**Session 11: Global Risk Management**

**How to Manage Trade Risk**

**Avoid It**

*In the first place!*

Do your homework and take prudent countermeasures.

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**A: Risk Types**

- Country
- Transaction
- Buyer

*New exporter*

*236 hungry alligators*

*Look Before You Leap!*
Wow! You can’t get insurance for Afghanistan. I wonder why?

http://www.exim.gov/tools/countrylimitationsschedule/

Safe countries also present export opportunity

**COUNTRY INFO**

- U.S. Commercial Service
  - (and www.Export.gov)
- State trade offices
- Trade associations
- SBDC ITC’s
- Other exporters
Special permits or certificates?
Excessive tariffs, taxes, fees?
Foreign language contracts?
Imprecise shipping terms (not using INCOTERMS)

Duty & tax rates? (know your HS number first)
Trade agreements?
Quotas?
Permits?
Embargos?

1-800-USA-TRADE
(U.S. Trade Information Center)
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http://www.fitchratings.com

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http://www.dnb.com/

http://www.internationalcreditreports.com

https://www.export.gov/International-Company-Profile

Buyer Credit Checks

- Dun & Bradstreet:
  http://www.dnb.com/

- Coface:
  http://www.internationalcreditreports.com

- USCS Company Profiles:
  https://www.export.gov/International-Company-Profile
1. Avoid risky countries
2. Export credit insurance
3. An experienced forwarder
4. Secure payment methods
5. INCOTERMS
6. Quote with proforma
Avoid Risky Markets

Yes, it reduces risk...

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- AIG Global Trade & Political Risk
- Chubb
- CNA
- EULER, (ACI)
- Exporters Insurance Company
- Foreign Credit Insurance Assn.
- Gerling, NCM
- Lloyd's of London

www.exim.gov
Provides full shipping insurance (10,000 containers lost each year)

Has shipped to your destination

Knows your product type

Check references (Won't give references .... why?)

Use Secure Payment

Least Secure: Open Account

Most Secure: Cash in Advance

Exporter

Importer
USE INCOTERMS

To avoid misunderstandings*
(See Webinar 7 for details)

Get the book:
http://www.iccbooks.com

For More Info
Download our FREE Incoterms wall chart:
http://www.export-u2.com/RESOURCES/Other-Downloads/incoterms-wall-chart.html
Quote with a pro-forma*

A price quote showing:

- Price of goods
- Freight charges
- Incoterm
- Payment terms
- Currency, etc. (US$ if possible)

* for more info: see webinar 12

Summary:

1. Avoid risky countries
2. Export credit insurance
3. Experienced forwarder
4. Secure payment
5. INCOTERMS
6. Proforma