

Session 12 A:

# *Export Documents*

*Managing All the Paperwork*



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Hello, I'm Bob Erwin, and welcome to Session 12 A of Export-U... on export documentation.

I'll be narrating this session that I co-authored with Dimitris Kloussiadis. Both of us are with the SBDC International Trade Center of the University of Georgia.

Export-U presents a series of export mini-courses that we have developed with our partners in the U.S. Export Assistance Center, in Atlanta.



Let's face it, there is a lot of paperwork associated with exporting. Whenever you sell, ship, or deliver products overseas, paperwork is needed to document the process.

If you are new to the exporting game, this paperwork may seem overwhelming, perhaps even intimidating.

SO,  
HOW TO MAKE

**SENSE**  
OF IT ALL?



Photo: Eraserhead, American Film Institute / Via [giphy.com](http://giphy.com)

So, how do we make sense of all this documentation stuff.

And how can we make sure we don't miss anything critical to the process.



# GRASPING

Document  
Basics

We'll step back,.... take a deep breath, ....and let us consider the document basics.

# DOCUMENTATION KEYS TO SUCCESS

- Terms you can satisfy
- Schedule you can meet
- Protection: insurance, instructions, payment terms
- Consistency between documents
- Accuracy!!!

To begin with there are a few underlying Keys to documentation success.

(click)

First, make sure that you can satisfy all the paperwork TERMS.

(click)

And, don't agree to a TIME SCHEDULE you can't meet.

(click)

Also, make certain that the documents give you enough PROTECTION.

This includes adequate shipping insurance, clear handling instructions, and favorable payment terms.

(click)

Everything, and I mean EVERYTHING in the documents, must be absolutely consistent, since even slight discrepancies can prove costly.

(click)

And finally, ACCURACY is paramount.

Mistakes in the paperwork can have dramatic repercussions, which may be very unpleasant.



The paperwork SEQUENCE is fairly logical. It includes:

(click)

Sales documents

(click)

Shipping documents

(click)

Regulatory and compliance documents, ... and finally...

(click)

Documents that authenticate the product's origin.

# WHAT THEY SAY

## Sales:

who, what, where, how much \$

## Shipping:

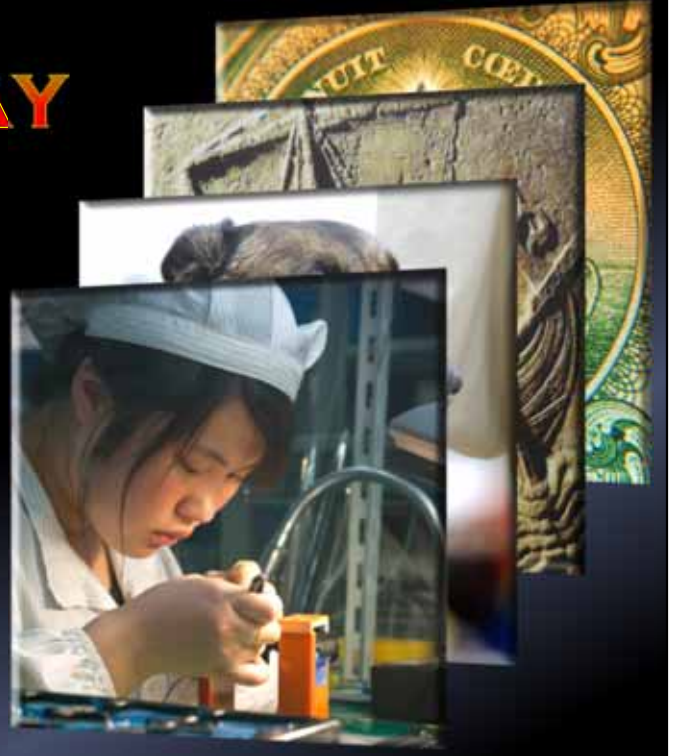
contents, insurance, responsibilities,  
transportation mode

## Compliance:

licenses, permits, safety certificates

## Origin:

where made, not inferior goods



Photos:  
ship - [http://upload.wikimedia.org/wikipedia/commons/0/0e/Boeing\\_747.jpg](http://upload.wikimedia.org/wikipedia/commons/0/0e/Boeing_747.jpg)  
dog - [http://en.wikipedia.org/wiki/Poodle#/media/File:WI\\_Poodle\\_Dog.jpg](http://en.wikipedia.org/wiki/Poodle#/media/File:WI_Poodle_Dog.jpg)  
woman - [https://commons.wikimedia.org/wiki/File:A\\_worker\\_assembling\\_a\\_digital\\_camera\\_in\\_Noroo.jpg](https://commons.wikimedia.org/wiki/File:A_worker_assembling_a_digital_camera_in_Noroo.jpg)

**These documents provide a LOT of critical information.**  
(click)

**Sales documents** show

WHO the buyer and seller are,  
WHAT they are buying and selling,  
WHERE the product is coming from and going to, and of course the  
SALES PRICE.

(click)

**Shipping documents** describe

WHAT is being shipped, the type and coverage of  
SHIPPING INSURANCE,  
WHO is responsible for the logistics, and the  
MODES of TRANSPORTATION-- land, sea, or air.

(click)

**Compliance documents** prove  
that you have met all the legal requirements of the countries you are shipping from and to.

These may include licenses, permits, or safety certificates, etc.....and finally.....

(click)

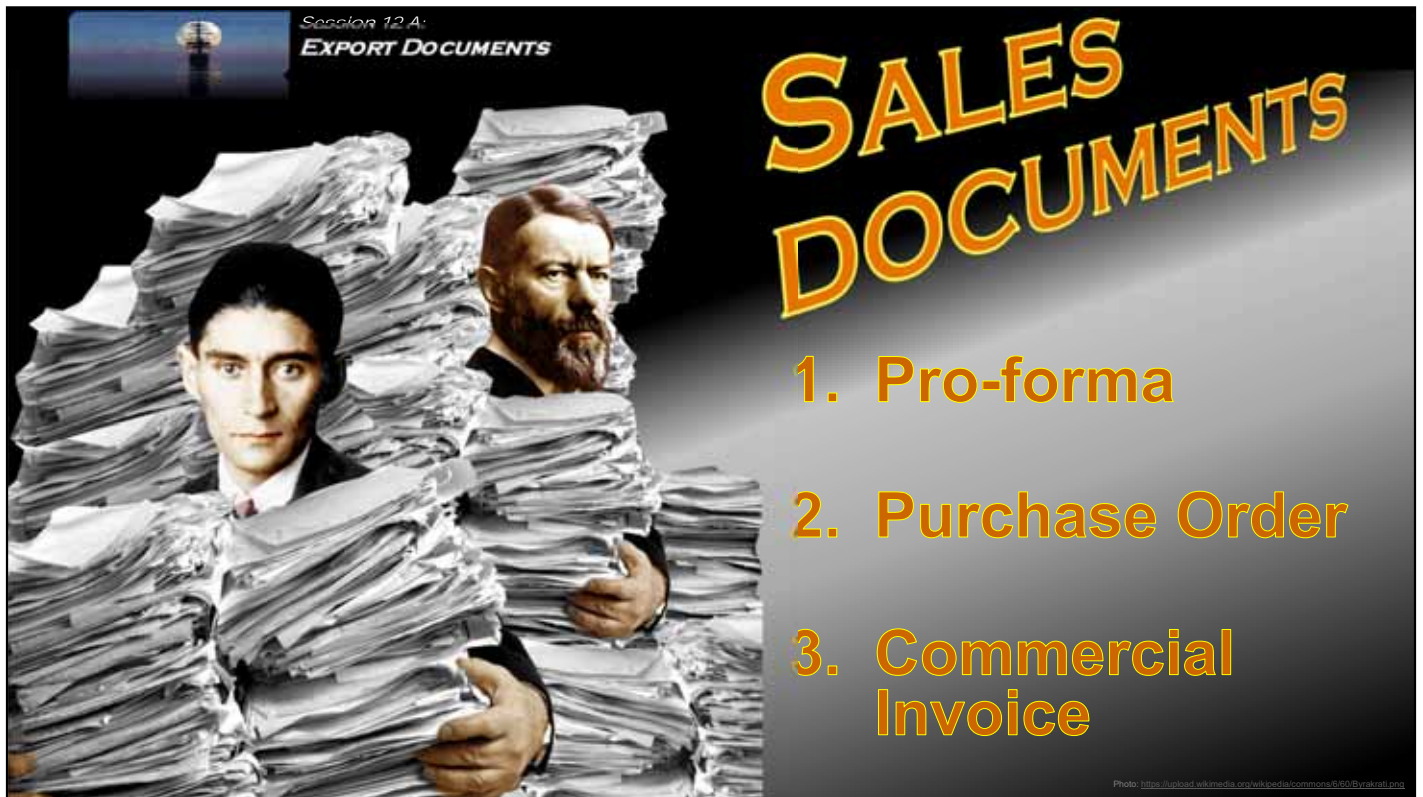
**Origin documents** declare where the products were made, and demonstrate that they are not inferior goods being DUMPED overseas.



# A. SALES

SALES documents are generally the first ones you will confront.





There are basically three sales documents.

These include the  
(click)

INTERNATIONAL PRICE QUOTATIONS, which are called a PRO-FORMA INVOICES.

.....If your customer accepts this quote, he or she will then respond with a  
(click)

PURCHASE ORDER..... and assuming everything is still copacetic, you will reply back with a  
(click)

COMMERCIAL INVOICE.

Now let's take a closer look at all of these....



The PROFORMA INVOICE is probably the single most important export document.

Unfortunately, the term itself is often misunderstood,...because...

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a Pro-Forma is NOT an invoice at all in the traditional sense.

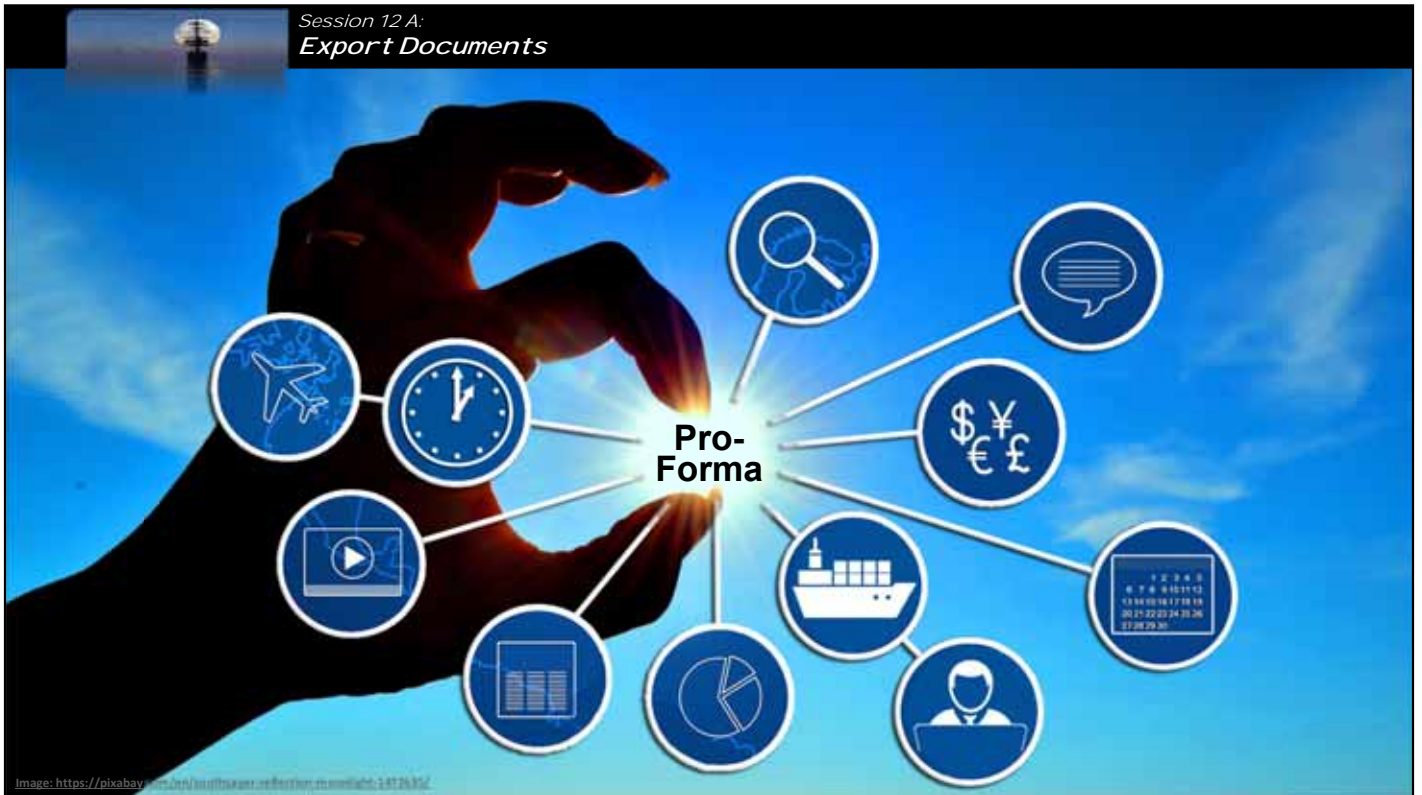
Rather, it is a formal PRICE QUOTATION for export sales, that defines

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the PRICE of the goods

the type of SHIPPING and its cost, ... and also

the SALES TERMS.



The PRO-FORMA is tremendously important document, because it is the original SOURCE from which  
(CLICK)

most of the other export documents are derived.



# ALWAYS!

use a

## Pro-Forma for export quotes

Flickr.com

When should you use a Pro-forma?

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ALWAYS!..... basically, whenever you're quoting on an export sale.



# YOUR CUSTOMERS NEED PRO-FORMAS

To get a complete picture of the transaction  
Set terms of Letter-of-Credit  
Secure import licenses  
Obtain allocations of U.S. dollars

Photo: <https://www.flickr.com/photos/hamptonroadpartnership/5352229724>

A Pro-forma invoice is also very important to your overseas customer.

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first, it gives them a complete picture of the entire transaction. ...and

-CLICK-

If they are paying you with a letter of credit, the Pro-forma gives their bank all of the information needed to draft the L/C

(By the way, if you want to know more about letters of credit, you can view our webinar on Payment Terms.)

.... Now, in some countries,

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a pro forma is required for your customer to secure a license or permit to import your goods....And finally,

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some countries also have currency controls, so your customer will need a pro forma to get access to US dollars to pay you.

SESSION 12 A:  
**EXPORT DOCUMENTS**

Photo: <http://www.flickr.com>

# TO START... GIVE YOUR FORWARDER

**Product description**  
(weight, dimensions, value)

**Payment terms**  
(signed copies of P.O., L/C)

**Harmonized code(s)**

**Special instructions?**  
(E.g., affected by heat, humidity?)

**Hazardous materials?**

Photo: NASA

To start developing a pro forma, you first need to give your freight forwarder some information.

He will need

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a full description of the product,... including its weight, dimensions, and value.

-CLICK-

the terms of payment, including a signed copy of the purchase order. And, if you are being paid by letter of credit, he will need a copy of that.).... He will also need

-CLICK-

the product's Harmonized Code(s)...plus,

-CLICK-

any special instructions. For example, is the product fragile or susceptible to damage from heat or humidity?,... and finally

-CLICK-

let him know if you are shipping any hazardous materials.



# WHAT YOUR FORWARDER TELLS YOU

Shipping costs.... Documents..... Insurance.....

Photo by John Beales on Flickr

Once he has all of this information, the forwarder can tell you  
(click)

the shipping costs,

the required documentation, and

the cost of insurance on the shipment.

These are all critical inputs to the pro forma.



Photo: <http://www.abcbullion.com.au/news/Bring-back-the-gold-standard-says-World-Bank-chief>

Your pro forma will also need to include some information provided by your bank, including

-click-

bank service fees and transactional finance charges.

To get this information, you need to contact your bank's international department and ask for a

-click-

written quotation. You should also ask for a copy of their fee schedule.





A Pro-forma

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does not have to be in any special format. In fact, you

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can use your regular invoice form,... if at the top of the page you type

-click-

"Pro-forma Invoice, International Quotation."

The main thing is that it must contain all of the required information.



# REQUIRED INFO

(in a Pro-forma)

- ✓ Reference number
- ✓ Description of the goods
- ✓ Weight, volume, boxes (U.S. and metric)
- ✓ Shipping method (Incoterms) & transit time
- ✓ Sales & payment terms
- ✓ Itemized price
- ✓ Currency
- ✓ Ports of exit and entry
- ✓ Country of origin
- ✓ Special routing instructions
- ✓ Fabrication time and date of shipment
- ✓ Time limit on quotation



Photo: The "Tenacious" in Bangor Bay, by Rose, <http://creativecommons.org/licenses/by-sa/2.0/>

Here's a list of the main things a pro-forma must contain.

All of this information proscribes the complete sales agreement, including a precise description of the product's weight and dimensions, the shipping method, the terms of payment, and how long the quote is good for.

You can download a more complete list from the references section of this website.

# SAMPLE PRO-FORMA

**Company Name**

Road Address  
City, State, Zip  
Telephone  
Fax

**PRO-FORMA INVOICE**  
EXPORT QUOTATION LETTER

|       |   |       |                                     |
|-------|---|-------|-------------------------------------|
| TO:   | BUYER'S COMPANY NAME<br>COMPANY ADDRESS<br>HAMBURG, GERMANY | DATE: | REF. NO: JPN 4583<br>APRIL 26, 2011 |
| ATTN: | MR. BUYER   |       |                                     |

AS REQUESTED IN YOUR EMAIL ON 4/24/2011, WE SUBMIT THE FOLLOWING PRICE QUOTATION (PRO-FORMA INVOICE):

**EXPORT PACKAGING:** 24 UNITS (CAPS) PER BOX - 6 BOXES PER MASTER CARTON  
**VOLUME:** MASTER CARTON DIMENSIONS: 19 1/2" \* 20" \* 24 1/2"  
**SALES TERMS:** INTERNATIONAL BANK CHECK / DRAFT OR INTERNATIONAL WIRE TRANSFER, S.W.I.F.T. FOR FULL INVOICE AMOUNT, PAYABLE TO (YOUR COMPANY NAME), DRAWN ON A US BANK, IN US DOLLARS. FUNDS MUST ARRIVE AND BE CLEARED BY OUR BANK PRIOR TO SHIPMENT OF MERCHANDISE.  
**DELIVERY TERMS:** SHIPPED VIA OCEAN FROM SAVANNAH, GEORGIA, USA TO HAMBURG, GERMANY LOADED IN 20 FOOT SEA CONTAINER, 55 MASTER CARTONS PER CONTAINER.

| UNITS                                      | PRODUCT DESCRIPTION   | UNIT PRICE    | TOTAL                 | NOTES                                  |
|--|---|---------------|-----------------------|--|
| 10,000                                     | Windstripa Pair   | US\$ 4.25     | US\$ 42,500.00        | High Performance Windstripa Wiper Pair |
| <b>Total Product Price</b>                 |   |               | <b>US\$ 42,500.00</b> |  |
|  | -Inland Freight (Atlanta, Georgia, USA to Savannah, Georgia, USA) | US\$ 500.00   |                       |  |
|  | -Handling- Savannah Port  | US\$ 85.00    |                       |  |
|  | -Terminal Handling Charge- Savannah Port                          | US\$ 85.00    |                       |  |
|  | -Forwarding Fee   | US\$ 100.00   |                       |  |
|  | -Marine Insurance 110% of Value ( \$ 9.26 per \$100.00 Value)     | US\$ 153.00   |                       |  |
|  | -Ocean Freight (Savannah, GA, USA to Hamburg, Germany)            | US\$ 2,000.00 |                       |  |
| <b>Total</b>                               |   |               | <b>US\$ 2,923.00</b>  |  |
| <b>Total Price C.I.F Hamburg, Germany:</b> |   |               | <b>US\$ 45,423.00</b> |  |

**DELIVERY TIME:** MAXIMUM OF (20) DAYS AFTER RECEIPT OF FULL INVOICE AMOUNT  
 ABOVE PRICES ARE QUOTED IN US DOLLARS AND WILL REMAIN IN EFFECT UNTIL (MAY 26, 2011), AFTER WHICH DATE PRICES QUOTED WILL EXPIRE, UNLESS AN ORDER HAS BEEN RECEIVED AND ACKNOWLEDGED BY (YOUR COMPANY NAME, INC.) IN WRITING.  
 ANY CHANGES IN SHIPPING OR INSURANCE CHARGES WILL BE THE RESPONSIBILITY OF THE BUYER.  
 WE APPRECIATE YOUR INTEREST IN OUR PRODUCTS AND LOOK FORWARD TO RECEIPT OF YOUR ORDER.

Signature  
JOHN SMITH  
COMPANY NAME

Here we show just one example of what a Pro-Forma can look like.

The main thing is that it must clearly display all of the required contents.

You can also download a copy of this example from the REFERENCES SECTION of this website.

Many more Pro-Forma examples can be download from Google images.

If you're overseas customer accepts the terms in a pro forma, he can sign at the bottom, thus transforming it into a legal document.



- ❖ **Must match Pro-forma!**
- ❖ **Check if shipping is still available as priced**
- ❖ **Don't pay for shipping before getting the L/C!**  
potentially very unpleasant
- ❖ **Check for <sup>V</sup>surprises!**

| PURCHASE ORDER   |   |   |                      |
|--|---|---|----------------------|
| Acme Gmbh, 123 Irgendwo Strasse, Werweiswo, Federal Republic of Germany                        |   |   |                      |
| Phone: 123-123-1234  |   | Fax: 123-123-1235   | www.acmegmbh.Com     |
| Date: 15-Feb-08  |   | Ref: 1234A  |                      |
| To: Wonderwipes, Inc.<br>123 Someplace Street<br>Any Town, Georgia<br>U.S.A.                   |   | Attn: Mr. Frank Harris<br>Vice President - Sales<br>Your Ref: xxxx-12 date 1 Apr 2008 |                      |
| In accordance with our earlier communications, we submit our order for the following:          |   |   |                      |
| Product  | No. Units   | Cost/Unit   | Totals               |
| Windshield Wipers<br>Model Nr. 12345   | 5000 pair   | US\$ 4.26<br>ex factory   | US\$ 21,300          |
| Windshield Wipers<br>Model Nr. 12346   | 5000 pair   | US\$ 4.26<br>ex factory   | US\$ 21,300          |
|  |   | CIF Bremerhaven:  | US\$ 45,300          |
| Payment Terms:   | At Sight Letter of Credit   | Ship By:  | May 20, 2008         |
| To be shipped by:  | Ocean   | Delivered to:   | Bremerhaven, Germany |
| Transhipment:  | Not permitted   | Partial Shipment:   | Not Permitted        |
| Marks/Notations:   | B/L to be marked "Freight Prepaid" and "Notify: O'Higgins & Bern, Gmbh<br>345 Brewster Strasse, Hamburg, Germany" |   |                      |
| If order cannot be executed in a timely manner as stated above, please contact the undersigned |   |   |                      |

After accepting the pro-forma, your customer should then respond with a company purchase order.

Remember, the PO terms must...

-CLICK -

PRECISELY match those in your pro forma.

And, before approving it, make sure you can ...

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still get the shipping rates you quoted.

If your customer is paying you with a letter of credit,.. we strongly recommend against

-CLICK-

actually pay for the shipping until the LC is in your hand....

And finally,

-CLICK-

examine the purchase order very carefully ... checking for hidden gotcha's ...

# COMMERCIAL INVOICE

For Wiper Blades

- Actual bill to your customer
- Must match Pro-forma & L/C
- Gives essential info to forwarder
- Shows value of goods to customs

| Commercial Invoice   |                        |                          |                        |            |
|--|------------------------|--------------------------|------------------------|------------|
| Wonderwipes, Inc.<br>123 Someplace Street<br>Any Town, Georgia 30083.<br>U.S.A.<br>Telephone: 404-123-4567 Fax: 404-123-7890 E-mail: www.wonderwipes.com |                        |                          |                        |            |
| DATE: May 15, 2008   | INVOICE # xxx-12-INV   |                          |                        |            |
| Invoice To:<br>Acme GmbH<br>23 Irgendwo Strasse<br>Werweisswo<br>Federal Republic of Germany   | ProForma Invoice Date  | April 1, 2008            |                        |            |
|  | ProForma Reference No. | xxx-12                   |                        |            |
|  | Your Reference         | 12345 A                  |                        |            |
|  | Terms of Sale          | CIF Bremerhaven, Germany |                        |            |
|  | Ship Via               | Ocean to Bremerhaven     |                        |            |
| Ship To:<br>Acme GmbH<br>23 Irgendwo Strasse<br>Werweisswo<br>Federal Republic of Germany  | Date of Shipment:      | 15-May-08                |                        |            |
|  | Vessel:                | Parzival                 |                        |            |
|  | Lines:                 | Evergreen                |                        |            |
|  | ETA Discharge Port:    | 7-Jun-08                 |                        |            |
|  | Container No.:         | Evergreen 123456         |                        |            |
|  | No. of Cartons:        | 160 Cartons              |                        |            |
| Remarks:<br>- Per your request Non-negotiable B/L and copies of other documents sent to notify party directly on date.                                   |                        |                          |                        |            |
| Item #   | Description            | Quantity                 | Unit Price             | Total      |
| Model 12345  | Windshield Wipers      | 5000 pr                  | USD 4.26               | USD 21,300 |
| Model 12346  | Windshield Wipers      | 5000 pr                  | Ex Works               | USD 4.26   |
|  |                        |                          | Ex Works               | USD 21,300 |
| Total: "10,000 pair of windshield wipers per P.O. 12345A of Acme, GmbH"  |                        |                          | Ex Factory             | USD 42,600 |
|  |                        |                          | Total: FOB Savannah    | 43,100     |
|  |                        |                          | Total: CFR Bremerhaven | 45,200     |
|  |                        |                          | Total: CIF Bremerhaven | USD 45300  |

We appreciate your providing us this opportunity to work with you.  
We look forward to working with you to meet your future needs.

A Commercial Invoice, like this one for wiper blades, is the third and final export sales document ,...It is

-CLICK-

the actual bill you give your customer... and, every detail must precisely

-CLICK-

match the pro forma and the letter of credit, if that is the method of payment.....

The commercial invoice also...

-CLICK-

gives your freight forwarder critical information, including

-CLICK-

the price of the goods.

This valuation is the basis upon which the overseas customs authority assesses import duties.

Session 12A:

**THE END**

*Export Documentation*



This concludes the first presentation on export documentation.

The next webinar will consider export documents for shipping, compliance and origin certification.