

EXPORT CREDIT INSURANCE

- Risks involved in international operations and how to cover them
- The Spanish Agency for Export Credit Insurance (CESCE). Types of risks covered: types of policies and % coverage.

UNIT 7 INTERNATIONAL MARKET SURVEY

- List of essential information required
- Information sources (many of them are free of charge):
 - DGA, ICEX, COPCA, CIDEM, OFCOMES, (CPN-COPCA), Chamber of Commerce, Professional Associations, Banks, Insurance Companies, Consultants, etc.
- Guides and Manufacturers catalogues
- Trade Fairs Catalogues
- Technical Magazines
- Country Guides and Market Surveys
- Internet and its increasing role

UNIT 8 EXPORT AIDES PROGRAMMES

[HTTP://WWW10.GENCAT.NET/PLS/CID/FISUB.HTML?P PAGINA = 2&P MENU = MENU SERVEIS1](http://www10.gencat.net/pls/cid/fisub.html?p_pagina=2&p_menu=menu_serveis1)

1. Information, professional advice and economic support provided by the EU, Spanish Central Government and Regional Governments in Spain. Some examples:

- International Trade Courses and Seminars, Expert advice
- Commercial Promotion and Consultancy Advise (NEX-Pipe 2000)
- International Assessment and Consultancy Advise (NEI)
- Export Consortia and Exporting Groups
- Product adaptation to Foreign Approvals
- Export credit finance

2. List of Organisations to contact:

- CIDEM, ICEX, COPCA, ICO, COFIDES
- Chambers of Commerce
- Professional Associations

UNIT 9: CUSTOMS AND INTERNATIONAL SALES

1. Commodity description and coding system

The harmonised commodity description and coding system (HS). Sections, Chapters, Headings and Subheadings. The Combined Nomenclature (CN) of the European Communities. The Integrated Tariff of the European Communities (TARIC).

2. The Single Administrative Document (SAD)

3. Import Commercial Systems in the European Communities:

- Goods which do not require and import licence
- Goods that require an import licence

4. Tariff barriers: Import duties and taxes

- Import Duties: The European Union Common External Tariff (CET)
- Customs value and the origin of the goods (areas): Preferential arrangements in the EU.
- Taxes: Value added Tax (VAT).

5. Import Customs clearance (for free circulation in the EU)

Usual documents to be produced:

Commercial invoice, Packing list, Import Declaration (using the SAD), Certificate of origin. Declaration of value, document of transport.

6. Special cases

- Goods in transit
- Bonded warehouse goods
- Drawback goods (undergoing a transformation process in the EU)
(*Tráfico de Perfeccionamiento activo*)
- Drawback goods (undergoing a transformation process outside the EU)
(*Tráfico de Perfeccionamiento pasivo*)
- Goods undergoing a manufacturing process under Customs control
- Standard interchanges
- Temporary Importation of goods

7. The circulation of goods in the EU.

- Intra-Community sales:
- No VAT on sales price
- Intrastat* document
- External Transit

8. Export Commercial Systems in the European Communities:

- Goods which do not require and export licence
- Goods that require an export licence
- Special systems
- Export of samples

- Temporary Exportations
- Tax regime on exports: exemption and deduction or refund of VAT paid.

9. Export Customs clearance.

Usual documents to be produced: Invoice, Export Declaration (using the SAD).
 Other eventual documents and certificates.
 Deduction or refund of VAT

Bibliography See attached document ESCI Library

Some Export Courses available free of charge on Internet
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In English

<http://www.export911.com/>

<http://www.tradeport.org/tutorial/index.html>

In Spanish

<http://www.casce.org/>

RECOMMENDED MAGAZINES

El Exportador

www.el-exportador.com/

Monthly publication

Free availability

ICEX

Le MOCI (Moniteur du Commerce Intnal.)

Weekly Publication

CFCE

CFCE Centre Français du Commerce Extérieur

INTERNATIONAL TRADE I

GRADING POLICY

10% INTEREST AND PARTICIPATION IN CLASS
40% CONTINUOUS ASSESSMENT
50% FINAL EXAM

This policy will be applied provided the grade obtained in the final exam is not lower than 4/10, in this case, the overall final grade will be 4/10 which will be regarded as a FAIL as the threshold for a pass is 5/10.

Notes:

Failure to attend the continuous assessment examinations without justified and properly accredited cause will result in a grade of 0 points being applied to the examination that has been missed. Similarly, failure to attend the final exam without justified and properly accredited cause will result in a grade of "Non Attendance"

In the case of September examination, the same 'final exam' weighting applies, i.e. it is 50% of the grade; grades on participation and continuous assessment awarded during the term are maintained.